

# European Semester 2023: EAPN urges Commission to prioritise social rights over profits



**EAPN Position Paper**

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EUROPEAN ANTI POVERTY NETWORK

**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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# Introduction

**As the COVID-19 pandemic has led to unprecedented fiscal challenges, the European Union (EU) has implemented temporary measures, such as the Next Generation EU recovery fund, to support Member States' economies. These measures have provided additional flexibility in fiscal rules and have allowed for increased public expenditure in order to address the multiple crises. However, as of 2024, we anticipate a resurgence of austerity measures as EU Member States will be compelled to adhere to the 3% deficit to GDP rule and 60% debt to GDP ratio and therefore will, inevitably, if no exceptions are allowed, be expected to cut their social spending and reduce investment on social rights initiatives.**

Additionally, in 2021, the European Commission presented its EPSR Action Plan and its objective to lift at least 15 million people out of poverty, including 5 million children, a less ambitious target than the SDGs. However, the EPSR, reaching its final stage in 2025, has yet to show significant progress, on the contrary, the AROP in Europe increased from 92.2 in 2019, before the pandemic, to nearly 95.3 million in 2022.

It is evident from the 2023 Spring Package that despite the semi-recent 2008 financial crisis, the EU has still failed to learn its lessons and to put forward comprehensive social investment/social rights strategies to secure social welfare. The European Semester continues to prioritise profits over societal well-being and in particular those living in poverty. This year, our reaction focuses on three main topics: energy poverty, rising inflation and the urge for fiscal space for social and green investment.

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# Beyond the Budgetary Discipline, the EU needs to get its priorities in order, for the Planet and the People

**In light of the ongoing Economic Governance Review within the EU, a comprehensive analysis of current fiscal priorities is imperative.<sup>1</sup> While maintaining budgetary discipline at the EU level is presented as essential, it must be equally vital for the EU to align its focus with higher social investment in order to guarantee rights-based social welfare and inclusive green and digital transitions.**

All Member States received a country-specific recommendation to ensure prudent fiscal policy, in a number of cases by limiting the nominal expenditure. For EAPN, the recommendation should, preferably, explore additional tax and revenue collection in the

wealthiest part of the population and the private sector.<sup>2</sup>

EAPN found that the EU's treaties present a challenge for Member States to reach the climate targets by 2030 of at least 40% cuts in greenhouse gas emissions (from 1990 levels), at least 32% share for renewable energy and at least 32.5% improvement in energy efficiency.<sup>3</sup> To illustrate:<sup>4</sup>

- Only four countries (Ireland, Sweden, Latvia and Denmark), representing 10% of the EU's GDP, would be able to get sufficient fiscal space to practically undertake our 1.5 °C global warming limit within debt and deficit limits (Paris Agreement).<sup>5</sup>
- Five countries (Luxembourg, Bulgaria, Lithuania, Slovenia and Estonia) could increase spending at least enough to meet the lower-end and higher-end spending increases needed to achieve

1 Finance Watch and others, *"Seven EU Economic Governance Reforms for a Stronger, Greener and More Resilient Europe"* (2023) <<https://caneurope.org/seven-eu-economic-governance-reforms-for-a-stronger-greener-and-more-resilient-europe/>> accessed August 23, 2023.

2 European Trade Union Confederation (ETUC), *"EU Rules Require €45 Billion In Spending Cuts Next Year"* (May 2024) <<https://etuc.org/en/pressrelease/eu-rules-require-eu45-billion-spending-cuts-next-year>> accessed August 23, 2023.

3 European Commission, *"2030 Climate & Energy Framework"* <[https://climate.ec.europa.eu/eu-action/climate-strategies-targets/2030-climate-energy-framework\\_en](https://climate.ec.europa.eu/eu-action/climate-strategies-targets/2030-climate-energy-framework_en)> accessed August 23, 2023.

4 New Economics Foundation, *"Beyond the Bottom Line: How Green Industrial Policy Can Drive Economic Change and Speed up Climate Action"* (2023) <<https://neweconomics.org/2023/04/beyond-the-bottom-line>> accessed August 23, 2023.

5 United Nations Climate Change, *"The Paris Agreement"* <<https://unfccc.int/process-and-meetings/the-paris-agreement>> accessed August 23, 2023.

EU-agreed climate targets, but not the spending needed to meet our 1.5 degrees aligned scenario.

- Five countries (Germany, Austria, Czech Republic, Cyprus and Malta) are able to increase spending by at least the lower end of green spending needed to meet the EU's agreed climate targets but are classed as medium debt risk by the Commission and as a result may face limits on spending. Germany could increase spending by nearly enough to meet our 1.5-degree aligned scenario but is classed as medium risk.
- Eight countries (France, Spain, the Netherlands, Poland, Belgium, Finland, Romania and Slovakia) would not be able to achieve our limited green spending scenario, which represents minimum investment needs to meet the EU's agreed climate targets, without breaching the 3% deficit limit or having to cut other spending or increasing taxation.

