

## **POVERTY WATCH REPORT 2020 – CZECH REPUBLIC**

### **EAPN ČR**

The European anti-poverty network is independent network of organizations and groups that are part of combating poverty and social exclusion in Europe. In CR the national network to EAPN CR, z.s. (member of European anti-poverty network) is advocating welfare dependency people's rights. The goal of EAPN CR associations is to accept the social exclusion issue in CR and to eliminate social and political barriers against social excluded people.

EAPN CR missions:

- Aim for the priority of social inclusion and combating poverty in public administrations.
- To support, evolve and realize activities towards social inclusion.
- To facilitate access to information technology and education for social excluded people.
- To support the development in the quality of social services for social excluded people. To support human rights.
- To associate people or organizations in field of combating poverty and social exclusion.
- To transfer the sensible methods and approaches in European union and make the most of this experience, and to participate in creation of national politics in social intrusion
- To support social inclusion organizations and their clients.

### **POVERTY – WHAT DOES THAT MEAN?**

The EAPN CR understand the poverty as life with lower than 60% of median income; also, they discover ownership of tangible property (like TV, dishwasher or car) or how often the subject or family can afford holiday abroad.

Other factors are age, sex, household type and employment situation, that bring together more in-depth view on people with the biggest risk of poverty. Generally, people who live below the poverty line over a longer period face higher risk than those who lived like this only for a short time. The income limits are not only major criteria.

16% of the inhabitants in the European Union live in poverty, which is about 78 million people. In the Czech Republic lives more than 10% people in poverty, which is about 1 million inhabitants. Percentage of children with risk of poverty under 17 is 19%. It is little higher percentage than for people over 65. About 33% of households with one parent and underage children are at risk of poverty. It is the average here which vary from country to

country in EU. Majority of households make ends meet pretty well or with minor difficulty. For 17,6% it is major problem. Single mothers and women over 65 who lives by themselves are struggling to make ends meet the most. Nearly a tenth of Czech households pay for housing and energy more than 40% of their net income. About two thirds of them lives in rented apartment and most of them are female pensioners who lives alone. According to researches 16% people in Czech Republic suffer financially (are unemployed, low income, pensioners, single mothers), and other 20% are at risk of poverty. This “permanently at risk” class is specific for Czech Republic – it is working people, educated people with potential, but they have low income and with no assets. Also, greater taxation of income is not helping.

Monthly ceiling risk of income poverty for selected households in 2020 (1€ = 26 Kč approx.)	
<b>Individual</b>	13 640 Kč
<b>Two adults</b>	20 460 Kč
<b>Parent with child under 13</b>	17 732 Kč
<b>Parent with two children over 13</b>	27 280 Kč
<b>Parents with child under 13</b>	24 552 Kč
<b>Parents with two children under 13</b>	28 644 Kč
<b>Parents with three children – one under 13, two over 13</b>	38 192 Kč

(Source: Life Conditions in Czech Republic 2020 Survey, Czech Statistical Office)

It should be recognised that poverty have a crucial impact on people from entire community. Social deprivation caused by living in poverty has huge impact on physical and psychological health of the individual – there seems to be connection with limited in the jobs on the market, with health care, decent habitation (80 000 people - 20 000 children in habitation need). Poverty is social reproducible and the data shows that children from families with execution will less likely have higher education (in CR is 9% of population in execution, in poorer region about 16%).

Poverty has strong impact on vulnerable groups like pensioners, women (single mothers), children, migrants, people with disabilities, people with chronical disease. Beside executed people there are “working poor”, when people are working, but their income is not high enough so they could save money. Unexpected spending or disease are real problems (unexpected spending about 10 000 can’t afford about 25% households). It is linked with deficits in social security system, so their higher risk this people could lose their habitation.

Moreover, it should be recognized that number of people who lives with too low incomes is higher than the official number – it is because these numbers does not include executed people whose income is average before amount due is deducted. The difficulty is also the fact, that wage in CR are relatively low in long term. The growth is significant only over

recent years. On account of the current situation (global pandemic) and its impacts on economy is the future development uncertain.

