



EUROPEAN ANTI POVERTY NETWORK

POSITION PAPER

Working for a Green and Social Deal that ends poverty!

EAPN Response to the Annual Sustainable Growth Strategy 2020

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EAPN Response to the Annual Sustainable Growth Strategy (ASGS) + Draft Joint Employment Report 2020

I. INTRODUCTION

EAPN is the **largest EU network of independent anti-poverty organisations**, made up of 32 national networks and 13 European Organisations, representing thousands of grassroots organisations working to combat poverty at European, national, regional and local levels.

EAPN has strongly supported the implementation of the Europe 2020 strategy, particularly the poverty and social targets through the European Semester, and more recently the European Pillar of Social Rights. However, the reality remains that nearly 110 million people still face a risk of poverty/social exclusion and little progress is being made on social rights. With the new Commission headed by President Von der Leyen, the new 2020 Annual Growth Strategy is the first key indication of the direction of travel of the new Commission through the Semester as their key economic and social coordination tool.

On 17 December, the new European Commission adopted the '[Autumn Package](#)'¹, including the [Annual Sustainable Growth Strategy \(ASGS\) 2020](#) and [Joint Employment Report \(JER\)](#). In 2019, EAPN wrote to President Juncker and President Von der Leyen² presenting our key recommendations, drawn from our assessment of the 2019 European Semester³. We are therefore pleased that several of our key messages were picked up, i.e. : ***“economic growth is not an end in itself and the economy must work for people and planet”***. The shift to a new growth model ***“that will respect the limitations on our natural resources and ensure job creation and lasting prosperity for the future”***. Highlighting that the **European Green Deal** as the EU's ***'sustainable new growth model'*** will help achieve the **Sustainable Development Goals (SDGs)**. This shift is already reflected partly in the 4 new ASGS priorities: 1) Environmental Sustainability, 2) Productivity Growth, 3) Fairness and 4) Macroeconomic Stability that replace the previous AGS 'virtuous triangle' of investment, fiscal sustainability and structural reforms.

Overall, the ASGS takes an **important step forward to embracing the rhetoric of a more social, inclusive and sustainable economic model**, embracing the SDGs and particularly the commitment to transform the current growth model into Green growth. However, it falls short of achieving an equal balance between social, environmental and economic. **A Green Deal must also be a Social Deal** – tangibly setting out how it will not only prevent 'harm' from climate change and transition as proposed by the European Green Deal, but actively reduce

¹ 2020 Autumn Package includes ASGS, Draft Joint Employment Report, Alert mechanisms Report and Euro area

² <https://www.eapn.eu/ags-2020-move-from-aspiration-to-inspiration-on-social-rights-and-poverty-reduction-letter-to-president-juncker-and-von-der-leyen/>

³ EAPN Assessment of the European Semester 2019: Is the 2019 European Semester more social?

inequality and fight poverty, as part of a **comprehensive 10 year social and sustainable post 2020 strategy**.⁴ At the moment, although the European Pillar of Social Rights jointly proclaimed by the European Parliament, the Council of the European Union and the European Commission in November 2017 is mentioned, and has its own section, **no mention is made of poverty or inequality** or the structural changes and investment that is needed to achieve this – i.e. by investing in adequate welfare states: social protection/minimum income, quality jobs and services – particularly housing and health.

This is highly surprising given that **Europe still has nearly 110 million people facing the risk of poverty and/or exclusion**, marking a large shortfall from the original poverty target of Europe 2020. Instability and social unrest is also becoming increasingly evident from the ‘gilets jaunes’ and similar type grassroots movements across the EU, where poorer areas and people feel ‘left behind’ and their needs ignored. e.g. for accessible, affordable and quality public infrastructures and services, adequate wages and income support.

Whilst a stronger commitment is made to the engagement of EU and national parliaments, and social partners, civil society is conspicuously absent despite Guideline 7 and Recital 11 of the Employment Guidelines. More concrete action is needed to convince the public - including organised Civil Society - that they are being treated as vital, equal partners, as stakeholders, in making an input to the EU’s decision-making processes.

II. 10 KEY MESSAGES

The full version with detailed recommendations can be found on p.9.

1. **We need a coherent 10 year social and sustainable EU post 2020 strategy!**
2. **Refocus on ‘ending Poverty’ with a new poverty target, and EU integrated anti-poverty strategy**, based on integrated active inclusion¹ to ensure concrete results.
3. **Ensure the Green Deal is Social:** that the poor benefit and don’t pay for transition
4. **Mainstream all social rights/principles throughout the ASGS and the European Semester supporting the action plan** for implementation in all areas
5. **Give priority to social investment in strong welfare states:** particularly an EU framework to ensure adequate minimum income as well as minimum/living wages, social protection and access to key public services as a social right! (housing, health, social services!)
6. **Increase focus on person-centred, right-based, integrated support to quality, sustainable jobs**, for all ages and excluded groups, avoiding punitive conditionality.
7. **Promote a holistic approach to Education and Lifelong Learning as a social right.**
8. **Ensure at least 1 Social Rights CSR for each country, with a dedicated section** in the Commission’s Country reports assessing delivery on the EPSR/Social SDGs, including poverty.
9. **Clarify that EU Structural Funds and Reform Support Programme¹ should be used for ‘social reform to guarantee social rights’** not just for restructuring reforms aiming at reducing costs on public services and jobs.
10. **Confirm/invest in Civil Society Organisations and dialogue with people with direct experience of poverty as equal partners**

⁴ [EAPN: Delivering Agenda 2030 for people and planet: EAPN proposals for a post Europe 2020 strategy \(September 2019\)](#)

III. KEY OPPORTUNITIES

The 2020 ASGS offers welcome signs to deliver on the promises of the new Commission to progress towards a more social and sustainable economic model, which reflect in part EAPN's proposals. The most positive aspects are:

- The renaming of the AGS to **Annual Sustainable Growth Strategy (ASGS)** represents an important shift in approach – and coincides with EAPN's proposals (Annual Social and Sustainable Development Survey).
- The positive statement that **“Economic Growth is not an end in itself and proposals must work for the economy, people and planet”**. The ASGS clarifies that it refers to sustainability in ‘all its senses’, not just environmental. The infographic (p.4) gives a balanced vision of fairness on equal terms with environment, productivity and stability. We expect to see substantial action to implement this balanced vision.
- It affirms that the new economic agenda must “ensure that the transition is fair and inclusive and puts people first” and that “the costs must not be borne by the most vulnerable”, recognizing that “climate change and flanking policies have significant distributional consequences”. As part of the transition, the EU will help MS to identify and address key trade-offs – e.g. “tackling social impact of rising energy prices through adequate social and fiscal policies, with support for people, sectors and regions most affected”.
- A strong focus is given to the need for **investment in skills** to support adult workers – with 60 million low qualified adults, as well as **initial education and training** and digital skills gap, up- and re-skilling.
- Social rights is clearly mentioned when outlining the new **4th priority: Fairness** which underlines that the **“EU must fully deliver on the principles of the EPSR, to strengthen economic and social performance”**.
- A key focus is given to fighting in-work poverty: “every worker deserves fair working conditions, challenging the growth of involuntary part time and atypical work, supporting the transitions towards full time contracts and skills.”
- As part of the focus on fair working conditions and in-work poverty, it emphasizes the key role of a **European Unemployment Benefit Re-Insurance Scheme (SURE)**, to ensure workers receive support in times of ‘economic shock’, addressing **“all forms of irregular employment that contribute to ‘social dumping’ and exploitation of workers”**.

- **Women** are singled out as a key disadvantaged group in the labour market, underlining the importance of promoting work-life balance, access to quality childcare, tackling tax and benefit disincentives, also to help tackle child poverty.
- Investment is encouraged in **“adequate and sustainable social protection systems, fighting exclusion”, “social protection systems need to be adapted to protect all those in need, irrespective of work status”,** underlining the need for social protection for all forms of employment, covering irregular and atypical work.
- A key priority is given to **“improving the inclusiveness and quality of Education and Training, reducing early school-leaving, quality and attractiveness of VET”**
- There is a welcome stronger reference to addressing **“inequalities borne by groups at risk of exclusion** including persons with a disability, Roma and migrants” aiming to support these groups **“to make full use of their potential to contribute to the economy, social protection system and society”**.
- **Growth in inequality in income and access to basic services is also emphasized, recognizing that “transition could increase this further.....the EU must remain an engine of cohesion”**. The main focus however is on upgrading skills, and regional convergence on access to quality healthcare and education.
- The core issue of **Fair Tax** is clearly underlined – **particularly tax evasion, avoidance and avoiding the race to the bottom: “undermining the ability to get taxes to meet the needs of the economy and people”**. It also confirms the role of tax to finance welfare states: **“National tax/benefit system should be optimised to strengthen incentives for the labour market, participation, increase fairness and ensure sustainability and adequacy of welfare systems”**.
- An important recognition is made of the key role for tax and levies on profit for financing public services, to **“ensure sufficient revenues for public investment in education, healthcare, welfare and guarantee fair burden-sharing”**.
- **In terms of macroeconomic policy, the ASGS recognizes a worrying growth outlook, but avoids suggesting ‘austerity’, encouraging budgetary flexibility, particularly where there are budget surpluses** – recognizing the role of revenue as well as spending in balanced budgets.
- **The Semester is explicitly re-focussed on ‘competitive sustainability’ to help achieve ‘the SDGs’, using EU funds for ‘sustainable investment’**. A new annex will monitor each MS’s SDG performance using the EU SDG indicators. MS will take stock of progress in the NRP, building on existing monitoring tools i.e. the UN Annual Voluntary Reviews at global level. The CSRs will highlight progress towards specific SDGs.

- Finally, there is a strengthened focus on **democratic accountability as “economic governance and democratic accountability go hand in hand”**. This is particularly aimed at the **European Parliament** who should have a stronger voice in EU economic governance. ECFIN will engage with the EP before each key stage. This will help to “enhance ownership and reform”. Reference is made to encourage MS to involve national parliaments, social partners and other relevant stakeholders.

IV. KEY CONCERNS

Our main concern is **how far social rights, inclusion and social justice are in fact given an ‘equal role’** in the new triangle (economic, environmental and social), as well as the overall coherence of the approach in the ASGS to achieve real impact on poverty and inequality reduction. There is dismay at the lack of explicit priority given to civil dialogue and participation, which are essential for effective policy development and implementation.