When analysing the net expenditure of governments, we notice a slowdown of government expenditure in the 2024 country-specific recommendations compared to 2022. This is exemplified by Figure 1 below.<sup>6</sup> Only Malta, Austria, Slovenia and Slovakia showed increases.

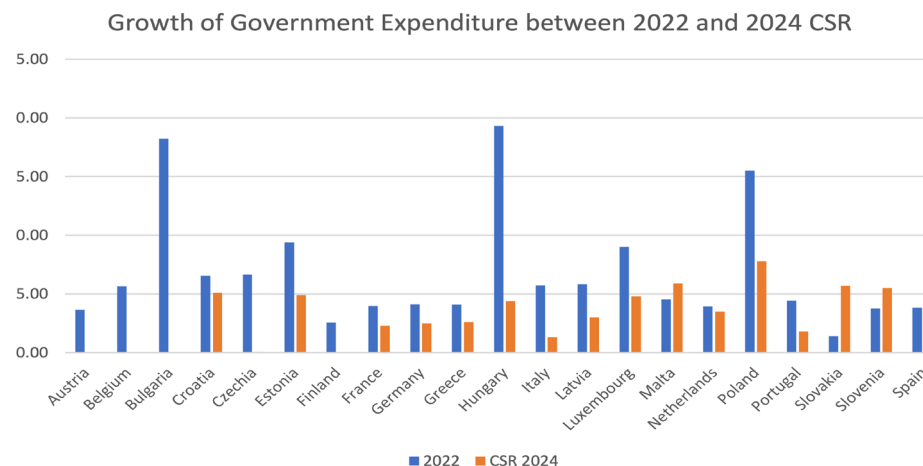


Figure 1

Despite this, the impending resurgence of austerity measures due to the 3% GDP rule threatens to curtail social rights initiatives. All in all, austerity measures and the current fiscal rules are disproportionately affecting vulnerable populations, echoing the aftermath of the 2008 financial crisis, where the poorest are paying for the crises. People living in poverty were still overcoming the aftermath of the 2008 crisis (Greece in particular) when the pandemic hit.

Investing in minimum income and securing decent wages, essential services and the renovation of buildings for vulnerable households is paramount and it should not be jeopardised by the current fiscal rules. Social benefits were important tools to cushion the impact of the crisis<sup>7</sup> but will need to be kept at a minimum to reduce the social impact and

<sup>6</sup> "Government Revenue, Expenditure and Main Aggregates" (Eurostat) <[https://ec.europa.eu/eurostat/databrowser/view/GOV\\_10A\\_MAIN\\$DEFAULTVIEW/default/table](https://ec.europa.eu/eurostat/databrowser/view/GOV_10A_MAIN$DEFAULTVIEW/default/table)> accessed August 23, 2023.

<sup>7</sup> EAPN Ireland reported that the COVID-19 emergency income support, which ended in 2022, helped reduce the levels of those at risk of poverty from 19.9% to 11.6% in 2021. Furthermore, the measures that the Italian government has put in place to support families in distress have had a considerable impact on the absolute poverty status of families and individuals residing in Italy. They have allowed about 840,000 Italians and 180,000 migrants not to experience absolute poverty.

aftermath of the crisis. EAPN strongly believes that social protection is not only about social justice or human rights. It is also a good investment from an economic point of view: they act as automatic economic stabilisers in times of crisis and function as an economic stimulus package, contributing to more cohesion and better social inclusion. They can also help safeguard aggregate economic demand and beyond, therefore, they must be adequate and accessible to all in need. Recognising their potential return on investment underscores the economic wisdom of prioritising social protection.<sup>8</sup> Furthermore, at the moment, the vast majority of Member States do not provide adequate minimum income schemes and some will have to multiply between 3 to 5 times the amount to at least reach the poverty line. Thus, EAPN urges Member States not only to implement the Council Recommendation on Adequate Minimum Income and the EU to enable sufficient fiscal room to at least reach the poverty threshold and improve coverage as well as the accessibility of minimum income schemes.<sup>9</sup>



These data show the impossible paradox between the urge to advance the green transition and the implementation of the EPSR Action Plan, whilst at the same time limiting the fiscal space for it, further proving that the current growth model is not able to serve two masters at the same time: profits vs the planet and its people. To guarantee a safe future for future generations, a Europe free from poverty and a democratic governance of shared yet limited resources, the EU and its Members States must, more than ever, exit from a profit-driven model to prioritise well-being, for the sake of human survival. Without redefining its priorities, beyond growth, the EU and its Members States will only work to greenwash a model that has proven its shortcomings for the most vulnerable.

<sup>8</sup> European Anti-Poverty Network (EAPN), “EU 2022 Poverty Watch” (2023) <<https://www.eapn.eu/eapn-eu-2022-poverty-watch/>> accessed August 23, 2023.

