

More audacity to fight poverty and ensure social rights!

EAPN Assessment of the 2018 Country-Specific Recommendations

KEY MESSAGES

POVERTY AND INEQUALITY LACK VISIBILITY AND CONSISTENCY OF APPROACH, INCLUDING AN EFFECTIVE INTEGRATED STRATEGY UNDERPINNED BY SOCIAL RIGHTS AND THE SOCIAL PILLAR

SYSTEMATIC FOLLOW-UP NEEDED ON KEY TARGET GROUPS FACING POVERTY

STABILITY-DRIVEN SPENDING CUTS AND FOCUS ON EFFICIENCY UNDERMINE DELIVERY ON POVERTY AND SOCIAL RIGHTS

MAINSTREAM DEMAND TO DESIGN TAX/BENEFITS TO REDUCE POVERTY AND INEQUALITY!

FOCUS ON ADEQUATE MINIMUM INCOME AND SOCIAL PROTECTION UNDERMINED BY PRESSURES TO CUT SOCIAL SPENDING

INCLUSIVE LABOUR MARKETS AND QUALITY EMPLOYMENT STILL GET LIMITED ATTENTION, WHILE THE NARROW FOCUS IS ON GETTING PEOPLE INTO WORK

SOME POSITIVE PROPOSALS ON INCLUSIVENESS AND QUALITY OF EDUCATION, BUT STILL PRIMARILY PERCEIVED AS A LABOUR MARKET TOOL

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Introduction

On the 23rd of May the European Commission's Spring Package was adopted, consisting of the individual country proposals for Country Specific Recommendations¹ (CSRs) and a 'chapeau' Communication². The European Pillar of Social Rights is clearly visible, highlighting key '*social challenges*', and the intention to use the Pillar as a '*compass for a renewed process for upward convergence towards better working and living conditions*'. However, the results for social rights is not so clear. The CSR Communication mainly develops proposals related to the 3 restated priorities of the Annual Growth Survey, promoting a '*virtuous triangle*' of boosting investment, pursuing structural reforms and 'responsible' fiscal policy. This reflects the dominance of the Stability and Growth Pact, albeit in more positive mode - "*fixing the roof when the sun is shining*" - with the possibility of more flexibility around investment and less austerity to reduce public deficits/debt. However, the implementation is not always easy to see in the CSRs themselves.

The 'social chapter' has to wait until p.10, and focuses mainly on employment and education, with only a short paragraph dedicated to other social policies, including social transfers and access to services, as well as concerns regarding health systems. A dominant strand is cost effectiveness and efficiencies of public spending particularly in relation to pensions, health and social care, rather than access, adequacy and quality.

It is not clearly stated how the full set of Social Pillar principles and/or the scoreboard has been taken into account, nor the link with the current Europe 2020 strategy, particularly the poverty target to reduce the number of those at risk of poverty by at least 20 million by 2020. This is deeply concerning for EAPN members in a context where nearly 25% of the EU population are still at risk of poverty, with warning signs on the inequality gap, and with an EU that urgently needs to deliver concrete results to people on the ground, particularly those who are most in need. On p.8, the Commission calls for **audacity** to "*preserve reforms in pensions and health*", which are essentially social cuts, but does not call for **audacity** in combating poverty, and protecting people from blighted lives, ruined hopes, constant struggle, ill-health and strained relationships. There is little need to look further for reasons behind the rise of populism, and the threat to the European project...

On a positive note EAPN welcomes the specific focus on inclusiveness and recommendations challenging the lack of effectiveness of social protection schemes in reducing poverty, linked to the worse-performing social scoreboard indicator, and a stronger focus on inequality. However, we are disappointed to find that positive CSRs are not translated into a horizontal Recommendation to ensure **that tax/benefit systems are designed to reduce poverty and inequality in all MS**, for example in Lithuania. Equally disappointing is the small reference to '*other stakeholders*' beyond social partners, missing the opportunity to signpost the key role of Civil Society Organisations, particularly Social NGOs working with the people who are most impacted by the Social Pillar and the EU's economic policies.

¹ Except Greece which is subject to a Programme Arrangement with the Commission and EIB.

² EC Communication: 2018 European Semester - Country Specific Recommendations (23.05.2018)

The following short analysis sets out EAPN members' assessment of the 2018 CSRs, in terms of their contribution to the fight against poverty, exclusion and inequality.