- How far are the dominant current macroeconomic priorities of stability, competitiveness and growth still in the driving seat? Will the shift to ‘European Green Deal’ prioritise equally social investment in social rights, quality jobs, social protection and public services? And ensure the poor benefit and don’t pay for just transition?
- Is there sufficient clarity on the need to regulate and socially invest in welfare states and to use tax/benefit policies to reduce inequality by ensuring fairer distribution/redistribution policies?
- How will the Semester actively support the consultation/action plan to implement the European Pillar of Social Rights and to deliver an integrated rights-based strategy to ensure a concrete impact on poverty and inequality?
- What steps will be taken to ensure that people experiencing poverty, together with the Civil Society Organisations that support them, become equal players - crucial for achieving social rights? The ASGS and the European Semester have a key role to play in supporting this.

- There is a new paradigm, but the risk is that **the traditional growth model is just replaced by green growth, rather than a different fairer economic model of social and sustainable development, in line with Agenda 2030**. The European Green Deal can play an important role in contributing to a new social and sustainable strategy and the delivery on the SDGs **but cannot replace a coherent long-term social, inclusive and sustainable post 2020 strategy**.
- **The ASGS first 3 priorities are: environmental, new technologies, and completing the Economic and Monetary Union**. The social dimension is initially only mentioned in relation to ensuring that “transition is fair and inclusive and puts people first.” **Just transition** tries to mitigate harm from transition but does not have a pro-active social aim to reduce inequality and poverty and deliver on the European Pillar of Social Rights.

- Although the infographic (p.4) appears to show a more balanced vision, putting fairness on equal terms with environment, productivity and stability, and highlighting implementing the EPSR and fighting poverty – this is not reflected in the text.
- **Worryingly, the ASGS loses any focus or mention of Europe 2020** and its social targets, particularly the poverty target – and this before the end of 2020! There is not a **single mention of poverty** in the whole document⁵, even where poverty has reduced, despite it being also a key indicator in the EPSR social scoreboard and SDG 1. Neither is reference made to the need for an **integrated anti-poverty strategy, although the new Commissioner referred to this need in the EP hearings**. This raises fears that the ‘adoption’ of the SDGs as an overall frame, without ensuring continuity with Europe 2020 runs the risk of making poverty increasingly invisible. **The loss of an explicit poverty target** would be a major step backwards on the EU’s principles and commitments on fairness, justice, inclusion, decency and social peace.
- **The first mention in the text of Social Rights and the European Pillar of Social Rights, is only made on page 8** in the Fairness pillar. However, there is no systematic mention or analysis of the 20 principles, nor indeed of the social scoreboard, nor how it will be mainstreamed through the ASGS and implemented. **A rights-based approach** to promoting inclusive and sustainable growth is also not evident. The referencing to the SDGs seems too often to replace the EPSR with the SDGs, primarily meaning the climate change and environmental goals.
- **Whilst a welcome focus is given to fair employment and ensuring decent wages to tackle in-work poverty**, more reference could be made to ‘temporary and ‘zero-hours’ contracts’, as highlighted in the JER. There is also a need to make sure that the **‘make work pay’ approach is not encouraging punitive conditionality which can result in increased poverty** in relation to income support schemes (both minimum income and unemployment benefit) as it is used to drive people into low paid, low quality jobs under threat of sanctions of reduced or cut benefits. These jobs do not provide sustainable living conditions over the life cycle and evidence shows they are not supporting mobility out of poverty and are a likely cause of stagnant productivity.
- **The social dimension of the EPSR is too often limited to employment, disregarding the 3rd social protection and social inclusion pillar**. This overlooks key social rights related to access to social protection and public services, essential for the fight against poverty and inequality.

⁵ Worryingly enough the term “poverty” is not included in the standard formulation “fighting against poverty and social exclusion” when claiming that “Promoting fairness requires investment in skills, adequate and sustainable social protection systems and fighting against exclusion” (p. 9). Also exclusion is referred to, not **social** exclusion

- **No mention is made of minimum income in the ASGS**, only employment/contribution-based social protection, **despite being a key principle of the EPSR (14) and a major EU priority**. Concern is highlighted around access to social protection regardless of employment status (i.e. those who are in irregular jobs), but not the importance of income support for those who are not in work (unemployed adults, people with sickness/disability, older people, children).
- **Integrated Active Inclusion** is also not explicitly referenced as a key instrument to tackle poverty and reduce inequality, through comprehensive strategies that provide personalised support into quality jobs, and guarantee access to adequate minimum income and social protection and access to quality services.
- **Social protection is not sufficiently underlined as a social investment nor as a social right**, which would better reflect a new sustainability approach, but is still mainly referenced as a lever for labour market participation. **Sustainability of social protection and also health services** are also referenced more than **adequacy**, failing to underline the key role of **universal** social protection and health systems to **protect everybody against poverty and health risks associated with major transitions, thus increasing public support and the pace at which they can be made**. Support to ‘targeting’ is more concerned with reducing costs than enforcing social and health rights.
- **Decent and affordable housing is shockingly absent** in the ASGS. This is particularly surprising given that increasing the supply of decent, affordable housing, including through renovation, is a key part of reducing emissions through the European Green Deal, including increasing investment into and availability of social housing for those in need. Similarly increasing homelessness is not addressed, although it is one of the key messages of the Joint Employment Report and increasing alarmingly across Europe.
- **Education, Training and Lifelong Skills are given a strong focus** but the aim is too often limited to increasing productivity and employment, and not also seeing education as a key resource for personal and community development, particularly important for the empowerment of excluded groups. Less clarity is given to how to ensure comprehensive and affordable pathways for poor/excluded groups to access useful skills and therefore decent, sustainable employment. For example – the role of social economy could be more explored as offering opportunities to raise digital and other skills and labour market insertion including in social care/services, or circular economy initiatives.
- **Support for women’s right to work is too often couched as instruments for growth**. The gender pay and pension gap is an issue of fundamental rights and gender equality. Increasing the ‘employment rates’ of women, regardless of the quality/pay of the jobs and/or working time (i.e. with a focus on part-time work) will alone also not ensure reductions of child poverty – the EC integrated, rights-based 3 pillar approach of the

- **Investing in Children Strategy** needs to be more strongly underlined together with the Child Guarantee outlined by the new Commission President in her political guidelines.
- **Although some groups facing inequalities and poverty are mentioned** (Roma, persons with disabilities, migrants) key groups are missing – single parents, large families, other ethnic minorities and homeless people, as well as pensioners in some countries (e.g. Latvia where they face a 44% poverty rate, 3 X the average). The groups are more considered in terms of making “full use of their potential to contribute to the economy, social protection systems and society”, rather than in terms of their social rights.
- **Whilst welcoming the section on tax, emphasizing its role in financing welfare states, more could be said about the need for ‘greater tax collection’ and more progressive taxation** – shifting the burden to the rich and away from the poor. **There is also a lack of consistency on the role of tax/subsidies:** in the Environmental pillar, tax is seen as a key instrument to ensure climate and growth friendly policies, but without consideration of the potentially regressive distributional impact of environmental taxes and the key role of progressive income taxes in reducing inequalities.
- **Little analysis is made of the social impact of digital technologies.** These technologies are seen as key drivers for “a more productive and green economy”, however, the social impact is not consistently considered: for example the e-exclusion barriers facing poorer and excluded groups, particularly in accessing increasingly digitalized public and other services – e.g. in health, education, social protection and all public services, as well as the impact of artificial intelligence on the number and quality of existing jobs and services.
- **The assumption is made that the liberalisation and privatisation of key public services is always beneficial for people** as well as markets and is a “pre-requisite for growth”. It lists the Single Market achievements as “more choice for consumers and businesses, lower prices, and high standards of consumer safety and environmental protection”. However, there are widely documented negative social impacts for utilities – e.g. sharply rising energy prices where services are privatised/liberalised and the decline in the coverage and quality of services, resulting in widespread fuel poverty (e.g. Gilets Jaune).
- **Although more macroeconomic flexibility is envisioned, within the overall stability message, the main priority continues to be on ‘reducing’ the expenditure side** with the priority for spending reviews to “foster long-term growth, in particular for education, employment and investment”. However, social investment in social protection, public services and welfare states, is not sufficiently underlined as a key pre-requisite for inclusive and sustainable economic growth.

- **More focus needs to be given to the key role of tax justice to reduce inequality and increase finances for strong welfare states** – particularly ending tax privileges for multinationals, supporting wealth, inheritance, higher corporation taxes and embedding the need for progressivity in the tax system.
- **The Reform Support Programme appears mainly as a tool for ‘modernizing labour markets and welfare states’, rather than ‘implementing social rights’.** This gives priority to increasing productivity, restructuring employment markets and allowing more flexibility for growth, ‘modernising’ or ‘cutting’ costs of social protection systems; but ensuring greater investment in employment and social protection systems is essential to a just and speedy transition to a sustainable society and its economy.
- **In ‘Refocusing the Semester’ on competitive sustainability, the main focus on the SDGs appears to be ensuring macroeconomic growth rather than social rights** by means of monitoring progress and ensuring closer coordination of national efforts in the area of economic and employment policies, keeping its focus on issues that have economy-wide implications. A much clearer road map is needed to indicate how ‘competitive growth policies’ can contribute to achieving an ‘end to poverty’, reduce inequality, end to hunger etc.. (social SDGs). Social sustainability and European public consent to further integration could otherwise be put in question.
- **Reference is made to establishing CSRs on specific SDGs** - however it is not clear how this will be done if only a limited number of CSRs (i.e. 1-3) are established, raising the risk of a decreased number of Social Rights CSRs or a diluting of the impact. Equally, this raises the concern of the concrete social impact of EU funds which will be linked to the CSRs.
- There appears to be a **major step backwards on the importance of civil dialogue.** Since the adoption of the 2018 Employment Guidelines (guideline 7 and recital 11) providing a new legal base for the engagement of civil society as equal partners in the Semester, the AGS has explicitly highlighted CSO engagement. However, this year, Civil Society has disappeared into the final category of ‘other stakeholders’, with social partners alone mentioned explicitly. This seems a betrayal of the trust and of the active commitment and engagement invested by CSOs in the European Semester.

V. 10 KEY MESSAGES: DETAILED RECOMMENDATIONS

1. We need a 10 year coherent, social and sustainable post 2020 strategy!

- Confirm a review of Europe 2020 and launch a consultation for a coherent post 2020 social and sustainable strategy, which incorporates the European Green Deal (EGD), the SDGs and EPSR implementation, building on Europe 2020, including a new ambitious poverty target.
- Rebalance macroeconomic policies to ensure delivery on social rights, as well as green growth and prevent negative impact.
- Increase fiscal flexibility to increase social investment in social rights and standards.
- Promote progressive tax/benefit policies that help redistribute income and wealth and reduce poverty and inequality, providing finances for adequate social protection and services. (This should include more progressive income and wealth taxes, increased corporation, inheritance and property taxes, increasing tax collection and effectively tackling evasion/avoidance.)