<sup>9</sup> European Anti-Poverty Network (EAPN), “Minimum Income Council Recommendation: Not Enough to Fight Poverty” (2023) <<https://www.eapn.eu/minimum-income-council-recommendation-not-enough-to-fight-poverty/>> accessed August 23, 2023.

## EAPN Specific Recommendations:

The EU's fiscal priorities must undergo a profound transformation to align with the pressing demands of the planet and its people. To do so, EAPN recommends the following:

**1** Building a common methodology to define social and green investments and their potential return on investment to enable Member States to exclude them during the implementation of the excessive deficit procedure. This will allow Member States to secure long-term investment without sanctions by the Stability Growth Pact. The implementation of the Social Convergence Framework can channel this benchmarking exercise.

**2** Exclude social and green investments, in particular, those needed for the implementation of the EPSR, from the calculation of the 3% deficit to GDP ratio.

**3** Refrain from seeing social investment and expenditure on social welfare as only cost but as an investment (as the cost of not investing now is higher in the future) and see social protection acting as automatic economic stabilisers.

**4** Update fiscal rules to better reflect the needs and the challenges of the future: golden rules are obsolete and no longer reflect the need in terms of deep investment in the green transition, especially to ensure a socially fair green transition. Core welfare must focus on ensuring the adequate support in the long term while maintaining the real value of one-off emergency schemes as inflation and the cost of goods and services continue to rise.

**5** Social investment strategies must reaffirm a rights-based approach and a commitment to equality, to equity and against direct and indirect discrimination with additional support tailored to the needs of specific groups at increased risk of poverty and discrimination.

**6** Make budgets reflect the new priorities: social over policing of people at risk of poverty<sup>10</sup> both at the EU and national levels and therefore reallocate resources towards the realisation of social rights.<sup>11</sup>

**7** Include in the Social Scoreboard indicators on well-being, beyond growth and GDP as the golden indicators.

10 As an example, MMF2021-2027 will dedicate 12,6 million euros in border management and 9,789 million euros in integration of migrants (asylum, migration and integration funds and decentralised agencies migration), so a difference of almost 30% between the two budgets.

11 European Anti-Poverty Network (EAPN), "Is the European Project Moving Backwards?" (2011) <<https://www.eapn.eu/is-the-european-project-moving-backwards/>> accessed August 23, 2023.



## 8 Improve the collection of data at EU and national levels to reflect the multiple dimensions of poverty and social exclusion in Europe, especially in the current context, in particular but not limited to:

- Establishing mechanisms to collect data disaggregated by age (child-specific indicators), race, disability, religion, sexual orientation, migration status, socioeconomic status, citizenship and nationality based on self-identification and anonymity is crucial to account for the multiple systemic barriers faced by vulnerable groups and provide an intersectional approach to policymaking.
- Redefine the sampling methodology used by Eurostat to fully capture experiences of poverty to include people living in homelessness, undocumented, in institutional care, shelters, prisons, etc.
- Create an early warning poverty index with indicators that help policymakers anticipate the variation of poverty such as users of food banks and unpaid invoices.
- Enhance the Social Scoreboard R to better highlight in-work poverty, accessibility and equal opportunities of the labour market, assessment of the twin transition from unemployment to employment, activity rate of all ages and quality of work; gender equality in employment

and access to social rights; and access to social rights by third-country nationals.<sup>12</sup>

## 9 Guaranteeing access to affordable and quality essential services such as energy, transport, financial services, digital communications, education and lifelong learning, culture, healthcare, housing, food, water, sanitation, and social services.<sup>13</sup>

- Promote a rights-based and person-centred approach to universal and non-discriminatory access to affordable quality essential services, rather than a conflicting interaction between a market-driven approach and public interest.
- Commit to a minimum provision of services, and ensure the accessibility of essential goods and services.

## 10 Implement the 2023 Council Recommendation on adequate minimum income ensuring active inclusion and adopt a binding EU Framework Directive on Adequate Minimum Income.<sup>14</sup>

<sup>12</sup> It should also be included in the Social Scoreboard, the general government expenditure by expenditure item to highlight priorities: twin transition % state budget; food security % state budget; police and law enforcement % total budget; social housing % of total state budget; public transport % of state budget; social services % of state budget; sanitation and waste management % state budget.

<sup>13</sup> European Anti-Poverty Network (EAPN), “*Equal Access to Affordable, Quality Essential Services*” (2023) <<https://www.eapn.eu/elementor-49022/>> accessed September 15, 2023.

<sup>14</sup> European Anti-Poverty Network (EAPN), “*Minimum Income Council Recommendation: Not Enough To Fight Poverty*” (2023) <<https://www.eapn.eu/minimum-income-council-recommendation-not-enough-to-fight-poverty/>> accessed August 23, 2023.

**11** Physical options/services with human support must be guaranteed and available indefinitely, alongside the digitalisation of services. The digital transition must also be accompanied by strong public investment in digital literacy programmes across all ages as well as affordable access to the internet and provision of digital devices to low-income households. Governments must allocate public money so that digital tools are accessible to all, including people with disabilities and people living in digital poverty.

