



# EAPN Assessment and Proposals for Country-Specific Recommendations 2015

## *Annex: Country Fiches*

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## AUSTRIA

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<ol style="list-style-type: none"> <li>1. Raise the amount of means-tested minimum income, to introduce an independent minimum income for children and to include costs for housing</li> <li>2. More labour-market measures and employment opportunities for people most excluded from the labour market, especially for people able to work only part-time</li> <li>3. A reform of the educational system, which is highly segregating (full time school, common school for children from 10-14 etc.)</li> </ol>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <p>"Measures to improve labour market prospects for people with migration background, women and older workers" are positive proposals for poverty reduction and go along with our proposal as e.g. women have a proportion of part-time in work in Austria.</p> <p>"Improve child-care and long-term care services"</p> <p>Have more extensive child-care facilities with better opening hours and more extensive day care centers for people who need care would improve the possibilities for women to take up full-time work. Nevertheless, this is not sufficient to actually improve the labour market prospects.</p>
<b>b)</b>	<p><b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <p>There is a focus on cost-efficiency when it comes to health and long-term care, rather than a quality approach on who should provide care work and how do we want our elderly to be cared for.</p> <p>Recommendations that target children and their specific needs and issues are not included in the recommendations.</p> <p>Removing excess barriers for service providers and focus on procurement procedures is a means to introduce more competition in the social service sector in Austria. It is vital to assure a sustainable provision of social services for people in need, without putting more pressure on the service provider. We therefore argue to take cultural aspects and tradition in the Austrian social service sector into account before arguing on reducing "barriers or entry restrictions".</p>
<b>c)</b>	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>The mentioned recommendation for better labour market prospects for these groups should also include a recommendation for higher pay to avoid in-work poverty.</p>

	<p>Austria belongs to the countries with the highest gender pay gap and the CSR's are missing a focus on gender pay gap.</p> <p>No mentioning of improving the minimum income system and the necessary evaluation, harmonization and adaption.</p> <p>No mentioning of improving the financial payments (<i>Notstandshilfe</i>) after the expiry of unemployment insurance.</p>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>The Austrian <i>Pflegefonds</i>, a funding instrument for care sector, was extended till 2016.</p> <p>There are a number of programs and projects focusing on the labour market integration of NEETs.</p>
<b>b)</b>	<p><b>Is this a positive/negative development?</b></p> <p>It is a positive development with some negative implications. The <i>Pflegefonds</i> e.g. was extended but with higher excess barriers for people who receive care allowance.</p> <p>A more integrated approach of poverty reduction targets, recommendations and implemented measures would be preferable.</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p>There was no new and integrated approach on poverty reduction.</p> <p><b>Negative</b></p> <p>The ongoing crisis in the labour market leads to a shift from youth unemployment to older workers, with money being shifted from current programs to measures for older workers.</p> <p>Recognition on migrants' qualification still takes quite a long time and is a very complicated process thus making labour market access for this group difficult.</p> <p>Money from FEAD was accessed from Austrian government for the first time. We fear that this money is used to cut back on the expenses on minimum income receivers in the regions.</p> <p><b>Positive</b></p> <p>Programs for youth employment is still one of the best practice examples in Europe.</p>
<b>b)</b>	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <p>Same as in 2012 and in 2013</p>

c)	<p><b>Give brief justification for your proposals</b></p> <p>As the government has not taken into account our proposals there is no need to change them as we consider them the solid measures to fight poverty.</p> <p>We would propose to introduce a fourth key proposal: improving the participation of people experiencing poverty.</p>
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## BELGIUM

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<p>1) All benefits (minimum income, living wage and others) should be raised immediately above the poverty threshold. (60 % + reference budgets)</p> <p>2) The increased degressivity of the unemployment benefits should be canceled again.</p> <p>3) The creation of long-term high quality (in terms of health, wages, security, balance work-family life..) jobs should be a priority. The government itself should also take responsibility in this, by creating these jobs in different service delivering sectors.</p> <p>4) Belgium should set itself an ambitious sub target on reducing inequalities. Redistributive measures and a reform of the fiscal system (more fiscal justice) should make it possible to deliver on this.</p>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
	<p>General remark: most recommendations cannot be called simply positive or negative. They contain very different parts, which can have both negative and positive effects, depending on the interpretation and implementation. Some of the different parts of the same recommendation even have contradictory aspects. This said, it means also that in different recommendations, it looks like EAPN concerns are reflected, though the room for interpretation is so big, and unfortunately our national (&amp; regional) governments are exactly using the negative parts and ignoring the potentially positive recommendations.</p>
<b>a)</b>	<b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b>
	<p><i>"Improve the balance and fairness of the overall tax system and prepare a comprehensive tax reform that will allow shifting taxes away from labour towards more growth friendly bases, simplifying the tax system, closing loopholes, increasing VAT efficiency, broadening tax bases, reducing tax expenditures and phasing out environmentally harmful subsidies".</i></p> <p>This proposal could have been a positive recommendation, reading the first sentence, but what we need is a tax shift from labour towards capital. "Growth friendly" is really not automatically effective in terms of poverty reduction, on the contrary.</p> <p>As mentioned in our proposal 4, we need a fairer redistribution and more fiscal justice.</p>
<b>b)</b>	<b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b>
	<p><i>"Restore competitiveness by continuing the reform of the wage-setting system, including wage indexation."</i></p> <p>The rest of this recommendation is positive, but this very first part has a very negative effect on poverty reduction, it leads immediately to an increase of working poor.</p>

	<p><i>“Increase labour market participation, <u>notably by reducing financial disincentives to work</u>, increasing labour market access for disadvantaged groups such as the young and people with a migrant background, improving professional mobility and addressing skills shortages and mismatches as well as early school leaving”.</i></p> <p>The small sentence underlined really destroys the possibly positive impact of the rest of the recommendation, and actually is a threat to decent minimum income. (It could be interpreted as “increase minimum wages” but that's not in line with the overall recommendations and politics today).</p>
c)	<p><b>What are the main gaps in the Commission/Council’s CSRs for your country, what is missing?</b></p> <ol style="list-style-type: none"> <li>1. social minimum standards, improving social situation of the most vulnerable (adequate and accessible minimum income)</li> <li>2. stakeholder engagement</li> <li>3. focus on quality job creation</li> <li>4. recommendation related to the reduction of inequalities</li> </ol>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
a)	<p><b>How far have the Commission/Council’s CSRs proposals been implemented by your national government since July 2014?</b></p> <p>Unfortunately, quite well: (not all of the measures cited here are already in practice, but all of them are announced and part of the governmental agreement)</p> <ol style="list-style-type: none"> <li>1) budgetary balance: <ul style="list-style-type: none"> <li>◦ austerity measures &amp; cuts in services: less financial support for elementary services, which make for example health care, education, less accessible and more expensive</li> </ul> </li> <li>2) tax systems <ul style="list-style-type: none"> <li>◦ not the fairness is improved, as the recommendation suggests, but</li> </ul> </li> <li>3) Contain future public expenditure growth relating to ageing <ul style="list-style-type: none"> <li>◦</li> </ul> </li> <li>4) Increase labour market participation, notably by reducing financial disincentives to work,</li> <li>5) Restore competitiveness by continuing the reform of the wage-setting system, including wage indexation, in consultation with the social partners and in accordance with national practice <ul style="list-style-type: none"> <li>– reform of the indexation system: (jump in 2015 decided)</li> </ul> </li> </ol>
b)	<p><b>Is this a positive/negative development?</b></p> <p>Extremely negative! Given the room for interpretation, our (right wing) government chose a very reductionist interpretation of the recommendations, ignores the potential positive parts, and follows the negative, dangerous interpretations.</p> <p>This is clearly a threat to the social standards of people, pushes people who already face poverty in extreme poverty, and threatens to create a lot more poverty for new groups of people (“lower middle class”). It also destroys social fabric, and creates social catastrophes, a triple down effect. Consequences that will be felt for many years. (The massive demonstrations against these measures show the inquietude of the citizens!)</p>

<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <ul style="list-style-type: none"> <li>– Reform of unemployment benefits: young people will lose their right to unemployment benefits, and will have to depend on social assistance, minimum income.</li> <li>– Less financial support for people who want/need a temporary break, which will make this only possible for people who can financially afford it.</li> <li>– People who work (involuntary) part-time, will lose their additional benefit</li> <li>– People who are (temporary &amp; un-voluntary) unemployed, lose part of their additional benefit</li> <li>– People have to work more hours and longer (without taking into account the years people worked, heavy professions...)</li> <li>– More sanctions for unemployed people, less support</li> <li>– Decrease of protection of people unable to work for medical reasons</li> <li>– No indexation in 2015, which has an effect on the wages for the rest of the career</li> <li>– Emphasis on activation and sanctions: people will be obliged to do “voluntary” work, or will lose their benefits</li> </ul> <p>There are still a lot of questions about the implementation and the exact consequences of the governmental agreement. For example, we read that the minimum incomes will be increased, till above the poverty line, BUT that all social benefits will be taken into account. How this will be done is still unclear, so it could have both positive and negative effects.</p>
<b>b)</b>	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <p>1) Ensure a life in dignity for all citizens and people on the territory via an adequate income and quality services</p> <p>Raise the minimum income above the poverty threshold, both the 60 % of the median income as well as the “poverty threshold”, shown by the standard budgets. Restore minimum social standards would improve the social situation of the most vulnerable. This means increase the accessibility and quality of the services. This means affordable (and free where necessary) good quality education, health services, housing... Investments are therefore needed!</p> <p>Ensure minima also for undocumented migrants and anybody on the territory, the respect for human rights should be unconditional.</p> <p>2) Build and strengthen an inclusive labour market: make the regular economy more social. Therefore decent quality jobs, with decent wages, good working environment, long-term contracts should be the norm, not the exception. The government should be the first to realize this. Restore and reinforce the jobs in services delivered by the government, instead of outsourcing this. When there are tenders, have strong social clauses playing a central role in them.</p> <p>3) Restructure the taxation system towards fiscal justice. Organize a tax shift from labour towards profit and capital. Take into account sustainability, without stimulating more (so called green) consumption or without affecting low-income families in their purchasing power.</p>



	<p>4) Involve citizens and civil society more in decision making processes. Organize stakeholder engagement at all levels of the decision making processes, make sure the most vulnerable groups are actively involved, and ensure the necessary support to make this happen.</p> <p>(Not in order of priority (see c) justification).</p>
<b>c)</b>	<p><b>Give brief justification for your proposals</b></p> <p>The biggest priority is a shift of paradigm.</p> <p>The different measures cannot be put in an order of importance they are equally important and reinforce each other. The cost of today inequalities is immense, so is the cost of inequality. There is no lack of resources but a wrongly directed redistribution. The tax system in Belgium is very unfair. Labour is taxed un-proportionally, especially the low wages. At the same time, income from capital is nearly taxed at all. Especially in times of crisis this is even more unhealthy and dangerous for prosperity and democracy. Ordinary citizens are still paying the price for the crisis they did not cause. The ones responsible for the situation we are in, the ones able to contribute more, “the strongest shoulders” don't contribute. Restructuring the tax systems, gives the necessary resources for decent services and adequate incomes for all. These adequate incomes decrease the distant for some people to the labour market, but without decent jobs, people cannot access is, or stay on the labour market...</p>

## CYPRUS

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<ul style="list-style-type: none"> <li>• Invest in growth for creating decent and quality jobs to fight unemployment</li> <li>• Support the vulnerable groups, stop implementing austerity measures on social state</li> <li>• Protection of employment and the rights of workers</li> <li>• Ensure of a minimum income for all as a means to preventing and fighting poverty.</li> </ul>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <p>There were no additional Country Specific Recommendations for 2014 because of the Economic Adjustment Programme with which Cyprus is aligned. For that no account is taken for the reduction of poverty. On the contrary, the measures are prompted to raise poverty and exclusion and no similarities could be identified with the EAPN above proposals. The only 'positive' measure is the Guarantee Minimum Income (GMI) that replaced the Public Allowance. The beneficiaries of this Allowance were 42,000 persons (21,000 families). By introducing the GMI in July 2014, people had great expectations, especially the long term unemployed people. Unfortunately till now GMI not only cannot respond to the needs of these people but, because of the criteria, the majority of them are excluded. The long-term unemployed (more than six months) are 45,000 people out of 73,000 unemployed. They applied for GMI 16,500 and only 4000 have been approved to receive it. In addition, because of the procedure of GMI, 17,000 people, low- pensioners lost their extra allowance given to them in order to help them to come out from the risk of poverty.</p>
<b>b)</b>	<p><b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <p>Negative results:</p> <p><b>Recession:</b> during the third quarter of 2014 completed 13 consecutive quarters of recession.</p> <p>- GDP, from 2012 to 2015 will be cumulative reduced by 13%. This, by the end of 2015, will with effect at the real GDP to have a fall by a decade and to descend to the level of 2004.</p> <p><b>Unemployment:</b></p> <p>- According to Eurostat, in November 2014 unemployment raised at 16.8% and 73,000 were unemployed, recording the third worst position in the EU after Greece and Spain.</p> <p>- According to the Cyprus Republic Statistical Service, in December 2014 the registered unemployed were 47,886 having an increased by 283 people from the previous month. In December 2013 the registered unemployed were 50,467, thus we have a decreased by 2,581.</p>

	<ul style="list-style-type: none"> <li>- The average number of registered unemployed for 2014 was 47,197 unemployed. Comparing it to 2013 which the registered unemployed were 46,765, we note a slight increase of 0.92%. In connection with the 2012, that the registered unemployed were 36,362, there is a significant increase of 29.8%.</li> <li>- The duration of the average registered unemployment in 2014, less than six (6) months was 26,447 people or 56% and over six (6) months was 20,750 or 44%. Respectively, in 2013 less than six (6) months was 30,563 or 65.3% and above six (6) months was 16,202 or 34.7%. The average increase of registered unemployed for more than six months from 2013 to 2014 is 26.7%.</li> <li>- According to the latest Labor Force Survey, 65% of unemployed or 45,000 people remain unemployed for more than six (6) months.</li> <li>- According to the European Commission, Cyprus presents comparatively greater increase in long-term unemployment, which has reached 27.4%.</li> <li>- According to the European Commission employment in Cyprus has the largest decrease across the EU.</li> <li>- According to the Report of the Cyprus Institute of Research (INEK) 2015, based on data of the European Commission for three years 2012-2014, 50,000 jobs were lost.</li> <li>- Many young people in Cyprus are forced to migration.</li> </ul> <p><b>Prospects – UNEMPLOYMENT</b></p> <p>The International Monetary Fund (IMF) estimates that in 2020 the unemployment rate would be about 12%, at the same and higher levels as in 2012.</p> <p><b>Wages and Earnings:</b> wages are dramatically reduced and profits are enhanced.</p> <ul style="list-style-type: none"> <li>- Wages declined by 18 years - the greatest reduction in the EU.</li> <li>- Employees as a whole lost 25% of their purchasing power.</li> <li>- The profits of large companies will increase 1.4 billion from 2011 to 2015. This growth will be the result of the reduction of the total wages.</li> <li>- By 2014, while wages of labor have lost 1.6 billion, at the same period profits have increased by 500 million.</li> <li>- The violent reduction\decreasing of wages contributes at the maintenance of profitability and not at the increase of competitiveness of Cypriot enterprises.</li> <li>- The unit labor cost, from 2012 to 2015, has decreased by 13%, while inflation has decreased only by 2.3%.</li> <li>- Cyprus, today, is at deflation levels. The consumer capacity has dramatically reduced, while the non-performing loans are constantly increasing</li> </ul> <p>The weight is loaded to Society. Social policy is a victim of austerity.</p> <ul style="list-style-type: none"> <li>- The low pensioners lost 30% of their income, through numerous reductions in the benefits.</li> <li>- In 2013, 240,000 people in Cyprus are living at risk of poverty or social exclusion, bringing the rate to 27.8%, well above the average for the Eurozone (23%) and are expected to increase further in 2014.</li> <li>- In 2013, 139,000 people in Cyprus or 16.1% are experiencing conditions of severe material deprivation, recording the sixth worst performance across the EU, where the average is much lower, at 9.6%.</li> <li>- Around 50,000 people living on “social groceries”.</li> <li>- 15,000 children need school lunch.</li> </ul>
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	<p>Early February 2015, the Cyprus Finance Ministry published a study for the income distribution in Cyprus, the main findings of which are:</p> <ul style="list-style-type: none"> <li>- From 2009 to 2013, income of around 19% was transferred from the population with the 10% lowest income to the population with the 10% highest income.</li> <li>- The Gini index, which is considered one of the most reliable measures of inequality, rose in 2013 to 32.4% from 29.5% in 2009, representing a percentage increase of 11%.</li> <li>- The study shows that increasing inequality in income distribution is associated with an increase in unemployment and poverty.</li> <li>- The percentage of people at risk of poverty or social exclusion increased from 23.5% in 2009 to 27.8% in 2013, representing a percentage increase of 18%.</li> </ul>
<b>c)</b>	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>There is no financial support to protect the standard of life of people in Cyprus. On the contrary the austerity measures lead to the increase of unemployment and poverty rate and the absolute poverty.</p>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>The Cyprus government is implementing the Troika Program accurately, without counting the consequences on people, therefore the increase of poverty is becoming more and more and new categories of people are experiencing poverty and absolute poverty.</p>
<b>b)</b>	<p><b>Is this a positive/negative development?</b></p> <p>Taken all the above, the development for the reduction of poverty is negative.</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p>Negative impact on poverty in 2014 even though they introduced the GMI that started to be given November 2014.</p>
<b>b)</b>	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <ul style="list-style-type: none"> <li>• Invest in growth for creating decent and quality jobs to fight unemployment</li> <li>• Support the vulnerable groups, stop implementing austerity measures on social state</li> <li>• Protection of employment and the rights of workers</li> <li>• Improve the GMI to reach the basic needs of people and improve the criteria to cover the people who have no income.</li> <li>• To protect the health care system and keep it accessible to people</li> </ul>

c)	<p><b>Give brief justification for your proposals</b></p> <p>Since the situation, instead of being improved is becoming even worst, our proposals and our justification remain the same as last year: It is well known that during an economic crisis, new groups of poor emerge due to the high rate of unemployment and the imposition of austerity measures. If the government and the EU will not support the vulnerable groups, poverty will be increased instead of reduced. As a consequence, immigration within the EU will be increased and the States will not afford to regulate the situation for the interest and wellbeing of their citizens. The EU should seriously consider this issue and implement radical policies that fight phenomena such as unemployment and immigration. Otherwise an increase of the gap not only between people but between countries as well will emerge.</p>
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## CROATIA

1.	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<p>Croatia participated in the 2013 European Semester on a voluntary and informal basis; there were no country-specific recommendations. Croatia is officially participating in the European semester for the first time in 2014. EAPN-Croatia was established in May 2014.</p> <p>In this context, EAPN Croatia does not have prepared Alternative CSRs for a year 2014.</p> <p>Considering that this is the first official participation of Croatia in the European Semester, and first participation of EAPN Croatia in the processes and work of EAPN Action to impact on 2015 Country-Specific Recommendations, for this task EAPN Croatia will make our own Alternative Country-Specific Recommendations. For this purpose EAPN Croatia will use some informal experiences, which members of EAPN Croatia have acquired from the communication and collaboration with Croatian government in field of social protection people living in poverty.</p> <p><u>EAPN Croatia's Alternative Country-Specific Recommendations for year 2015</u></p> <p>In present context Croatia has declining export performance, highly leveraged firms and fast-increasing general government debt, all within a context of low growth and poor adjustment capacity. Croatia ended 2014 year with high public debt, which is around 75% of GDP. The third year in a row Croatia recorded economic decline. Nowadays economic decreases for -0.5 of GDP.</p> <p>Croatia is facing worsening labour market conditions due to the protracted crisis with continued lack of job creation and severely under-used labour market potential.</p> <p>Unemployment rate is around 19.2%, with over 52% of unemployed young people. The proportion of persons at risk of poverty and social exclusion is significantly higher than in the EU as a whole (32.3% in Croatia, as compared with 24.8% in the EU in 2012) and has increased from 30.7 % in 2010. The proportion of young people not in employment, education or training is also increasing; it reached 18.6 % in 2013.</p> <p>The system of social security in Croatia in recent years is characterized by ongoing significant changes. There are a lot of challenges which come with significant reforms which have been implemented – e.g. a number of people without any income, low pensions not sufficient to meet basic needs, not enough shelters for homeless people, black number of high school dropouts.</p> <p>In addition, overall government spending on social protection was well below the EU average (20.6% of GDP in Croatia, as compared with 29.1% in the EU in 2012) and skewed towards disability and health care and away from social assistance and family benefits.</p>