2. Refocus on 'ending Poverty' with a new poverty target and EU integrated anti-poverty strategy, based on active inclusion

- Reinstate the focus on delivery on the Europe 2020 poverty target, and support development of a new more ambitious target of 50% in line with the SDGs.
- Use a full 3-pillar integrated Active Inclusion approach to underpin a dynamic rights-based strategy to fight poverty – based on personalized support into quality jobs, adequate minimum income and social protection and access to quality services for all, including social and all essential services (particularly affordable decent housing, health, energy etc).
- Visibly mainstream and implement the SDG principle of 'leave no-one behind' to ensure inclusion, tackling discrimination in all its forms, including racism.
- Invest in specific integrated strategies for key target groups based on agreed EU approaches e.g. Investing in Children and implementing the Child Guarantee, tackling homelessness and housing exclusion, through housing first approaches.
- Develop a better measure of extreme destitution and prioritize measures to tackle its specific challenges particularly for children and poor families, homeless people and migrants.

3. Ensure the Green Deal is social – that the poor benefit and don't pay for 'just transition'

- Carry out transparent social/poverty impact ex-ante poverty/distributional impact assessment of all EGD/ transition policies, including tax/subsidies and benefits.
- Support 'just transition' ensuring funds benefit poorer people as well as poorer regions, for example investing in energy efficient social housing, ensuring higher costs are not passed on in rents or bills/investing in green quality jobs, accessible to excluded groups.

- A robust safety is essential to mitigate harms of climate change and transition to a carbon free economy.⁶

4. Mainstream all social rights/principles throughout the ASGS and the European Semester supporting action plans for implementation in all areas

- Support the development of the proposed action plan/road map⁷ through consultation, then specify with a timeline how all 20 principles of the Social Pillar, together with the SDGs will be implemented through all areas and monitored through the European Semester at all stages (Country Reports, CSRs/NRPs) involving civil society organisations and people facing poverty/exclusion as well as social partners.
- Embed a more systematic and comprehensive annual review of progress of the EPSR implementation at EU and national level, involving stakeholders including civil society organisations as equal partners. This includes revising Guidance for Member States requiring them to specifically report on progress/plans for implementation of the EPSR and SDGs.
- Increase the coherence of the Social Scoreboard, with additional indicators linked to all principles, and monitor transparently both headline and secondary indicators.
- 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 automatic policy analysis in the Country Reports and specific CSRs.
- Confirm the need to go beyond convergence around EU averages to reflect national ambition to deliver on rights and principles, delivering on ambitious national targets.

5. Give priority to social investment in strong welfare states: particularly the EU framework to ensure adequate minimum income as well as minimum/living wages, social protection and access to key public services as a social right (particularly health/care/social services and housing)

- Ensure coherence of macro-economic guidance/CSRs to support inclusive, as well as sustainable, growth through social investment: stopping austerity and requiring urgent investment in strong welfare states, including increased funding on adequate social protection/minimum income systems.
- Progress towards an EU framework directive to guarantee adequate minimum income for all to balance the EU framework proposed on adequate minimum wages.
- Give priority to CSRs that require progress on adequacy, coverage and take up of adequate minimum income and social protection throughout the life course for all, particularly where social transfers already fail to take people out of poverty (benchmarked by the 60% AROP threshold and national reference budgets where established).

⁶ UN special rapporteur on extreme poverty human rights report on climate change and poverty (2019)

⁷ European Commission Communication: A Strong Social Europe for Just Transitions (14.1.2020)

- Underline the need for investment in adequate housing (particularly social housing, and housing first strategies to tackle homelessness) and to support investment in affordable, quality public health, care and social services.

6. Increase focus on person-centred, rights-based and integrated support to quality, sustainable jobs, for all ages and excluded groups, rejecting negative conditionality

- Invest in quality, sustainable jobs which guarantee employment and social protection rights, including for the self-employed.
- Ensure all countries have national minimum wages and increase levels to living wages that take people out of poverty and tackle growing in-work poverty, using the benchmark of 60% of the average wage.
- Defend the need for a positive hierarchy for adequate incomes: i.e. establishing living wages above adequate minimum income and providing positive accompaniment to access quality jobs.
- Prioritize person-centred, wrap-around support into quality jobs, including investing and supporting social services, as part of an integrated Active Inclusion approach based on a case management approach.
- Challenge the use of negative conditionality on benefits (through harsh activation/and sanctions where people refuse job/training offers, no matter the quality) which encourage take up of 'poor jobs' and increase in-work poverty, attacking social and fundamental human rights.
- Measure short and long-term outcomes of activation measures and promote indicators for quality and sustainable jobs as key for measuring the success of the employment target, to complement the employment rate.

7. Promote a holistic approach to Education and Lifelong Learning as a social right

- Adopt a comprehensive rights-based vision of education and lifelong learning that goes beyond the needs of the labour market, also promoting personal and community development, encouraging empowerment and active citizenship.
- Reverse austerity cuts and invest in free, universal public education for all as a social right, attacking discrimination and segregation, ensuring no child/adult is left behind.
- Promote pro-active measures that work together with the people themselves to promote inclusion for all groups: women, ethnic minorities, people with disabilities, migrants and people facing poverty and social exclusion.
- Reinforce quality and inclusive lifelong learning beyond employment needs by supporting informal and non-formal learning supporting personal + community development.
- Ensure a focus on 'skills' for work, are adapted to real needs of people currently excluded from the labour market, including 2nd chance and adult education.

8. Rebalance the Semester: ensure at least 1 Social Rights' CSR for each country, with dedicated section on EPSR and Social SDGs in Country Reports and National Reform Programmes, including poverty reduction and systematic support with EU funds

- Ensure at least 1 Country-Specific Recommendation (CSR) for each country, i.e. recommendations that guarantee concrete social rights rather than just reflecting the 'social' dimension.
- Within the Country Reports and National Reform Programme allocate an equal section to Social rights, poverty/inequality reduction as for macroeconomic and environmental priorities.
- Ensure consistency and coherence between the macroeconomic, environmental and social sections, giving priority to 'people and planet', including impact assessment.
- Transparently monitor the use of EU funds in Annex D to support delivery on the Social Rights CSRs, and the impact on poverty and inequality, including support to grassroots innovative NGO projects delivered together with people experiencing poverty.

9. Clarify that EU Structural funds and Reform Support Programme (RSP)⁸ must be used for 'social reform to guarantee social rights', not just for restructuring reforms reducing costs

- Embed social impact screening in the process of linking EU funding priorities to CSRs, ensuring that positive CSRs that promote social rights are actively supported, and preventing negative social impact from cost-cutting proposals to key services.
- Introduce new guidelines for the RSP to ensure equal investment in social reforms to implement social rights, particularly investment in adequate minimum income and social protection systems; affordable, quality health and long-term care; social housing and assistance for homeless people; early childhood education and care; personalized social services, supporting 'well-being' and 'circular economy' grassroots initiatives including through social economy.

10. Confirm and invest in Civil Society Organisations and dialogue with people with direct experience of poverty as equal partners

- Clarify the key role of CSOs and make public the Commission's advice in the NRP Guidance Note requiring increased engagement with Civil Society Organisations, quoting Recital 11 of the new Integrated Guidelines.
- Give increased priority to dialogue with people who directly face poverty and social exclusion, at EU and national level.
- Develop compulsory Guidelines to support meaningful engagement with civil society organisations and people experiencing poverty in regular structured dialogue in the Semester at national as well as EU level, including with European Semester Officers.

⁸ In the context of the Multiannual Financial Framework

- Provide equal resources on a par with social partners, to support NGOs and ensure effective engagement of people with direct experience of poverty/ exclusion, particularly at national level.
- Monitor the effectiveness of engagement including through participative stakeholder surveys and by developing quality indicators, monitored systematically through the country reports, JER and the AGS.

EAPN Response: Draft Joint Employment Report 2020

I. Introduction

As in the last two years, there seems to be increased consistency between the main Annual Sustainable Growth Strategy and the findings of the Joint Employment Report. However, the latter continues to mainly constitute a stock-taking exercise, presenting country statistics and policy measures, without sufficiently complementing them with an in-depth qualitative analysis, or policy guidance. A systematic assessment of the 20 principles of the European Pillar of Social Rights would need more than just the reference to the Social Scoreboard indicators.

Below is EAPN's perspective on points seen as **opportunities** in this year's Joint Employment Report (JER), as well as the **concerns** which still mar the sustainable and inclusive development of Europe, and endanger the achievements of the poverty reduction and of other social targets of the Europe 2020 Strategy, and the implementation of the European Pillar of Social Rights. A summary of the main findings of the JER can be found in Annex 2 at the end of this document. Annex 1 contains an overview on the structure of the JER. More detailed information on the Social Scoreboard and EAPN's assessment thereof is included in Annex 3.

II. What Opportunities?

- The 2020 Joint Employment Report contains two explicit mentions (in the 'Key Messages' and 'Overview of social trends and challenges') of the fact that **the number of people at risk of poverty or social exclusion across the EU remains very high** (110 million people or 21.9% of the total population in 2018), and that the **Europe 2020 poverty-reduction target is far-off**, by about 7 million estimated by the European Commission for 2020 (p. 5, 19). It equally acknowledges the particular high risk for groups such as **children** with an AROPE rate of 24.3% in 2018 (pp. 20, 122), **persons with a disability** with 29.3% – attaining 36.2% for those with a severe disability (p. 125), **migrants**, in particular non-EU born people with 37.3% (p. 122) and older women, with 1 out of 5 AROPE (p. 133), and that the **depth of poverty** remains high, on average 24.6%. (pp. 20, 124). The JER also recognises that “trends in the depth of poverty indicate that in some countries the economic growth is not benefitting all” (p. 20), in other words that **growth is not fundamentally inclusive; this must be addressed**.
- The **Social Scoreboard indicators remain fully incorporated in the analysis** and a regional dimension (on NUTS 2 regions level) is added for most of them.
- For more than half of the headline indicators of the Social Scoreboard, **convergence across Member States can be observed** (though to a different extent), whereas **increasing divergence and inequalities between the Member States** are worryingly reported for the

inequality indicator: the income quintile share ratio, self-reported unmet needs for medical care and the share of population with basic overall digital skills (p. 24).