**12** To consolidate structural policies and measures that ensure that social problems that have food poverty as one of their manifestations are addressed, in order to pursue a multidimensional intervention in situations of poverty that goes beyond emergency and welfare action and promotes full access to food and people's autonomy in the face of medium- and long-term support. One of these measures is, for example, to promote adequate income policies (adequate minimum income and fair minimum wages) capable of lifting people out of a situation of poverty and social exclusion and guaranteeing a dignified life with access to services and goods such as food.

**13** Have a more equitable distribution of the EPSR poverty reduction target, with solidarity measures among Member States. Presently, there is an incongruity wherein EU Member States with the lowest GDP per capita are burdened with disproportionately higher contributions to the poverty reduction target. To rectify this, a paradigm shift is imperative, redirecting the focus towards a comprehensive goal of poverty eradication rather than mere reduction.<sup>15</sup>

15 European Anti-Poverty Network (EAPN), "EU 2022 Poverty Watch" (2023) <<https://www.eapn.eu/eapn-eu-2022-poverty-watch/>> accessed August 23, 2023.

# Inflation Rooted in Greed: People Experiencing Poverty Must not Bear the Unbearable Cost of Living

The year 2022, witnessed an exponential<sup>16</sup> inflation across Europe, with the majority of EU-27 countries experiencing rates exceeding 8%, with exceptions in Malta, Spain, and France.<sup>17 18</sup> This unsettling trend has triggered a rise in the prices of essential commodities such as food, electricity, transportation, and housing, although moderate. For those already grappling with poverty prior to 2022, the challenge of making ends meet has become even more daunting.

EAPN Netherlands underscored this issue by highlighting a staggering 25% increase in the price of a pack of butter in just over four months, mirroring similar trends in everyday food items. EAPN Slovenia highlighted that the expenses for food and non-alcoholic beverages combined with housing expenses represented 45% of all expenses in the case of low-income households, while it represented only 22% for high-income households. The weight of these crises has disproportionately fallen upon people experiencing poverty, as their budgets are heavily burdened by escalating food and energy costs.<sup>19</sup> The short-term emergency measure has helped ease the impact of inflation, however, remaining inadequate in real terms and implemented with delays.

In certain regions, such as Slovenia, the distressing cost of living crisis has compelled a rise in undeclared work, leading to inadequate social protection and labour instability. In other areas, people find themselves mired in debt due to an inability to meet skyrocketing bills (as seen in Latvia, Greece, Slovenia, and Finland). Consequently, the surge in inflation has forced a greater number of individuals experiencing

16 Eurostat, “*HICP - Inflation Rate*” (August 18, 2023) <<https://ec.europa.eu/eurostat/databrowser/view/tec00118/default/line?lang=en>> accessed September 15, 2023.

17 Although food prices rose by 14% in France.

18 Eurostat, “*Annual Inflation More than Tripled in the EU in 2022*” Eurostat (March 9, 2023) accessed August 23, 2023.

19 European Anti-Poverty Network (EAPN), “*EU 2022 Poverty Watch*” (2023) <<https://www.eapn.eu/eapn-eu-2022-poverty-watch/>> accessed August 23, 2023.

poverty to rely on food assistance (notably in Finland, Ireland Estonia, France, Belgium, and Poland). EAPN Estonia revealed a staggering 65% increase in the number of individuals seeking food aid in the third quarter, a rise partially attributed to the influx of refugees from Ukraine. Meanwhile, EAPN Slovakia emphasised that inflation has eroded over 13% of employees' earnings within the past year. In the face of soaring double-digit inflation, even labour unions find themselves hard-pressed to secure improved wages that reflect the current high-cost environment.<sup>20</sup>

Although inflation is an economic fact, the 2023 Spring Package presents conventional solutions driving policymakers' priorities, meaning that demand-side strategies can rectify inflationary pressures. However, this approach suggests that scaling down nominal income can temper inflation, potentially mitigating indebtedness and poverty. Yet, historical records, including the 2008 financial crisis, reveal a limited track record for this method, often culminating in a cycle of debt and inequalities as was the case in Greece. The proposed strategy within the Spring Package, which focuses on enhancing profitability, overlooks a direct link between profits and inflation, although acknowledged by the European Central Bank and International Monetary Fund.<sup>21</sup> It is imperative that the EU recognises that the rising inflation is fuelled by greed and rising profits, rather than driven solely by demand, caused by higher benefits during the crisis.<sup>22</sup> To showcase, EAPN members reported that to ease the impact of the unequal times of crises, new temporary benefits across Europe have been created since 2020. In some countries, the amount even increased (EE, FI, HR, ES, IE, BG). Sadly, they reported that both the new and the social

benefits already in place were inadequate in the face of inflation and the cost-of-living crisis and thus failed to lift people out of poverty (EE, NL, FR, PT, BG, ES, LV, NO, EL, IE, LT, PL, IFSW, AT, HR).<sup>23</sup>

There is a misalignment between the overarching economic stability goals of the Spring Package and social initiatives such as the poverty reduction target and the implementation of the European Pillar of Social Rights Action Plan. The multiple relentless crises we are facing are not only intensifying poverty but also exacerbating existing inequalities, highlighting the urgency of a comprehensive implementation of the EPSR and challenging the aforementioned priorities. The EU must go beyond emergency measures and make structural investments for social protection and social rights.