	<p><b><u>Main recommendation of EAPN Croatia in this context would be:</u></b></p> <ol style="list-style-type: none"> <li>1. Reduction of the population at risk of poverty or social exclusion</li> <li>2. Reduction of the proportion of young people not in employment, education or training is also increasing (18.6 % in 2013.)</li> <li>3. Increase of the government spending on social protection (especially in the fields of the social care system) up to 22% of GDP in 2015 with the progressively increase during the following years</li> <li>4. Full implementation of the reform activities in the labour market concerning the employment of persons with disabilities, completion of the process of deinstitutionalization and conducting of other reform measures.</li> </ol>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <p><i>The Commission's Country Specific Recommendations for Croatia are focused on financial system stability, and for that they take no account for the reduction of poverty. On the contrary, issue of poverty is mention trough margins.</i></p> <p><i>E.g.</i></p> <ul style="list-style-type: none"> <li>- <i>CSR 3. Implement the second phase of the labour law reform, following consultation with the social partners, in particular as regards conditions for dismissals and working time, and with a view to preventing further labour market segmentation including for young people, by March 2015. Review the wage-setting system with a view to better aligning productivity developments and wage conditions. Present the conclusions of this review by the end of 2014. Strengthen the effectiveness and reach of active labour market policies by reinforcing the administrative capacities of the public employment services, including at regional level, and by increasing the coverage of the young, long-term unemployed and older workers. <u>Prioritize outreach to non-registered youth and mobilize the private sector to offer more apprenticeships, in line with the objectives of a youth guarantee.</u> Outline plans, by the end of 2014, to address undeclared work. Implement measures to improve the labour market relevance and quality of education outcomes by modernizing the qualification systems, by putting in place quality assurance mechanisms and by improving school-to-work transitions, in particular through strengthening vocational education and work-based learning.</i></li> </ul> <p>Croatia does not have an official statistic about young people not being in education employment or training, or how much young people are early school leavers. This category of youth is especially vulnerable group having a much higher likelihood of poverty.</p> <ul style="list-style-type: none"> <li>- <i>CSR 4. Review tax and benefits systems by the end of 2014, and present an action plan to improve the reactivation of inactive and unemployed persons. Strengthen the effectiveness and transparency of the social protection system by further consolidating benefits, unifying eligibility criteria and linking data from all relevant levels and government entities in the "one-stop shop". Improve the effectiveness and adequacy of social assistance benefits through their better targeting.</i></li> </ul>

b)	<p><b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <p>Commission recommends <i>Fully implement the budgetary measures</i> and says nothing about impact on poverty and inequalities. There is no direct negative proposal for poverty reduction, but proposed reform of the tax and pensions system can have (if followed) a very negative impact on the fight against poverty.</p> <p>CSR 1 - Financial system stability Commission's recommendation about financial system stability includes different kind of reforms without considering impact on poverty and inequalities. There is nothing about the economic and social effects of the reform of recurrent property taxation.</p> <p>CSR2 - Recommendations about pension system reform Commission's recommendation about pension system reform are based on tighter disability pensions assessments and controls; reduced access to early retirement; the cost-effectiveness of the healthcare sector which can very easy lead to poverty to a lot of elderly people in Croatia.</p> <p>Such measures as the reduction of salaries, the suspension of retirement age, the freeze of wages, the reduction of employees in the public sector – what are Commission's recommendation - are measures proven to be negative and actually increase the general unemployment rate and can cause higher poverty rate.</p>
c)	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>There is not enough strong impulse to Croatian government toward the modernization of social services as important aspect of the citizen's quality of life.</p> <p>Missing adequate legislation for social economy and governmental unwillingness to promote such legislative framework are not mentioned.</p>
<b>3. EAPN Assessment of the implementation of CSRs</b>	
a)	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>The Croatian government introduced a number of measures to regulate interest rates, which are impacting banks' ability to lend and reducing their profitability. Government adopted new Interest Rates Act during 2014, which indicated changes in the regulation of the bank system - simplify the legal processing and partially reduce borrowers' costs in case of overdue payments.</p> <p>The amendments to the Labour Act made the requirements and limitations concerning the duration of a fixed-term employment contract more liberal, a monthly limit in regard to overtime work was abolished, while the procedure of collective dismissal was shortened and simplified.</p> <p>In January 2014, the government launched the second phase of the labour market reform - delivery of a Youth Guarantee in Croatia.</p>



	<p>The following groups of measure are carried out in Croatia:</p> <ul style="list-style-type: none"> <li>• Employment support,</li> <li>• Self-employment support,</li> <li>• Professional development support,</li> <li>• Education of the unemployed, and</li> <li>• Vocational training without commencing employment.</li> </ul> <p>The measures were used by a total of 53,656 persons in 2013, the highest number on record (the measures were used by 41,450 persons in 2011 and 41,555 persons in 2012).</p> <p>The Social Welfare Act introduces a guaranteed minimum benefit (GMB), which unifies four social welfare benefits (social assistance benefits, two war veterans' benefits and the extended unemployment benefit). This unification has opened the possibility of simplifying the procedure of administrating, directing and controlling benefits and serves as a basis for the implementation of the Single Payment Centre (SPC) - a one-stop-shop that serves as the single administrative point in the relation between citizens and the state in the field of the realization of rights to benefits. In that purpose a single electronic database for all social welfare centers were launched, with the aim to connect to other entities administering benefits in future.</p> <p>The outdated vocational education and training system is undergoing reform in the form of piloting new school curricula. The implementation of the Croatian Qualifications Framework and the Strategy on Education, Science and Technology is pending but should improve educational outcomes and align them with labour market needs.</p> <p>Incentives for employers in the form of tax deductions of up to 50 % of adult education and training costs were in place.</p>
<b>b)</b>	<p><b>Is this a positive/negative development?</b></p> <p>The government did not follow the Commission's recommendations considering increasing retirement age. The Government was especially careful with this reform and has taken into account the Croatia's specific features when talking about retirement age and asked for delay of this reform.</p> <p>There is a great need for the building of further mechanisms for protecting of the people at risk for personal bankruptcy as well as for new package of the "social" legislation especially in the field of the social care system.</p> <p>Taken all the above, including last reforms the development for the reduction of poverty is not successful. Croatia still has one of the highest at poverty risk in the EU.</p>

<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p><b>MINUS</b></p> <ul style="list-style-type: none"> <li>- In 2014 the main measures by government were the increase in social security contributions for health, increase in concession fees (including telecom fees for the usage of RF spectrum), higher fuel excises, savings in social transfers, mostly in health sector, changes in the lottery and gambling tax.</li> <li>- The proposal for social pensions for those not receiving another form of pension or basic social assistance seems to have been abandoned.</li> <li>- A large proportion of spending is devoted to 'categorical benefits' that are neither means nor income tested, predominantly in the form of cash payments linked to disability or special status.</li> <li>- A series of reforms seeks to improve the effectiveness and adequacy of social protection but progress is still uneven.</li> </ul> <p><b>PLUS</b></p> <p>In 2014. The Croatian Government adopted the 2014-2020 Strategy for Combating Poverty and Social Exclusion in the Republic of Croatia as the basic document of a systematic approach of all relevant stakeholders to deal with issues of poverty and social exclusion.</p>
<b>b)</b>	<p><b>Give your EAPN 2014 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <ol style="list-style-type: none"> <li>1. Reduction of the population at risk of poverty or social exclusion</li> <li>2. Reduction of the proportion of young people not in employment, education or training is also increasing (18.6 % in 2013.)</li> <li>3. Increase of the public investing for social protection - ensure of a minimum income for all as a means to preventing and fighting poverty.</li> </ol>
<b>c)</b>	<p><b>Give brief justification for your proposals</b></p> <p>Ad. 1.</p> <p>In order to provide the conditions for a successful fight against poverty and social exclusion and reducing inequalities in society, and in accordance with the headline target of the Europe 2020 strategy, Croatia should, by 2020 strive to reduce the number of people at risk of poverty and the unemployment rate and insufficient participation in the labour market.</p> <p>Activities in this field shall be in accordance with the current socio-demographic trends, assuming economic growth, positive trends of the labour market and assurance of the conditions for opening new jobs, creation of measures aimed at long-term unemployed persons and other vulnerable groups (the youth, persons with disabilities, the Roma people, homeless people) and investing more effort into increase of adequacy of social benefits in the social welfare system, standardized availability of education, health, social and other services, availability of housing, reducing regional disparities and tackling debt and financial dependence.</p>

	<p>Ad. 2.</p> <p>In order to prevent early school leaving, especially with children from poor families and other vulnerable groups having a much higher likelihood of early school leaving, or who fall into the category of young people who are unemployed and are Not in Education, Employment, or Training (NEET), and ensuring the acquisition of minimum educational standards and additional competencies for vulnerable students, a number of measures such as (co-)funding of textbooks for elementary and high school students who live in poor socio-economic conditions, (co-)funding of textbooks for blind high school students, (co-)funding of transportation for elementary and high school students who live in poor socio-economic conditions and funding of continuing education for students who have completed the two-year and three-year vocational programmes to ensure vertical mobility, shall be implemented.</p> <p>Ad 3.</p> <p>Comparatively Croatia spends significantly less for the social protection than EU average. The consequence of this is very low level of standards in social sector, underdeveloped social services, low level of social benefits, high level of socially excluded people and groups as well as high level of poverty.</p>
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## CZECH REPUBLIC

1.	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<p>1. Policy on inclusive education in practice and monitoring of educational and after educational employment success of vulnerable young people, especially Roma (success monitoring, individual support programmes, tracks, connection with services e.g. social housing – possibilities to leave socially excluded areas and not be forced to stay part of the “jointly assessed persons” for social benefits purposes).</p> <p>2. More effective employment services, more proactive and flexible schemes also in cooperation with partners. Labour Offices responsible for producing proactive, effective partnerships with a creative focus on youth. Labour Offices should mediate more practical cooperation with the no-profit community service providers and employers, helping them also more with social economy applications. New individual work scheme (e.g. paid traineeships in non for profit community services with further educational development) for unemployed /esp. vulnerable/ youth should be created and implemented.</p> <p>3. The state and regions should no longer under-prioritize and discriminate against social service providers and change the attitude from: “only helping poverty more proactively when it runs from ESF money and when it is sole responsibility of NGOs, with all the administrative and financial project burdens connected”. Increased public investment both on state and local level also to more quality social, educational, employment services and its sustainable network. There is a significant reduction of social, employment and educational services offered to (increasing) number of demanding groups and individuals due to interim interval in ESF calls (no open old calls, new calls expected in late 2015). Czech Republic used ESF money for this purpose (up to 60% increase compared with only state money approx. 40% of services) and many social NGO’s offer less services and dismiss their staff, so quality suffers as well. This system should be run more by state, public money, and should be sustainable, not “only helping poverty when it depends on ESF money” attitude which is not only for state, but more regional and local politicians! The state and regions should no longer discriminate against social service providers, which have accreditation. Although the State Act on Social Services claims standards and other requirements for registration, public quasi-NGOs have sustainable public budgets but very often much lower quality standards and overall service efficiency and discriminatory financing to so-called contributory organizations that do not need to go to tender each year as the others.</p> <p>4. Social Housing Act and prevention of support to poverty business (debts, hostels etc.) – There is a growing number of people that can afford only rental housing. High discrimination exists on private rental markets also high prices. No possibilities of people in social excluded areas to get out, no possibilities for the future of their children (other integrated more quality environment). Lack of prevention with social and indebtedness services, combined with public housing, lack of public housing facilities, with open markets to speculation. Fast development of substandard hostels</p>

	(growing business with poverty), lack of assistance to small communities, villages, towns and general-benefit non-profit organizations to eliminate and integrate socially-disadvantaged neighborhoods that are more often frequent targets of racially motivated protests and aggressions.
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <p>Very important – Commission states that in compulsory education - the follow- up with schools and pupils with weaker outcomes remains a challenge and highlights the low participation of Roma children in mainstream inclusive early childhood education and in primary education as it remains a challenge for their integration!</p> <p>The EU Commission encourages more effective Active labour market policies. It claims that they remain underfunded and do not effectively target women with young children, young people and older workers and suggests that these groups remain under-represented in the labour market.</p> <p>Commission also highlights limited access to affordable childcare facilities and services and a comparatively low take-up of part-time work for women's participation in the labour market.</p> <p>The EU Commission recommends to work on the quality and efficiency of the public administration and states the fact that the long-awaited Civil Service Act has not been adopted yet.</p> <p>Commission wants to ensure more in CZR that the accreditation, governance and financing of higher education contribute to improving its quality and labour market relevance. Accelerate the development and introduction of a new methodology for evaluating and suggests, in compulsory education, to make the teaching profession more attractive, and to implement a comprehensive evaluation framework and support for schools and pupils with poor outcomes. !!! Important and also our priority issue!!! Commission recommends to increase the inclusiveness of education, in particular by promoting the participation of socially disadvantaged and Roma children in particular in early childhood education. This is what we lobby for in a long-run a find important!</p>
<b>b)</b>	<p><b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <p>Part-time work for women's participation in the labour market can be questionable since the payments are rather low, but this element is still important, and it is good that Commission expresses the issue and also mentions the high gender pay gap, one of the largest in the Union. The pressure towards accelerating the increase of the statutory retirement age and promotion of the employability of older workers create some tensions, also regarding to complicated employment possibilities of 50+ especially in some regions (Moravskoslezsky region, Northern part of CZR etc.).</p>

c)	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>Support to Social Housing Act and prevention of debts on housing</p>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
a)	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>Not significantly</p>
b)	<p><b>Is this a positive/negative development?</b></p> <p>Rather positive but slow</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
a)	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p>Questionable reaction to the procedure of infringement but preparation of a more transparent School Act enabling more inclusive education (concrete outcome is still not clear, some formulations are in the new School Act draft still dangerously vague and may be in favor of "special" education – Czech Ombudsman as well as NGOs are monitoring and lobbying for better formulations of this law. Czech Republic is currently also under the process of infringement - for Roma discrimination in education (D.H. vs. CR).</p> <p>Some process in conceptualization and preparation of the long awaited Social Housing Act have been done by Ministry of Labour and Social affairs, but specifications are not set as well as the law itself. It is only in a form of "Concept".</p> <p>Increase of minimum wage and plans for further increase by MoLSA.</p> <p>Progress by governmental Agency for social inclusion together with MoLSA, M of education and M of regional development in establishing so called "coordinated approach towards EU funds for better social prevention and integration projects that shall start in autumn 2015-2020.</p> <p>Non-profit organizations are after some debates left without necessity of co-funding in new period of ESF (100% funding), which potentially increases their accessibility of ESF, etc.</p> <p>In 2014 quite sufficient financial support of social services and social NGOs by MoLSA but social sector is currently under some reforms regarding financing – from MoLSA to 14 regions, but there is no unified methodology for regions, so there are some worries how this will affect the budgets for future.</p>

b)	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <ol style="list-style-type: none"> <li>1. Clear incentives for inclusive education and monitoring of Roma and other vulnerable groups in secondary school completions and further job enrollments</li> <li>2. Social housing act focusing on the principle of prevention and “housing first”</li> <li>3. Participative employment and training schemes for youth and 15+ with more individualized mentoring, Investments to boost employment</li> </ol>
c)	<p><b>Give brief justification for your proposals</b> See above</p>

## DENMARK

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	Improving the employability of people at the margins of labour market and improving the quality of vocational training and apprenticeships, but underlined the lack of focus on job creation, reforming primary and lower secondary education
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <p>The EU Commissions gave three CSR out of which No. 2 seems positive: "Take further measures to improve the employability of people at the margins of the labour market. Improve educational outcomes, in particular for young people with a migrant background, and the effectiveness of vocational training. Facilitate the transition from education to the labour market, including through a wider use of work-based training and apprenticeships." This CSR can give a positive effect for the poor and excluded and is close to what is proposed in the alternative CSR.</p>
<b>b)</b>	<p><b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <p>The Commissions no 1 and 3 are counteractive. No 1 sets a strict limit for investments in growth and jobs, no. 3 proposes more free market in the domestic service sector, where wages are low and competition is high already.</p> <p>No 1: "Following the correction of the excessive deficit, continue to pursue a growth-friendly fiscal policy and preserve a sound fiscal position, ensuring that the medium-term budgetary objective continues to be adhered to throughout the period covered by the Convergence Programme".</p> <p>No 3: "Increase efforts to remove barriers to entry and reduce regulatory burden with a view to increasing competition in the domestic services sector, in particular in retail and construction, as recommended by the Productivity Commission".</p>
<b>c)</b>	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>The Commission should recognize, that Denmark is a highly competitive and prosperous society because of a high flexecurity system at the labor market, free education, health and welfare, all paid by high taxes and progressive taxation. What is mostly needed is more jobs on agreed terms for disadvantaged and disabled people. More freedoms at the inner market, without more welfare, flexecurity and decent minimum incomes in member states, will only lead to more poverty and exclusion.</p>



<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>This is a rather complex question. We can answer the question in relation to CSR no. 2: DK is working at the implementation, but not enough.</p>
<b>b)</b>	<p><b>Is this a positive/negative development?</b></p> <p>There are improvements. There are more jobs and more young people have come in education, but the effect is marginal.</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p>
<b>b)</b>	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <ul style="list-style-type: none"> <li>• Minimum incomes based on standard budgets.</li> <li>• Flexicurity and holistic rehabilitation.</li> <li>• Better access to jobs on agreed conditions for vulnerable and disabled people</li> </ul>
<b>c)</b>	<b>Give brief justification for your proposal</b>

## ESTONIA

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<p><b>EAPN Estonia's Alternative Country-Specific Recommendations for 2014:</b></p> <ol style="list-style-type: none"> <li>1. Focus more on quality jobs (prioritize on social exclusion).</li> <li>2. Human Rights education.</li> <li>3. Access to health care and rehabilitation services must be guaranteed to all on an equal footing.</li> </ol>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <ul style="list-style-type: none"> <li>- <i>Target activation efforts by ensuring the timely adoption and implementation of the work capacity reform.</i></li> <li>- <i>Increase the efficiency and cost-effectiveness of family policy while improving the availability and accessibility of childcare</i></li> <li>- <i>Deploy coordinated measures for fostering economic development and entrepreneurship in regions faced with high unemployment</i></li> <li>- <i>Improve incentives to work through measures targeted at low income earners. Target activation efforts by ensuring the timely adoption and implementation of the work capacity reform. Increase the efficiency and cost-effectiveness of family policy while improving the availability and accessibility of childcare. Deploy coordinated measures for fostering economic development and entrepreneurship in regions faced with high unemployment.</i></li> </ul>
<b>b)</b>	<p><b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <ul style="list-style-type: none"> <li>• <i>Compile the budget rule with more binding multi-annual expenditure rules within the medium-term budgetary framework and continue to enhance the efficiency of public spending.</i></li> </ul> <p>This recommendation may affect in a negative way – it should have been stronger – the public spending in Estonia is too high, therefore the commission could strongly suggest cutting the public spending.</p> <ul style="list-style-type: none"> <li>• <i>Better balance local governments revenue against devolved responsibilities</i></li> </ul> <p>This recommendation may affect in a negative way fight against poverty, if finding the balance will be based only on the fiscal policy. It is important to highlight the obligation (not possibility) of the local municipalities to organize and provide social social services.</p>

c)	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>Special attention to vulnerable groups is missing (elderly, people with disabilities, unemployed, youth, caregivers etc). People with disabilities and their caregivers need better services, in order to get back to the labour market.</p> <p>Commission states (p.10) that Estonia has made substantial progress in reducing youth and long-term unemployment, however the Youth guarantee has not been implemented as good as it could. Huge amount of resources were put for old measures, not paying enough attention to vulnerable groups (minorities, especially Russian-speaking youth).</p> <p>No attention has been paid to society, especially the importance of the NGO's fighting against poverty. In that result the funding of EAPN Estonia was declined.</p> <p>No attention has been paid to social services that could prevent poverty, such as increasing budget for hiring social workers, child protection workers, etc.</p>
3.	<p><b>EAPN Assessment of the implementation of CSRs</b></p>
	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>a) Estonia has finally started fulfilling its obligation to have a national strategy against poverty. The strategy for 2016-2023 is ready and was conducted together with target groups and NGO's (e.g. leader of EAPN Estonia, Kärt Mere and director of Estonian Union for Child Welfare Martin Medar are members of leading groups of the strategy).</p> <p>b) Additionally the Green paper on Family Benefits and Services was composed, however a little attention was paid to involvement of NGO's and society. The book is not mandatory.</p> <p>c) Commission previously suggested to develop sustainable early childcare services (nursery etc), and today that service is more accessible for families. However the parental benefits system is still the same. Also it is important not only to increase the work-force; however it will not be possible without better parental benefits and accessible childcare.</p> <p>d) Suggestions in the area of education and Work Capacity Reform have been partially implemented; however there have been some problems with involvement of society and target group. E.g. the representative of people with disabilities has been very active publicly.</p> <p>Estonian Parliament passed the act on establishing national Alimony Fund.</p> <p>e) <b>Is this a positive/negative development?</b></p> <p>Most of them are positive changes, however for some of the changes there are yet no concrete measures/steps.</p>