The most common causes of poverty

- **long-term unemployment** or underpaid, unskilled working – not enough to save money
- **low levels of education** and work experiences, which reduces ability to find good employment
- **over-indebtedness** – debts, executions
- **habitat loss**, poor housing conditions, homelessness (in CR - absence of social housing - emphasis of this legislation was rejected repeatedly)
- **family size** - biggest risk factor is large number of children, single parents, poverty reproduction
- **gender** – women are suffering more than men – as women with lower income than men (in the same position), single mothers, property loss, losing social status after divorce
- **health insurance**, chronic disease and lower chance of finding high-paying jobs as a result, higher living cost
- **living in habitat exclusion** – worse access to public services (transport, school, authorities, culture, sport,..)
- **minority ethnic groups** – in CR Roma and migrants without valid documents – discrimination, racism – limited options of good education, worse housing conditions, worse access to basic services

Social exclusion has the strongest impact on social ties, mental health and self-acceptance, which in turn can significantly affect the success in solving problems in the aforementioned areas. Addressing long-term housing need appears to be key:

- a total of up to 62,000,000 households in housing need, where up to 165,000 people live
- up to 25 000 households in housing need in flats (functionally inadequate, overcrowded or insecure housing), but affecting up to 120 000 people, as there are on average 5 people per household
- there are approximately 3 200 households in shelters, with approximately 5 700 people living in them
- up to 18 000 people in up to 11 000 households live in hostels for long periods of time
- there are up to 7 600 people in selected institutions who are in housing need
- up to 17 000 people are homeless
- up to 350 000 households burdened by excessive housing costs
- nearly 4 out of 10 households with excessive costs are elderly households

(source: Housing Exclusion Report, 2021)

## EAPN AND EU

The development of the socio-economic situation in the context of the Member States is described annually in a working document of the European Commission services entitled Country Report Czech Republic. Last year's report noted limited progress in adopting anti-corruption measures and in promoting the employment of women with young children (including improving access to affordable childcare and employment of disadvantaged groups); and some progress in improving the quality and inclusiveness of education and training systems, including by promoting technical and digital skills and promoting the teaching profession. On the other hand, there has been no progress in improving the long-term fiscal sustainability of the pension and health care systems (source: Country Report – Czech Republic 2020)

We agree with proposals such as greater labor market inclusiveness, wider access to childcare, employment of the disadvantaged and the need for greater support for women's employment, but we see the emphasis on ensuring fiscal stability and sustainability as synonymous with further austerity measures.

We see activities in the field of social norm-setting at the EU level as key, as we consider many of the proposed ones (recently a common framework for minimum income) to be highly commendable and otherwise hardly enforceable from below.

## POVERTY AND COVID 19

### VULNERABLE GROUPS

- **low pay individuals and families** – on poverty line in long term
- **individuals and families in debt** – higher probability of inability to repay debts
- **women** – generally worse of an impact of pandemic - increased risk of conflicts and domestic violence (no chance to “escape” from partner during quarantine)
- **single parents** – they should work, but they have to stay at home with children, possible more spending (they had to cook for them), worse access to basic needs
- **children from socially excluded localities** – problem with access to online education (education and digital divide), particularly in cases of poor and social excluded population groups, unavailability of youth clubs
- **foreigners** - lack of information in uncertain time (not knowing the language, reductions in services, losing job or habitation)
- **homeless people** – worse health condition, unavailability of health care
- **seniors and people with chronic diseases** – generally vulnerability group, facing chances of infection because of lack of protective equipment in social services, isolation (this has an impact on mental health)

- **availability of medical services worsened this spring** – it can have long term negative impact on groups mentioned

In general, all these vulnerable groups have been in a much more difficult situation over the last year (since the last report), as the Czech Republic was hit by three strong waves between autumn 2020 and spring 2021, and the country was locked in a lockdown system for several months (also applying to schools - as opposed to manufacturing businesses, which operated without interruption).