- The JER points to the **increased risk and the depth of poverty for persons living in (quasi) jobless households**. 2018 is the fifth year for which the at-risk of poverty rate for persons living in very low work intensity households (i.e. at less than 20% of their capacity) has increased and reached 62.1%. Low income from employment for this category of households has been identified as a trend to watch by the Social Protection Committee (SPC) in its 2019 Annual Report (p. 20). **Gaps in the adequacy and coverage of complementary social benefits** for those households are rightfully attributed to growing differences between the median income of people living in very low work intensity households and the at-risk-of-poverty threshold.
- It acknowledges that **social transfers (not considering pensions) are not performing sufficiently well in reducing poverty** as their impact on poverty reduction has declined in 2018 (p. 11), but this is not flagged up as a point to watch neither based on the Social Scoreboard nor by the SPC via the Social Protection Performance Monitor (see Annex 3).
- It highlights the positive impact of **adequate minimum wages**, be they statutory or collectively bargained, as they reduce wage inequalities, “may help reduce in-work poverty and (...) support aggregate demand by increasing the income of low-wage earning families, which have a higher propensity to consume.” (p. 40). It recommends taking the **adequacy** (expressed as percentage of median or average wage) **and coverage by minimum income systems** into account in the relevant EU-wide reporting and monitoring tools, also. The report acknowledges that “the potential impact of the minimum wage on both employment and living conditions is higher when a large share of the workforce is covered.” (p. 41) It is positive to note that nominal and real increases in the monthly minimum wages were operated in all countries except for LV (p. 46), however the issues of adequacy and coverage have to be tackled with high priority in a number of Member States.
- As last year, the 2020 JER highlights that **key role of minimum income schemes**, which should combine adequate levels of support with access to enabling goods and services as well as incentives to (re-)integrate those who can work into the labour market (p. 128). Informing the reader that between 2016 and 2017 the “adequacy of minimum income either remained stable or slightly eroded on average in comparison with the national poverty threshold in all Member States” (p. 128) – except in Greece (where it increased significantly), Malta, Belgium and Ireland” as the Report holds⁹ – it calls for **improved**

⁹ EAPN Ireland explains that when saying that the level of benefits of single-person households in Ireland in 2017 exceeded more than 100% of the national income poverty threshold level this then must include housing benefits. In Ireland in 2017 the minimum personal rate for social welfare supports was 80.4% of at-risk-of poverty threshold (source: [http://www.welfare.ie/en/pdf/Social Inclusion Monitor 2017.pdf](http://www.welfare.ie/en/pdf/Social%20Inclusion%20Monitor%202017.pdf)), an amount not adequate to cover the cost of living

adequacy of these schemes, as well as **adequacy and coverage of social protection overall**, including pensions (pp. 12, 128, 132-133) – a fundamental element in combating the depth of poverty, as well as in-work poverty and tackling income inequality (pp. 129, 140). The Report points to problems with the adequacy of minimum income benefits when considering the depth of income poverty among low work intensity households. (p. 129)

- Whereas in last year's JER **measures reducing income inequality** occupied just 7 lines of the text, in this year's report the new Italian minimum income scheme is sketched out, countries having undertaken efforts to improve the adequacy of minimum income schemes are mentioned and the renewed postponement to (most likely) 2021 of the entry into force of the Minimum Inclusion Income Law in Romania – already adopted in 2016 and on which the country had received a CSR – is critically reported on (p. 140).
- **Active Inclusion is explicitly mentioned only once** (p. 140), but the Report notes that a number of Member States conceptualise reforms by acknowledging “the effectiveness of integrated approaches, linking adequate income, active labour market measures, as well as delivery of social services” (p. 140)
- **Affordable, inclusive and high-quality education and training** are supported (pp. 7, 48, 59, 62, 75, 80), referring to the European Pillar of Social Rights which “acknowledges their right to lifelong learning, as a way to acquire the skills necessary to participate fully in society and successfully manage work transitions” (p. 80). The same holds true for efforts towards **better recognition of skills and qualifications**, including those acquired informally (p. 78) and/or by foreign born workers (pp. 74, 86-87), while it recognises the persistent issue of the **digital divide** – with about a quarter of Member States where less than 40% of the population have internet skills (pp. 59-60) –, including its impact on poverty and social exclusion for a significant share of the population (pp. 7, 59).
- The Report **states that early school leaver rates are around double for pupils born outside the EU** (20.7%; despite decreasing since 2008) **and of those born in another Member State than the current country of residence** (19.2%) compared to native-born pupils (p. 48) – which score slightly below the across-the-board EU average of 10.6% in 2018. The 2020 JER also flags up the long-term disadvantages of early school leavers not only in terms of labour market inclusion (as 53.8% were either unemployed or inactive in 2018), but also in view of their strongly increased risk of persistent poverty or social exclusion (p. 48). **Future risks for societal and economic inclusion and participation** are presented by referring to the fact that one fifth of European **pupils have very low achievements in reading, mathematics and science** (p. 49), again showing higher shares for those with lower socio-economic status or migrant background and the more than 25% of young adults who do not attain a qualification with direct labour market relevance and usability (p. 55).

- In this and other contexts **socio-economic background is recognised as strongly influencing educational outcomes** (pp. 7, 49, 59, 62) and “not sufficiently working as a force for social mobility” (p. 49), alongside gender and migrant status (p. 49). The **2020 JER advocates for a “major shift in the pedagogical approaches, education and training systems”** for them “to be able to become a genuine vehicle for social integration and will keep on reproducing exclusion” (p. 77), as “in many EU countries, schools tend to reproduce existing patterns of socio-economic (dis)advantage, rather than contribute to a more equitable distribution of learning opportunities and outcomes.” (p. 77). A **clear link is made between low-qualified adults and a higher incidence of precarious employment and working conditions and persistent labour market exclusion** (pp. 54-55), not least as they are also clearly underrepresented in labour-market related adult learning measures (pp. 59, 62). The specific difficult situation of **Roma pupils** is highlighted, linked to school and housing segregation, non-inclusive teaching, and severe poverty or housing segregation (p. 49)¹⁰. A **social gradient is also reported when it comes to access to early childhood education and care (ECEC)** as “children at risk of poverty or social exclusion show much lower participation rates than their peers from not disadvantaged families. In 2016, there was a difference of 11 percentage points for the group aged 3 or more, and almost 15 percentage points for children aged 0-2.” (p. 73). The 2020 JER also flags up the positive effects in view of an improved social inclusion from early years on for children of immigrants when attending ECEC.
- It points out the still **disproportionate burden of housing cost affecting 1 out of 10 Europeans** living in households where more than 40% of their disposable income has to be spent on housing costs and too low or reduced public investments in public and/or social housing (p. 131), even though both the share and the absolute number of persons affected has declined. **Rising rents and scarcity of affordable housing** are also highlighted (p. 131), which compound poverty and social exclusion. The report stresses that **homelessness remains high and has increased** (or stayed stable as in HR, PL and PT) in all Member States except FI (p. 131) and that this social problem needs to be addressed with urgency and priority, also by means of integrated responses to homelessness and housing exclusion and by using “prevention services and enhanced cooperation both at policy and service delivery level” (p. 10). Some policy efforts to counter these trends are praised (pp. 141-142).
- It is recognised that **costs, long waiting time and/or a higher travelling distance remain important barriers for the accessibility of healthcare** (p. 137), while pointing to some positive **measures to reduce out-of-pocket payments** – in 2017 achieving the unacceptable high share of 30% or more in BG, CY, GR, LI and LV – and also thereby addressing **unmet health needs** are mentioned (p. 137). They amount to 2% on EU

¹⁰ EAPN welcomes that the 2020 JER explicitly advocates for active desegregation measures to fight school and class segregation, which are to “be accompanied by additional financial and professional support to promote the integration of Roma children in mainstream schools” (p. 77) and claims that “it is important to avoid dedicating specific places for Roma who would have qualified for regular admittance.” (p. 77)

average but achieve rates of more than or close to 5% in 2018 in EE, FI, GR, LV and RO and across all Member States show a higher incidence for unemployed persons than for those in the labour market.

- It highlights **deficits in relation to (access to) guidance and counselling on learning and vocational training opportunities** (and related labour market inclusion possibilities) for foreign-born workers (p. 62), indicating a field needing particular attention and action for Public Employment Services.
- As in the 2019 JER, it acknowledges **lower employment outcomes (measured in employment and activity rates) and existing barriers for people with disabilities** and stresses the importance of labour market integration in fighting social exclusion and improving quality of life. It also recognises the **importance of quality work as a primary social inclusion factor** for workers with a physical and mental disability, as people with disabilities are at a higher risk of in-work poverty (pp. 75, 125). The report mentions the need to support independent living for people with disabilities based on good quality and accessible care arrangements (p. 142).
- The report recognises that **people with a migrant background, particularly women, are at higher risk of both unemployment, and in-work poverty** (p. 73), which is also true for second generation migrants¹¹, and that high skills don't automatically translate into better employment outcomes, resulting in an underuse of migrants' skills (p. 74).
- It mentions the **importance of tackling the gender employment, pay¹² and pension gap** (pp. 6, 68, 70-71, 84-85, 134-135) not least as this Social Scoreboard indicator does not show convergence, with several Member States with high or close to average gender employment gaps recording a deterioration in 2018. It flags up that particularly **migrant women** have a harder time in accessing the labour market (p. 73), while **women overall are largely more likely to be in part-time jobs**, 22.1% of which is involuntary (p. 69), as well as being over-represented in lower paid jobs and under-employment (p. 71). The Report **supports better work-life balance** for women with caring responsibilities (pp. 71-73), and advocates for a better sharing of such responsibilities between women and men (pp. 6, 69-70, 83-85) – highlighting the negative employment impact of parenthood for women in a number of countries, most strongly pronounced in CZ, HU and SK. **Better access to affordable and high quality childcare and long-term care** (pp. 6, 71-73) and

¹¹ The 2020 JER states that “over the last decade the greatest deterioration for children with a migrant background was observed in countries that suffered most from the economic downturn, such as Greece and Italy, as well as in France and the Netherlands. By contrast, Sweden, Czechia and Belgium have seen significant increases in the employment rates for young persons (15-34) with a migrant background” (p. 74-75).

¹² This is largely due to the fact that women have a much broader share of care obligations and “tend to be overrepresented among the minimum wage earners as well as in lower paid sectors and occupations in general.” (p. 71) and the gender pay gap “remains even if netting out factors such as differences in experience, level of education and type of contract.” (p. 71)

working conditions and working time arrangements for informal carers (pp. 13, 141, 144) are also mentioned.