<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p>It is positive that today we have increased universal child benefits and need-based benefits for children. From 2015 students of gymnasiums will also get free food at school (before that the food was free only in primary school), however it is still not clear how big will be state's responsibility, there is a risk that government will put more responsibilities to local municipalities without raising their budget. Since all municipalities have different capacity, it may cast unequal situation for schools.</p> <p>From January 2015 the government started implementation of Youth Guarantee according to the national Youth Guarantee Implementation Plan, however it is still not clear enough how are going to reach vulnerable groups.</p>
<b>b)</b>	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <ul style="list-style-type: none"> <li>- Contributing to the reconciliation of family and working life (flexible hours etc);</li> <li>- Make stronger statements with more concrete proposed measures to fight against poverty (caregivers, people with disabilities, minorities, homeless), reform the minimum income level for caregivers;</li> <li>- Implementing the principles of inclusive education, in order to harmonize possibilities in labor market;</li> <li>- Recognizing elderly people and support them;</li> <li>- Ensuring sustainability and equal services in all municipalities;</li> <li>- Put more attention to fight against working poor situations</li> <li>- Increase minimum income</li> </ul>
<b>c)</b>	<p><b>Give brief justification for your proposals</b></p> <p>Proposals are based on research, practical information gathered from EAPN Estonia members and statistics. During past year a lot have been made (especially for families and children), Estonia will have Parliamentary elections in March, so today we are still not sure if all of proposed and promised allowances and adapted laws and regulations will be implemented as promised.</p>

## FINLAND

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<ol style="list-style-type: none"> <li>1. Reducing health inequalities, which have sharply increased. Health care costs have also been cut at the beginning of 2013 concerning medicines and travel expenses. This further undermines the possibility of low-income people to health care. Investment in prevention of health (and social) problems reduces health inequalities.</li> <li>2. Alleviating the situation and enhance the purchasing power of low income families with children, which were badly hit by the increase of consumption tax and freezing of the indexation of child allowance at the beginning of 2013.</li> <li>3. Improving the employment of disabled people.</li> </ol>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b> <ul style="list-style-type: none"> <li>- to implement and monitor closely the on-going measures to improve the labour-market position of young people and the long-term unemployed and put focus on the development of job-relevant skills</li> <li>- to take further steps to increase the employment of older workers and improve their employability</li> <li>- Implementation of reform concerning social and health care services may be a positive one in spite of cost savings because of remarkable health inequalities</li> </ul>
<b>b)</b>	<b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b> <ul style="list-style-type: none"> <li>- Continue to carry out of the ageing-related sustainability gap which demands to adjust public revenue and expenditure and to reduce institutional care of elderly people and put a stronger focus to prevention, rehabilitation and independent living</li> <li>- Implementation of the ongoing administrative reform concerning the municipal structure and cost savings in public services including social and health care services</li> <li>- To align the minimal statutory retirement age with increased life expectancy</li> </ul>
<b>c)</b>	<b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b> <ul style="list-style-type: none"> <li>- There's nothing about poverty and how to improve the position of poor people. In CRS:s the only way is to improve the employability of long-term unemployed. However many of these people will never be employed and that is why the aim should be to increase the level of basic social benefits.</li> <li>- Low income families with children and disabled people are also missing</li> </ul>

<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <ul style="list-style-type: none"> <li>- The government has accepted the Act on Care Services for the Elderly. The institutional care has been decreased and the aim to increase services provided at home for old people has failed so far. This is a negative measure if old people don't get services they need.</li> <li>- The reform of social and health care services – the suggestion of five strong regional providers – has big difficulties at the moment and probably will move over the Parliament Elections in April. The reform can be a positive development if it will improve access to social and health services.</li> <li>- The Government transfers to municipalities have been cut in the beginning of this year. This means cuts in local public services and also that municipal taxes must be raised.</li> <li>- The Labour market organizations made the decision of the minimal statutory retirement age, which will be at least 65 years by 2025. They also cut the level of future pensions. These measures had to do, but the result is not fair for all people. Especially long studied women who have been at home for many years with children will lose their pension.</li> <li>- Child allowances have been cut by 8 euros per month per child. The government compensates this by child tax deduction but the poorest families don't profit from it.</li> </ul>
<b>b)</b>	<b>Is this a positive/negative development?</b>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <ul style="list-style-type: none"> <li>- Unemployed are now able to earn 300 euros per month without losing their unemployment benefit or housing benefit. This has already helped a lot, 22 000 people have been able to receive some kind of work. Unfortunately the income limit in social assistance is lower, only 150 euros per month.</li> <li>- Basic social assistance will transfer from municipalities to the nationwide state organization, which pays also other basic benefits. This will be mostly a positive change.</li> <li>- Earnings-related unemployment benefit period may be shortened by one year. Now it is 2 years (in spite of people with work experience under 3 years, they have now 400 days). This would be a very big change and would increase poverty.</li> </ul>
<b>b)</b>	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <ul style="list-style-type: none"> <li>- Raising the level of basic security benefits</li> <li>- Reduce health and wellbeing inequalities</li> <li>- Enhance the purchasing power of low income families with children</li> <li>- Improve the position of long-term unemployed and partly employed and ensure the implementation of youth guarantee addressing the risk of social exclusion.</li> </ul>

c)	<p><b>Give brief justification for your proposals</b></p> <p>1. The income differences have risen in Finland more than in many other countries (OECD research). One reason for this is that basic security benefits are too low to enable the decent life.</p> <p>The European Committee of Social Rights (in the Council of Europe) gave the decision in September 2014 (Complaint No. 88/2012) to the complaint concerning the level of basic social benefits in Finland. The Committee holds that there is a violation of Article 12§1 of the European Social Charter concerning basic unemployment allowance, minimum sickness, maternity and rehabilitation allowances and guarantee pension and a violation of Article 13§1 of the Charter concerning social assistance and labour market subsidy. The level of this benefits do not reach at least 40 % of the median equalized income in Finland.</p> <p>2. Health and wellness differences have increased sharply. The reform of social and health care services has been delayed.</p> <p>3. Child allowances have been cut by 8 euros per month per child. The government compensates this by child tax deduction but the poorest families don't profit from it.</p> <p>4. Unemployment, long-term unemployment and especially youth unemployment has increased. It's very crucial to ensure that every young person will be offered a job, place of study, rehabilitation etc. These people need personal guidance and support, which demands enough staff in services.</p>
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## FRANCE

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<ul style="list-style-type: none"> <li>- Financial programming law over 5 years regarding the creation of social and very social housing</li> <li>- Increase in minimum income</li> <li>- Increase in the amount of money given to help people pay their rent and maintenance charges</li> <li>- A cross-national Health strategy</li> <li>- Improve access to education and reduce school inequalities due to social background</li> </ul>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b> <ul style="list-style-type: none"> <li>- Extending the offer of advice/ training to older workers, but more pro-active measures would be needed to increase demand and jobs for older workers.</li> <li>- Pursuing the reduction of inequalities in education, particularly school- drop out.</li> <li>- Ensuring that active labour market measures support access for more vulnerable groups.</li> <li>- However, for EAPN France, activation needs to be more than enforced conditionality, and should include training and accompaniment, backed with adequate minimum income.</li> <li>- Improve school-work transitions especially for the less qualified: young people leaving school without diploma or people being unemployed for a long time.</li> </ul>
<b>b)</b>	<b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b> <ul style="list-style-type: none"> <li>- Limiting the cost of retirement, which runs the risk of impoverishing retired people.</li> <li>- Rationalization of family and housing benefits although rents are increasing for years. There is an urgent need of maintaining or increasing housing benefits in this context.</li> <li>- Reduction of costs to the health service, which could increase non take up and impact negatively on health in the short and long term.</li> <li>- Extending the use of consumption taxes (eg. VAT), which will affect more strongly poor people because they don't take into account their low wage.</li> <li>- Reforms of the unemployment benefit insurance, which could reduce coverage and rates.</li> </ul>



c)	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <ul style="list-style-type: none"> <li>- NGOs are in favor of merging minimum income and employment allowances because it could favor take up of rights but they don't want people behind poverty threshold to lose money because of this reform. The CSR should mention it to their mind.</li> <li>- NGOs want more money for local actors on the ground so that they could spend more time explaining to young people they could benefit from youth guarantee, and avoid that way non take up phenomenon.</li> <li>- NGOs want more strength in the fight against non take up in the health system.</li> <li>- There should be more stress on the need of accompaniment for isolated foreign minors on the street.</li> <li>- NGOs want the production of very social housings to be increased, and the increase of housing benefits. On the 31th of March, homeless people who had been taken care of during the winter are for some of them sent back to the street till the beginning of the following winter in November each year. NGOs want that homelessness policy give solutions to people during all the year and not only during the winter.</li> <li>- NGOs want an agreement between social partners (employers and employees) so that people unemployed for a long time get trainings.</li> <li>- NGOs want the plan to fight against poverty to be implemented at the local level, which is not the case currently.</li> <li>- All these measures should be more stressed in the CSR to the mind of the NGOS and they are not.</li> </ul>
3.	<p><b>EAPN Assessment of the implementation of CSRs</b></p>
a)	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>Some CSRs have been implemented and more are to be planned: the actions to fight educational inequality, the creation of a personal training account and supported employment contracts, also the extension of the youth guarantee, as well as extension of apprenticeships, and improvement in access to care, which are mainly positive.</p>
b)	<p><b>Is this a positive/negative development?</b></p> <p>But negative CSRs have also been implemented. For instance the one consisting in cutting money coming from the state to local authorities in order to provide social services.</p>
4.	<p><b>New Developments and New Alternative CSR proposals from EAPN members</b></p>
a)	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p><i>Positive:</i> The Minimum Income (RSA) has been raised and the merging of minimum income and work incentive will be done in 2016, with the extension of the youth guarantee. The maintenance of supported work contracts is important, and there is an increase in the number of people benefiting from complementary health care.</p>

	<p><i>Negative:</i> there have been Roma evictions, demonstrating a repressive rather than an inclusive approach. Some measures helping to fight against the increase of rents or to improve the access of housing have been cancelled, although they were foreseen.</p>
<b>b)</b>	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <ul style="list-style-type: none"> <li>- Financial programming law over 5 years regarding the creation of social and very social housing.</li> <li>- Extension of the possibility to go to the doctor without having to pay first. The health insurance pays for you.</li> <li>- A national agreement with the social partners so that long-term unemployed people can get training free.</li> <li>- Increase in minimum income.</li> <li>- Increase in housing allowance</li> <li>- Improve access to education, especially for young school-dropouts. Some states like Finland have put in place tools, which fight against school- dropout, which is a de-socialising factor. Exchanges of good practice between teachers, trainers, tutors, all personal connected to education and training at European level would thus be useful.</li> <li>- Fighting against the lack of accompaniment for isolated foreign minors in the street.</li> </ul>
<b>c)</b>	<p><b>Give brief justification for your proposals</b></p>

## GERMANY

1.	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<p>It is still important that the promotion of employment (especially for women, people with migration background and people with disabilities) must be accompanied with existence-securing wages and obligation to contribute to social insurance. Although the minimum-wage was established in Germany 2015, it is important to pay attention that no / or not too many exceptions are going to be allowed.</p> <p>Further on in poverty measurement transparent procedures must be found that for instance take participation and periods spent in the job market into the view. Beyond that, further factors (the at-risk-of-poverty rate, material deprivation etc.) must be considered than only the number of long-term unemployed people.</p> <p>To promote the social integration of socially-disadvantaged target groups, appropriate financial means must be made available for training, coaching, counseling etc. Amongst other things this could be realized by the 20 per cent appropriation of payments of development funds from the ESF.</p> <p>A more extensive approach to fight poverty and to improve social inclusion must be implemented to decrease inequality.</p> <p>A reform of the tax-system, establishing tax on financial transactions would help to be able to make more and sustainable social investments.</p> <p>Avoid child poverty.</p> <p>To avoid the dependency of social origin and educational success it is necessary to improve the education system.</p>
2.	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
a)	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <ul style="list-style-type: none"> <li>• "Improve the efficiency of the tax system, in particular by broadening the tax base... "(# 1, S. C 247 /23). So far the tax system is linear and progressive in Germany, the so-called cold-progression is mostly bad for low-wage-earners, for that reason we need in that extend to reform the tax system. Furthermore is the overall tax rate of the highest income group (top 10 percent of the median income) lower than the overall tax rate of the middle-income group. We need a reform for better tax fairness.</li> <li>• "... reducing high taxes and social security contributions, especially for low-wage earners..."(# 2, p. C 247 /23). It is important to discharge the tax weight from low earners. The question would be how to compensate the drop of tax contributions? One option being the increase in tax rates for people who earn above average.</li> </ul>

	<ul style="list-style-type: none"> <li>• “Improve the employability of workers by further raising the educational achievement of disadvantaged people and by implementing more ambitious activation and integration measures in the labour market, especially for the long-term unemployed.” (# 2, p. C 247 /23). During the crisis, the means for activation and training programs were reduced. To improve employability skills suitable training measures, appropriate employment service and sufficient financial means are needed.</li> <li>• “... facilitate the transition from mini-jobs to forms of employment subject to full mandatory social security contributions.” (# 2, p. C 247 /23).</li> <li>• “... address regional shortages in the availability of fulltime childcare facilities and all-day schools while improving their overall educational quality.” (# 2, p. C 247 /23). In order to upgrade work-life balance and to improve early childhood education that is a significant recommendation. Especially in western Germany childcare facilities are still neither effective nor able to reach consistent quality standards.</li> </ul>
b)	<p><b>Highlight the Commission’s negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <ul style="list-style-type: none"> <li>• “...that the general government debt ratio remains on a sustained downward path... Complete the implementation of the debt brake consistently across all <i>Länder</i>” (# 1, p. C 247 /23). Stop suggesting fiscal austerity! This course leads to fewer investments especially in social services. We need investments in the social and educational system.</li> </ul> <p><b>Critical aspects:</b></p> <ul style="list-style-type: none"> <li>• “... increasing incentives for later retirement“ (# 1, p. C 247 /23). On the one hand - facing the demographic change - it is correct that it should be possible for elderly people to work as long as they can and want. There is a growing percentage of the elderly people getting a pension at basic social benefit level. Consequently they have to work even after their retirement. But on the other hand the government should not force the elderly to work at an old age, because of health issues ... It would be important to gradually establish flexible ways of moving into retirement, for instance: Chances to retire earlier if the earning ceiling for the allowed additional income gets more loosely, no more sharp restrictions on additional income...</li> <li>• “Take more ambitious measures to further stimulate competition in the services sector (remove the remaining barriers..)”(# 4, p. C 247 /24). Conditions for optimum competition are not the only solution. Social (and professional) standards have to be maintained.</li> </ul>
c)	<p><b>What are the main gaps in the Commission/Council’s CSRs for your country, what is missing?</b></p> <p>So far the Commission did not suggest implementing a comprehensive strategy to tackle poverty and to improve social participation. It would be the most critical!</p> <p>The CSRs focus on macro-economic and labour-market issues and lack addressing those target groups to those who cannot enter the regular labour market because of social, health, age etc. obstacles.</p> <p>The emphasis on austerity and competition should be criticized because of the negative effects on social services/social sector.</p>

<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>Since January 2015, the minimum wage applies: Almost four million workers will benefit from minimum wage. But there are exceptions: minors without qualifications, apprentices and trainees/interns and long-term unemployed are also excluded from the system for the first 6 months of a new employment.</p> <p>The retirement age has been gradually increased since 2012 to 67. Pension reform that implied the inclusion of the time spent raising children in the pension insurance and the possibility for early retirement at the age of 63 if you have contributed to the pension insurance for at least 45 years. Reform of disability benefits!</p> <p>Federal Government: achievement of the "black zero", but debt still in various <i>Länder</i> and Regions. Discharge of countries: new law on the discharge of communities and countries: A sum of one billion euros are going to be taken from the municipalities in the years 2015 to 2017. From 2018 the discharge of the municipalities is going to be 5 billion euros annually.</p>
<b>b)</b>	<p><b>Is this a positive/negative development?</b></p> <p>The establishment of a minimum wage in Germany was a long-standing request of trade unions and civil society. Therefore, the introduction of the reform in 2015 is a positive step but it has to be thoroughly monitored (exemptions, economic development). Yet long-time unemployed will not profit from it. A set of measures has to be taken in order to help them access the labour market. Nevertheless, there is a significant group that probably will not manage to get into regular employment. It is important to offer them opportunities for social and economic inclusion...</p> <p>Pension reform: The inclusion of the time spent bringing up children in the pension insurance and therefore higher pensions are taken into account in the minimum needs-based provision in old age. Furthermore, women with a higher risk of poverty do not benefit from that reform. There is a similar problem with the opportunity for early retirement at the age of 63 years. This is only allowed if one contributed to the pension insurance for at least 45 years, mainly men do benefit from that reform.</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <ul style="list-style-type: none"> <li>• Pension Package: „Pension of mothers“ (s.o.) / Pension for early retirement / improved capacity pension/higher budget for rehabilitation</li> <li>• Minimum wage (discussed contradictory)</li> <li>• Personal Leave for Caregivers Act: to improve compatibility of care and work</li> <li>• Parental Benefits „Plus“: Improvement of parental leave</li> </ul>

b)	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <p>A more extensive approach to fight poverty, especially child poverty, and to improve social inclusion must be implemented to reduce inequality: including e.g. an inclusive labour market, an educational system that avoids the causal link between social backgrounds and educational success...</p> <p>We need a discussion about the income and the expenses of the state: transparent and sustainable to secure general interests. E.g. a reform of the tax-system, establishing the financial transaction tax would help to make more and sustainable social investments.</p> <p>Furthermore the measurement of poverty and transparent procedures must be found in order to take in account the involvement and period of time spent in the labour market. Beyond that, further factors (the at-risk-of-poverty rate, material deprivation etc.) must be considered rather than the only number of long-term unemployed people.</p>
c)	<p><b>Give brief justification for your proposals</b></p> <p>Poverty and exclusion is still tackled mainly by means of employment policies, suggesting Increasing the numbers of employed/curb unemployment. Although this is an important matter it is not comprehensive. Social protection and social services need to be strengthened and investments are needed.</p>