20 Ibid.

21 European Trade Union Confederation (ETUC), "*EUCO: Greedflation Elephant in the Room*" (June 2023) <<https://etuc.org/en/pressrelease/euco-greedflation-elephant-room>> accessed August 23, 2023.

22 European Anti-Poverty Network (EAPN), "*2022PEP | The Unbearable Cost of Living: 20th European Meeting of People Experiencing Poverty*" (2023) <<https://www.eapn.eu/2022pep-the-unbearable-cost-of-living/>> accessed August 23, 2023.

23 European Anti-Poverty Network (EAPN), "*EU 2022 Poverty Watch*" (2023) <<https://www.eapn.eu/eapn-eu-2022-poverty-watch/>> accessed August 23, 2023.



## EAPN Specific Recommendations:

Regrettably, the approach presented within the Spring Package appears poised to exacerbate poverty and inequalities, necessitating a fundamental shift in both paradigm and strategy. To do so, we recommend that:

**1** Social benefits are benchmarked and raised to a level that meets the cost of living, including reflecting inflation. Benefits should be updated on a regular basis, at least once a year, so that they are automatically indexed and underpinned with reference budgets of goods and services.

**2** Everyone has equal access to adequate social protection benefits, without discrimination, regardless of length of residence, marital status, employment status, contractual arrangements, protected characteristics.

**3** Governments must also refrain from having negative punitive conditionality clauses in social protection schemes.<sup>24</sup>

**4** Governments should allocate sufficient budgets for social welfare, put in place a progressive green tax system and effectively address tax evasion, planning and avoidance.

**5** Member States implement the Minimum Wage Directive, while ensuring that wages are adequate by using specific baskets of goods and services which must also account for work-related expenditure (e.g. transport, clothing, food, care responsibilities). They must also be indexed every year, and redistribution of added value given to all workers regardless of their gender, race, legal status, or other characteristics.

**6** Member States must also refrain from having variations for specific groups (e.g. for long-term unemployed or people with disabilities); sub-minimum rates (e.g. for young workers) or deductions for costs (e.g. for protective equipment) should be applied. Existing lower rates for young workers should be phased out and ultimately abolished (based on a binding time plan).<sup>25</sup>

**7** Member States must redistribute the profits made during the crises through windfall taxes.

**8** Governments increase investment in adequate, quality, accessible and affordable public services that enhance the well-being of all in society and at a minimum meet people's basic human rights.

<sup>24</sup> European Anti-Poverty Network (EAPN), "No Social Progress with the Far-Right: The Case of Minimum Income in Italy" (September 5, 2023) <<https://www.eapn.eu/no-social-progress-with-the-far-right-the-case-of-minimum-income-in-italy/>> accessed September 15, 2023.

<sup>25</sup> European Anti-Poverty Network (EAPN), "The EU Must Adopt a Directive on Minimum Wages, Guaranteeing Decent Pay and Working Conditions for All" (2021) <<https://www.eapn.eu/the-eu-must-adopt-a-directive-on-minimum-wages-eapn-statement/>> accessed August 23, 2023.

# No Phase Out of Energy Support Ahead of the Winter but Solution for the Energy Poor

**EAPN welcomes that the 2023 Spring Package highlights upskilling, reskilling, and reduced reliance on fossil fuels in its country-specific recommendations. However, it includes the same country-specific recommendation to all Member States urging them to phase out energy support measures by the end of 2023 while considering exemptions for low-income households. We are concerned by this as the current targeting mechanisms and definition of energy poverty lack robustness, raising concerns about the potential risk for vulnerable households to be left behind.**

This issue is exemplified in Ireland, where energy poverty surged to 29% in 2022 from 8% in 2020 within the EU-27. Similar instances of energy-related difficulties were also reported by our members, such

as utility bill arrears in Lithuania and health issues from inadequate cooling or heating in Greek households. Greece also faced the highest electricity prices in Europe in 2021 and continued to grapple with this issue until August 2022, leading to delayed payments and disconnections.<sup>26</sup>

Furthermore, extreme temperatures caused by the climate crisis have introduced new challenges, such as summer energy poverty. In 2022, 14% of Spaniards were unable to keep their homes at 26 degrees during heat waves, according to data from the Foessa Foundation. In many cases, these are homes without air conditioning or fans. Nevertheless, having cooling devices does not guarantee relief from heat waves either. To simply switch them on, even sparingly, Foessa estimates that a family of four spends 25 euros a week, about 100 euros a month. The amount is less than what is required in winter when it takes 40 euros a week - 160 euros a month - to keep the house at 21 degrees, but in any case, it represents a huge outlay in these households.<sup>27</sup> Energy poverty remains a very pressing issue for a large portion of the population.