- It stresses the **provision of unemployment benefits of reasonable duration and accessible to all workers** as a key element of active labour market policies (p. 106) and flags up reforms in a number of Member States since 2008 improving access and coverage¹³.
- Explicit mention is made of financial incentives in place to **promote labour market integration of specific more vulnerable groups** such as young workers or apprentices or young or long-term unemployed (pp. 43-44); the provision of **individualised services**, including for the long-term unemployed (pp. 117, 121, 124) and the design of **individual action plans and personalised counselling** (pp. 110, 117), as well as **increasing the capacity and efficiency of Public Employment Services** (pp. 9, 105, 116, 117), though it falls short of an integrated Active Inclusion approach. For the second time the Report looks at the additional indicator of **strictness of job-search requirements for jobseekers** (p. 107). Whereas the JER in the introductory section to chapter 3.3. on employment guideline 7 refers to “benefits associated to reducing the strictness of employment protection” (p. 89) and later on holds that the analysis of the strictness of job-search requirement indicators as presented in the JER 2019 remains valid overall, the policy reforms highlighted don’t include a single case with more tightened conditionalities for job searchers but rather illustrate the benefits of personalised support services for (long-term) unemployed and of better integrated services as introduced in a number of Member States (pp. 116-118), e.g. increased numbers of employment counsellors directly working with jobseekers or caseworkers in Public Employment Services (PES) such as in ES, GR or LT. Some Member States have also taken up proposals from the 2016 Council Recommendation on the integration of the long-term unemployed into the labour market¹⁴. The JER also reports on the modification of incentives to further stimulate the hiring and employment of long-term unemployed (as in BE, ES, PT and RO).
- It recognises that **wage growth remains moderate overall** even though for the first time since 2008 the pay per employee in 2018 increased in all Member States (p. 35). Acknowledgment is given to the **persistence of in-work poverty**, which remains “historically high” (p. 39) and well above pre-crisis levels (at 9,6% in 2016, 9,4% in 2017 and 9,5% in 2018 compared to 8,6% in 2008 and 8,3% in 2010) and states that the “in-work poverty risk is strongly associated with the type of contract” (p. 40), with a clearly higher incidence for employees with a temporary contract (16,2% in 2018) (p. 7) compared to those with a permanent contract (6,1%). The JER also highlights the **key role**

¹³ “Eligibility conditions were eased, mainly by reducing the minimum years of experience or contribution periods necessary to be entitled to unemployment benefits. In addition, coverage of unemployment was extended to previously excluded groups such as self-employed, freelancers, non-regular workers and temporary agent workers.” (p. 107)

¹⁴ [Council Recommendation of 15 February 2016](#)

of wage growth, especially at the bottom of the wage scale, in sustaining demand, reducing income inequalities and in-work poverty (p. 39-40).

- It stipulates that **labour market segmentation remains stable throughout the EU**¹⁵, hovering around 14% on EU average in the last decade, with temporary contracts rarely leading to stable employment – on average across the EU, only 14.2% make the transition (pp. 90-91), while over half, 53% (and above 70% in 10 Member States) is involuntary (pp. 93-94), i.e. on a fixed-term contract because they cannot find a permanent job. A **vicious combination of two forms of precarious employment** can be observed – illustrated by Member States like BG, CY, GR, IT and ES – which “combine high shares of involuntary part-time and temporary employment, which creates challenges in terms of continuity of employment and job quality.” (p. 94) The Report highlights that in a number of Member States **past “employment expansion was coupled with a sustained increase in the share of fixed-term contracts”** (p. 90) and that a “high share of temporary employees coupled with low transition rates from temporary to permanent jobs may be a sign of ill-designed employment protection legislation and impede the achievement of good labour market outcomes.” (p. 90) It lists the **negative impacts of a high prevalence of temporary contracts**, having strong implications for job quality and job security as those workers with “worse-off working conditions (many of them under temporary contracts) have limited options for upward mobility in their labour market careers, but are often more affected by a deterioration in their working conditions and transitions into unemployment” (p. 92). It also underlines that “**many workers on temporary contracts in Europe often struggle to gain access and accumulate entitlements**” in social protection (p. 92). The 2020 JER praises efforts by Member States to curb and regulate the use of such contractual arrangements (pp. 113-114). The Report insofar recognises that **temporary workers experience lower job quality and are much more likely to be at risk of poverty** and that people in non-standard or self-employment are disadvantaged when accessing and accruing pension rights, with substantially higher poverty risks. It finally identifies the trap of **bogus self-employment** (pp. 95-96) as one key factor for increased labour market segregation and **warns against the development of “atypical contractual arrangements (such as zero hours contracts, mini-jobs, etc.) and the rise in platform economy”** (p. 96). This will increase – if no appropriate regulations are taken – the share of young cohorts among the total number of self-employed workers against the backdrop of social security systems not adequately covering them.
- While youth employment is improving and youth unemployment shrinking to 15.2% in 2018 (0.7 p.p. lower than the pre-crisis level of 2008, but still exposing a strong dispersion with rates above 30% in ES, GR and IT), the 2020 JER again points out “that the employment recovery does not always lead to quality job creation for young people” (p. 64), as **young people aged 15 to 24 are more often employed under non-standard and**

¹⁵ The JER recalls that labour market segregation, when entrenched, implies “higher inequalities, lower social cohesion and lower rates of economic growth, as it is associated with weaker aggregate demand, lower productivity, human capital development and social mobility.” (p. 89)

precarious types of contracts, including temporary jobs (achieving proportions of more than 1 in 3 in ES, HR, IT and PT in 2018, p. 65), involuntary part-time work (p. 93), and lower wage jobs. For EAPN it is important that ESF+ money to foster social inclusion is not exclusively spent on programmes merely supporting employment measures.

- It includes positive and strong language around the **multiple negative impacts of undeclared work, for the workers, the economy, public finances and social fairness** (p. 102), highlighting initiatives that penalise employers and better inform workers of their rights (p. 115).
- The platform economy is given considerable space in the 2020 JER and compared to the earlier JERs **more attention is paid to the negative and damaging social impacts of new forms of work and the gig economy**, of digitalisation, robotisation and automatisisation.
- Even though no link is made to EU thematic integrated strategies, such as the Investing In Children Recommendation, the 2020 JER highlights the positive impacts of participation in ECEC as “the foundation for successful lifelong learning, personal development and higher employability later on in life” (p. 82) by referring to the Council Recommendation of 22 May 2019 on High Quality Early Childhood Education and Care Systems which calls for accessible, affordable and inclusive ECEC.
- It supports **social dialogue as a key element of the European social market economy**, (without mentioning civil dialogue and/or the role of civil society organisations in this context) including by strengthening its capacity, by an extended coverage of the workforce by collective wage agreements; by the involvement of social partners in view of the regulation of the changing world of work e.g. due to digitalisation and the increased incidence of platform work as well as the management of the transition to a climate-neutral economy (p. 110) and by their more comprehensive involvement in the European Semester (p. 112), while stating that **stronger collective bargaining tends to be associated with lower earnings inequality** (p. 39).

III. Key Concerns

- **A key message of the 2020 Joint Employment Report is that the number of persons at risk of poverty or social exclusion continues its steady decline, but that poverty remains high**, with 110 million Europeans at risk, with the Europe 2020 Strategy target (20 million people less at the risk of poverty or social exclusion compared to 2008) remaining completely out of reach, by about 7 million if estimations by the European Commission for 2020 will play out (p. 19). However, there is a **clear tendency to focus on positive developments while downplaying remaining challenges**. While the richest 20% of the population still own over 5 times more wealth than the poorer 20%, this ratio has even slightly increased again for 2018 compared to 2017.

- **As last year, the Europe 2020 poverty reduction target is only mentioned in the chapters “Key Messages” and “Overview of Employment and Social Trends”,** while no reference is made to it in the actual Chapter 3.4, nor a review or proposals made of policies towards reaching it. For EAPN it is a concern in relation to the overall Europe 2020 Strategy that smart, sustainable and inclusive growth is not given enough attention, particularly as 2020 will be the last year of this strategy and up to now no review of it has been proposed. Shifting the measurement from concrete progress on common targets to mere convergence towards EU averages (not even upward convergence across Member States) is lowering ambition towards complacency with average rates and the minimum common denominator. So far it is also not clear how the mainstreaming of the Sustainable Development Goals (SDGs) will be included in the process.
- **Insufficient analysis, focus and priority is given to the main negative results of the Scoreboard, nor are policy proposals** triggered to address shortfalls. The secondary indicators in the Social Scoreboard also lack visibility in the JER. The Social Scoreboard headline indicators only measure a country’s performance in comparison to the EU average, rather than setting ambitious goals where social problems or barriers to effective labour market integration exist, while on basically all headline indicators big gaps between countries persist. As in previous years, **most challenges are flagged in the third broad domain “public support/social protection and inclusion”,** with an average of 9.8 countries (of which 3.5 in “critical situations”) for the four indicators (see p. 23 for the list). **“Children aged less than 3 years in formal childcare” stands out with most flags,** for a total of 13 Member States (of which 5 in the bottom category “critical situations”).
- **The main analysis framework continues to be the Social Scoreboard and there is insufficient systematic analysis of all the 20 principles of the European Pillar of Social Rights** – including principles 12 ‘social protection’¹⁶ and 14 ‘minimum income’¹⁷ – with the Social Scoreboard indicators not sufficiently clearly linked to them. Important indicators to measure and monitor progress and to direct effective policy action which are either included as secondary indicators in the Social Scoreboard or appear in the broader dashboard of the Social Protection Performance Monitor (for more info on both categories see Annex 3 below) – such as child poverty, depth of poverty, in-work poverty – are either still missing or underused in the JER analysis.
- EAPN reiterates that **a roadmap for follow up on the benchmarking exercises currently in place** (p. 28) **is also needed,** including on minimum income (see Annex 3 for more

¹⁶ Principle 12 reads: “Regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection.”

¹⁷ Principle 14 reads: “Everyone lacking sufficient resources has 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. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market.”

detail) to set out how the mutual learning on these crucial areas will lead to concrete changes that will ensure upward social convergence on key social rights.