## IRELAND

1.	Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)
	<p><b>Proposals for Country Specific Recommendations for Ireland 2014</b></p> <ol style="list-style-type: none"> <li>1. Ensure active and meaningful consultation with all stakeholders in the development and implementation of the NRP. This must be adequately resourced.</li> <li>2. Implement a multi-annual strategy to reverse the growth in poverty and inequality, using taxation and redistribution and using public and transparent poverty and equality impact assessments as planning and evaluation tools for all policy proposals, including the annual Budget. Existing social inclusion, gender equality and anti-poverty targets and long-standing social inclusion and equality commitments should be clearly reflected within Ireland's newly developed Medium Term Economic Strategy.</li> <li>3. Implement an integrated active inclusion strategy, emphasizing:             <ol style="list-style-type: none"> <li>i. Welfare reform to ensure that everyone has access to the resources needed for a decent life</li> <li>ii. Appropriate activation services, supports and initiatives tailored to the very different starting points for individuals and groups, particularly those furthest from the labour market and those with low educational qualifications and literacy difficulties and accessible to those not on the Live Register, for example on Disability Allowance or One Parent Family Payment.</li> <li>iii. Activation policies should reflect a commitment to and assess the impact of large-scale activation of those with caring responsibilities, who are mostly women, parents, and lone parents in particular, and encompass an appropriate range of activation options with due recognition of caring responsibilities.</li> <li>iv. Quality and accessible jobs with a living wage as the focus of job creation strategies, with particular regard to the problems of in-work poverty, poverty traps and precarious work. The promotion of secure working conditions and income levels that support a decent standard of living should not be undermined by any political drive towards a 'low-wage economy'.</li> <li>v. Restoration of essential services for the most vulnerable, many of which have been cut back to skeleton levels, to adequate and sustainable levels, including services provided by community organizations with a large voluntary input.</li> </ol> </li> <li>4. Include social inclusion and equality, including gender equality, as cross-cutting goals for the Structural Funds Programmes for Ireland for the 2014-2020 period. NGOs, including anti-poverty organizations, must be key partners in the design and delivery of programmes.</li> </ol>

<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <p>The Commission's 2014 CSRs for Ireland included two potentially positive CSRs. The first relates to employment and unemployment and the second to addressing the needs of low work intensity households.</p> <p><i>1. Pursue further improvements in active labour market policies, with a particular focus on long-term unemployment, the low-skilled and in line with the objectives of a youth guarantee, young people. Advance the on-going reform of the further education and training (FET) system, employment support schemes and apprenticeship programmes. Offer more workplace training; improve and ensure the relevance of FET courses and apprenticeships with respect to labour market needs. Increase the level and quality of support services provided by the Intreo Labour offices. Put in place a seamless FET referrals system between Intreo offices and Education and Training Boards.</i></p> <p><i>2. Tackle low work intensity of households and address the poverty risk of children through tapered withdrawal of benefits and supplementary payments upon return to employment. Facilitate female labour market participation by improving access to more affordable and full-time childcare, particularly for low income families.</i></p> <p>These CSRs potentially address some of the issues outlined in EAPN Ireland's proposals. However it very much depends on how these Recommendations are implemented. There is potential around ensuring that activation and Further Education and Training supports are well coordinated as both have been recently reformed and are taking time to settle down. However, to date the approach to activation has been very narrow, with an increased focus on conditionality as opposed to an empowering service.</p> <p>On the second CSR, tapering the withdrawal of benefits and payments upon return to work is a positive proposal. Access of affordable, full-time childcare for everyone, is a major issue which the Commission has been raising for Ireland even throughout the Lisbon Strategy process. However, there is no mention of 'quality' which is a critical issue in term so delivery. Also the focus and driver for access to quality childcare must not be limited to improving access labour market participation but to participation in society more generally. Any development in this area requires investment, which is very difficult to do while staying within the EU deficit and debt rules and which overshadows the CSRs for Ireland.</p>
<b>b)</b>	<p><b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <p>Economic and financial considerations dominate the 2014 Country Specific Recommendations for Ireland. This is reflected in the macroeconomic objectives set out in the first Recommendation which then sets the tone for how issues such as</p>



	<p>health and access to the legal system are addressed, but also impact on the CSRs overall for example investment in affordable and accessible childcare and a well resources activation system.</p> <p>However there is a real danger that achieving the budget deficit and debt thresholds outlined in the Growth and Stability Pact can have the effect of undermining the commitments signed up to in the Europe 2020 strategy aimed at bringing about smart, sustainable and inclusive growth. Since the introduction of Europe 2020 strategy consistent poverty in Ireland has increased from 4.2% to 8.2% of the population. Those in consistent poverty are those below the poverty line who also live in enforced deprivation.</p>
c)	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>The Country Specific Recommendations (CSR) do not include recommendations on some key areas which should be addressed if Ireland is to bring about balanced smart, sustainable and inclusive growth. This includes the areas of climate change, resource efficiency, poverty reduction, gender mainstreaming, pensions and access to quality housing, health and long-term care.</p>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
a)	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>In general the Government appears to be taking the CSRs seriously at both a political and Departmental level but it is too early to identify what the impact of the 2014 CSRs will have on Government policy.</p> <p>There have been some increases in some secondary social welfare payments in Budget 2015 but no change in the qualification criteria. While it maybe not linked to the CSRs there is a new in work Back to Work Family Dividend of €29.80 for lone-parents or long-term Jobseekers with children who are returning to work. It is retained fully for one year and half for the second year. This means they effectively retain the "Qualified Child Increase" which is payable to those with children who were on a working age payment.</p> <p>The Government is also to set up a new Inter-Departmental group on Childcare affordability. While this is an important development it needs to ensure that no easy solution is taken which ignores the issue of 'quality' alongside affordability as important elements of accessibility.</p> <p>The implementation of the Youth Guarantee as proposed in the CSR has been flawed on three fronts. First, while the National Implementation Plan was launched in January 2014, progress towards implementation has been slow and limited since then. Based on early returns on activity in 2014, it is likely that the provision of education, training and work experience places for young jobseekers will fall well below promised targets. Also contrary to the CSR the Youth Guarantee does not include all young unemployed people, the plan as currently devised excludes approximately 20,000 young people who are in receipt of either a one parent family and/or disability payment. Finally despite assurances that Government would engage</p>

	<p>with stakeholders in developing and implementing the Youth Guarantee, there has been no consultation with organizations representing young people and youth organizations.</p>
<b>b)</b>	<p><b>Is this a positive/negative development?</b></p> <p>The new Back to Work Family Dividend is a positive development. It will take time to see what other changes arise as a result of the CSRs. The CSR on macroeconomic deficit and debt targets is been taken seriously as an overall guide on budgetary policy.</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p>There were some positive changes introduced in Budget 2015 and which came into effect in January 2015, which should have a small positive impact. There relate to increases in some secondary welfare supports such as a €5 increase in Child Benefit and the return of a half of the extra weeks Christmas Bonus for long-term social welfare recipients, and the introduction of the new Back to Work Family Dividend. There was also a large budget allocated to address the current crisis in housing and specifically the deficit in social housing and the rapid increase in homelessness. However, because of the introduction of a new water charge in 2015 some families will experience a loss of income.</p> <p>Overall Budget 2015 was assessed as being regressive. An Economic and Social Research Institute (ESRI) report shows that those on the lowest incomes saw a 1% reduction in incomes while those on the top end had an increase of around 0.5%. The main cause of this is the introduction of a flat rate Water Charge, which comes into effect in 2015 with the only difference in charges being for single and multiple adult households and not for different levels of household income.</p> <p>Changes for one-parent families, which have been coming into effect over the past few years, are having a major negative impact. This related to a policy change whereby lone-parents will be taken off their One-Parent Family Payment and moved to Jobseekers Transitional Allowance once their youngest child reaches 7 years of age. Currently lone-parents retain their lone-parent payment until their child is 14 years of age. In July 2015 these changes will have the greatest impact as it will affect over 39,000 lone parents. Apart for the potential impact on incomes in lone-parent families there is also a challenge for activation services arising from the lack of investment in affordable, quality childcare and after-school care in Ireland. Most recent poverty data shows that in 2013 over 63% of lone-parents were living in enforced deprivation.</p> <p>The announcement of a Commission on Low Pay to look at the adequacy of the Minimum Wage and at the issue of precarious work is welcome but it will be important that it results in positive changes and policies, which ensure that those in low-paid work can have an adequate income.</p>

b)	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <ol style="list-style-type: none"> <li>1. Poverty, equality and gender impact assessment needs to be carried out on all relevant policies including economic policies for example the national Budget. This will ensure consistency in the policy making process and ensure that the social, economic and environmental dimensions of Europe 2020 are considered in tandem.</li> <li>2. The necessary steps must be taken to broaden the tax base and increase tax levels towards the EU average while strengthening the fairness and progressiveness of the taxation system.</li> <li>3. Address unemployment and improve access to quality employment particularly for those most distant from the labour market through: <ol style="list-style-type: none"> <li>i. Active labour market policies, including any incentives for employers, must support progression towards quality employment; to underpin this, the level and quality of public employment services must be raised and delivered in a positive and enabling manner that supports service users to make informed and meaningful choices.</li> <li>ii. Given the current and long-term pressure placed on individuals and the state through the increasing prevalence of low paid, precarious work, there is need for a 'quality' indicator on employment with one mechanism of accountability being the attachment of social clauses, including clear gender equality criteria, to all public spending, grants and procurement.</li> <li>iii. Evident within Ireland's labour market are a range of equality and social inclusion issues that require specific responses. For example, age; ethnicity; rural and regional areas with high unemployment; communities living with urban disadvantage; people parenting alone; and people living with disabilities. Public Employment Services must be open to and be responsive to the needs of all people of working age, a concept that now must include people aged over 65 who wish to enter or re-enter the labour market.</li> <li>iv. Particular issues around gender inequality persist and measures must be introduced to reduce their impact over the lifecycle. Specific measures must be introduced to reduce the gender pay gap of 14.9%, which contributes to longer term pension insecurity and inequality for many women. This includes improved family leave policies, gender equality targets at management and board level and firm measures to tackle precarious work and increased use of non-fixed hour contracts.</li> <li>v. To ensure Ireland's economic recovery is inclusive the Action Plans for Jobs must spell out how they will assist in addressing structural unemployment and exclusion from the labour market: including the role local, green and social economic activities will play.</li> <li>vi. The Irish Government must accelerate efforts to implement the Youth Guarantee, with the provision of additional quality education, training and work experience places. Also young people with disabilities and lone parents who are unemployed and currently excluded from the scheme should be included. Government should also commit to consulting and engaging with civil society at national and local level with regard to the roll out of the programme.</li> </ol> </li> </ol>
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	<ol style="list-style-type: none"> <li>4. In extending its current National Action Plan for Social Inclusion and in developing a five year successor the Irish Government needs to urgently implement an integrated and comprehensive strategy which aims to reduce inequality, eliminate poverty and promote social inclusion for all groups in society, ensuring access to rights, resources and services for everyone. This strategy must address access to adequate income (whether in or out of work), to quality services and to an inclusive labour market with decent jobs for those who can work. It must also recognise and deliver social and economic inclusion beyond the labour market including addressing issues of child poverty, pension inequality for women and equal participation in decision making.</li> <li>5. Immediately implement the European Commission directive on investing in children and ensure that the new strategy contains targets and commitments for reducing child poverty and investing in a national social infrastructure for children to cover both childcare and early childhood education and care.</li> <li>6. Put in place the measures to fully deliver on an affordable and publicly funded Early Childhood Care and Education (ECCE) sector, with high quality standards including a professional workforce, streamlined programmes, with reduced costs including administrative costs and higher and more consistent quality of care provided.</li> <li>7. Offer people with less than National Framework for Qualifications (NFQ) level 4 (Level 4 is the equivalent of the Leaving Certificate in Ireland) and with literacy and numeracy needs access to an intensive programme (15-20 hours per week) with an option to accreditation at NFQ level 3 and a work placement.</li> <li>8. Given the range of learning attainment and needs amongst unemployed people and others living in jobless households, the provision of education and training courses that will improve their employment status is absolutely critical. This provision must be learner centred, facilitate on-going skill development and enhance life-long outcomes.</li> <li>9. Irish government must take immediate steps to promote a more sustainable housing market by promoting supply across all tenures in areas of high market demand and by taking particular steps to ensure that the housing needs of disadvantaged and vulnerable groups are met.</li> <li>10. The Government must take action to address health inequalities in Ireland. The principle of achieving measurable patient health outcomes must be integrated and used as the driver across all elements of the public health system rather than the current focus on financial efficiencies.</li> <li>11. The Irish Government must facilitate the participation of civil society in making and implementing policies and decisions that impact on their lives. This must include the participation of people experiencing poverty and social exclusion and ensure that local and national civil society organisations have an independent voice and the capacity to participate.</li> <li>12. The Irish Government must accelerate efforts to implement the Youth Guarantee, with the provision of additional quality education, training and work experience places. Also young people with disabilities and lone parents who are unemployed and currently excluded from the scheme should be included. Government should also commit to consulting and engaging with civil society at national and local level with regard to the roll out of the programme.</li> </ol>
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c)	<p><b>Give brief justification for your proposals</b></p> <p>In general in Ireland the deficit and debt thresholds of the Growth and Stability Pact dominates policy in all other areas and over the past seven years has continued to have a seriously negative impact on social policy. There is need for a greater balance in economic and social goals at EU and national level with an assessment of social impact of economic policies being taken into account before decisions are made.</p> <p>Over the past seven years Irish Governments have made cuts to essential supports and services, which have resulted in increased poverty, social exclusion and inequality. Local community service infrastructure has been eroded, particularly for those who most need them. By 2013 almost 31% of the population and 37% of children were experiencing material deprivation, up from 14% and 18% respectively since 2008. The number experiencing 'consistent poverty' (i.e. those below the at-risk of poverty line who experience deprivation) has doubled since 2008 to 8.2%. The Government will need to remove nearly 193,000 people from poverty and halve the current number to meet its target of 4% or less in consistent poverty by 2016. Despite various cuts however, it is recognized that social transfers have however reduced the risk of poverty from almost 50% of the population to 15.2%.</p> <p>While in Ireland there is much talk politically about a recovery and employment has fallen from 15% in the Q1 2012 to 11.1% in Q3 2014 many people are still not seeing the benefits.</p> <p>While poverty levels are extremely high the main solution being progressed by Government is access to the labour market. There have also been some measures to address access to housing. While access to decent work with adequate pay would provide a solution for many people in exiting poverty, it is not an option for everyone. At any time many people will be dependent on social welfare supports and also access to quality services is essential for everyone throughout the lifecycle. Many groups also experience higher levels of poverty and social exclusion and face different barriers to their full social and economic participation. Also in 2013 one in five of those in work was in material deprivation and 5% were at-risk of poverty. Therefore what is needed is a new integrated national strategy to address poverty and social exclusion, which is backed up by a programme of investment to ensure it is implemented.</p>
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## ITALY

1.	Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)
	<p><b>1. Participation / civil dialogue</b></p> <ul style="list-style-type: none"> <li>a. Give the possibility to the stakeholders to contribute effectively to the elaboration of the National Reform Program and involve them in the implementation of anti poverty policies and measure;</li> <li>b. Promote an active, meaningful, effective and structured dialog with the ONGs and other stakeholders engaged in the fight against poverty and social exclusion</li> <li>c. Assure that this contribution is reflected in the contents of the NRP and that of the NSR.</li> <li>d. Develop the National Social Report that is still due to this day (as a matter of fact, the Italian government has not yet presented its NSR), ensuring that this report reflects the proposals and recommendations of the stakeholders involved in the fight against poverty and exclusion and the people living in poverty and social exclusion.</li> <li>e. Shift the view on social inclusion policies, moving from the current "failure or partial assistance" to the promotion of active inclusion measures, and social inclusion, particularly for young people.</li> <li>f. Put in pace all necessary actions for understanding the phenomena of poverty and exclusion on the basis of experience conduct for the understanding of the phenomenon of homeless aware that the level of poverty has now reached the threshold of 13 million people at national level but that in the Southern regions , there is an unbearable level of poverty, reaching and exceeding 30% of the population;</li> <li>g. Effectively involve those network of organizations and structures that, at the local level , have been carrying out studies and awareness actions on poverty and social exclusion;</li> <li>h. Actively involve regional governments in the knowledge of the phenomenon and the elaboration of the National Reform Program and National Social Report;</li> <li>i. Encourage local governments on the basis of the good practices that are being developed at the regional level, to deepen the understanding of the phenomena and to develop plans and measures to combat poverty, since poverty and exclusion need to be addressed at the local level.</li> </ul> <p><b>2. Social protection:</b></p> <p><i>The expenditure for the fight against poverty , to social exclusion and unemployment is the lowest in Europe amounting to only 0.26% ;</i></p> <ul style="list-style-type: none"> <li>a. It is essential to improve the reclassification and to verify the effectiveness of spending on social protection and we need to reduce the incidence of incidental expenses (administration costs and others) that are in Italy 1 , 74% compared to average EU 27, which amounts to 0.83%.</li> </ul> <p>We therefore call on the Italian government to implement all efforts to rebalance spending on social protection also with an important contribution of solidarity on the part of pensioners luckier who receive pensions than 7 times higher than the</p>

	<p>minimum pension, allocating proceeds to pay the costs for the fight against poverty, housing and to combat unemployment.</p> <p><i>Finally, after far too long , the current government has proposed and announced a program of support for Active Inclusion with the activation of a form of minimum income even if , as since Italy finally comes closer to other EU countries even if it is only a first step in the right direction. Unfortunately, this measure has remained only on paper because the government did not have the courage to choose the right priorities and the proposed measure was not financed within the 2014 Stability Law.</i></p> <p>b. We repeat, therefore, that it is urgent to activate measures of active inclusion that can lift people out of poverty; a national system of adequate income support that is the first real step to fight poverty and ' social exclusion.</p> <p>c. To achieve this, it is important that the government shifts its priorities in public spending by increasing the availability of resources (at least 5% of GDP) to combat poverty and social exclusion, for the ' housing and unemployment.</p> <p><b>3. Inclusive Labor Market</b></p> <p><i>Urgently put in place a extraordinary strategy for employment by focusing on:</i></p> <p>a. developing high quality work through significant investments in research, development and innovation;</p> <p>b. put in place all the necessary actions to attract more young people into scientific careers and increase the rate of graduates in sciences;</p> <p>c. encourage local development through investments in new areas and promote the recovery of traditional activities and crafts which have been abandoned by young people but may offer new employment opportunities;</p> <p>d. reduce administrative costs and taxes on labor, both from the side of the employers and that of the workers, which in Italy are among the highest in Europe; increase net wages which are very low and therefore increase the number of working poor;</p>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission’s positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <ul style="list-style-type: none"> <li>- Again the Commission’s recommendations to the Italian government were very light and generic;</li> <li>- For the first time the “recommendation” mentions the poverty and social exclusion and the extension of social assistance scheme; <ul style="list-style-type: none"> <li>- <i>Work towards a more comprehensive social protection for the unemployed.</i></li> <li>- <i>Improve the efficiency of public administration clarify competences at all levels of Government. Ensure better management of EU funds by taking decisive action to improve administrative capacity, transparency, evaluation and quality control both at national and regional level, especially in southern regions.</i></li> <li>- <i>Preserving growth-enhancing spending like R&amp;D, innovation, education and essential infrastructure projects.</i></li> <li>- <i>Adopt effective action to promote female employment, by adopting measures to reduce fiscal disincentives for second earners and providing adequate care services.</i></li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>- <i>Provide adequate services across the country to non-registered young people and ensure stronger private sector commitment to offering quality apprenticeships and traineeships by the end of 2014, in line with the objectives of a youth guarantee.</i></li> <li>- <b><i>To address exposure to poverty and social exclusion, scale-up the new pilot social assistance scheme guaranteeing appropriate targeting, strict conditionality and territorial uniformity, and strengthening the link with activation measures. Improve the effectiveness of family support schemes and quality services favoring low-income households with children.</i></b></li> <li>- <i>Implement the National System for Evaluation of Schools to improve school outcomes in turn and reduce rates of early school leaving. Increase the use of work-based learning in upper secondary vocational education and training and strengthen vocationally-oriented tertiary education.</i></li> </ul>
<b>b)</b>	<p><b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <p>The Commission recommendations, after the mentions of the poverty and social exclusion and of the enlargement of social assistance scheme affirm "in compliance with budgetary Targets"</p>
<b>c)</b>	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <ul style="list-style-type: none"> <li>- Again, the Commission/Council have focused their recommendations on the budgetary strategy, governance, fight against tax evasion, fight against shadow economy and undeclared work, the implementation of the liberalization and simplification measures in the services sector.</li> <li>- The commission/Council recommendations have overlooked completely the necessity of the contribution of stakeholders to elaboration of the National Reform Program and to involvement them in the monitoring and implementation of anti poverty policies and measure;</li> <li>- Another forgetfulness is the necessity of the elaboration of the National Social Report useful to the understanding of phenomena and the causes of poverty and exclusion and as an important contribution in drawing up the NRP.</li> </ul>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>The Italian government initiated the labor reform, called Job Act, with the objective to be a part of increasing employment by promoting the implementation of an employment contract, the so-called protection growing, so as to promote labor mobility, with greater ease in the early years and eliminating some stiffness, only for new workers, in existing labor contracts to date, especially for the dismissal in businesses with more than 15 workers due to economic causes. On the other hand, the protection against discriminatory and disciplinary dismissals are extended to all workers employed under the new contract.</p> <p>These changes to the rigidity of the system of layoffs have raised criticism from unions Italian who came to proclaim the general strike.</p>