Main Messages

Poverty and inequality lack visibility and consistency of approach, including an effective integrated strategy underpinned by Social Rights and the Social Pillar

Although the Commission's table highlights 13 CSRs on poverty (AT, BE, BG, HR, EE, FR, HU, LV, LT, RO, SK, SI, ES), an increase from 11 last year, the criteria isn't clear either in the selection of the country, nor in the recommendations made. BG, EL and RO were highlighted in the Social Scoreboard as at a **critical point** on poverty, with HR, CY, IT, LT and ES as **ones to watch** in the social scoreboard. However, CY and IT do not receive a 'poverty' CSRs whilst others like AT and BE do. While Ireland performs above average, the Country Report stated that to achieve its poverty target by 2020 'remains ambitious' and 'a significant challenge' for Ireland. Poverty itself only mentioned in 2 CSRs (HR and LT), although it is more evident in many preambles, often without offering effective policy solutions. When measures are proposed, they too often focus only on increasing employability and education, without a clear reference to the Social Pillar principles. Most importantly an integrated anti-poverty strategy based on active inclusion ensuring access to adequate minimum income and social protection, quality services and inclusive labour markets is missing. While inequality is referenced in some preambles it has a low visibility and does not recognize that some of the highest inequalities at the top and the bottom are not captured adequately in the current indicators (e.g. UK). Concrete policy solutions are also lacking, except in the CSRs for Lithuania and Romania where there are welcome references to **low effectiveness of tax/benefit systems in reducing poverty and inequality** – reflecting EAPN members' proposals - or where some mention of progressive tax is made (LV).

Systematic follow-up needed on key target groups facing poverty

Although **children** face greater risk of poverty in most countries, there are no specific CSRs for them, although they are mentioned in preambles (HU, IT, RO, ES, UK), as well as older people and people with disabilities. All are subjects of key principles in the Social Pillar. Whilst there is an increased number of CSRs on **childcare**, this is primarily related to getting women into work, rather than affordable/quality care and early learning and education. **Migrants** are mentioned in several preambles (e.g. AT, BE, BG, FR, SK), but related to work, not to integration and inclusion (except in Denmark). A great concern for several EAPN members is the missing reference to the growing tide of **homelessness and housing exclusion**, with nearly 4 million estimated across the EU, as highlighted by FEANTSA. A more consistent approach to the main groups facing poverty, linked to the Social Pillar principles with Recommendations to proven strategies in tackling homelessness like 'Investing in Children' or 'Housing First', would be vital.

Stability-driven spending cuts and focus on efficiency undermine delivery on poverty and social rights

Most MS receive CSRs on fiscal policy, and 14 on sustainability and reducing deficits, i.e. with encouragement to cut public spending. EAPN welcomes increased examples of flexibility or deviations (e.g. AT, BE, FI, LV, RO) on spending on refugees, security or health reform, **but would want to see the same flexibility for social investment to ensure adequate social protection/health/social systems**. The main target is still **reducing public expenditure** on pensions, health and social care, with a few on investment and only 2 on social investment (DE and IE). 9 countries have CSRs on **pensions**, with priority to sustainability/cost effectiveness through raising retirement age/restricting early retirement, but adequacy of pensions is only addressed in 2 (LV and LT), despite Social Pillar principle 15. 13 countries have CSRs on **health and social care**, with the same 'efficiency' narrative rather than Social Pillar principles 16 and 18. There are some welcome recommendations on universal health systems, increasing coverage and out of pocket payments, albeit mainly in preambles. However, there is no focus on health inequalities, nor discussion of the social determinants. **Housing** is also viewed as mainly as a market for growth-boosting housing supply, rather than recognizing the growing crisis to ensure affordable housing as a social right, including expanding social housing.

Mainstream demand to design tax/benefits to reduce poverty and inequality!

11 MS receive CSRs on tax, particularly on reducing the tax burden on labour, and broadening the tax base, and 7 on tackling tax avoidance/evasion which will increase tax revenue. Whilst EAPN welcomes the focus on tax, the priority is '*growth friendly*' rather than inclusive and sustainable. We would want a clearer recognition of the redistributive role of tax: in financing social protection systems and in reducing poverty and inequality. This would include increased focus on tax compliance, financial transaction taxes, but also clear use of distribution impact analysis, including proposals for more progressive taxes on income, wealth, capital and inheritance, and collecting higher corporation taxes.