It is precisely in the absence of attendance and the impediment to access to education that we see a major risk for the future, and it is essential that the system ensures that the missed material and other competences, especially socialization competences, are completed as fully as possible. According to research, as many as 36% of pupils felt that they were not keeping up at school, which had an impact not only on their numeracy and literacy skills, their life aspirations and motivation, but also on their wellbeing and mental health (source: The impact of the covid-19 pandemic on pupils)

In terms of access to vaccination, since the end of spring, it has been possible to get vaccinated without prior registration, both in high-capacity centres and other locations in city centres or at the GP's surgery. Currently, around 54 % vaccination coverage of the whole population has been achieved, with the vast majority of applications being second doses. On the other hand, the numbers of newly infected (compared to Germany or Austria, for example) are only slowly increasing. The situation can therefore be assessed as relatively stable compared to the last (spring) wave - probably also due to the high level of promotion in the population.

## GOVERNMENT ACTIONS

- over the past year, the government has further developed a set of legislative measures to mitigate the impact of the coronavirus crisis (employment retention programmes - *Antiviral A/A Plus/B*, support for entrepreneurs and guarantee programmes, support for culture, spa, tourism, etc.)
- crisis care allowance was introduced (ended 31.6.2020)
- summer tutoring camps were in operation during the summer and the Ministry of Education prepared - due to several months of absenteeism in the classrooms - a multi-year plan to compensate for this shortfall
- the institution of an extraordinary moratorium, i.e. protection from debtors, declared by the insolvency court at the debtor's request without the need for a review, was reinstated - the obligation to file a debtor's insolvency petition if the insolvency situation was caused by an epidemic and extraordinary measures was suspended
- after long-term pressure, there has been some humanization of enforcement of money judgement (introduction of a protected account, greater protection of the elderly, humanization of furniture seizures, recording of telephone calls), but the key

system of 1 debtor - 1 executive officer (i.e. civilian executive officer), local jurisdiction of executive officers and random assignment of executive officer by the court is still missing

- to mitigate the socio-economic impacts of the pandemic and to support the sustainability of European economies and societies, the National Recovery Plan (NRP) and the Recovery and Resilience Facility created by the European Union can be an important opportunity for the Czech Republic to address its social needs

## **REQUIREMENTS/RECOMMENDATION FOR GOVERNMENT**

- There is a clear need to strengthen funding for social services and the social sector as a whole (low-income groups will not pay the price of the crisis and social services will not be cut and will return to pre-pandemic levels); the NRP originally reflected a number of areas (especially the aforementioned infrastructure), but only a disproportionately smaller part was devoted to the social sector
- The number of social workers and social service workers is still insufficient, the staff is often overloaded and the work is not appreciated - this needs to be corrected
- Introduction of social legislation that will help to mitigate the impact of coronavirus crisis – in CR it is the introduction of territoriality and system 1 debtor – 1 executive officer, local jurisdiction of executive officers and random assignment of executive officer
- there is still no amendment to the Insolvency Act to reduce the debt settlement period from the current five years to three years (Czech Republic has not yet been able to ratify this EU regulation)
- Even in the last year, the Act on Social and Affordable Housing and Social Support in Housing has still not been introduced, as affordable housing is in itself the basis for escaping poverty
- There is also a need to provide more support for innovative and already proven housing support programmes (both investment and "soft") and to ensure a higher uptake of the housing allowance (it is necessary to destigmatise the receipt of benefits and to raise awareness of the allowance and encourage its uptake)
- Support capacity within schools and school guidance centres
- Maintaining full-time education should be a clear priority
- Temporary tax relieves for self-employed and small business (Social and Health welfare payments)
- Care-giver's allowance at least 80% of employee's assessment base – instead of 60%
- After the autumn elections, the new government should focus on the views of experts on ESF+ in the social field and reopen the question of setting the conditions for drawing on EU funds; it is necessary to focus on the impact of COVID-19 on the social field and to support people who have lost their trades, jobs or had to close their businesses
- emphasis of legislation which allow people to remain in insolvency (they cannot work because of coronavirus crisis)
- to stop the unenforceable execution (10 and more)