	<p>This reform will try to curb the proliferation of atypical forms of work, which led to the perennial insecurity especially for young people, promoting the permanent employment of all workers with the protections that will grow in relation to length of service .</p> <p>The reform has also transformed the old dole, called ASPI (Social Insurance Employment), which will be compared to the contributions paid by the worker. Who has the "contributory career" more important will be entitled to a longer life dell'Aspi, even over 18-month highs set up to now. The Aspi will be extended to the employment contracts, until as these professionals will not be permanently deleted from the contract in protections growing. For those who will be found in the most difficult situation, you may have introduced a "second Aspi".</p> <p>Maternity protection: It will be extended to workers without a permanent contract, will be done through solidarity contracts "active" which should allow everyone to reconcile times of work and life.</p> <p>Employment Agency - will be strengthened active policies to encourage the supply and demand come meet with the establishment of a national agency for the job, in hopes that the government should work as in the German model.</p>
<b>b)</b>	<p><b>Is this a positive/negative development?</b></p> <p>This reform has in two aspects: on the one hand the positive aspects of the extension of contracts of indefinite duration, which will lead to the extension of protections for new employees with increasing length of labor, replacing also temporary contracts, which in Italy have numerous forms, which have led to situations of exploitation, particularly of young people without any coverage rights and with paltry wages.</p> <p>The downside is on the one hand the coverage of the rights that will be gradual over time being linked to length of employment for new employees; the other side, again for new hires, the limited coverage of the rights to the dismissals of economic for which workers can no longer turn to justice but can use only to compensation statement.</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p>During 2014 we have seen a first attempt to activate a form of tax justice with a redistribution of resources (approximately € 1,000 net per year) to workers who earn less than € 1,500 per month.</p> <p>The downside is that they are excluded from this benefit the poor who do not have work, the pensioners and the young people working the precariously with false VAT numbers.</p>

b)	<p><b>Give your EAPN 2014 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <p><b>1. Participation / civil dialogue</b></p> <ul style="list-style-type: none"> <li>a. Open to effective contribution of stakeholders to the elaboration and monitoring of the National Reform Program;</li> <li>b. Develop the National Social Report that is still due to this day (as a matter of fact, the Italian government has not yet presented its NSR), ensuring that this report reflects the proposals and recommendations of the stakeholders involved in the fight against poverty and exclusion and the people living in poverty and social exclusion.</li> <li>c. Put in place, finally, a National Anti Poverty Strategy and Program with all necessary actions for understanding the phenomena of poverty and exclusion;</li> <li>d. Effectively involve those network of organizations and structures that, at the local level, have been carrying out studies and awareness actions on poverty and social exclusion;</li> <li>e. Actively encourage regional governments in elaboration of Regionals Anti Poverty Strategies and in relate Programs linked to the knowledge of the poverty phenomenon;</li> </ul> <p><b>2. Social protection:</b></p> <p>We reaffirm the call on the Italian government to implement all efforts to rebalance spending on social protection also with an important contribution of solidarity on the part of pensioners luckier who receive pensions than 7 times higher than the minimum pension, allocating proceeds to pay the costs for the fight against poverty, housing and to combat unemployment.</p> <p>Finally, profiting also of the support of NOP inclusion, put in place a universal form of minimum income, even if it is only a first step in the right direction.</p> <ul style="list-style-type: none"> <li>f. We repeat, therefore, that it is urgent to activate measures of active inclusion that can lift people out of poverty; a national system of adequate income support that is the first real step to fight poverty and the social exclusion.</li> <li>g. To achieve this, it is important that the government shifts its priorities in public spending by increasing the availability of resources (at least 5% of GDP) to combat poverty and social exclusion, for the ' housing and unemployment.</li> </ul> <p><b>3. Inclusive Labor Market</b></p> <p>Urgently put in place an extraordinary strategy for employment by focusing on:</p> <ul style="list-style-type: none"> <li>h. developing high quality work through significant investments in research, development and innovation;</li> <li>i. putting in place all the necessary actions to attract more young people into scientific careers and increase the rate of graduates in sciences;</li> <li>j. encouraging local development through investments in new areas and promote the recovery of traditional activities and crafts which have been abandoned by young people but may offer new employment opportunities;</li> </ul>
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	<ul style="list-style-type: none"> <li>k. reducing administrative costs and taxes on labor, both from the side of the employers and that of the workers, which in Italy are among the highest in Europe;</li> <li>l. increasing net wages which are very low leading to the rise of working poor;</li> </ul>
<b>c)</b>	<p><b>Give brief justification for your proposals</b></p> <p>The time is ripe for an effective strategy to combat poverty; our alternative recommendations push in this direction and therefore in part are similar and complete those of 2014.</p>

## LATVIA

1.	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	N/A
2.	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
a)	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <p>(12) Latvia has made progress in tackling unemployment, which has fallen considerably. However, youth unemployment is still relatively high and there is a need for outreach measures for non-registered inactive youth. Although Latvia has taken measures to address skills mismatches and the quality of vocational education, these still require attention, in particular in improving the quality of apprenticeships and in developing comprehensive career guidance. Active labour market policies are still limited in scope and over rely on public works.</p> <p>(13) Working age poverty remains very high in Latvia. Latvia has taken some steps to reform social assistance and has completed a large-scale assessment of the social security system providing a solid basis for an evidence-based reform. It has significantly increased various child-related benefits, and raised the nontaxable thresholds in personal income tax for dependents. However, the effectiveness of social protection in terms of poverty reduction remains poor and designing an effective social safety net remains a challenge. Overall, a high proportion of the population is at risk of poverty or social exclusion, and even more so for children. Families with children, the unemployed, people with disabilities and people living in rural areas are at a particularly high risk of poverty and social exclusion. Latvia's spending on social protection as a percentage of GDP is the lowest in the Union. Access to healthcare is hampered by costs, including high out-of-pocket payments and prevalent informal payments, leaving a high proportion of the population with unmet healthcare needs. There is room for improvement to enhance the efficiency of the system, ensure cost-effective financing and promote disease-prevention activities.</p> <p>HEREBY RECOMMENDS that Latvia take action within the period 2014-2015 to:</p> <p>1. Preserve a sound fiscal position in 2014 and strengthen the budgetary strategy as of 2015 (please do recommend to realize it not on the poor people account as done before!!!), ensuring that the deviation from the medium-term objective remains limited to the impact of the systemic pension reform. Pursue efforts to further reduce the tax burden on low-income earners (starting from minimal salary level) in the context of a shift towards more growth-friendly property and environmental taxes and by improving tax compliance and collection.</p> <p>3. Reform social assistance and its financing further to ensure better coverage, adequacy of benefits (not less than 60% of minimal salary), strength events of activation and targeted social services. Increase coverage of active labour market policies. Improve the cost-effectiveness, quality and accessibility of the healthcare system.</p>

<b>b)</b>	<p><b>Highlight the Commission’s negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <p>(12) progress in tackling unemployment? It is because part of population emigrated (% counted to full inhabitants rate) and considerable part do not see need/reason to be registered, because no benefit longer as 9months. No real private production, manufacturing, trade development in the country.....</p> <p>(13) Working age poverty remains very high? in Latvia. Latvia has taken some steps? to reform social assistance and has completed (how?) a large-scale? assessment of the social security system providing a solid? basis for an evidence-based? reform. It has significantly? increased various child-related benefits (max 34EUR/pp/month – is it ok?) , and raised the nontaxable thresholds in personal income(do you know to which level?) tax for dependents. However, the effectiveness of social protection in terms of poverty reduction remains poor (it is dramatically right!) and designing an effective social safety net remains a challenge. Overall, a high proportion of the population is at risk of poverty (they are in poverty, not just in risk, guaranteed by state benefit is max50EUR/pp/month) or social exclusion, and even more so for children. Families with children, the unemployed, people with disabilities and people living in rural areas are at a particularly high risk of poverty (they are in poverty, not just in risk) and social exclusion. Latvia's spending on social protection as a percentage of GDP is the lowest in the Union!!! (and mostly from municipal budget. State budget should facilitate municipalities). Access to healthcare is hampered by costs!, including high out-of-pocket payments! and prevalent informal payments, leaving a high proportion of the population with unmet healthcare needs!!!. There is room for improvement (to which level and little explain supposed standards) to enhance the efficiency of the system, ensure cost-effective financing and promote disease-prevention activities.</p>
<b>c)</b>	<p><b>What are the main gaps in the Commission/Council’s CSRs for your country, what is missing?</b></p> <p>Real figures, not % and real result supposed should be mentioned</p>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<p><b>How far have the Commission/Council’s CSRs proposals been implemented by your national government since July 2014?</b></p> <p>Very formally!!! because also recommendations are very inconcrete and in “could” not “should” form. The “could” formulation allows also could not to do.....</p>
<b>b)</b>	<p><b>Is this a positive/negative development?</b></p> <p>It is very, very slow understanding coming from the government side, but, inhabitants should live already today, but not in expectations happens in far future...</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p>NGO and inhabitants should have more influence/ voice and government should to take it into consideration. Democracy, equality and transparency should happen. Social NGO involvement in decision and policy making is weak and should be improved, for now it is just sometime and very formal to demonstrate externally.</p>

b)	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <p>Real figures, not % and real result supposed should be mentioned. State declared guaranteed benefit should be higher than survival allowance  Recommendations should be more as directive – not in “could”, but “should” form. The “could” formulation allows also could not to do. Nothing may happens  Support to decrees poverty is mostly from municipal budget. State budget should! facilitate municipalities.</p>
c)	<p><b>Give brief justification for your proposals</b></p> <p>Latvia have very huge public sector and government/public enterprises running biggest business in the country. They should to participate to fight poverty.  Social entrepreneurship should be developed from NVO and private sector only</p>

## LITHUANIA

1.	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<p><u>Summary of Positive CSRs <sup>1</sup></u>  <i>Lithuania: Implanting concrete targeted measures to reduce poverty and exclusion. Prioritizing the employability of older people, tackling high unemployment and Youth Guarantee.</i></p> <p><u>What are the Main Gaps?</u>  <i>Lithuania: Not aiming at social progress or innovation, or poverty but just small policy steps. Missing support to social partnerships to reduce poverty – public/private and NGOs and non for profit's role. Highlighted that the CSRs have been generally implemented, with overwhelming priority given to CSRs on economic governance and fiscal consolidation, ensuring the effectiveness of social protection systems.</i></p> <p><u>Summary of EAPN Assessment of CSR implementation</u>  <i>Lithuania: CSRs mainly implemented: Unemployed benefits combined with active inclusion, but not using best personalize support methods because NGOs who have experience of this approach are not involved. Some discussion on wealth and income taxes, and adequacy of social protection and child benefits, but no action as yet.</i></p> <p><u>EAPN Lithuanian's Alternative Country-Specific Recommendations for year 2015</u>  <i>Lithuania, the analysis of poverty based on the poverty threshold. Poverty threshold - relative income level (60 percent equalized median disposable income) for which the lower disposable income of households classified as living in poverty. The poverty threshold varies each year and is different for different composition of households. Table 1 is the risk of changes in the poverty line and one four-person households. As can be seen from the table in 2013, the poverty threshold was more than 2-fold increase compared with 2005, the crisis resulting from a decrease in per capita income, poverty risk threshold also 1452Lt level dropped to a four-person family and to 691Lt. a single person, and in 2013 year increased again. Some 30.8 percent of the Lithuanian population were at risk of poverty or social exclusion in 2013, figures from the EU statistical office Eurostat shows. According to the latest data from Statistics Lithuania, around 610,000 people in Lithuania, or 20.6 percent of the country's population, were below the poverty risk line last year.</i></p> <p><i>Those at risk of poverty were usually children under 18. In 2013, the at-risk-of-poverty rate for the children stood at 26.9% and, compared to 2012, grew by 6.1%age points. The increase in the at-risk-of-poverty rate of children was largely influenced by the changes in procedure of payment of maternity (paternity) allowances in 2011. Although in the income survey period (2012) a decrease in unemployment and an increase in wages and salaries was observed, the at-risk-of-poverty rate for persons aged 18-64, against the previous year, grew by 1.1% age points and stood at 19% in</i></p>

<sup>1</sup> <http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/2014-EAPN-CSRs-Analysis-and-CSR-proposals.pdf>

	<p>2013. Minimum wage and salary, with no other sources of income, did not protect employed persons from risk of poverty.</p> <p><i>In 2013, the at-risk-of-poverty threshold was LTL 811 (EUR 235) per month for a single person and LTL 1,703 (EUR 493) per month for a family consisting of two adults and two children under 14. Compared to 2012, due to an increase in the disposable income of the population, the at-risk-of-poverty threshold grew by 8.3%<sup>2</sup>.</i></p> <p><b><u>Main recommendation of EAPN Lithuania in this context would be:</u></b></p> <ol style="list-style-type: none"> <li>1. <i>Include various stakeholders, organizations and persons on the connection of Social economy with goals and priorities of various EU and national programs and encourage their participation in the activities like partnership, clustering, international cooperation and experience exchange within the context of social economy;</i></li> <li>2. <i>To give more attention to active citizenship of young people and NGO, promote their leadership in developing a creative, peaceful, just and sustainable future. All the above requires a new approach to education, social, health, culture and justice cooperation and multifunctional design – shall be given systematic approaches consideration and benefit from each other.</i></li> <li>3. <i>To include the tools facilitating the assessment of change, complying with the globally agreed assessment parameters and indexes and providing the possibility to measure the change in public knowledge, skills, values and attitudes acquired via public, private and NGO sectors.</i></li> <li>4. <i>Poverty is a matter not only of money but also of equal access to education, health care, childcare, family support etc. So to tackle the social exclusion arising from poverty, a multidimensional approach is needed.</i></li> <li>5. <i>Children have a higher risk of poverty than adults. In times of austerity, the number of children at risk is likely to increase and there are important to invest and longer-lasting impacts that play out over the course of their lives throw education and active inclusion programs in partnership with PPP, NGO and research institutions (such as self-esteem, belonging, friendship and happiness, entrepreneurship and social and creativity industry).</i></li> <li>6. <i>Empowerment for participation educational, social, and cultural and justices sectors for of crucial importance to listen carefully to children’s and family’s needs and to off them appropriate opportunities to develop and have their voice heard. This entails actively involving children, parents and families in designing policy measures.</i></li> <li>7. <i>The good example of a small-scale support without bureaucracy, include franchise especialy for citizenship and networking organizations relatively inexpensive measure targeting the most vulnerable that has leverage effects by generating other activities and commitments.</i></li> </ol>
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<sup>2</sup> Statistics Lithuania informs that in 2013, according to the data of the Survey on Income and Living Conditions, the at-risk-of-poverty rate in Lithuania stood at 20.6%. Compared to 2012, it increased by 2 percentage points. In 2013, about 610 thousand persons in the country were living below the at-risk-of-poverty threshold, reports LETA/ELTA, <http://www.baltic-course.com/eng/analytics/?doc=95732>



	8. <i>Full implementation of the reform activities in the labor market concerning the employment of persons with disabilities, social risk and completion of the process of deinstitutionalization and conducting of other reform measures</i>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)<sup>3</sup></b></p> <p><i>3. Better target active labour market policy measures to the low-skilled and long-term unemployed. . Improve coverage and adequacy of unemployment benefits and link them to activation. Address persistent skills mismatches by improving the labour market relevance of education and promote life-long learning. In order to increase employability of young people, prioritise offering quality apprenticeships and strengthen partnership with the private sector. Review the appropriateness of labour legislation, in particular with regard to the framework for labour contracts and for working-time arrangements, in consultation with social partners.</i></p> <p><i>4. Ensure adequate coverage of those most in need and continue to strengthen the links between cash social assistance and activation measures.</i></p>
<b>b)</b>	<b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b>
<b>c)</b>	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>There is not enough strong impulse to Lithuanian government toward the modernization of social services, development of partnerships and including NGO stakeholders in making policy decisions on important aspects affecting citizens' quality of life.</p>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>Based on the results from the first section, there was an approximately 8–11% financial inequality among the counties of Lithuania during the last 20 years. It is difficult to judge whether this is high or low inequality. In order to answer this question, further analysis of financial inequality in the countries with similar economic and social development would be informative. It would also allow us to test the factors and financial inequality tendencies in Europe. The Lithuania belongs to the first block countries, where expenditure per capita is around LTL 6000-7000 per year<sup>4</sup>.</p>

<sup>3</sup> [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)

<sup>4</sup> <http://www.statisticsjournal.lt/index.php/statisticsjournal/article/viewFile/119/pdf>

	<p>We can also conclude that the higher the expenditure per capita, the lower the poverty risk indicator. This allows us to ensure lower risk while forming the budget in the country. In order to gain a deeper knowledge of the risk of poverty or social exclusion indicator, it is also essential to take into account other variables such as labor productivity, education, laws, etc. Another possible improvement might be to test differences between the countries and their estimated coefficients.</p> <p>In 2014 the provision of integral aid services at home was launched, without systematic and multifunctional designs approaches and don't have EU structural assistance for social, education, cultural and justice sectors partnership, including PPP, NGO, university and research institutions. The deinstitutionalization and orientation to community service planning and social economy process start only in closed bureaucrats cabinets without including stakeholders or networking organizations.</p>
<b>b)</b>	<p><b>Is this a positive/negative development?</b></p> <p>The initial steps are positive but there is little result on the ground as yet. There is also a great need for the building of further mechanisms for empowerment and support of PPP, NGO and university/ research sectors partnership and clustering and multisectoral, multifunctional, multicriteria approaches.</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p><b>MINUS</b></p> <p>In 2014 the main measures envisioned by government were to increase social partnership, open discussions about education and social security, education and culture partnership including PPP and multi-sectorial resources for increasing social economical tools and small and middle resources, but all this is at the level of planning only.</p> <p>In Lithuania Government start discussions about social enterprise but don't have clear position or document yet. SMEs are often referred to as "the missing middle", yet few have understood fully how critical SMEs are as the pathway to prosperity. Even fewer have sought to harness the power that these companies have to drive growth, poverty reduction, and development. Encouraging SMEs more actively, and taking a strong proactive position on social enterprises, would go a long way toward reducing poverty and unemployment. But not enough is being done.</p> <p><b>PLUS</b></p> <p>In 2014, the Lithuanian Government adopted the 2014-2020 Strategy for Combating Poverty and Social Exclusion in the Republic of Lithuania as the basic document of a systematic approach of all relevant stakeholder to dealing with issues of poverty and social exclusion.</p>

b)	<p><b>Give your EAPN 2014 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013 in order of priority.</b></p> <ol style="list-style-type: none"> <li>1. Support programs and choose priorities encouraging PPP, NGO, Universities partnership, clustering, international cooperation and experience exchange within the context of social economy;</li> <li>2. To give more attention to involving and support active citizenship of young people and NGO, promote their leadership in developing a creative, peaceful, just and sustainable future.</li> <li>3. To include the tools facilitating the assessment of change, complying with the globally agreed assessment parameters and indexes and providing the possibility to measure the change in public knowledge, skills, values and attitudes acquired via public, private and NGO sectors.</li> </ol>
c)	<p><b>Give brief justification for your proposals</b></p> <p>Ad. 1. Society's ability to adapt to change, using it for generation of wealth and as a competitive advantage, is basically determined by the degree of openness and creativity in the society. Lack of openness in the society is reflected in the index of globalization, which currently places Lithuania 25th in the European Union<sup>5</sup>. The index measures economic, political and social globalization. Lithuania's social globalization is the lowest in the European Union. General level of creativity in the society is gauged by different instruments. According to the survey<sup>6</sup>conducted by the University of Maastricht, Lithuania is 17th in the European Union by its creativity; while its creativity climate is ranked 24th. These data suggest the lack of the right conditions for the development and expression of creativity.</p> <p>Ad. 2. The family plays an important role in the formation of a creative and responsible personality. Lithuanian children feel the least happy in Europe at the moment. Many children grow in socially vulnerable families; according to 2010 data, the number of children is growing by 3.7 per cent every year. Families with children spend more than a third of the income on food and beverages, and on average, 38.7 itas, or 5.7 per cent of total household consumption, on education, recreation and culture (only 0.9 per cent on education, if taken separately) Family problems are associated with growing parental occupational engagement, decline in generation solidarity and inadequate culture of mutual relations, as demonstrated by numerous family conflicts. All this leads to the need for society to create conditions which would enable development of a harmonious family that may focus much more on individual development. A particular role in national progress is given to social activism, which</p>

<sup>5</sup> <http://www.lrv.lt/bylos/veikla/lithuania2030.pdf>

<sup>6</sup> 2 Axel Dreher, "KOF Index of Globalization", Zurich, 2010. <http://globalization.kof.ethz.ch> [Checked on 30 09 2011].

manifests itself through self-governance and civic awareness. These elements are best reflected by the Lithuanian Society's Civic Empowerment Index. The index reveals small but steady growth in civil empowerment over the past four years. However, it is still inadequate, and the civic capacity of the population is still low. The empowerment index of the Lithuanian society in 2010 was only 35.5 points out of 100 possible.