The Recovery and Resilience Facility (RRF) implementation delays, insufficient green transition investments targeting the most vulnerable, and lack of comprehensive winter and summer plans have cast

<sup>26</sup> European Anti-Poverty Network (EAPN), "EU 2022 Poverty Watch" (2023) <<https://www.eapn.eu/eapn-eu-2022-poverty-watch/>> accessed August 23, 2023.

<sup>27</sup> Ibid.



doubt on the extent of public investments to ensure affordability and inclusivity in the clean energy transition. In 2022, our members reported that the exacerbation of the energy crisis stemming from the war in Ukraine, leading to gas supply cuts, has worsened energy poverty in countries such as Portugal, Spain, Latvia, Ireland, Norway, Greece, and Lithuania.<sup>28</sup> Combined with the general message urging for budgetary discipline, EAPN is worried that households experiencing energy poverty will be left with no solution in the winter of 2023–2024, in a time where price volatility remains a major cause for anxiety for people experiencing poverty.<sup>29</sup>

In parallel, the aforementioned country-specific recommendation emphasises energy savings through incentive preservation, yet its coverage of renovation efforts remains unclear. Failing to address deep renovation incentives could further exclude low-income households, as observed in Portugal, where poor energy efficiency of buildings contributes to energy poverty affecting over half the population below the poverty threshold. In Portugal, the proportion of the population below the risk of poverty threshold affected by this dimension of energy poverty was 56% and for those above this threshold was 30.1%. Similarly, Norway's energy poverty is driven by low incomes, high electricity costs, and inadequately insulated homes. Figures from National Statistics Bureau, Norway showed that in 2022 2% of Norwegians stated that they can no longer afford to keep their homes at a suitable temperature.<sup>30</sup>

Energy poverty is a multidimensional phenomenon that cannot be captured by a single indicator. Its main drivers are income inequalities, disproportionate expenditure of disposable income on high energy

28 Ibid.

29 European Anti-Poverty Network (EAPN), "2022PEP | The Unbearable Cost of Living: 20th European Meeting of People Experiencing Poverty" (2023) <<https://www.eapn.eu/2022pep-the-unbearable-cost-of-living/>> accessed August 23, 2023.

30 European Anti-Poverty Network (EAPN), "EU 2022 Poverty Watch" (2023) <<https://www.eapn.eu/eapn-eu-2022-poverty-watch/>> accessed August 23, 2023; Statistics Norway, "Poverty problems, survey on living conditions" <<https://www.ssb.no/statbank/table/12078/tableViewLayout1/>> accessed September 29, 2023.

expenses, poor energy efficiency and insulation in the residential sector. Its causes and effects are deeply structural, and they span across economic, social, employment, energy, climate, taxation, welfare, housing, and health policies.<sup>31</sup> It is important to emphasise that while non-structural measures such as income vouchers, subsidies, tax exemptions, and social tariffs have been and are beneficial, they present challenges that impede the adoption and efficacy of structural measures designed to combat energy poverty.

While energy-saving policies act as hidden fossil fuel subsidies (since they essentially secure bill payments by households), they risk costing much more than long-term investment in structural measures. EAPN understands the difficult trade-off between short nonstructural measures against long-term structural measures. However, the 2023 Spring Package does not secure and encourage sufficient investment in structural measures to combat energy poverty, yet recommends the phasing out of non-structural policies, with the exemption for those in need of support.<sup>32</sup> However, the EU lacks common understanding and a clear guideline on who can be entitled to such support under the Spring Package. For instance, investment in a new revenue stream for the Social Climate Fund to ensure a socially fair transition, working on a consensus on energy poverty and common indicators while challenging the profit made by energy companies should lead the 2023–2024 winter plans by Member States and EU authorities.

## EAPN's Recommendations:

**1** These recommendations collectively stress the importance of addressing energy poverty through a multifaceted approach, combining policy changes, financial support, social initiatives, and inclusive governance to ensure a fair and sustainable energy transition. To tackle energy poverty, we need a shift towards an economic model recognising access to sustainable clean energy as a fundamental need for EAPN, the 'polluter pays' and the 'energy efficiency first' principles should go hand in hand and be applied in a socially responsible way through a mix of emergency and structural measures, including Progressive shift away from fossil fuels, ending all direct and indirect subsidies.<sup>33</sup>

**2** Focusing on inclusive scheme to, prevent and refrain from upfront costs for renovation of building housing people living in poverty.

**3** Invest in national energy self-sufficiency resources such as hydropower, solar, and wind energy and ensure their affordability to low-income households.