Focus on adequate minimum income and social protection undermined by pressures to cut social spending

6 MS receive CSRs on **Minimum income** (BG, EE, HU, LV, RO, ES). The same number as last year, but with some change of countries, with 4 CSRs on adequacy, and 3 on coverage. It is also evident in other preambles, with a specific focus on disabled and older people. They also highlight new developments in Italy and the basic income experiment in Finland but fail to draw attention to the limitations of the system in Italy, falling short of a national adequate income support, or the news that the new government has decided not to continue the basic income experiment in Finland, before the evaluation has been completed at the end of the year. There was also a welcome focus on detailed implementation e.g. RO. Minimum incomes schemes are life-lines! More urgent action is needed to raise the shockingly low levels of minimum income in some of these countries (e.g. 90 EUR a month in Hungary) and to make

significant progress towards levels that ensure a life free of poverty. These thresholds should be based on reference budgets for baskets of key goods and services and take people above the at risk of poverty threshold. CSRs to Member States with seriously negative developments on minimum income like UK were also notable in their absence. In the UK, Universal Credit has resulted in leading 1.5 million people into destitution, including 350.000 children, according to the recent 2017 study by the Joseph Rowntree Foundation.

Equally EAPN welcomes more focus on the **effectiveness of social transfers**, linked to a very negative scoreboard indicator, but highlights that although 13 MS had areas of concern, with 5 at critical level and 6 to watch in the Social Scoreboard, only Lithuania receives an explicit CSR on tax/benefit systems to reduce poverty. In both these areas, there is a major issue of policy coherence, as in the same countries, the macroeconomic CSR (usually 1) is demanding deficit reductions and efficiencies. **A major step forward would allow greater flexibility on budgets to enable this crucial social investment in income support and social protection.**

Inclusive labour markets and quality employment still get limited attention, while the narrow focus is on getting people into work

The fact that the vast majority of Member States received a Country-Specific Recommendation on active labour market (ALM) policies indicates that (un)employment is still dealt with primarily focusing on the supply side, implicitly supporting the idea of individuals being responsible for their own employment. Despite the adoption of the EPSR, calling for equal opportunities in employment and social protection (Principle 3) and on active support to employment (Principle 4), fewer Member States received specific Recommendations calling for inclusion of specific groups into the labour market compared to last year. This, despite inequalities in access being persistently mentioned in several preambles. Similarly, despite Principle 6 of the EPSR on the right to fair wages, some CSRs still pursue demanding curbing wage growth and neglect reference to quality of employment and job creation. While calls for reduction of temporary contracts and transitions towards open-ended forms of employment are welcomed, there's a striking lack of reference to integrated and comprehensive Active Inclusion strategies, combining inclusive labour markets, access to quality services and income support measures. On the other hand, there's a positive doubling of countries receiving a Recommendation on enhancement of care services (especially childcare; Principle 11) though it is generally seen as a means towards enhancing employability and not as guaranteeing fulfillment of parents' or children's social rights.

Some positive proposals on inclusiveness and quality of education, while still primarily being perceived as a labour market tool

The main focus of Country-Specific Recommendations regarding education continues to be on matching labour market needs and enhancing employability, rather than overall lifelong learning, personal/community development, as more than half refer to education and training exclusively in employment terms. However, some preambles in Recommendations do refer to more resources for lifelong learning (UK) or enhancing quality, access and equal opportunities in education, while also referring to specific groups faced with particularly high obstacles to meaningfully taking part in education (i.e. Roma children). Unfortunately, despite

the adoption of the EPSR and particularly of Principle 1 on “*universal access to quality and inclusive education, training and lifelong learning... To enable people to participate fully in society and manage successfully transitions in the labour market*”, there’s no substantial change to be seen in the overall number and general approach of education CSRs compared to last year. For instance, while the influence of socioeconomic background of pupils and families being (again) recognized as one of the factors most influential in educational outcomes of learners, there are no CSRs demanding this issue to be taken into account while designing educational reforms and policies.

Detailed Proposals

Macroeconomic

Sustainability of public finances must be matched with more social investment, budget flexibility and distributional impact assessment

Nearly all Member States received CSRs on fiscal policy (AT, BE, HR, EE, FI, FR, DE, HU, IE, IT, LV, NL, PL, PT, RO, ES, SK, SI, UK) with 13 receiving CSRs on sustainability and reducing deficits (AT, BE, HR, CZ, FR, DE, IT, LT, LU, MT, NL, PL, PT). There has been positive recognition and increased flexibility or allowance for deviations in several Member States (AT, BE, FI, LV, RO), some regarding increased costs for refugees or security, or health reforms (LV, FI). Worryingly, there still appears to be pressure to cut/reduce public expenditure (AT, BE, BG, CY, CZ, EE, FR, HU, IT, PL, PT, RO, SK, ES, UK). In France, again this year, the preamble makes an explicit criticism of the high levels of public expenditure, however it also recognizes the effectiveness of the Social Protection system in reducing poverty. In most countries, the primary target is reducing spending on pensions, health and social care. Whilst some countries receive encouragement to make more investment (CY, DE, IE, NL and ES), only 2 receive specific CSRs on any kind of social investment (DE and IE). In Germany this relates to education and in Ireland to the implementation of the National Development Plan covering clean energy, transport, housing, water and affordable childcare. Mainly however, the focus on investment is on Research and Development and Innovation (DE, NL, ES). Even when windfall use is mentioned (IE, IT, PT, ES) the MS are encouraged to use it to reduce debt rather than to socially invest. Worries are raised by EAPN members about the lack of investment in social infrastructure and social protection, or the willingness to allow deviations to ensure this investment, even when other CSRs call for increases. There needs to be a clear mainstreaming of the demand for adequate social and distributional impact analysis to prevent all policies, including macroeconomic, from generating more poverty and inequality.