Ad 3.

One of the most important aspects related to public participation, is the actual inclusion of citizens in the decision-making processes, going beyond the conventional provision of information or consultation. It is very important to involve the private, NGO and university sectors in the provision of public services. The civic networking participation in the processes of public governance is currently in action through better regulatory initiatives, specific pilot public-private, NGO, university partnership projects in the areas of health, education, social housing, public transport, environment protection, cultural and public order. Methodology for the evaluation of customer satisfaction with public services has been drawn up, thus promoting a continuous survey of public opinion; and institutions are encouraged to include in the strategic operational plans indicators reflecting changes in customer satisfaction. However, this is happening on the basis of separate initiatives. In order to achieve a coherent system of openness in the government, it needs systemic changes. The participation of local communities and non-governmental organizations in the management of public affairs is currently insufficient. There are a number of reasons for that: some communities and non-governmental organizations lack stable funding, diversity, capacities, clear mechanism for cooperation with the State, a favorable regulatory environment, and the like. For the development of independent non-governmental organizations and local communities, it is very important to enable them to act and to provide necessary conditions for achievement of their goals. Therefore, a consistent transfer of public functions to these organizations is one of the essential steps towards Changes in governance. It should be noted that currently there are few municipalities that actively involve local communities or non-governmental organizations in the provision of public services; the majority of community-based organizations tend to pursue artistic or recreational goals, leaving aside other issues of relevance.<sup>7</sup>

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<sup>7</sup> <http://www.lrv.lt/bylos/veikla/lithuania2030.pdf>

## LUXEMBOURG

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<p>1. Make out of the NRP an integrated strategic programme, involving all stakeholders in the drafting, implementation, monitoring and evaluation.</p> <p>Combine the employment, research, climate/energy and education targets related measures with the ones for reducing poverty and also evaluate for each measure its contribution to the poverty/social exclusion target and make sure that the sum of the effects of all the measures reaches the target.</p> <p>2. Take strong action in the field of social housing, regarding both the provision of housing at affordable prices in general, as well as the provision of special social housing. At least as an intermediary measure introduce rent subsidies for those parts of the population that cannot afford the high lodging prices; such a measure should be accompanied by a strong control of rent prices in order to avoid that the amounts spent on the measure will not end up in the pockets of the tenants. And: implement the national strategy against homelessness!</p> <p>3. Implement the youth guarantee and strengthen combatting poverty and social exclusion, use therefore structural funds!</p>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <p>There are no similarities with our own proposals, except that "reduce youth unemployment" is coinciding with "implement the youth guarantee".</p>
<b>b)</b>	<p><b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <p>Fiscal governance and especially "taking into account implicit liabilities related to ageing" may lead to lower pensions; the broadening of the tax base for consumption taxes will induce higher prices for every day's life goods. "Reform the wage setting system" has in mind to lower the wages.</p>
<b>c)</b>	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>There is no quest for integrating the measures related to the different targets; there is no mention of implicating stakeholders. The biggest problem of housing (social housing) is not mentioned, only in the fiscal policy and tax chapter of the <i>Staff Commission Working Document</i>: the only action foreseen is higher taxation on property.</p>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <ul style="list-style-type: none"> <li>- Fiscal governance (independent monitoring of fiscal rules)</li> <li>- No more manipulation of the wage index system, because there is no inflation</li> <li>- So called "financial disincentives to work" have been reduced</li> <li>- VAT is rising</li> <li>- Employers have to implement plans to manage the ageing</li> <li>- End of June started the youth guarantee</li> </ul>

<b>b)</b>	<b>Is this a positive/negative development?</b> <ul style="list-style-type: none"> <li>- Fiscal governance led to less money for the people and nearly to a recession</li> </ul> But in general: until now only few measures were implemented, more are announced.
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b> <p>We have since December 2013 a new government, composed by 3 parties. That makes it not so easy! They have presented in October 2014 a “Future pack”, but this is still under negotiation with employers and TU’s. It shall lead to cuts in social spending.</p> <p>There were some first steps of the national strategy against homelessness implemented.</p>
<b>b)</b>	<b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2014) in order of priority.</b> <ol style="list-style-type: none"> <li>1. Make out of the NRP an integrated strategic programme, involving all stakeholders in the drafting, implementation, monitoring and evaluation. Combine the employment, research, climate/energy and education targets related measures with the ones for reducing poverty and also evaluate for each measure its contribution to the poverty/social exclusion target and make sure that the sum of the effects of all the measures reaches the target.</li> <li>2. Take strong action in the field of social housing, regarding both the provision of housing at affordable prices in general, as well as the provision of special social housing. At least as an intermediary measure introduce rent subsidies for those parts of the population that cannot afford the high lodging prices; such a measure should be accompanied by a strong control of rent prices in order to avoid that the amounts spent on the measure will not end up in the pockets of the tenants. And: implement the national strategy against homelessness!</li> <li>3. Implement the youth guarantee and strengthen combatting poverty and social exclusion, use therefore structural funds!</li> </ol>
<b>c)</b>	<b>Give brief justification for your proposals</b> <p>1 and 2 are the same as in 2014, because nothing has changed in these areas. The NRP in 2014 was the same as before, as before... We’ll have to see if the 2015 one will bring changes or not, but it is still too early here for.</p> <p>Nr. 3: the youth guarantee has been implemented, but it is still too early for any evaluation.</p>

## MALTA

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	Sifting through this document there is no mention about Malta. It could be that the input by EAPN Malta is still inadequate therefore the information is not being supplied as requested.
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b> a. Pensions b. Unemployment c. Tax evasion is another important issue. It directly addresses the sustainability of Social Services. It is important to highlight not only welfare fraud, which in reality amounts to a relatively low percentage of Government expenditure. d. With regards to activation measures with regards to employment EAPN commends the Governments to address this issue. Especially, the Alternative Program Learning for school leavers, free child-care center, so that mothers are able to enter the labour force, strengthening the adult literacy programs. e. Various incentives initiated by the Government to promote Youth Guarantee. f. Initiatives to help single persons to enter the labour market.
<b>b)</b>	<b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b> EAPN Malta cannot make any comments on any negative proposals by the Commission on eradication of poverty.
<b>c)</b>	<b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b> To implement vigorously the new policies for Mental Health. ECRI reports highlight the plight of irregular migrants both those in detention and those in open centers. There are grave issues of human rights and protection of migrants.
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b> Free child-care centers. LEAP project for those preparing to enter the work force. Low electricity tariffs. Alternative Learning Programs for the under achievers at secondary level. The Government has just launched measures to address precarious job conditions in Government tenders by private contractors.
<b>b)</b>	<b>Is this a positive/negative development?</b> On the whole these measures are very positive. However, with regards to the LEAP project whose aim is to build community networking is still dependent on ESF, which will expire in September. We advocate that this project will be included and financed by the Ministry of the Family and Social Solidarity.

	With regard to the precarious job conditions the Government should introduce similar conditions to employees working in Private Enterprises. This should apply especially to jobs similar to, cleaners, security personnel, clerical staff and care workers.
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p><b>As above but with regards to Pensions:</b></p> <p>1) PENSIONS: It is highly suggested that the Government is to introduce the Third Pillar Pension so persons with low and medium income will be encouraged to invest in another pension that is private. As incentive there should be tax credits. Individuals may however be reluctant to contribute unless Government guarantees that in case a private company fails to meet its obligations Government itself will step in.</p> <p>2) It is being argued why not increase the First Pillar Contributions instead of introducing a Second Pillar pension. This suggestion is being rejected because the First pillar contributions go to meet not only pension payments but also other benefit handouts like unemployment, sickness, injury on duty, marriage grants etc.</p> <p>3) The Second Pillar pension scheme is being suggested and would be a compulsory scheme wherein both employee and employer contribute towards this pension fund. Apparently there is no consensus on this scheme. Employers are very much against it.</p> <p>4) EUR 300 Grant: For those aged over 75+ the Government is giving a regular €300 grant to help ends meet.</p> <p>5) SERVICE PENSIONS/INFRINGEMENT NOTICE; 2 ex-service men have lodged a formal complaint with EU since on receiving the Government pension they had to forfeit their service pension. They are arguing so that the Government honors their service pension even when they retire with a Government pension. In the meantime the EU issued an infringement notice. The Government of Malta has appealed and is contesting the notice. The case was referred to the European Court of Justice. The EU did not give a clear indication of what was the infringement. The Government never published what is the contention. The issue is still <i>sub judice</i> and parties concerned are still awaiting the outcome.</p> <p>6) WORRYING FIGURES; At a recent conference organized by the National Council of Women the Minister of Finance revealed that there are currently 21,000 women who are not recognized for a pension, compared to 1500 men. Moreover, according to HelpAge International, only 33.6% of the population in Malta aged between 55 to 64 is employed and only 40% of Malta's population aged 60+ have a secondary or higher level of education. Furthermore, Malta ranks low in educational attainment of its senior citizens. This underlines the importance of training people aged 55 or older.</p> <p>7) REFERENCE BUDGET/POVERTY RATE; there should be a Reference Budget specifically for the Elderly and also a scientific study about the poverty rate of the Elderly. Caritas Malta has already conducted the study in 2012 and it was found that that the minimum budget for a decent living for a low income elderly couple is €127 per month or €6328 per annum. We need to update the research so that today's policies reflect the reality of these old pensioners.</p>



8) NATIONAL MINIMUM PENSION: Ideally Government should ensure that the National Minimum Pension should be 60% of the National Median Income.

Other measures:

**Incentives for Individuals with Special Needs**

There have been announced a series of measures aimed at helping the employment of disadvantaged people or people with disabilities:

- Trusts left as inheritance for persons with disability would be exempt from tax.
- Employers would be given up to €5,000 when they employed socially disadvantaged people (to be defined in the law).
- Persons with disability who found a job would still continue to receive their full social benefits. The government would insist that employers engaged a person with disabilities for every 20 employees, as already laid down in the law. They would get a tax credit of €4,500 for each employee with a disability. When they do not employ people with disabilities, despite the legal requirement, they would have to pay a penalty of €2,400 per year for each disabled person they were supposed to employ, up to a maximum of €10,000. This measure would be enforced in full within three years. The funds would go into a fund for the training and integration people with disabilities.

The government would engage 80 persons with disability on document scanning work in Gozo.

**Reduction of Long term unemployed**

- Those who employ the long term unemployed will be given €2,750 over three years.
- The system of community work for such people will be removed. Instead of being engaged in local councils or similar bodies, these people will be employed in a Social Enterprise Agency and deployed from there. They would be paid a minimum wage.
- Self-employed would no longer be able to declare they wanted jobs which there was actually no demand for, thus ensuring they stayed in receipt of unemployment benefit.

**Cost of Living Allowance**

The cost of living allowance for the year 2015 shall be of €0.58. It is understood that this increase will also apply to pensioners as was the case in previous years. Full time employees, pensioners and people on social benefits who do not benefit from the income tax cuts announced, will get a one-time bonus of €35 (pro-rata to part time employees and students), which will be borne by the Government and not the employers. Social benefits will increase in line with the cost of living allowances. Persons on the minimum wage who receive the COLA will be exempt from paying tax on the increase. This will apply equally to pensioners who at present are not paying tax. Families who are at the risk of poverty (9,000 in total) will be given a bonus of €400 for each of their children, up to four children, and €200 for each additional child thereafter, as long as these children achieve an attendance rate of 95% in their schools. Low income couples where both spouses work and are on a minimum wage are to benefit from a one-off grant of €1,000 per child as long as they declare their employment. Single parents will be given €1,200 per child.

	<p><b>Unemployment and Single Parents Benefits</b></p> <p>Unemployed people aged under 23 will be made to follow training under the youth guarantee scheme or lose their unemployment benefit. Such benefit will be lost if the beneficiary refuses to follow courses, or does not attend courses under the Youth Guarantee Scheme. Similar measures will also be taken against single parents, aged up to 23, when their child was more than one year old. In both cases, a four-month grace period will be allowed. However, as from the start of next year, a person who is receiving social benefits and gets married, or forms a civil union, with a person in employment will no longer lose entitlement to social benefits immediately after the union. Instead, the social assistance would be reduced gradually over a period of three years. People who are in receipt of social benefits that they are not entitled to will be given up to February 2015 to regularise their position (and pay a minor fine), after which they will be heavily fined once they are found out. The amnesty scheme is however meant for genuine cases such as where a beneficiary did not inform the department of a change in his status, or an increase in his income and will not apply for systematic benefit fraud.</p> <p><b>Maternity leave</b></p> <p>Women in the last four weeks of their maternity leave will be paid the equivalent of a minimum wage by the state (increase of more than €6 weekly). Self-employed women on maternity leave will enjoy an increase of €73 per week to reach the minimum wage for 14 weeks of maternity leave. The government will act to remove the reluctance employers currently had about employing young women because of their fears that they would have to partially pay for their maternity leave. To remedy the employer's reluctance to employ young women, as from 2015 the contribution made by employers for the payment of maternity leave would be worked out on the basis of all their employees, and not just the women. Adoptive parents would have a maternity leave equal to that of natural parents.</p>
b)	<p><b>Give your EAPN 2014 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <ol style="list-style-type: none"> <li>1. The Government should ensure that social welfare benefits are adequate to meet the peoples' adequate needs and to address that people overcome the benefit trap.</li> <li>2. The following are some areas where there are no services or not enough with regards to Mental Health which has not been given adequate importance in the NRP neither in the National Budget: <ol style="list-style-type: none"> <li>a. Working with adolescents with mental health problems</li> <li>b. Anti-stigma awareness</li> <li>c. Social enterprises and employment</li> <li>d. Mental health policies at the work place and in schools</li> <li>e. More community support services instead of long stay hospitalization.</li> </ol> </li> </ol>
c)	<p><b>Give brief justification for your proposals</b></p> <p>It is important that the Government does not neglect the minorities among the categories of people-at-risk-of-poverty which are not "politically expedient".</p>

## NETHERLANDS

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<p>1. Start to accept the experience and knowledge that is available within organizations such as EAPN NL and let them integrate their projects to attack poverty, to bring unemployment down and to give people more self-esteem.</p> <p>2. Social innovation is, as participation is, a way to help our society to open windows for our future. To make people be aware of the value of democracy and of supporting each other. Do not waste this by just looking at paid work or participation only as a tool to keep citizens to shut up. Use the development work and have EAPN NL, our members and other organizations in welfare working on this theme with citizens overall and poor and socially excluded in special recognition of their partnership.</p> <p>3. Create 50.000 'Asscher-jobs' (Asscher = minister of SA&amp;E). EAPN NL is willing to debate about the regulations, seeing the fact that we experienced and executed as well the 'Melkert-jobs' and know how to save money.</p>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <p>The Youth Action Plan of the EC is a first step to act. We need more of this kind of initiatives and we would like to be involved in constructing them. The Review of the 2020 Strategy.</p>
<b>b)</b>	<b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify).</b>
<b>c)</b>	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>The housing market should not be opened, as the EC wants, since we see that housing is more and more a huge problem. Social houses are scarce and the rent is rising fast. That is pointed out by some organizations last week, brings over 700.000 persons in financial problems and work towards an increase in poverty. EAPN NL sees a need to return to our 'old way' of social housing, that gave people with a lower wage a decent house for a payable rent (max. 16% of the brut income). Now we see how the rents are increasing whist the Rent Support is frozen or even increasing, which lays an extra burden on those with a low income.</p>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>This is very difficult to answer, since we have a major change in social security by the 1<sup>st</sup> of January 2015. A lot of responsibility has gone from government to local councils.</p>

<b>b)</b>	<p><b>Is this a positive/negative development?</b></p> <p>This is a very negative development. If our government backs off at social security, we will find the basis of solidarity, or equality in law? Plus, the total amount of money is decreased. It is no more than an austerity measure, which is sold as a way that communities have direct access to the poor, handicapped, unemployed, etc.</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p>Extra 100 million to attack child poverty and the rise of debts per year.</p>
<b>b)</b>	<p><b>Give your EAPN 2014= 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <ol style="list-style-type: none"> <li>1. Create –subsidized- jobs for young people, e.g. within the alternative energy sector. This is a two-way strategy: 1. the alternative energy part will increase 2. young people learn new skills, that might help them to start their own business or get a – non subsidized- job.</li> <li>2. We need more participation. We need people to involve in their society and change it for the better. For this participation is the best tool. Client participation as we know it in the Netherlands can be a decent tool to involve the poor and excluded.</li> <li>3. Participation should start in schools. A council of pupils, each year officially elected that organizes meetings, workshops, etc. to make youngster aware of the way democracy works and teach them that they later, whilst in a job, can get influence in enterprises through the Employers Council.</li> <li>4. We have to be aware that more export out of the EU means more competitiveness, what will put wages under pressure and increase in work poverty and poverty as a whole. The EU is the largest single market in the world and needs a lot of improvement. Investing in this EU-market means that wages can rise again and this helps to reduce poverty and unemployment.</li> </ol>
<b>c)</b>	<p><b>Give brief justification for your proposals</b></p> <p>The new EC gives us new HOPE. The Juncker Agenda, as it is called, opens new doors to work towards a more equal and fair society. What we feel is that there might be a new wind, also seen the fact that economy is starting to pick up, which we should use for open dialogue, bring in our alternatives and create a platform for discussion with our target groups.</p>

## POLAND

### Present your proposals for [Alternative Country-Specific Recommendations](#) last year (2014) for your country (cut and paste)

1. Consider changing the Polish goal of Europe 2020 strategy for the 2015-2020 period. Poland set it at 13% and in Europe it was set at 17%. Most of the reduction was achieved in 2008-2012 period. Consider introduction additional specific goals concerning child poverty, poverty of the disabled and in-work poverty.
2. Recognize low job quality as a problem and take adequate actions to address it. Intensifying labour inspection is not enough. You need reforms of labour law and civil law to reduce fixed-term labour law contracts and civil-law contracts. Experiences and views of people who are working in low quality jobs should be recognized as the main information base for reforms.
3. Recognize in-work poverty as a problem and take adequate actions to reduce it. Do not force the unemployed to take any job which leave them in poverty after removing social benefits. The main measures should be introducing and popularizing hourly minimum wage and living wage campaigns, lowering taxes and contributions on low wages, without losing or decreasing social insurance benefits in the future. Another measure is allowing and facilitating people on low incomes to combine income from work with cash benefits, especially those connected with disability, social assistance, family, housing. Experiences and views of people who are working and poor should be recognized as the main information base for reforms.
4. Develop an integrated national strategy to combat homelessness and housing exclusion, which includes the development of a reliable homelessness data collection system, inter-ministerial cooperation, and improving access to housing.