31 European Anti-Poverty Network (EAPN), "Energy Poverty in the Context of the Green Transition and the Cost of Living Crisis" (2022) <[https://www.eapn.eu/wp-content/uploads/2023/06/eapn-EAPN-Position-Paper\\_Energy-poverty\\_WEB-5686.pdf](https://www.eapn.eu/wp-content/uploads/2023/06/eapn-EAPN-Position-Paper_Energy-poverty_WEB-5686.pdf)> accessed August 23, 2023.

32 Indeed, in France, price shields (bouclier tarifaire) consisted in a limitation to 15% of the rise on energy price for consumers. That is to say, the French state pays for 85% of the rise in energy cost, while French consumers only pay for 15% of this rise in energy cost. In August 2023, this price shield is going to be raised to a limitation of 10% of the rise in energy price for consumers.

33 "Civil Society Response to the Gas Price Crisis" [2022] Right to Energy Coalition <[https://righttoenergy.org/wp-content/uploads/2022/03/Gas-crisis\\_-Civil-Society-Response.pdf](https://righttoenergy.org/wp-content/uploads/2022/03/Gas-crisis_-Civil-Society-Response.pdf)> accessed September 15, 2023.



**4** Implement a fair tax system, including progressive and higher taxes on high-income earners, capital, and corporations to ensuring that profit made during the energy crisis pays for the renovation of the most vulnerable.

**5** Establish in all MS one-stop shops at the local level to make energy programmes and funding accessible, providing comprehensive assistance and tailored support for renovation and energy efficiency efforts and enabling community-led renewable energy models.

**6** Focus on renewable energy, energy efficiency, and sustainable heating and cooling systems, avoiding ineffective solutions like grey hydrogen and fossil gas boilers, which ultimately lock low-income households out of renewable energy.

**7** Exempt energy debt cases from legal proceedings and implement emergency financial support for those at risk of energy debt.

**8** Ban electricity disconnections.

**9** Introduce and implement mandatory and ambitious Minimum Energy Performance Standards that prioritises homes, focus on the worst-performing homes of low-income households first and target deep renovation that put homes on a pathway of a small number of steps to full decarbonisation.<sup>34</sup>

**10** Advocate for public, social, and democratic energy production and distribution. Empower consumers in decision-making, promote participation of people experiencing poverty in energy communities, and introduce price caps.

**11** Integrate an intersectional approach to energy inequalities across all policies to take into account the diversity of barriers faced by people living in energy poverty (such as gender, race, migration or disability).

34 "Energy Saving, Gas Saving, Lifesaving" [2022] Right to Energy Coalition <[https://righttoenergy.org/wp-content/uploads/2022/03/Gas-crisis\\_-Civil-Society-Response.pdf](https://righttoenergy.org/wp-content/uploads/2022/03/Gas-crisis_-Civil-Society-Response.pdf)> accessed September 15, 2023.

# 2008 Crisis: Were the Lessons Learnt for our Time?

**The link between the 2008 crisis and the present is undeniable. A core issue at stake is the looming risk of deregulation and liberalisation, which acted as the catalyst for the 2008 crisis. The failure to address these fundamental problems led to dire consequences, leaving lasting scars on economies worldwide. Some are still being felt today as essential public services continue to not have the proper resources, human or financial, and therefore are not adequate, accessible, affordable or transparent to people.**

Contrastingly, as previously mentioned, investment in social welfare has been proven to fortify societies against the impacts of crises. By strengthening the social safety net and bolstering support systems,

Member States can enhance their capacity to withstand shocks and expedite the recovery process. Yet, we fail to learn this, time after time.<sup>35</sup>

A crucial development since 2009 has been the adoption of the European Pillar of Social Rights (EPSR) in 2017, designed to ensure fair working conditions, social protection, and equal opportunities for all. The Action plan, if effectively implemented, can serve as a formidable shield during times of crisis, enabling a more equitable and sustainable recovery and addressing, in an integrated manner, the structural and systemic deficiencies of our welfare systems and the multidimensionality of poverty, such as by effectively guaranteeing the right to access adequate income (minimum income and minimum wages).

We demand a comprehensive and inclusive implementation of the EPSR, mainstream poverty in all action plan introduced by the European Commission.<sup>36</sup> It is also paramount that the 'the indispensable role of civil society organisations (CSOs) in the development of a more social and inclusive Europe, free of poverty, including through fostering more robust and enduring green and digital transitions is recognised to

<sup>35</sup> European Anti-Poverty Network (EAPN), *"Is the European Project Moving Backwards?"* (2011) <<https://www.eapn.eu/is-the-european-project-moving-backwards/>> accessed August 23, 2023.

<sup>36</sup> Such as the EU Anti-Racism Action Plan, LGBT strategy, Roma Strategy, Disability Strategy, Gender Equality Strategy and the Action plan on the Integration and Inclusion of Migrants.

avert history from repeating itself, it is imperative to acknowledge and empower CSOs, leveraging their expertise as well as those of people experiencing poverty.