The role of fairer tax to reduce inequality and finance quality welfare states is not sufficiently developed

11 Member States received CSRs related to tax (AT, BG, HR, FR, DE, HU, IE, IT, LV, LT, RO) with 5 on reducing tax burden on labour (AT, DE, HU, IT, LV), 4 on broadening tax bases (HR, IE, IT, LT) and 7 on tackling tax avoidance/evasion (BG, FR, DE, IT, LV, LT, RO). EAPN welcomes the emphasis given to increasing tax revenue for public budgets, but Recommendations need to ensure that sufficient revenue is raised to finance quality universal social protection systems and public services and that the burden is fairly shared. Only 2 MS received CSRs on reducing the tax wedge for low wage earners (AT, LV) targeting poverty and inequality objectives. The

overarching frame remains ‘growth-friendly’ taxation, rather than ‘inclusive, sustainable growth’. There is little evidence of putting into place the call for distributional impact assessment on tax policy, as highlighted in the Annual Growth Survey, or in calls for more progressive taxation. In Lithuania, an important CSR references the design of tax/benefit systems to reduce poverty, reflecting EAPN LT’s demands. A welcome reference is also made to progressive taxation in the preamble in Latvia and Lithuania, noting progress, but it is not followed through in the Recommendations itself nor other countries where flat taxes are predominant, e.g. BG and RO. A step back appears to be taken on encouraging VAT, which is a highly regressive tax. In some, there is a positive call for a shift to property tax (HR, LV), otherwise the recommendations remain rather vague. Several preambles refer to the need to tackle aggressive tax evasion, but as there are no CSRs on increasing/equalising corporation taxes, or raising wealth, inheritance, capital, or financial transaction taxes, this misses the opportunity to send a strong message of the need for fairer tax systems to reduce inequality and to finance quality, welfare states.

Cost effectiveness still main concern in pensions, health and social care rather than Social Pillar principles on adequacy and coverage

9 countries received CSRs on pensions (AT, BE, CZ, IE, LT, MT, NL, PL, SI) with the main focus on ‘sustainability’ and ‘cost effectiveness’ through raising the retirement age and restricting early retirement. Adequacy of pensions for older people is only addressed in 2 (LV and LT) despite Principle 15 on old age income and pensions. In Latvia, recognition is given in the preamble that pensions have not been upgraded since 2006. There is a worrying lack of concern particularly about the state of play of 1st-Pillar public pensions which are the main defense against poverty in old age, particularly for those already at risk of poverty or on low incomes. In some cases, increasing privatization and increase of 2nd and 3rd Pillar pensions are explicitly encouraged (NL, PT).

Recognition of growing inequalities in healthy life years and life expectancy for disadvantaged groups and areas is also missing, with a one size fits all approach, without recommendations to ensure an adequate income and access to services for poorer groups, as well as support to stay in quality work if this is feasible. Recommendations on health and long-term care receive higher attention this year with 13 countries (AT, BE, BG, CY, FI, IE, LV, LT, MT, PT, RO, SK, SI) however with cost effectiveness and efficiencies as the overwhelming narrative rather than a consistent focus on Principles 16 and 18 of the Social Pillar ensuring adequacy, affordability and quality coverage. A few do receive recommendations to support universal health systems and increased coverage (BG, CY, FI, LV, RO, SI). In Cyprus, a Recommendation is given to implement the proposal for a National Health System based on universal coverage. In Latvia whilst the preamble draws attention to problems of a 2-tier health system, this is not included in the Recommendation. The issue of affordability and particularly out of pocket payments is highlighted only in Bulgaria, with references in LV and LT in the preambles, as well as length of waiting lists (LV) and shortages of health professionals (BG). In Finland, the CSR backs equal access to social and health care, as a follow up to the ‘reform’ of the system being carried out, but the aim of the reform is insufficiently focused on reducing health inequalities, where Finland has big health disparities between different socio-economic groups. The lack of a CSR on health and long-term care in the UK continues to be surprising given the major crisis in the National Health Service and in social care, with a new mechanism for long-term funding urgently needed. Overall, a focus on Principle 16 of the Social Pillar, on health care, reducing

inequality of health outcomes and increasing access to universal health services is all too absent, as well as balancing efficiency with effectiveness, quality and affordability.