### Did the Commission/Council [Country-Specific Recommendations](#) (CSRs) for your country (2014) pick up on and reflect EAPN concerns?

#### Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)

Taking into account that female earnings combined with male earnings in the household are the best protection against poverty the positive proposal seems to be: 'Continue efforts to increase female labour market participation, in particular by taking further steps to increase the availability of affordable quality childcare and pre-school education and ensuring stable funding'.

The same argument is relevant for reducing youth unemployment in households in poverty. The more earnings sources in the household the more chances that it won't be in poverty. That recommendation is as follows: 'Strengthen efforts to reduce youth unemployment, in particular by further improving the relevance of education to labour market needs, increasing the availability of apprenticeships and work-based learning places and by strengthening outreach to unregistered youth and the cooperation between schools and employers'.

If the family is in poverty and is recipient of family and social assistance benefits and housing allowance new or additional earnings are way out of poverty only if income from benefits is decreasing slower than earnings are increasing. Ensuring that female and young members of the household take any job is not enough to have improvement of the income status of the family.

In that perspective we need not only good quality jobs (with stable and living wage). Combating labour market segmentation and increasing mobility from lower quality jobs to better ones is crucial. We need also coordinated system of taxes and benefits which ensure that taking a job substantially increases a net household income. For many families taking a new job or more hours of work by some of the members is not an option so for poverty reduction cash benefits (and other income/expenditures measures) are of great importance. It is beyond employment goals and proper adjustment cash benefits to earnings.

From poverty perspective what is missing is tax-benefit coordination to ensure increases of net income of the family and adequate minimum income standard to ensure that no family is beyond accepted minimum.

**Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)**

It seems that Commission understands the role of investment in economy, but it is very narrow vision confined only to non-social investment. We read in recommendations: 'minimize cuts in growth-enhancing investment, improve the targeting of social policies'. Why social policy is not an area of growth-enhancing investment? What is then social investment - a non-investment investment? One could interpret it as: 'Economic policy is about investments and growth and social policy is about throwing money on the public accurately'. That vision is incorrect and obsolete.

**What are the main gaps in the Commission/Council's CSRs for your country, what is missing?**

Commission did not recognize that Poland achieved poverty goal of Europe 2020 in 2012 and the most of the reduction was achieved before that year. Now it is an obvious fact that Polish goal was not ambitious enough. The number of people at risk of poverty or exclusion was over 9,5 million in 2012. That number is still too big to accept it.

Commission did not mention about combating poverty in CSRs for 2014 at all. In 2012 and 2013 it mentioned only in-work poverty (combining it with a problem of labour market segmentation) and recommended very narrow measures to combat both: 'limit excessive use of civil law contracts and extend the probationary period to permanent contracts' (2012); 'better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts' (2013). What was now left is: 'Combat labour market segmentation by stepping up efforts to ensure a better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts'.

We (EAPN PL, trade unions, employer organizations and other partners) prepared much broader set of proposals how to fight in-work poverty and Europe 2020 governmental body discussed them. Most of the proposals (those concerning taxes and benefits) were rejected by government, and in National Reform Programme there was only one answer for Commission recommendation related to in-work poverty – government agreed to raise minimum wage incrementally (the same answer was in previous NPR). That is patently insufficient.

Put it simply combating in-work poverty is not on the agenda of our previous and current government. It not precludes that some of the side effects of the proposals contained in CSRs will be good for overall and specific poverty reduction. For example increasing female labour market participation.

## **EAPN Assessment of the implementation of CSRs**

### **How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?**

It is rather obvious that very concise CSRs without any indicators despite one concerning structural adjustment of 0,5% of GDP (for unspecified period) have no impact on Polish government's real activity. We see that EU indirect fiscal policy with its focus on deficit and debt reduction has an impact on the Ministry of Finance arguments against some social policy reforms. The best example is blockage of the social assistance reform proposed by Ministry of Labour and Social Policy. One of the MF arguments is that we need to reduce (or not increase) deficit because Commission stress on it.

### **Is this a positive/negative development?**

Our government took many reforms in the past e.g. in areas of employment services, childcare for children 0-3 age, voluntary discounts for families with three and more children, vocational education, university education, social security contributions for civil law job contracts and is planning some new in the near future e.g. introduction of new non-means tested cash benefit for some families with newborn children for the first twelve months of their lives with complementing measures in family benefits (which are in Poland only for poor families). Most of these reforms are not intended and justified as poverty reduction measures. Even new cash benefits are justified mainly on the grounds of fertility enhancement in the context of family policy.

Single or combined impact of all these reforms on inequality and poverty is not taken into account at all. The assumption is that poverty reduction is achievable by employment growth, and what is good for that is automatically good for poverty reduction. It is obvious that employment growth in families experiencing poverty is important but if we set separate goal for poverty then we should also combat poverty which is not caused by lack of employment or underemployment in the family.

## **New Developments and New Alternative CSR proposals from EAPN members**

### **Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.**

#### **MINUS**

Policy of blocking any social policy initiative, which is not connected with cuts in current spending. An example of social assistance reform blocked by Ministry of Finance from 2013.

New measures in employment services implemented without any new public spending for unemployed recipients of social assistance. The base for it is socially purposeful jobs (welfare for work scheme not more than 10 hours of work a week for below minimum wage benefit) which negative impact on employment was proved by advanced statistical analysis. It is intended to be a job for community and welfare institutions with additional services (not less than 10 hours) but the standard duration of the program is only two months. Expected results for poverty are unclear.

Minimum income standard below subsistence minimum first in 2011, and again in 2013 and much higher gap in level and scope is expected in 2014. Most likely it is a consequence of pressure of Ministry of Finance on cutting public spending justifying it by EU pressure. The main effort to improve that situation (social assistance reform proposed by Ministry of Labour and Social Policy) was blocked by Ministry of Finance who justifying it by EU priorities.

#### **PLUS**

New family cash benefit not intended for poverty reduction but with probable effect on reducing child poverty (if not suppressing other income sources). Proposal of new cash benefit for families not entitled to maternity/family leave and benefits connected to them (unemployed, farmers, students, civil law job contact). Supplemented with family benefits reform, which was necessary because adding some income by new benefit, means that many families could lose their entitlements to other family benefits. It should be carefully evaluated especially in the context of 2015 scheduled verification of family benefits income test and its levels. They should be raised irrespectively of that and other reforms (voluntary discounts for families with 3+ children).

**Give your EAPN 2014 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.**

1. We need a revision of the Europe 2020 Polish anti-poverty goal e.g. raising it from 1,5 million to 3 million. We propose to introduce three additional sub-goals for child poverty, disability poverty and in-work poverty.
2. We need introduction into the practice implementation architecture designed in National Program for Combating Poverty and Social Exclusion which was intended to fulfill ex-ante conditionality for EFS in period of 2014-2020.
3. We need new opening for social assistance reform. Polish EMIN Network justified and proposed 18 recommendations to reform social assistance and it should be taken into account in subsequent steps.
4. We need new opening for comprehensive housing insecurity and homelessness prevention. Legislative proposal number 2972 with comprehensive measures in that area should be put in a fast legislative track. It is important to adopt it before Autumn elections.

**Give brief justification for your proposals**

Poland achieved its anti-poverty goal in 2012 (1,7 million reduction to planned 1,5 million). But extreme poverty (households below subsistence minimum reference budget) in Poland is rising from 2008 (it raised by 34%). Positive trends in at risk of poverty and very low intensity of work stopped. Our in-work poverty is among highest in Europe. Extreme child poverty is rising. Households with persons and children with disabilities are at greater risk of extreme and relative poverty than households without them.



Ex-ante conditionality in Poland for EFS was formally fulfilled by National Program for Combating Poverty and Social Exclusion. New Dimension of Active Inclusion (accepted by government in August 2014). That program was designed with implementation architecture. There are no signs of installing it into practice. One of the priorities of that Programme was social assistance reform which is not implemented because of Ministry of Finance blockage. Government reluctance to combating housing insecurity and homelessness which is another priority of the Programme is a sign of its weak influence on real government activity.

Erosion of minimum income standard second time in several years is an evidence of failure of political will. We need to strengthen social and economic partners efforts to help government do what is its very basic obligation: protecting those citizens experiencing severe poverty.

Government proposal for more comprehensive reform of social housing failed in 2012. Now there is a new comprehensive proposal in parliament announced by one of the opposition parties (now not in opposition after conversion of its leader). It is legislative project 2972 prepared mainly by social NGOs combating with evictions. It was debated in parliament first time in December 2014 and sent to two parliamentary commissions for further elaboration. First reaction of government representative was rather reluctant. EAPN Poland organized a discussion and ordered expert report assessing that proposal and we support it.

## PORTUGAL

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<p>In this context, our 3 key proposals for Alternative Country-Specific Recommendations for Portugal are as follows:</p> <ol style="list-style-type: none"> <li>1. The need for a National Anti-Poverty Program, including a specific strategy against child poverty – we need to go beyond emergency programs;</li> <li>2. The need to fight unemployment (including the LTU) and promotion of growth based on quality jobs, decently paid, adequate training policies and incentives for the inclusion of young and elder workers;</li> <li>3. More tax justice and better policies targeted at fighting inequality.</li> </ol>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <p>The previous proposals were presented in the last report and when Portugal was following the Economic Adjustment Programme, so the CSR's defined in 2014 for Portugal do not reflect those concerns. However there is recognition that the crisis and the austerity measures had a deep impact in the deterioration of poverty situation. But the document does not include specific proposals to change this context.</p> <p>The situation is a little bit different in what concerns unemployment, since the document highlight the need to raise employment, reduce long term unemployment and youth unemployment and "improving job counseling/job search assistance and activation/sanction systems". However there is a specific and important request to Portugal in order to present "by March 2015, an independent evaluation of the recent reforms in the employment protection system, together with an action plan for possible further reforms to tackle labor market segmentation". This proposal reinforces the idea, supported by EAPN that without a clear and serious assessment of policies/measures is very difficult to attend the needs of the most vulnerable and have an effective impact in poverty reduction and the problems associated with it.</p>
<b>b)</b>	<p><b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <p>Is quite similar to what was described above. The fact of recognizing that the austerity measures had a negative impact in poverty and not define recommendations to deal with it is a relevant gap in this document and states the difference to EAPN proposals. In addition it is perhaps also important to highlight the recommendation presented to «Control health care expenditure growth and proceed with the hospital reform» since it is necessary to enhance the evaluation of these reforms and its impact in peoples well being, especially those living in poverty and social exclusion. The Spring Report of 2013 had already called attention to the fact that, for example, elderly (one</p>

	<p>of the most vulnerable groups) revealed serious difficulty in affording basic health costs (buying medicines, for example) and because of this they have stopped using these services. This situation will cause serious impact in the well being of these citizens and will increase health expenditure. The same report recommends the need for a serious official diagnosis revealing the situation and helping to organize effective answers to the needs of the population. Recent news showed that there was an increase in deaths in hospital urgencies, where the waiting time for a medical appointment is quite high at this moment. The Spring Report of 2014 highlights also the impacts of the financial cuts in the medicine sector in the local pharmacies. The consequences for this sector were significant since it was not possible for them to have stocks and /or acquire certain medications. The impact of this situation in users/citizens was also high because there were gaps in the distribution of certain medicines (life saving drugs) that was made worse by the strong reduction in the purchasing power of people. The same report highlights the crises effects on mental health, namely the increase in the rate incidence of depression, alcohol and cannabis abuse, as well as the lack of any intervention plan to deal with the crises consequences.</p>
c)	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>In addition to the previous gaps already described (especially on poverty recommendations) there is a "silence" in relation to the need of a birth / family policy. Ageing is a reality at national level and in the scope of Europe. The negative birth rate, as well as the increase in ageing rate (and also the negative migration balance) will have (and is already having) an impact in social security sustainability, as well as labor market and health.</p> <p>In what concerns Education, the document highlights the need to <i>reduce early school leaving</i> in order to <i>address low education performance rates</i> and ensure <i>efficient public expenditure</i>. Portugal reduced early school leaving considerably during these last years (1992 – 50%   2013 – 19.2%) however the situation in Education is not the best one in other areas of this sector. According to the Report "O Estado da Educação num Estado Intervencionado - Portugal 2014", education budget decreased from 1.4% in GDP in 1972, to 4.6% in 1995, and reached 5.7% in 1998. Nowadays expenses with education are nearly 3.8% - the lowest value in EU. In the State Budget for 2014 it was considered a cut of more 8% and in the State Budget for 2015 it was announced more cuts (111 millions) for primary and secondary education. The report stated the situation of poverty and deprivation among children and its impact on learning which requires an integrated answer and not only individual measures (like opening the school canteens in holidays for children that can't have a meal at home). Another important area is related to Special Education that has suffered a cut in the Education Budget in 6.6% (less 17 millions in one year). And 38% of children under special education procedures lost social security benefits during December 2013 to December 2014.</p>

	<p>In what concerns social protection, the document states the need to “Ensure adequate coverage of social assistance, while ensuring effective activation of benefit recipients”, however the orientation at national level in these last years is going in an opposite way – more cuts in social protection benefits (amounts); more restricted conditions to access to the benefits (contributed to a decrease in the number of persons receiving benefits and in accessing to it). The CRS’s makes no reference to the Social Investment Package (SIP) and this could be a crucial recommendation since SIP recognizes the need of a <i>well designed welfare systems</i> that combined a <i>strong social investment dimension with protection and stabilisation</i>.</p> <p>In addition the “effective activation of benefit recipients” must be strong evaluated and must be framed in an active inclusion strategy (adequate minimum income; inclusive labour market; access to good services). The need for an active inclusion strategy, as well as the access to an adequate income is totally absent of these CSR – which is quite worrying when we see a reinforcement of activation measures forcing (particularly youngsters) citizens to accept any job and therefore to raise precariousness of employment and, at the same time, reduction of social protection benefits.</p> <p>Another important gap – difficult to understand! – is the missing recommendation to Portugal in what concerns the new period of structural funds (especially in what concerns the indication of 20% to fight poverty and social exclusion). This should be assumed as a key area for the social and economical stabilisation of Portugal.</p>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<p><b>How far have the Commission/Council’s CSRs proposals been implemented by your national government since July 2014?</b></p> <p>Portugal finished in May 2014 its Economic Adjustment Program. Until then Portugal was exempted from the obligation to submit its Stability Programme and its National Reform Programme. There were no additional recommendations for Portugal during that period and the economic and social national context suffered a deep setback. The CSR presented in 2014 highlighted this situation and stated that the economic adjustment had “negative repercussions in terms of poverty”. However, and this is a negative remark on these CSR, there are no recommendations considering the fight against poverty and social exclusion. (Un)Employment, education, minimum wage and housing are areas where some proposals were highlighted in the document and about which there were some developments:</p> <ul style="list-style-type: none"> <li>• Minimum wage (MW): in the framework of social dialogue, the Government, social partners and professional associations agreed to raise the minimum wage to 505€ (it was 485€). Following this measure the Government has also reduced (only by 15 months) the contribution to social security of the enterprises. But only for those with workers that currently receive MW and that will benefit of this increase. This reduction is not applied to future contracts. This agreement also includes the constitution of a Committee to monitor the effects of this increased in the MW and to decide in 2015 if this wage maintains or suffers a new rise. Nevertheless, and taking in consideration that this amount is still insufficient for</li> </ul>