- The Report **lacks coherence and mainstreaming of social rights**, and does not provide an integrated approach to tackling interconnected issues. Appropriate links are not sufficiently drawn between the analysis of employment, education and training, social protection and minimum income coverage and adequacy, access to other public services and the risk of poverty and social exclusion. Chapter 3.4 dedicated to Employment Guideline 8 “Promoting equal opportunities for all, fostering social inclusion and combatting poverty” is again relatively thin (24 pages) compared to 91 on labour market and skills (19 pages on enhancing labour demand, 42 pages on labour supply and skills, and 30 pages on labour market).
- As in 2019, the 2020 JER does **not include any recognition of the impact of austerity and cuts in public spending**, and no coherent, mainstreamed rhetoric that would support strong public investment to counter it, although in some instances (e.g. in the field of education and training, including for the improvement of digital skills) investment needs are identified and called for. For EAPN, sustainable social investment is needed in this regard, not only in employment and training, but also in social protection and services. Although social protection expenditure rose in real terms in 23 Member States, as a percentage of GDP it only rose in 9, fell in 17 and was stable in 2 (p. 126), while the range of expenditure is vast: between 32.1% of GDP in FR, 31.3% in FI and 29.8% in DK, to less than 15% in LT, LV, and RO. A key question for EAPN is why rising social protection spending is not more effectively deployed to cut poverty, and whether there are gaps in protection against new risks and protection of those most vulnerable to risk, that must be addressed.
- The **decreasing ability of social transfers to reduce poverty** in 16 Member States (p. 126)– highlighting weakened adequacy and being a direct driver of poverty, even though some countries have registered improvements – for EAPN **should have been one of the main policy areas tackled**, whereas the Report is rather casual and brief about this problem, despite effectiveness of coverage further declining in 2018 since last years’ JER. Little is also made of the fact that only 1/3 of short-term unemployed are covered by unemployment benefits (pp.11, 107).
- **Minimum income** (which is last resort social assistance) is **generally portrayed as a lever to get people back to work**. But it is and should be an individual social right (p. 14) and an essential social floor in a decent society, and the same holds for social protection in the context of labour market activation tools. Only in IE and NL is the net income of minimum income beneficiaries above the national poverty threshold (p.11).

- While **socio-economic background as a key factor for educational attainment** is mentioned and recognised (e.g. p. 77), it is again predominantly seen as an obstacle to “human capital improvement”. But it should be recognised that it is not only a personal benefit, but contributes to high levels of social and economic development and can be deployed to support marginalised and excluded communities and to ensure all communities can benefit from the opportunities of major economic and environmental transitions. Consistently high rates of **child poverty are flagged up as problem and concern**, but the **Report falls short of elaborating on measures addressing poverty in families** and providing wrap-around support for parents. There is **no reference to the European Commission’s integrated Investing in Children strategy**, developed on 3 pillars: access to resources, services, including early learning and participation. The analysis of **high early school leaving rates and school segregation of Roma pupils** predominantly looks at supporting schools and students or their families only to a minor extent. Similarly to the 2019 JER report, despite lamenting **low participation of the lower skilled and older people in adult learning**, as well as low levels of basic and digital skills, an analysis of the root causes and solutions is missing, with **no proposed policies to tackle structural causes and support better outcomes** for these groups. One measure mentioned is public financial support to employers to provide more training opportunities to their employees (p. 64).
- **As noted, education is seen predominantly in terms of labour market relevance** and the impact of low skills or lack of access to employment prospects (e.g. p. 48 in relation to early school leaving) – but there is no inclusive vision about personal or community development. As in last year’s JER, there is a focus on improving the quality and the relevance of the training offered to jobseekers, but no proposal for an accompanying analysis regarding how many have actually accessed quality, sustainable employment as a result.
- Whereas **gender discrimination is referred to**¹⁸, other forms or grounds of discrimination are left unmentioned. The **focus concerning migrants is chiefly on their integration in the labour market**, rather than on the broader social and societal inclusion of migrants (including undocumented migrants¹⁹). Regarding **older workers**, measures to support longer working lives are limited to financial incentives and subsidies to employers, rather than investing in adapting workplaces, supporting measures for healthy and safe working careers and positive transitions to retirement and combating ageism or ensuring adequacy of pensions which is the primary concern for people working in “poor jobs”. The Report, however, alludes to an emerging disadvantage for part-time workers when it comes to continued vocational training and education – in turn actually affecting proportionally more women and lower qualified workers – by stating that “the gap

¹⁸ – in chapter 3.2 in the context of anti-discrimination measures to promote female work participation with new legislation and programmes put in place in France and Portugal.

¹⁹ – for whom, nevertheless, the newly introduced coverage by the Spanish National Health Care System is mentioned (p. 142) –

between part-timers and full-timers has significantly widened between 2005 and 2015 as concerns training paid by the employer.” (p. 69)

- **The sustainability of social protection systems in case of reductions in social security contributions for employers is not discussed** (it is to be noted that in some countries less income from social contribution is also due to the increase of non-standard and/or low wage jobs), in contradiction with Guideline 5, which explicitly mentions “protecting revenue for adequate social protection”. Equally, for EAPN **reforms in employment rights and protection** can be very damaging to personal and family life when they make dismissals easier and more difficult to appeal and reduce notice periods, without appropriate income support, realistic spending on reintegration and strong equalities policies.
- Although the indicator on *Children aged less than 3 years in formal childcare* is part of the “Public support /social protection and inclusion” Social Scoreboard section, the Report – as last year – reviews it mainly from an access to the labour market perspective (i.e. reducing the employment gap of mothers and improving the possibilities to reconcile work and care obligations), with **little considerations regarding the rights and wellbeing of the child and/or the quality and content of the ECEC**.
- As in the 2019 JER there is a **lack of attention or systematic mainstreaming paid to quality jobs** as a concept (even though the term is mentioned), and the increases in employment rates are not accompanied by information regarding what kind of jobs in terms of wages/conditions/sustainability. The only such information present is in the Key Messages, where it is actually recognised that the growth in employment only relates to the numbers of employed people, not of hours worked. While Guideline 5 explicitly refers to “the creation of quality jobs” and encourages “forms of work which create quality job opportunities”, **an analysis of quality and sustainability does not accompany the section dedicated to job creation policies**.
- Despite positive rhetoric about the positive role of wages in combating poverty and social exclusion (e.g. pp. 39-40), the Report suggests that **increasing wages could lead to reduced employment opportunities and hinders cost competitiveness** (p. 36), while EAPN has concerns that the Social Scoreboard indicator on wages (single worker without children earning an average wage) fails to capture most social and economic realities and obscures pockets of in-work poverty.
- The 2020 JER mentions **activation strategies** pursued by Member States in recent years to improve the cost-effectiveness of unemployment benefit systems. It highlights and supports that in several countries replacement rates were reduced and eligibility conditions tightened through stronger job-search and work availability requirements (p. 107), underlining **increased conditionality**. On a positive note it seems to have shifted

away from a rather explicit endorsement of negative activation through sanctions and an appraisal of tightening conditionalities for job seekers.

- **As in the 2019 JER, a qualitative examination of the impact of measures implemented in the context of the Youth Guarantee** is lacking and little consideration is given to the quality and sustainability of the employment and education measures proposed, or to income support measures. **Inactivity rates of young people and the situation of NEETs** is catalogued (with BG, GR, IT and RO classified as “critical situations” in the Social Scoreboard (p. 65) and again indicating the more than a third higher incidence of NEETs for non-EU born young people aged 18 to 24 and higher rates for native born with a migrant background (p. 66)), but very little explored, and with almost no solutions proposed and very few good practices shown, highlighting a **lack of comprehensive support and outreach initiatives, rooted in Active Inclusion**.
- The JER 2020 mentions the growing need for and challenges in relation to access to affordable long-term care services, but lacks any data or analysis as to the particular problems for low-income households to access quality long-term care and the need for public investment and funding for long-term care as an integral part of social protection schemes.
- While the role of social partners and/or social dialogue is detailed over several pages in both the “Key indicators” and “Policy response” sections in Chapter 3.3, **only one paragraph is dedicated to civil society**, and that only in the context of Guideline 7 (pp. 89, 112-113) i.e. not overall. It does not highlight the new legal base which puts civil society on an equal basis with social partners. For EAPN, unequal and poor civil society engagement is due to a lack of mechanisms for structured engagement, featuring clear guidelines for meaningful contributions and adequate institutional and financial support to back this involvement. The 2020 JER hints to a more detailed analysis to be initiated by the Commission Services into the reasons for differences in the degree of involvement of civil society organisations in the European Semester. (p. 113)

Annex 1

Structure of the Draft Joint Employment Report 2020

The Proposal for a Joint Employment Report (JER) from the Commission and the Council accompanies the Annual Sustainable Growth Strategy 2020, published on 17 December 2019 – COM(2019)653 final – by the European Commission as part of the Autumn Package which launches the European Semester cycle. It aims at providing an overview of key employment and social developments, as well as of reforms of related policies and programmes taken by Member States. It draws on the Guidelines 5 to 8²⁰ for the Employment Policies of Member States, revised in July 2018 in order to align them to and adequately reflect the 20 principles of the European Pillar of Social Rights (adopted in November 2017). They include a **new Recital 11 which the first time acknowledges the key role of civil society in implementing the Employment Guidelines**²¹. The JER has a total of 143 pages and an annex with 6 parts. The structure of the Joint Employment Report 2020 is fully aligned with the one of the last two years, following the headings introduced in 2017 to **take full account of the European Pillar of Social Rights and its Social Scoreboard**.

- As in the two previous editions, the 2020 JER begins with an overview of the *Key Messages* of the findings.
- Chapter 1 gives an *Overview of Labour Markets and Social Trends and Challenges in the European Union*, split up into the same two subheadings as for the JER 2018 and 2019, “labour market trends” and “social trends”.
- Chapter 2 is entitled *Snapshots from the Social Scoreboard*. It explains the objectives and indicators of the **Social Scoreboard** used by the Commission Services as the main statistical tool to monitor the performance and attainment levels of EU Member States in a number of employment and social domains and presents as empirical evidence summary information on the 14 **headline indicators**.
- Chapter 3 *Employment and Social Reforms – Member States Performance and Action* constitutes the bulk of the JER, dedicating **significant subchapters to each of the 4 Employment Guidelines 5 to 8**, each monitored through subsections on *Key Indicators* and *Policy Responses*. It provides detailed cross-country description of key indicators

²⁰ As further elaborated on in Chapter 3 of the JER these four employment guidelines are “5. Boosting demand for labour”, “6. Enhancing labour supply and improving access to employment, skills and competences”, “7. Enhancing the functioning of labour markets and the effectiveness of social dialogue”, and “8. Promoting equal opportunities for all, fostering social inclusion and combating poverty”.