Affordable and social housing and measures to tackle housing exclusion and homelessness still missing!

4 countries received CSRs on housing (IE, NL, SE, UK). However, the overwhelming focus is on expanding supply, and avoiding distortions in the housing market often encouraging deregulation, rather than affordability or ensuring rights to decent housing, particularly private rentals and social housing for people on low incomes. This, despite the growing evidence of market failure, and failure to enforce rights to affordable housing. (EAPN networks in CZ, FI, FR, LU, MT, PT all give priority to recommendations in this area, as well as EAPN member FEANTSA³). The focus is mainly on owner occupiers, including criticism of inflating prices due to high tax exemptions (SE). In NL, the private rental sector is addressed but criticized for not sufficiently targeting poor people in social housing, rather than making the case for an expansion of the sector. Several more countries have proposals/concerns raised in the preamble (CZ, DK, FI, FR, LU and PT), but do not result in Recommendations. Affordability is specifically highlighted in the preamble for Ireland as is the need of continued attention on the supply of social housing in order to meet ambitious targets and high demand. However, the commitment to supply is not adequate to meet demand and there is an under-emphasis on the building of public housing, with an over-reliance on the private rental market. This has contributed to the current crisis where high rents have forced thousands of families into homelessness.

In Luxembourg, the preamble mentions difficulties over high housing prices, leading to high household debt, also to the need to provide affordable social housing. However, in the Country Report attacks were made on subsidies to buyers and renters without proposing - as suggested by EAPN LU - how the offer can be boosted and rising prices, particularly in the rental market regulated. In the UK, the focus is on boosting housing supply particularly reforming planning rules, without analysis of the negative impact of more deregulation on housing quality and access. EAPN UK had rather proposed launching a large-scale social, energy-efficient housebuilding programme with affordable rents, reversing the selling off of social housing, and providing greater security in the private rent sector with some rent regulation. Overall, the rising tide of homelessness and housing exclusion, in line with principle 19 of the Social Pillar, is not addressed, neither are successful 'housing first' policies mentioned as a model, particularly when many countries are developing positive initiatives (see later section).

Poverty and Inequality

Low visibility and inconsistent approach, lacking an integrated strategic approach to tackling poverty and inequality

13 countries received supposed 'poverty' CSRs according to the Commission's table in the Communication (AT, BE, BG, HR, EE, FR, HU, LV, LT, RO, SK, SI, ES). However, it is not always easy to understand the basis for this selection: the CSRs do not clearly match either the MS

³ See FEANTSA 3rd Review of Housing Exclusion: <http://www.feantsa.org/download/full-report-en1029873431323901915.pdf>

cited as **ones to watch** for delivery on poverty in the Social Scoreboard, nor in the more detailed Europe 2020 monitoring. For example, under the scoreboard BG, EL, and RO are seen as at a **critical point**, with HR, CY, IT, LT and ES as **ones to watch**, and FR and LU **to monitor**. However, neither Cyprus nor Italy received a 'poverty CSR'. If we look at the Europe 2020 monitoring set, the countries with the highest levels captured (BG, EL, LV, RO) are all over 30% AROPE, whilst AT, CZ, DK, FI, FR, NL, SK and SE, are some of the lowest, but three received CSRs (AT, FR and SK). This lack of consistency and transparency around the criteria for selection tends to undermine the effectiveness of social CSRs. In the 'listed poverty' CSRs, poverty itself is only mentioned specifically in 2 CSRs (HR, LT) although it's highlighted in several preambles (BG, HR, EE, FR, HU, IE, IT, LV, LT, PT, SI, ES, UK). The Lithuanian example is particularly strong, as it focuses on the need to **design better tax benefit systems to reduce poverty**.

In most cases, reference is made to the continuing high poverty levels referencing the AROPE indicators, linked mainly to the social scoreboard, i.e. EU averages, but no mention is made of progress made towards the national Europe 2020 poverty target. In the case of Italy, the rising rates of poverty to over 30% is highlighted, but there is no CSR. There is also the consideration that the AROPE indicator tends to disguise changes in income poverty where there is high employment. This tends to hide the growing problem of in-work poverty (e.g. UK).