While the public acknowledgement of the suffering endured by individuals during crises has become more widespread, it appears that the vital role of CSOs in aiding recovery remains underappreciated, left with no space for meaningful participation and involvement in decision-making; if not ignored by the higher level of the European Union.<sup>37</sup> CSOs have consistently provided essential support to people affected by crises. Despite their expertise, their potential contributions to the recovery process have historically been overlooked, a stark parallel to the aftermath of the 2008 crisis. In the tumultuous wake of the 2008 financial crisis, as the world grappled with economic turmoil and its far-reaching consequences, a similar pattern was reported by EAPN national networks: the significant inputs and contributions of CSOs were sidelined and undervalued. This troubling trend seems to have resurfaced in the latest European Semester cycles and Recovery and Resilience Package, echoing the dismissal that CSOs faced in the aftermath of the 2008 crisis in the aforementioned review process.<sup>38</sup>

Amidst crises, a troubling trend has emerged with the escalation of stigmatisation directed at individuals in poverty, perpetuating harmful stereotypes and fostering divisions. Simultaneously, there has been a distressing rise in racism and xenophobia, fuelled by economic uncertainties and scapegoating.<sup>39</sup> These intertwined issues highlight the urgent need to address both the economic and social dimensions of crises. EAPN has observed a similar trend during the pandemic and

remains concerned by the rise of far-right groups in several Members States. The war against the poor that some Members States seem to launch is also highly alarming. It is, therefore, imperative that throughout the social, green and digital transition and respective measures we reflect on who is missing, what are the systemic barriers and the gaps, and how to amplify the measures to all and leave no one behind.

37 As an example, the role of the CSOs has been perfectly silenced by U.Von der Leyer during her SOTEU 2023.

38 European Anti-Poverty Network (EAPN), "*Assessment of Participation of Civil Society in the European Semester 2021*" (2022) <[https://www.eapn.eu/wp-content/uploads/2023/03/eapn-assessment-of-participation-and-national-RRPs\\_final-version\\_proof-read-5656.pdf](https://www.eapn.eu/wp-content/uploads/2023/03/eapn-assessment-of-participation-and-national-RRPs_final-version_proof-read-5656.pdf)> accessed August 23, 2023.

39 European Anti-Poverty Network (EAPN), "*EU 2022 Poverty Watch*" (2023) <<https://www.eapn.eu/eapn-eu-2022-poverty-watch/>> accessed August 23, 2023.

## EAPN Specific Recommendations:

To learn from the past, it is key that:

- 1** Member States prefer counter-cyclical measures rather than the reduction in deficits: investing in the recovery (stronger minimum income schemes and social protection) and stimulating the demand.
- 2** Member States reduce the deficit by the increase of revenue through a more equitable tax system with a greater focus on wealth rather than cutting expenditures. Fiscal justice is an essential tool for wealth redistribution, and for funding sustainable welfare states.
- 3** Ensure that social priorities, especially those essential for the implementation of the EPSR, are left out of expenditure cuts to ensure that budgetary cuts do not translate into increase of poverty.

- 4** Conduct a social impact assessment of the long-term impact of the crisis. This must include the meaningful participation of people experiencing poverty as well as civil society organisations.

- 5** Provide a safe space for people experiencing poverty, civil society organisations and human rights and social rights defenders to participate in civil dialogue and in the design, implementation, monitoring and assessment of anti-poverty policies/strategies at both European and national levels. The EU<sup>40</sup> and its Member States should refrain from demonisation and repression of civil society organisations and instead secure a meaningful structured social dialogue in respect of the rule of law.

<sup>40</sup> "Open Letter To EC President Von Der Leyen And EP President Metsola" (European Network Against Racism (ENAR), March 16, 2023) <<https://www.enar-eu.org/open-letter-to-ec-president-von-der-leyen-and-ep-president-metsola/>> accessed September 15, 2023.



# Putting People First

**This analysis of the 2023 Spring Package raised concerns about the resurgence of austerity measures, skyrocketing energy poverty rates, and the rising burden of inflation, all of which disproportionately affect vulnerable households. Although public policies to restrain inflationary pressure start showing results. The EU's current approach must be questioned, as it appears to prioritise profit-driven strategies over the well-being of its people and planet.**

This is why we highlight the need for a comprehensive, rights-based, person-centred anti-poverty strategy that tackles energy poverty, promotes equitable access to essential services, and recalibrates fiscal priorities in favour of social welfare and green initiatives, amongst others. It is time that EU Member States learn from the past, and focus on anti-cyclical measures that prioritise investment in recovery, fiscal justice, and the protection of social rights. We are calling for a re-evaluation of the current approach, placing the well-being of its people at the forefront and working towards a future characterised by equity, equality, social inclusion, sustainability, and a commitment to eradicating poverty. Let's use the opportunity that the European Semester and the European Pillar of Social Rights Action Plan pose to eradicate poverty and provide better social fairness.



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