²¹ Recital 11 of the [Council Decision 2018/1215 of 16 July 2018 on guidelines for the employment policies of the Member States](#): “The Integrated Guidelines should form the basis for country-specific recommendations that the Council may address to the Member States. Member States should make full use of the European Social Fund and other Union funds to foster employment, social inclusion, lifelong learning and education and to improve public administration. While the Integrated Guidelines are addressed to Member States and the Union, they should be implemented in partnership with all national, regional and local authorities, closely involving parliaments, as well as social partners **and representatives of civil society**.”

for labour market and social developments (including those from the social scoreboard) and of policies implemented by Member States, mainly since June 2018, to address the Employment Guidelines.

- For the first time the Report contains a **regional dimension** for the Social Scoreboard (cf. Annex 3) in order to better understand where different regions in a country stand and how they develop and to help monitor “convergence within countries, assess the impact of regional policies and shape regional policy-making.” (p. 24)
- The **Annex** consists of six sections. The first two present tables with the Social Scoreboard Headline Indicators (in most cases for 2018, but partially also for 2017 and 2016, i.e. the last years for which relevant data are available), their levels, year to year changes and the distance of a given Member State to the EU average. Annex 3 includes graphs with a regional breakdown for 10 Social Scoreboard headline indicators. Annexes 4 to 6 contain the Methodological Note and very useful summary overviews of the employment and social ‘trends to watch’, according to the Employment Performance Monitor (EPM) and the Social Protection Performance Monitor (SPPM). The two graphs illustrate the number of countries showing an improvement or a deterioration on the headline and other indicators compared to the last year for which data are available across Europe – as a rule 2018 for the indicators based on the Labour Force Survey (LFS) and 2016 for the indicators based on the European Union Statistics on Income and Living Conditions (EU-SILC).

Annex 2

Main findings of the Joint Employment Report 2020

The following bullet points are taken from the Draft Joint Employment Report 2020 to provide a summary of important new trends and findings from the new data highlighted in the JER. Please see the previous section for EAPN's analysis and positioning regarding these findings.

- Compared to the data included in the Social Scoreboard recorded for October **2018 labour market and social trends in the EU, 9 out of the 14 headline indicators improved on average across the EU whereas the 5 remaining headline indicators** (early leavers from education or training, gender employment gap, impact of social transfers on poverty reduction, income quintile share ratio and self-reported unmet needs for medical care) either remained stable or recorded a slight negative development. All these 5 indicators are key indicators that directly impact on poverty levels and the depth of poverty. Persisting challenges to specific principles are identified for a large number of Member States.
- It is reported that **employment continues to increase to reach an all-time high in the third quarter of 2019**, with 241.5 million people in employment in the EU and older (aged 55 to 64) and high-skilled workers as the main drivers.
- The **share of people at risk of poverty or social exclusion has decreased** (AROPE) for a 6th consecutive year in 2019 and fell to below 2008 levels (around 2 percentage points less), **though it remains unacceptably high at 110 million people**, or 21.9% of the total population (2018), making the Europe 2020 poverty reduction target of 20 million compared to 2008 out of reach. It is also noted that “current slowdown in economic activity suggests that the actual decline may be less prominent.” (p. 19) As in last year, the reduction of AROPE is attributed to a **“sharp fall in the number of people suffering from severe material deprivation”** (p. 19) – achieving the lowest level with 5.9% in recent history, but still affecting nearly 30 million people – and of low work intensity households (for the second time since 2009). The report informs that the fall in this indicator is driven by progress in Member States for which severe material deprivation is highest and insofar “the overall improvement points to continued upwards social convergence.” (p. 19) While the overall AROPE figure has decreased for six years running, the **at-risk of poverty rate** (AROP indicator) remains broadly stable at 17.1% in 2018 (compared to 17.3% in 2015, having slightly increased from 16.9% in 2017), corresponding to a population of 86 million or to an increase of 1 million people. The JER highlights that **“notably children and people with disabilities, face a substantially higher risk of poverty or social exclusion.”** (p. 5)
- “Rates of severe material deprivation (SMD) continue to converge downwards, driven by steady improvements in countries where deprivation is high.” (p. 124) **“Material and**

social deprivation, which captures a wider range of deprivation dimensions, **shows continuing improvement as well**" (p. 124).

- It is noted that **"trends in the depth of poverty indicate that in some countries the economic growth is not benefitting all"** (p. 20) and remains a challenge (p. 124). Given that the **relative median income poverty gap** (measuring how far away those at risk of poverty are from the poverty line) has increased by a half point to 24.6% in 2018 **"the poorest people are not always reached by positive impacts of the economic growth."** (p. 20)
- **Persistent gaps in adequacy of social benefits were identified in the 2019 JER as a trend to watch by the Social Protection Committee.** Groups most at risk still are said to be children (continued slight decline from 26.4% in 2016 to 24.5% in 2017 and 24.3% in 2018), people with disabilities (31.2% in 2016), and migrants. 1 in 5 older women (over 65) is in poverty (p. 132). This year's report also highlights that **"in all Member States, children whose parents are low-skilled face a significantly higher risk of poverty or social exclusion, pointing to persisting inequalities of opportunities."** (p. 20)
- Contrary to 2017, **income inequality increased again** slightly in 2018 and remains high: the richest 20% had a disposable income 5.2 times higher than the poorest 20% (from 5.1 in 2017). The design of minimum wage setting and tax and benefits systems, and improving access to education, vocational training and the labour market, better access to affordable and quality health and social, promoting gender equality and addressing regional disparities are identified as key factors in combatting this trend. (p. 5).
- **The gross disposable income of households (GDHI) has risen at a steady pace and for a fifth year in a row for 2018**, and contrary to last year, in line with improvements in the overall real gross domestic product (GDP). Given lower GDHI rates compared to the GDP growth rates in the last years, questions about redistribution and the inclusiveness of growth, stay on the agenda. As in last year's report improving the **adequacy of social benefits, including minimum income schemes, is credited as an important factor, while the measured impact of social transfers (excluding pensions) continues to decline.**
- In a number of Member States **coverage and adequacy of social protection systems is said to have been expanded** whereas persisting difficulties are highlighted notably for the self-employed and non-standard workers. The report rightfully states that **"while minimum income schemes are currently in place in all Member States, their adequacy still varies considerably."** (p. 11) and presents the improvement of minimum income schemes and combining adequate levels of income support with access to enabling goods and services and the labour market, underpinned by an **Active Inclusion** approach, as the strategy to pursue by Member States (p. 140).

- **Compared to 2018 the Employment rate (for people aged 20 to 64) further increased by 0.8% and stands at 73.9%** (second quarter of 2019), representing a record level for the EU though some countries still lag behind. While this brings this headline indicator within reach of the 75% employment target of Europe 2020 the report refers to a “current slowdown in economic activity, together with the tightening of labour markets in some Member States” (p. 13) as a risk for the full attainment of one of the headline targets of the Europe 2020 Strategy. The largest increase is registered for older workers (55+), women and high-skilled workers, as in the previous years.
- **The Unemployment rate reached a record low with 6.3%** (third quarter of 2019), corresponding in absolute numbers to about 1 million less than one year before. In spite of this positive development a “significant degree of heterogeneity” (p.14) between Member States is noted, with some countries also still far from their pre-crisis minimum rates. It, however, remains significantly high in some Member States (attaining more than 8% in 2018 in CY, ES, FR, GR, HR, IT), and it reflects more people in work, but not an increase of the volume of total hours worked at the same pace between the second quarters of 2013 and 2019, so no full-time employment). **Long-term unemployment** (i.e. with duration of 12 months and more) went down to 2.5% of the active population (corresponding to about 40% of those unemployed and having reached the pre-crisis minimum of the third quarter 2008 across the whole EU) and **youth unemployment** (of those aged 15 to 24) also decreased to 14.4%, but remains a concern in a number of Member States. However, “in about half of the Member States the long-term employment rate remains higher than in 2008” (p. 102) The report points to persistent (though slightly receding) high **labour shortages**.
- **High disparities remain between groups** – the low-skilled, young people, migrants and people with disabilities still face difficulties in accessing employment, while access to the labour market of older workers (aged 55 to 64), women and the high-skilled has improved. The NEET²² rate has stabilised at 10.6% in 2017 and 2018, close to the Europe 2020 Strategy target of 10%, but “there is room for further reduction” (p. 16), as the report notes. Women still face considerable gender pay gaps and in particular important pension gaps as well as an inadequate work-life balance.
- Even though most of the additional jobs created in 2018 are permanent and full-time, **high labour market segmentation remains an issue**, as the incidence of atypical forms of employment remains stable and the share of temporary employees sizeable, which calls for measures to improve quality of work and employment and to combat **in-work poverty**. The share of employed people living in a household whose income is below 60% of the median remains high at a stable 9.5% (and increasing by 0.1 p.p. from 2017). The JER informs that “people working part-time and with temporary contracts are more exposed to such risk.” (p. 20) Compared to the highest share measured in 2014 (29.6%) the share

²² Young people aged 18 to 24 neither in employment, education, or training (NEET).

of involuntary part-time work, however, has decreased to about a quarter in 2018 (24.6%). In 2018 about 1.4% of the workforce provided labour services via platforms, with significantly varying working conditions as noted by the JER (p.9). This justifies policies to adequately regulate the area of **platform workers**.

- **Wage growth remains in the EU below productivity growth on average** (whereas it has been faster and above productivity growth in most Central and Eastern European countries). The report recalls that “balanced and sustainable wage growth should be responsive to labour market conditions and medium-term productivity developments (...)” (p. 7). Statutory minimum wages were increased in almost all Member States in 2019 (p. 42), which can help curb in-work poverty.
- The 2020 JER highlights that **adequate, accessible unemployment benefits of reasonable duration are key**. The coverage of atypical workers by these schemes remains an issue. Reinforcing Public Employment Services and reaching out to those furthest away from the labour market by also providing individualised services, guidance and active support remains an objective.
- The JER states that **housing costs are excessively high for a large (though declining) share of households**, with one European in ten being overburdened by housing costs. In a number of Member States a significant share of households in those countries suffer from **poor housing conditions**. **Homelessness** as the most extreme form of housing exclusion increased over the last decade in most Member States. Across the EU 1.7% of the population report **unmet needs for medical care** (p 12, 137), mostly due to too high costs, too long waiting times or travelling distance.
- **The EU is on track for reaching the Europe 2020 educational targets**. Whereas early school leaving rates having stagnated over the last two years at 10.6% (short of the 10% target set by the Europe 2020 Strategy), the **tertiary education attainment headline target of 40% was reached in 2018** two years ahead of schedule for the EU as a whole with a rate of 40.7%). However, 10 Member States had not yet achieved this target in 2018 and still need to continue their efforts and persons born outside the EU show lower rates (about 5 p.p.), despite partly considerable improvements in a number of countries with particular low tertiary attainment rates in 2008. The 2020 JER notes that **socio-economic background remains a deterrent, basic non-digital and digital skills levels are still low for certain groups**, and significant investment is needed in quality education (p. 52) whereas we can observe stagnation in education expenditure in many Member States (p. 53).
- In some Member States, in particular in Eastern and Southern Europe, **significant gaps remain in terms of digital skills**, with over 40% of adults not having them, which hinders access to the labour market, services, and social inclusion. Improvements of the relevance

and recognition of (formal and informal) qualifications, including supporting disadvantaged groups to access education and training, are recommended.