There is a complete absence of integrated approaches to fighting poverty, either through integrated active inclusion, or specific EU approaches for key target groups e.g. Investing in Children.

Although inequality is a key indicator in the social scoreboard, it is not reflected strongly in the CSRs this year. LV, PT and RO make reference to it in the preambles. In Latvia, the high rates are linked to action for more progressive taxation; in Romania, where the low effectiveness of tax/benefit systems is highlighted, there is no relevant CSR requiring action to reduce inequality through a strategic approach tackling distribution and redistribution of income and wealth.

Some focus on adequacy of minimum income and effectiveness of social protection but undermined by CSRs to reduce public spending

6 Member States received CSRs on minimum income (BG, EE, HU, LV, RO, ES). This is the same number as last year, but Romania replaces Lithuania, the latter receiving a broader CSR on tax/benefit systems role in reducing poverty. These include 4 with an explicit focus on adequacy (BG, EE, HU, LV,), and the same 3 on coverage (BG, HU, ES). In the preambles (also including FI, IT and PT), more specific details are given, e.g. in EE and LV with a specific focus on disabled and older people, or with reference to the new RDI in Italy which is supposed to be a universal benefit but in reality is not, or drawing attention to the limited adequacy of minimum income schemes (PT), but with no Recommendation. In other countries, adequacy is not mentioned, but fragmentation and lack of coordination is, asking for reductions in regional disparities and family support (ES). In Bulgaria, a more regular and transparent revision system is called for. In Romania this year, a CSR calls for implementation, "completing the minimum income reform" as the adoption of minimum income has been postponed to 2019. In Finland, the Basic Income experiment is referred to, awaiting results. However, the

main focus is on checking impact on activation rather than ensuring adequacy. Overall there is a general lack of detail on levels and target groups reached, which often fail to respond to the urgency of the situation, particularly in countries with risks of poverty over 30%. Even in 'richer countries' the disturbing inadequacy of social assistance/minimum income levels is not underlined i.e. in the UK where it only reaches half the poverty line for working age people leading to destitution, including for children.

More welcome attention is given to the **effectiveness of social transfers in the reduction of poverty**, linked to the social scoreboard indicator. However, 13 MS had areas of concern on this with 5 at **critical level**: BG, EL, IT, LT, RO, and 6 were classified as **to watch**: HR, LU, PL, PT, SK, and ES so it is disappointing that more MS did not receive a CSR. In fact, only Lithuania receives an explicit CSR to design tax/benefit systems better, to reduce poverty, reflecting EAPN members proposals. Many of the preambles however highlight it: HR, EE, FR, PT, ES, and UK. In Croatia, the shortcomings in effectiveness and fairness are highlighted, as in PT and ES, whilst in Estonia, the low overall level of investment in social protection is underlined, affecting minimum income levels. For Ireland, the preamble highlights the effectiveness of the social protection and taxation systems in curtailing poverty and inequality, and the measures taken to incentivize employment by tapering the withdrawal of benefits and supplementary payments. However, EAPN Ireland has highlighted that all working age minimum income payments are below the poverty line and the need to address the causes of pre-transfer inequality in Ireland, which is one of the highest in the EU.

In UK, the preamble highlights that social protection and inclusion 'need attention', and rather ambiguously says that *"the impact of some welfare reforms and cutbacks are yet to be fully felt, particularly for in-work families"*. This fails to highlight the major problems with the introduction of Universal Credit, and the declining adequacy of minimum income and other benefits. Only in France is a clear comment made recognizing the effectiveness in reducing poverty. However, overall, there is not a clear reference to the right to adequate social protection as a Principle in the Social Pillar (12), and very importantly there continues to be a lack of coherence between the stronger message from the macroeconomic CSRs requiring 'efficiencies' and cuts in social spending without acceptance of flexibility in deficits to achieve this crucial social investment.

Right to essential services and integrated approach is weakly visible, beyond employment
The right to key public services has a very low profile again in the 2018 CSRs. The Social Pillar Principle (20) is however drawn very broadly and does not include affordability or equality of access as key criteria. Promoting integrated services, as part of an integrated Active Inclusion approach to reducing poverty also does not get a high profile, except in relation to employment/activation services. In Ireland, a specific Recommendation is made to implement the National Development Plan relating to **clean energy, transport, housing, water services and affordable quality childcare** as well as prioritising the upskilling of the adult working-age population, with a focus on digital skills. It calls for clear engagement of stakeholders in the delivery. While the focus on digital skills is important, it is a missed opportunity to also bring attention to the need to increase the literacy and numeracy skills. In other MS, there is low focus on quality, affordability or integrated approaches. As one of the core elements in the European Pillar of Social Rights and key pre-requisites for an effective strategy to reduce poverty, this is very disappointing. The issue of regional disparities is addressed in Croatia,