- with regard to the minimum income, the benefit system needs to be continuously revised so that it responds continuously to the unfavorable situation of people and at the same time is motivating for their future employment in the labor market; over time, benefits should be significantly lower than the minimum wage and income of working people

## EU PEP meeting

Currently, it is agreed that the Czech delegation will focus on three of the four thematic areas:

- housing affordability
- a decent minimum income
- access to health care

Potential delegates are currently (September 2019) being approached to represent each of the thematic areas. One of the goals is to have as gender-balanced a team as possible.

## PEP – PEOPLE EXPERIENCING POVERTY

Below are some authentic testimonials from social services clients that reflect the first (spring 2020) wave of the coronavirus pandemic:

*We live with a partner and four children. The partner could not go to work at the factory due to the virus. We began to have a shortage of baby food, diapers and food for everyone. We had to borrow money to rent. We borrowed money for rent. I wrote to various charities about food. A friend looked for occasional jobs but found nothing much. Maybe a friend will get a job in a factory again so he can make money. I hope the charity will provide me with more food.*

Kristýna, 23 let, v současnosti na mateřské

*I had to stop going to work because my employer told me to stay at home with my son at the Czech Republic. So I've been home for two months. Due to the small paycheck in March, I had trouble paying my rent and I was very stressed about it. I asked for food help from Caritas and they also helped me from the Nora Friedrich Foundation. They bought me a lot of food and drugstores. I also asked the landlord to wait for me to pay the rent.*

Olga, 38 let, samoživitelka

*At first I had a problem wearing a scarf, but I got used to it. I was not afraid of infection. The beginning of the epidemic I was lying in a hospital with another disease, there I was not afraid of infection, I felt safe. Since I live on the street, I had a problem that I had nowhere to hide, because the department stores, waiting rooms and libraries were closed and the city police drove us homeless everywhere. I was happy to take the opportunity to be in the Mother Teresa Asylum House all day, where we were allowed to stay soon after the beginning of the emergency. I have been here for almost two months and I am happy to be here. I don't miss anything. I try to exercise every day so that I don't have to walk on a cane, I will continue to take care of my health, I'm not afraid of covid infections, I think I have strong immunity.*

Aleš, 56 let, bez domova

*Since the beginning of the state of emergency, I can't find any part-time job as before, I also can't find a place in the dormitory, because now they don't take it and I have to sleep in a charity*

*dormitory. I don't have a problem with wearing a veil. I was never afraid of the infection, the probability of the disease was low. However, I complied with the restrictions imposed by the government.*

Jan, 37 let

*At first, I had no idea what to. Then I contacted Authority for Social and Legal Protection of Children, my friend and I found room at boarding house. My husband did not help me at all. Then I applied for the benefits. Some financial support from foundation could help me to pay off my debts for the services. I had money which I wanted to use to pay for the service, but I had to pay for storing my belongings. I am in a vicious circle and I do not know how to get out of it. I do not want to lose my belongings or place where I live now so I have to pay for the service and the storing*

Nikola, 25 let, jedno dítě, aktuálně těhotná

*I do not know if it is a problem, but some things are complicated for me now. Because of the guidance of the government of the CR school are closed. I was not happy about this. I have four children. Teachers are sending them tons of homeworks. So, I need to study with them. Based on government decision face mask as required. I decide to borrow a sewing machine and I started to sew face mask for these who need them. Then another 11 mothers started to sew with me. We have sewn about two thousand of them and we sent the to hospitals, to police departments, to fire departments and to senior houses. Now we started to sew surgical gown.*

*To overcome these problems, we distanced ourselves from the neighborhood, family, friends, just all loved ones. Once a week we went for a big purchase*

*It also affected our financial situation. My husband works at company producing automobile components. Since the automobile manufactures was closed it influenced the company. So now he gets only 70% of the salary.*

*I hope everything will go back to normal soon.*

Anna, 38 let