- Areas still requiring attention according to the Report are: **demographic change** and the necessity for pension, health and long-term care systems to adapt to rising life expectancy, including by ensuring pension adequacy and poverty prevention; providing better access to **affordable and quality health and long-term care**, including reducing costs and waiting times, and support for family and informal carers; **improving access to housing and curbing housing-related expenditure**.
- **Engagement with societal stakeholders is seen as a key element** of the European Social Market economy, with the **important role of civil society in the design and implementation of reforms to support legislative and government action in the context of EU economic governance explicitly mentioned** – particularly in relation to employment guideline 7 (pp. 89, 112-113) –, though not on the same level and with the same detail as for social partners.

Annex 3

Social Scoreboard of the European Pillar of Social Rights

The EPSR, adopted on 17 November 2017, includes a Social Scoreboard to monitor performance and track trends in the Member States around 14 headline indicators and by using 21 secondary indicators to assess employment and social trends at large²³. The monitoring process looks at levels and yearly changes on 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 spring 2020, which will provide an 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.

Under three headings, listed below, **the 14 headline indicators of the Social Scoreboard** are:

- Equal opportunities and access to the labour market
 - Share of early leavers from education and training, age 18-24
 - Gender gap in employment rate, age 20-64
 - Income inequality measured as quintile share ratio - S80/S20
 - At-risk-of-poverty or social exclusion rate (AROPE)
 - Young people neither in employment nor in education or training (NEET rate), age 15-24

- Dynamic labour markets and fair working conditions
 - Employment rate, age 20-64
 - Unemployment rate, age 15-74
 - Long-term unemployment rate, age 15-74
 - Gross disposable income of households in real terms, per capita
 - Net earnings of a full-time single worker without children earning an average wage

- Public support / Social protection and inclusion
 - Impact of social transfers (other than pensions) on poverty reduction
 - Children aged less than 3 years in formal childcare
 - Self-reported unmet need for medical care
 - Share of population with basic overall digital skills or above.

²³ The headline and secondary indicators are contained in the Commission Staff Working Document 8637/17 ADD 1 issued on 2 May 2017 (<https://www.eumonitor.eu/9353000/1/j9vvik7m1c3gyxp/vkdw8kg1tyxg>). The data for both the headline and secondary indicators can be retrieved from the website of Eurostat, <https://ec.europa.eu/eurostat/web/european-pillar-of-social-rights/indicators/social-scoreboard-indicators>.

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 example, there are no clear procedures to trigger policy recommendations (including Country Specific Recommendations) on negatively performing indicators, which makes one wonder about the usefulness of such a tool, if it does not prompt a revisiting of policies. Also, the Scoreboard measures convergence, not even upward convergence – ie, how close or far the performance of a Member State is compared to the EU average. If the EU overall performs poorly on a certain indicator, this is not captured, rather the Scoreboard will indicate that the de facto best performers fare worse on convergence to the EU average. It is also not clear how the indicators relate to, and capture, the diversity of the 20 policy areas of the principles of the European Pillar of Social Rights. For example, while there is an indicator dealing with childcare, there isn't one on child poverty, which is referred to in the EPSR principle. 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 all the principles/rights 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 (see [here](#)), 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 (EPM)²⁴ and the Social Protection Performance Monitor (SPPM)²⁵ needs to be clarified and ensured. Therefore, for EAPN it is important that the benchmarking exercises include the secondary indicators of the Social Scoreboard, the indicators of the Employment Performance Monitor and the dashboard of key social indicators of the Social Protection Performance Monitor.

The main findings based on the Social Scoreboard, as included in the Report in Chapter 2 "Snapshots from the Social Scoreboard", are reprised below. It is important to stress again that these don't measure progress towards common, ambitious targets, but merely indicate how far a Member State is from the EU average. In other words, the indicators measure convergence towards averages, not upward convergence towards established goals.

- For the changes with regard to the 14 headline indicators see under Annex 2 and on p. 24 of the 2020 JER.

²⁴ More information on the EPM can be accessed from the webpage of the Employment Committee (EMCO), <https://ec.europa.eu/social/main.jsp?catId=115>

²⁵ More information on the SPPM can be accessed from the webpage of the Social Protection Committee (SPC), <https://ec.europa.eu/social/main.jsp?catId=758&langId=en>

- The situation and the severity of challenges vary widely amongst Member States. There are **40 critical situations** (10.3% of the assessment, compared to 10.6% last year), **with half of the Member States (14) being flagged at least once**. The aggregated number of *critical situations, to watch, and weak but improving* is 121 situations (31% of the assessment) compared to 117 last year, with all Member States flagged at least once (except for NL). ES, GR, IT and RO fare as *critical, to watch, or weak but improving* on ten or more indicators.
- For the broad dimensions covered by the scoreboard, **most challenges are flagged up under public support / social protection and inclusion** (average of 9.8 cases, of which 3.5 *critical*), **the most salient issue being “Children aged less than 3 years in formal childcare”** (13 cases, of which 5 in the bottom category). The second highest number of challenges is found for the dimension “equal opportunities and access to the labour market” (average 9.6 cases, of which 3 *critical*), **the most salient issues being: early leavers from education and training, the gender employment gap and the at risk of poverty or social exclusion rate (AROPE)** (10 cases each). The least number of challenges based on the 14 headline indicators of the Social Scoreboard” is reported for the dimension “dynamic labour markets and fair working conditions” (average 6.8 cases, of which 2 *critical*), the most salient issue being, as last year, **net earnings of a full time single worker without children earning an average wage** (14 cases).
- Regarding **public support / social protection and inclusion**, the most significant improvements were in the areas of childcare availability and digital skills, while the situation worsened in terms of impact of social transfers on poverty reduction and the self-reported unmet needs for medical care. On the ability of social transfers to reduce the risk of poverty, ES, IT, LI, LV and RO are considered *critical*, while HU and IE are *best performers*. For childcare participation, CZ, PL, RO and SK are *critical*, while BE, ES and LU are *best performers*. EE and LV face a *critical situation* in terms of self-reported unmet need for medical care (*no best performers* identified through the methodology, though 9 countries are *better than average*). On digital skills BG, HR and RO are labelled “*critical situation*” while FI, LU, NL and SE *perform best*.
- Regarding **equal opportunities and access to the labour market**, the most significant improvements were, on average, in terms of AROPE and NEET rates, with a stable rate as early school leaving and a slight increase for the gender employment gap and the income inequality indicator.
- Regarding **dynamic labour markets and fair working conditions**, as in last year, all indicators (employment rates, unemployment rates, disposable household income, net earnings of a full-time single worker) registered improvement.

Benchmarking

Benchmarking was identified by the Communication establishing a European Pillar of Social Rights (26 April 2017) as a key vehicle to support the implementation of the Pillar through the European Semester. The Social Protection Committee and the Employment Committee have agreed on a common methodology, consisting of: a) identifying key challenges and setting high-level outcome indicators; b) identifying performance indicators; c) identifying policy levers, accompanied by general principles on policy guidance and, when available, by specific indicators. However, for the time being, reference values for policy levers are not set, and the aim continues to be comparing performance across Member States.

In the 2019 European Semester the benchmarking framework on *Minimum Income Schemes* – covering elements such as adequacy, coverage, and activation, including interaction with in-kind services (healthcare, education, and housing) – was fully integrated, upon recommendation of the Social Protection Committee. The benchmarking exercise on Minimum Income was very welcomed by the European Minimum Income Network ([EMIN](#)), as it has ensured greater visibility for the topic, and has served to highlight trends in this area. The general assessment is that of an improvement in the adequacy of Minimum Income in several countries, but it must be recognised that these improvements are often on the basis of intolerably low starting points. Some 20 countries still have minimum incomes which are below 60% of the at-risk-of-poverty threshold. As well as the two measures used (at risk of poverty threshold and income of low wage earner) EMIN has demonstrated the need to develop well-constructed reference budgets, to measure the robustness of these indicators and the minimum income levels.

Another benchmarking exercise, first conducted in the framework the 2018 European Semester, is the one on *Unemployment Benefits and Active Labour Market Policies*, looking at eligibility and adequacy, and was included in the previous edition of the Joint Employment Report and the Country Reports, while elements such as availability-to-work conditions attached to receiving unemployment benefits were included in the European Semester 2019 upon a recommendation of the Employment Committee. This could, however, be a very worrying development, opening the door to negative, punitive activation policies on the ground.

The European Semester 2019 did also include, as agreed with the Employment Committee, the results of benchmarking on *Adult Skills and Learning*, while future such exercises, for example on pension adequacy, are being contemplated.

The 2020 JER finally informs that “Work is currently ongoing on additional benchmarking frameworks for possible use in future Semester cycles, notably within EMCO on minimum wages and on mapping collective bargaining, and within SPC on pension adequacy and on childcare and support to children”. (p. 28)

Annex 4

Status of the document

This EAPN assessment is issued on behalf of the EU Inclusion Strategies Group (EUISG) which has delegated powers within EAPN to develop EAPN Policy Position papers and reports. The response was drafted by Sian Jones and Mathias Maucher (EAPN Policy Team) based on EAPN's letter to Juncker with proposals for the AGS 2020 in October 2019. These proposals were drawn from members' assessment of the 2019 European Semester and a discussion in the EU Inclusion Group meeting in Helsinki in September 2019. The draft was circulated to the entire membership on 8 January 2020 with 2 weeks for inputs. Inputs were received from EAPN AT, DE, IE, FI, LV, NL, UK and FEANTSA. All inputs were incorporated in the final text which was finalized on 24 January 2020.

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 our values, which can be found here.

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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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