Finland and Spain. Childcare is referenced in 3 CSRs (IE, IT and SK). Overall the main objective is increasing women's participation in the labour market, rather than promoting quality early education and learning as highlighted in Principle 11 of the Social Pillar. Affordable, quality childcare has been named in the Irish CSRs since 2016. It is also specifically addressed in the preamble, including the need for robust staff qualifications. EAPN has been instrumental in pushing this demand through the Better Europe Alliance.⁴ While the main focus can be interpreted as on the labour market there has been more emphasis on the quality of the services for children and the pay and conditions of staff. However, there is a long, long way to go to achieving this. In Italy, the focus is on increasing coverage and family support, whilst in Slovakia it's on affordable, quality childcare. Social Services are a key missing area in the Social Pillar and weakly mentioned in the CSRs.

Piecemeal approach to target groups, and priority to education and employment

This year there is an even lower focus on specific target groups in the CSRs, and without being clearly consistent with the groups currently most facing poverty and social exclusion in the various Member States, or ones with a specific principle in the Social Pillar e.g. children, (Principle 11), people with disabilities (Principle 17) or homeless people (Principle 19). A further gap is the lack of focus on socio-economic inequalities due to class or to ethnic origin. In several preambles, child poverty is mentioned (HU, IT, RO, ES), as well as older people (DE, SI) or people with disabilities (IE, RO) but only in relation to the low employment rate or in-work poverty (DE, ES, UK). However, there is not a clear Recommendation that follows. In Poland, the new generous child benefit is criticized as a disincentive to work rather than praised for its positive impact on child poverty. Migrants are mentioned in 5 CSRs (AT, BE, BG, FR, SK), mainly in relation to access to training and work (see section below), but other rights to integration, e.g. health or social services, are not highlighted, except in Denmark in the preamble where challenges for migrant children in particular are highlighted. In Austria, deficit flexibility has been agreed because of refugees. A great concern for many of our members is the failure to highlight the growing problem of homelessness with calculations of over 4 million people across the EU, and despite half the 2018 NRPs underlining the issue, with significant progress at national level on housing first strategies, according to our member FEANTSA's 3rd Review.⁵

In France, lone parents and Roma are highlighted, but overall, there is a lack of systematic identification of groups most at risk of poverty and social exclusion, and corresponding proposal of integrated strategies to promote their inclusion.

Other key at-risk groups that are not given sufficient attention are single parent families, large families, people with disabilities and long-term health problems, including mental health, as well as those suffering in-work poverty (see following section).

⁴ <http://www.eapn.ie/eapn/wp-content/uploads/2018/04/Better-Europe-Alliance-Response-to-European-Commission-2018-Country-Report-for-Ireland.pdf>

⁵ <http://www.feantsa.org/download/full-report-en1029873431323901915.pdf>

Employment

Getting everybody into work continues to be the main line of action, but some positive calls on enhancing services and fighting precariousness

20 countries received a Country-Specific Recommendation regarding their employment policies, so every Member State, with the exception of seven (DK, IE, LT, LV, MT, SE, UK), as Greece is currently under the Macroeconomic Adjustment Programme and does not receive CSRs. A number of these were specifically called upon to improve the professional integration of particular groups believed to be still facing obstacles to accessing the labour market, such as the low-skilled (BE, CZ, FR, LV, SI), women (AT, CZ, IT, SK), older workers (BE, LU, SI), the long-term unemployed (FI, SK), or migrants (BE, FR). Many countries (BG, IE, IT, LV, LT, RO, SK, ES) were urged to provide more, better, and of better quality care services, particularly childcare, however often from the mere perspective of improving women's participation in the labour force and not as part of a more integrated approach towards services. For older workers, instead of focusing on quality employment and adapted working hours and workplaces, many Member States (AT, HR, LU, MT, PL, PT, SI, RO) are simply told to increase pension age and limit possibilities to access early retirement. The emphasis on skills and training is overwhelming, featuring in 16 countries (AT, BG, CY, FR, DE, IE, IT, LV, LT, PL, PT, RO, SK, SI, ES, UK) while other key support measures are less present: enhancement of social benefit schemes is referred to only in a few Member States (HR, HU, LV, LT).

The language of the CSRs is rather ambiguous. Some countries (BE, CY, CZ) are urged to implement "effective" active labour market policies (ALM) but the term is not clarified – does it mean employment at any cost? While, as we just saw, CSRs sometimes mention the need to take into account particularly disadvantaged groups, there's no reference to personalized, individualized and/or tailored approaches in activation. Only one CSR (SK) refers to targeted activation policies, referring to "quality targeted training and individualized service". Similarly, only one country (FI) is told to implement "well-integrated" provision of services, even though the proposal is specifically limited to the unemployed and the inactive. Also, only one country (IT) is urged to design a "comprehensive" policy strategy, but even in this case this is strictly referring to enhancing the labour market participation of women. These approaches fail to consider social protection as a wide means to ensure the fulfilment of the right for all to a dignified life, rather than a mere tool to pursue activation. Other recommendations include removing disincentives to work (BE, DE, UK) or improve incentives to access work (FI), with disincentives being high levels of social benefits; improving the capacity of public employment services (CY, ES) and curbing bogus self-employment and ensuring better social protection for self-employed workers (NL).

Only 9 countries (HR, EE, FR, DE, NL, PL, PT, RO, ES) received Recommendations regarding aspects of quality of work. While some preambles mention issues with in-work poverty (DE, PL, ES, UK) and quality of work (UK), there's no Recommendation demanding actions to be taken, and CSRs mostly refer exclusively to wages or duration of contracts. Recommendations regarding the latter (NL, PT, ES) are very positive, aiming at ending precariousness and atypical work, and supporting open-ended forms of employment. However, some Recommendations on wages (HR, FR, DE, RO) are much less encouraging. While in some countries (HR, EE) CSRs refer to transparency in wage setting mechanisms, in some other Recommendations (RO) the language is much less clear, referring to ensuring minimum wage setting "based on objective criteria". In general, wages are often seen as just a matter of public finances (if public

expenditure for wages is deemed to be too high) or as threats to job creation and competitiveness, if wages (and especially minimum wages) are believed to be too generous. This is also made explicit in some Recommendations (FR). In the preamble in Portugal, there are some references to minimum wage and the focus of the Government, in cooperation with social partners, on monitoring minimum wage developments, but without specifying the aim.

Generally, support for job creation is absent. Some encouraging CSRs on remuneration are calls to reduce the gender pay gap in Estonia, and to promote higher real wage growth in Germany and the Netherlands.

Education

Education is primarily seen as labour market tool, despite some attention being paid to inclusiveness and quality

14 Member States (BE, BG, HR, CY, CZ, ES, FR, DE, HU, IT, LT, PT, RO, SK) received a Country-Specific Recommendation related to education. Whilst others who have large inequalities of outcomes by social class and real term cuts are not mentioned (UK). In more than half the cases (BG, HR, CY, FR, IE, LV, LT, UK), however, education is dealt with primarily in connection with the labour market, stressing upskilling of workers, reforming the education system for better market relevance, and improving vocational training. For Ireland, the focus of upskilling is on the digital skills of the working-age population. While digital skills are important the CSR misses the opportunity to highlight the need to increase literacy and numeracy skills, all of which have crucial social as well as labour market benefits for people. Encouragingly, quality of education is mentioned in several countries (BE, BG, HR, CZ, HU, RO, SK). There is also positive rhetoric about rendering education more inclusive for groups having a hard time accessing it or having poor educational outcomes. For instance, some Recommendations focus on Roma children (BG, HU, RO, SK), in terms of improving their access to quality education, as well as better integrating them into mainstream education. In some countries, other groups are highlighted, such as disadvantaged young people and migrants (AT), and children in rural areas (RO). Additionally, investments on education are mentioned in Germany, and tackling regional disparities through better teacher training and student support, in Spain. Staggeringly, while the strong link between a disadvantaged socio-economic background and poor educational outcomes is highlighted in several preambles (i.e. BE, CZ, FR, HU, LU, MT, SK, SE), this is never picked up in the actual Recommendations.

Annex 1. The status of the document

This EAPN assessment and position paper is issued on behalf of our EU Inclusion Strategies Group (EUISG) which has delegated powers within EAPN to develop position papers. An assessment of the Country Reports with proposals for alternative CSRs was developed with the EUISG in an exchange on 8-10 March in Belgrade, involving 21 national networks and 2 European Organisations (EOs), with additional written responses from 12 national networks. On the basis of these CSR proposals, the EAPN policy team drafted a response to the CSRs, which was then shared with the EUISG, Executive Committee members and EO members with written comments received from 10 members. These comments were all incorporated into the draft. The response and key messages build on the EUISG's strategic work with the European Semester carried out throughout the year. The assessment was signed off by the EUISG Steering Group, on behalf of the EUISG.

Diversity of opinion within civil society

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

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



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