	<p>a dignified life, the Troika representatives considered this a wrong decision and that could lead to misunderstands concerning the way austerity should continue to be pursued. More recently the European Council Committee for Social Rights considered that this MW is not enough for a dignified life.</p> <ul style="list-style-type: none"> <li>• “Cooperation agreement for the social and solidarity sector”: the government (the Ministry of Solidarity, Employment and Social Security; Ministry of Health; Ministry of Education and Science) signed a two years protocol (2015-2016) with key organizations / federations of social/solidarity sector (União das Misericórdias Portuguesas; Confederação Nacional das Instituições de Solidariedade, União das Mutualidades). This was assumed as a way to reinforce the partnership between the public and social sector and make effective the Law on Social Economy that was approved in 2013 (Law nº 30/2013, 8<sup>th</sup> May). The protocol established a reinforcement of 50 millions euros for cooperation agreements. However it’s important to guarantee an assessment of these agreements since the idea could be the progressive privatization of social protection services that could have a bigger impact on those people living in poverty and social exclusion. One example is the recent proposal of the Government to transfer to Misericórdias the management of public health units and the provision of health care. The Spring Report of 2013 states that this shows a <i>disengagement of the State in what concerns public services administration</i> and a <i>lack of trust in the management capacity</i> of those persons that the State itself appointed to manage health organisms. In the same way, at social protection level, it was defined a new intervention model – Local Network of Social Intervention (in Portuguese RLIS) (Despacho nº 12154/2013; Despacho nº 11675/2014) – that combines, in an integrated way, public and private entities with responsibility in social intervention. There isn’t, until this moment, any information on the pilot experiences that are being developed and this model can overlap, in a confused way, the networks already established at local level, like the Local Social Networks. At the same time this decentralization / transfer of competences can have a greater risk: the reduction of responsibilities by the central state in crucial areas of social protection opening the door to a privatization.</li> <li>• Youth Guarantee (National Implementation Plan for a Youth Guarantee – Resolução do Conselho de Ministros nº 104/2013): This plan is for young people with ages up to 29 years (NEETS) and aims their inclusion in the labor market, or education, or training within 4 months after they become unemployed or have completed formal education. This plan continues during 2014 to be a major answer to youth unemployment.</li> <li>• Estímulo Emprego Measure (Portaria nº 149-A/2014, 24<sup>th</sup> July) – financial grant that is given to the employer to support the employment contract with a person registered in the Employment and Professional Training Institute. This measure covers a vast set of target groups, some of them with specific vulnerable situations.</li> <li>• Estágio Emprego Measure (Portaria nº 149-B/2014) – this measure intends to support the inclusion of young unemployed in private or non-profit entities in order to guarantee an experience in work context and improve their employability. This Portaria changed some of its orientations specially the</li> </ul>
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	<p>reduction in the time for training to 9 months and the reduction in the level of reimbursement of the scholarships.</p> <ul style="list-style-type: none"> <li>• Reactivar – new programme of training for people up to 30 years and long-term unemployed. There is also a new proposal to give an additional support (219€) to those persons that accept a work for more than 100 km and it can rise to 312€ if the person wishes to move with his/her family to work at the same distance. <ul style="list-style-type: none"> <li>○ In what concerns the labour measures there is a need to guarantee its assessment, especially in what concerns those measures oriented to fight youth unemployment. This is quite important since we know that those trainings in work place are a way to cover jobs for which people should be hired. And in many cases are low qualified and low paid jobs that can't guarantee an adequate income to people and an adequate inclusion at social level. In other words, most of the youth employment initiatives (quite good to reduce statistical unemployment figures) risks to promote precarious jobs and reinforce the number of in-work poor.</li> </ul> </li> <li>• Energy social tariff – created in 2012, but it was extended the number of beneficiaries and the amount of the discount.</li> </ul> <p><b>b) Is this a positive/negative development?</b></p> <p>Taking in consideration that there are no recommendations on poverty and social exclusion, the developments are clearly negative. Even if there are a set of measures and orientations towards fighting unemployment (with the risks already mentioned) there is a lack in terms of their evaluation/monitoring. Generally unemployment has decreased in 2014 for 14% (July / Eurostat). The same reduction occurred in the youth unemployment rate (37.6% - to 35.5%). But these rates are oscillating during this time (national statistics show that after a reduction in youth unemployment in the middle of 2014, it increased again in the end of 2014). However the decrease that we are assisting doesn't give us any information if this is an effective impact of recent measures or if these measures are covering a problem (we don't know, for example, if the reduction in the figures is a direct result of the measures or a mere consequence of the huge emigration of young people). In fact we are not witnessing an effective inclusion in the labor market, since people are included in training and/or precarious work that contributes to maintain their social and economic vulnerability. What we have noticed is that many unemployed attend different employment programs (like it was described above) and during this time they are out of the statistics. But then, in the end of the training or internship, they are not hired by the companies and they return to an unemployment situation. This is an example of the precarious situation of our national labor market. These programmes are eventually "cosmetic" strategies of the (un)employment statistics. According to the Winter Economic Report 2014 of Banco de Portugal, its real the increase in employment but the growth rate is overinflated by internships. For example, the creation of employment in the private sector increased 2.6% between 2013 and 2014 (third quarter), but when internships are removed the percentage drops to 1.6%.</p> <p>As we already mentioned Emigration is also an indicator of the precarious situation of national labor market. According to the last report of Emigration, in 2013, 110 000 Portuguese citizens left the country. This number is being increasing since 2010 and people leaving the country to work abroad are more qualified than ever.</p>
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	<p>The negative development is also seen in the continuous policy of cuts in central areas, like social protection, education and health (like it was already described before) under the assumption that the cuts in these sectors can be seen as important one's for the economic recovery (meaning deficit reduction) of the country (according with the view of the Troika and the austerity proposed solutions) but forgetting the brutal impact they have on the citizens life and, consequently, also on the market and on any possibility of growth. In other words, austerity kills people and, at the same time, kills any possibility of economic recovery.</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p>The situation of poverty and social exclusion in Portugal is being particularly critical for young population. Child poverty rate increased in 2012 to 24.4% (it was 21.7%). Poverty rate reached 18.7%. In terms of AROPE rate the situation is also problematic and has also increased these last years (27.4% in 2012 and 25.3% in 2011).</p> <p>At national level, we underline and insist in the lack of a National Integrated Strategy to fight poverty and social exclusion. The only measures targeting this problem are included in the national plan for emergency – which can't be seen as a strategy and that by its characteristics and ideological design is made only to promote assistance. Nevertheless this Plan - continuously presented as the main answer to fight poverty and social exclusion - lacks of a real assessment and is a set of individual measures that don't gives an integrated answer to this phenomena. Other indicators – like it was described previously - show that the situation is not improving but is still quite difficult for Portuguese citizens.</p> <p>All the employment measures presented needs to be monitored in order to understand their impact in the inclusion of people, especially the most vulnerable. However employment is not the only answer to take people from poverty and social exclusion. Employment must be inclusive, adequately paid, secured in terms of rights and social protection. Increasing Minimum wage can be one step to it, may reveal a concern with the situation of the most vulnerable citizens, but does not seems significant enough – adequate – to change their situation. At this level it's also important to build consensus (political consensus) in terms of a development of an adequate minimum income in Portugal.</p> <p>It's also important to mention the new Program for Social Inclusion and Employment (POISE), under the new financing period of the European Social Fund (ESF), and the role that this program can have in the fight against poverty and social exclusion (its allocated EUR 5 billion to promote employment, labor mobility, social inclusion and fight poverty). However, and again, without a clear national anti-poverty strategy, we risk these kind of programs to become a mere sum of individual measures, not coordinated and integrated. We alerted several times for this situation when the designing of the programs was running. Until now it is still not possible to see and evaluate seriously the potential impact of this program, particularly when there is a risk that it will be implemented “against” other decisions (macro-economic) counteracting its inclusion potential.</p>

b)	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <p><u>EAPN Portugal presents the following proposals for the Alternative Country-Specific Recommendations for Portugal:</u></p> <ol style="list-style-type: none"> <li>1. The need for a National Anti-Poverty Program, including a specific strategy against child poverty;</li> <li>2. The need to guarantee an adequate and fairly social protection system and define an adequate minimum income at national level.</li> <li>3. Guarantee a democratization of the European semester process.</li> </ol>
c)	<p><b>Give brief justification for your proposals</b></p> <ol style="list-style-type: none"> <li>1. A National Anti-Poverty Program is essential, as it is not possible to fight poverty and social exclusion with an emergency program structured on piece-meal policies with no intrinsic coherence. It is also not possible to detach social policies from other policies (including employment and education and training policies but also fiscal, economic and demographic policies), as the current situation clearly demonstrates the strong negative influence of the policies currently implemented and makes the case for the poverty proofing of those. Only under a comprehensive and coherent strategy will be possible to fight poverty and social exclusion with better and improved social policies that are not questioned and endangered by other relevant (and most of the predominant) policies.</li> <li>2. In these last year's we are facing a strong reduction in the social protection benefits (Social Insertion Income; Solidarity Complement for the elderly; Family allowance...), as well as in the rules/eligible conditions to access it. It's important to reinforce these benefits, not only with adequate amounts but also with an integrated strategy to improve social inclusion. These benefits cannot just be seen as cash support at the expense of the social inclusion component. To help on this is also important to improve the capacity of the social professional teams that support the beneficiaries of these measures. This issue/subject must also be followed by a serious debate on the definition of an adequate minimum income (the conclusions of EMIN Project can be an added value on this matter).</li> <li>3. The importance of the European semester for national policies (assessment and definition) is clear. However it's necessary to provide other moments of consultation and REAL participation of key actors, like social economy entities that have a deep knowledge of national level context. But also the national Parliament level! This process of participation must be clearly defined at European level – guidelines for participation and monitoring of the European Semester. And we must underline that participation costs!! Therefore enough resources should be available for raising awareness about the semester and for the support of people experiencing poverty in a more direct participation of its design, implementation and evaluation.</li> </ol>



## SLOVAKIA

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)<sup>8</sup></b>
	<p>The Slovak Republic needs to hear the CSRs that (a) urge for more ambitious, rights based three-pillar approach for tackling disadvantage and poverty transmission in Roma marginalized communities; (b) appeal for implementing active inclusion approach to integration of long-term unemployed into mainstream life of society and labour market; (c) plead for attention to adequacy of minimum income scheme and for (d) more massive support of access to affordable and safe public housing for families with children.</p>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <p>3. The government should more effectively address long-term unemployment through activation measures, second-chance education and tailored quality training. Enhance the capacity of public employment services for the <i>case management personalised counselling and activation of jobseekers</i> and strengthen the link between activation and social assistance. Youth unemployment should be tackled by <i>improving early intervention</i> in line with the objective of a youth guarantee. Improve incentives for women's employment, by <i>enhancing the provision of childcare facilities, in particular for children</i> below three years of age.</p> <p>4. (...). Adopt <i>systemic measures to improve access to high quality and inclusive pre-school and school education for marginalised communities</i>, including Roma and take steps to increase their wider participation in vocational training and higher education.</p> <p><u>SAPN Comment:</u>  Recommendation to enhance "case management personalized counseling" and to adopt "systemic measures" seem to echo the recommendation to apply comprehensive, three pillar (active inclusion) approach for tackling poverty transmission. However, improved conditions for personalized counseling could not substitute for missing basic services such as provision of affordable housing and compensate very low minimum income (insufficient for participation in society). There is permanent neglect of the Commission to the issue of paralyzing low social assistance and missing access to decent housing of families with children from low-income groups and marginalized Roma communities.</p>

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<sup>8</sup> I (Zuzana Kusá) was unable to find the precise wording of our 2014 Alternative CSRs sent to you. For that reason I copied and pasted alternative CSRs from my 2013 inclusion expert report to the Commission.

b)	<p><b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <p>3. (...) Strengthen the <i>link between activation and social assistance</i>.  SAPN comment: Commission's proposal to strengthen the link between activation and social assistance seems quite dangerous for its generality. Such general wording can also justify the steps to full conditionality of minimum income by "activation". Such steps were made by the Slovak Government in 2013/14. Acceptation of such steps could also mean that the Commission withdraws from the commitments set by the European Charter of Fundamental Rights.</p>
c)	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>Neglect of importance of adequate minimum income and access to affordable services, especially housing for the progress in reaching anti-poverty and employment target.</p>
<b>3. EAPN Assessment of the implementation of CSRs</b>	
a)	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>Commission/Council's proposals are tailored to the already implemented or designed policies (in the OP and the related "conditionality" strategies for new programming period).</p>
b)	<p><b>Is this a positive/negative development?</b></p> <p>The fact that the Commission proposed what the government has been already doing or planning to do (with the support of the structural funds) can be assessed as both positive and negative development. European semester seems to be very expensive controlling process providing very tiny space for stimulating improvements in social protection and access to rights.</p>
<b>4. New Developments and New Alternative CSR proposals from EAPN members</b>	
a)	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p><b>Full conditionality of entitlement to the MI benefits for working able adults</b> by participation in small community services was introduced in 2014.</p> <p>There are several projects that are aimed to support employment of disadvantaged jobseekers and their placing on labour market. Support of employment of long-term unemployed persons is based on lowering overall costs of labour by state subsidies of such jobs and on improving conditions for concurrence of benefit and income from employment.</p>

	<p>The government has <b>increased substantially the minimum wage in the two subsequent years</b>. Since January 2014, the gross minimum monthly wage is EUR 352 and since January 2015 it will reach EUR 380.</p> <p>Resources provided by the new programming period of 2014-2020 are planned to be used to create conditions for extending the provision of services for families by <b>building new childcare facilities</b>. There are also plans to amend the childcare allowance to make childcare services more affordable.</p> <p>Since November 2014 <b>railway transportation is fully free of charge for several groups of inhabitants: for children, pupils, students up to 26 years of age and old age and disability pensioners</b>. Since February 2015, discount fares for commuters using railway transportation has been raised to 50% (35-40% so far).</p> <p>Work on the minimum pension intensified. It will come in force from June 2015 – for those with at least 30 years of work record.</p>
<b>b)</b>	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <ol style="list-style-type: none"> <li>1. Government should acknowledge the necessity of adequate minimal income and base its level on evaluation and estimation of real living costs. The minimum income should be individualised and guaranteed to families with children with no conditionality. Benefits and allowances to benefit should be indexed annually.</li> <li>2. Attention should be given to investments in public rental housing and to strengthening the duty of municipality to care for availability of decent housing for its inhabitants.</li> <li>3. Permanent programmes for increasing and sustaining attendance of children with Roma mother tongue from marginalised Roma communities in pre-school education and care are needed.</li> </ol>
<b>c)</b>	<p><b>Give brief justification for your proposals</b></p> <ol style="list-style-type: none"> <li>1. Inadequate minimum income deepens social exclusion of its beneficiaries, their indebtedness, inability to comply with standard social obligations and as a consequence deepens the gap in society.</li> <li>2. Slovakia has one of the lowest numbers of dwellings per one thousand inhabitants and extremely low number of apartments in public sector (less than 3 % according to the 2011 Census). Number of youth in age 18 – 34 living in apartments of their parents is one of the highest in EU28. Many Roma live in undocumented dwellings that are in danger of being demolished. According to the mapping of Roma concentrations (Atlas 2013), 13.8 % of Roma dwellings were built without legal permit and 14.7 % of inhabitants of Roma</li> </ol>

	<p>concentration live in makeshift shanties that do not have character of proper buildings.<sup>9</sup></p> <p>Since 2009 there was decline of public rental housing construction. Existing subsidies for public rental housing procurement were cut but even the decreased amount was not drawn by municipalities as their interest in public housing construction also decreased – they did not apply for the support.</p> <p><b>3.</b> Right to education in mother tongue is still not secured for Roma children and preschool education (kindergartens) is not made available for children living in Roma concentrations in rural areas.</p>
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<sup>9</sup> Atlas of Roma communities 2013 Available at [http://www.minv.sk/?atlas\\_2013](http://www.minv.sk/?atlas_2013)

## SPAIN

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<p>1. The way-out of the crisis should be redistribute more equitably, with a greater effort by the richest individuals and corporations. Austerity measures due to the adjustment policy should not touch the red lines of the welfare system, although the reforms to improve efficiency and effectiveness are welcome. Vulnerable people, families and children cannot be ignored any longer.</p> <p>2. The social chapter and poverty targets of the Europe 2020 Strategy should be reinstated with all their political strength and as such reflected in the budget in the NRP.</p> <p>3. As instruments to achieve the goals of poverty reduction, the National Action Plan for Social Inclusion (NAP) and PENIA (National Plan for Children and Adolescents) should be included and budgeted in this 2014 NRP. Additionally, An Anti-Poverty Shock Plan should be implemented, with the participation of all stakeholders, in order to address the 1.8 million jobless households and 12 million people living in poverty.</p>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
	Yes, up to some extent. In particular, with regard the National Action Plan for Social Inclusion, which is CSR5. However, a better redistribution and the anti-poverty shock plan were not considered.
<b>a)</b>	<p><b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b></p> <p>CSR 1. (...) Consider lowering employers' social security contributions, in particular for low-wage jobs;</p> <p><b>DIFFERENCES</b>          POSITIVE/NEGATIVE. The contribution of low-wage jobs is too high, and the net income could discourage or disincentive the incorporation to the labour market. The negative part is that, in the future, these workers will have very low pensions.</p> <p>CSR 2. (...) Develop a permanent framework for personal insolvency, paying due attention to balanced creditor/borrower rights and financial stability considerations.</p> <p><b>DIFFERENCES</b>          POSITIVE. Although we have not expressed it as such last year, the "personal insolvency" issue is very important in the current panorama of impoverishment and family bankruptcy. This matter has come out in different documents of EAPN Spain's members.</p>

	<p>CSR 3. Pursue new measures to reduce labour market segmentation to favor sustainable, quality jobs, for instance through reducing the number of contract types and ensuring a balanced access to severance rights. (....)</p> <p>Enhance the effectiveness and targeting of active labour market policies, including hiring subsidies, particularly for those facing more difficulties in accessing employment. Reinforce the coordination between labour market and education and training policies. Accelerate the modernization of public employment services to ensure effective personalized counseling, adequate training and job-matching, with special focus on the long-term unemployed.</p> <p><b>DIFFERENCES</b></p> <p>POSITIVE. We think that “quality jobs” are an important issue, and that they are a key component of a better redistribution strategy, a goal mentioned in our ACSR1. Indeed, the betterment of employment and education public services, and the reduction of red tape, could make more impact on social services and minimum income recipients.</p> <p>CSR 4. Implement the 2013-2016 Youth Entrepreneurship and Employment Strategy and evaluate its effectiveness. Provide good quality offers of employment, apprenticeships and traineeships for young people and improve the outreach to non-registered unemployed young people, in line with the objectives of a youth guarantee. Effectively implement the new educational schemes to increase the quality of primary and secondary education. Enhance guidance and support for groups at risk of early school leaving. Increase the labour-market relevance of vocational education and training and of higher education, in particular by enhancing the cooperation with employers and supporting the training of trainers and tutors.</p> <p><b>DIFFERENCES</b></p> <p>POSITIVE. Youth unemployment rate is extremely high, and a clear source of inequality and disadvantage.</p> <p>CSR 5. Implement the 2013-2016 National Action Plan on Social Inclusion and assess its effectiveness covering the full range of its objectives. Strengthen administrative capacity and coordination between employment and social services in order to provide integrated pathways to support those at risk, and boost, among the Public Administrations responsible for the minimum income schemes, streamlined procedures to support transitions between minimum income schemes and the labour market. Improve the targeting of family support schemes and quality services favoring low-income households with children, to ensure the progressivity and effective ness of social transfers.</p> <p><b>DIFFERENCES</b></p> <p>POSITIVE. No significant differences with our proposal, which mentioned the need to implement both the NAP Social Inclusion, as the PENIA (Children and Youth Inclusion).</p>
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b)	<p><b>Highlight the Commission’s negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b></p> <p>CSR 1. (...) Continue to increase the cost-effectiveness of the healthcare sector, in particular by further rationalizing pharmaceutical spending, including in hospitals and strengthening coordination across types of care, while maintaining accessibility for vulnerable groups. Adopt by the end of 2014 a comprehensive tax reform to make the tax system simpler and more conducive to growth and job creation, preservation of the environment and stability of revenues.</p> <p><b>DIFFERENCES</b></p> <p>NEGATIVE. Although the Recommendation mentions the need to maintain the accessibility to healthcare for vulnerable groups, more savings in the sector mean less available medicines covered by the Social Security, less health services and more emphasis in getting people out of the system (namely, immigrants).</p> <p>CSR 8. Implement at all government levels the recommendations of the committee for the reform of the public administration.</p> <p><b>DIFFERENCES</b></p> <p>NEGATIVE. This reform of the public administration will represent the dismantling of the social services at the local and provincial levels, in order to reduce expenditures. Therefore, people experiencing difficulties and poverty are farther from the practitioners who can provide assistance and solutions. In contradiction with our first Recommendation --“Welfare state red lines should not be crossed”- -- this reform is a step back.</p>
c)	<p><b>What are the main gaps in the Commission/Council’s CSRs for your country, what is missing?</b></p> <ul style="list-style-type: none"> <li>• <b>Austerity measures</b> proposed in CSR 1, in general, have been translated into cuts in social services and policies.</li> <li>• The requirement to increase public income by means of more fiscal pressure represents a heavy load on domestic consumption (in particular through high indirect taxes, such as VAT). However, despite recommendations from the International Monetary Fund (IMF), Organisation for Economic Cooperation and Development (OECD) and the European Commission, the Spanish Government decided not to increase the rate of VAT even further.</li> <li>• The Council has proposed no redistribution measures. The pressure of these policies is not distributed equally.</li> <li>• The Council has not considered the need to start a Social Recovery plan, or Anti-Poverty shock plan, as proposed by EAPN.</li> </ul>

3.	<b>EAPN Assessment of the implementation of CSRs</b>
a)	<p data-bbox="300 230 1361 309"><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p data-bbox="300 353 1361 432">CSR 1. (...) Consider lowering employers' social security contributions, in particular for low-wage jobs;  <i>Governmental ACTION: On 23rd June the government released its long-awaited draft legislation. This does include reductions in income tax rates and bands, with Treasury Minister Cristóbal Montoro explaining that "the time has come to reduce taxation for everyone and the Spanish people will now be compensated for the efforts they have had to make". The reforms also aim to strengthen economic growth and stimulate savings and investment through a modern tax system that fosters job creation. The key changes affecting individuals and families. Prime Minister Mariano Rajoy has stressed that the tax reduction particularly benefits lower earners. The average income tax burden is expected to reduce by 12.5%, but taxpayers with earning less than €24,000 will pay 23.5% less tax. The earners with lower income (below euro 12,000 per year) will not have the IRPF retention from January 2015, onwards.</i></p> <p data-bbox="300 936 1361 1093">CSR 2. (...) Develop a permanent framework for personal insolvency, paying due attention to balanced creditor/borrower rights and financial stability considerations.  <i>Governmental ACTION: nothing done.</i></p> <p data-bbox="300 1137 1361 1720">CSR 3. Pursue new measures to reduce labour market segmentation to favour sustainable, quality jobs, for instance through reducing the number of contract types and ensuring a balanced access to severance rights.  <i>Governmental ACTION: The Spanish labor market showed new signs of recovery in 2014, according to new figures released at the beginning of January, by the National Statistics Institute (INE). The latest active population survey reports that unemployment fell by 477,100 people and 433,900 jobs were added from January to December, bringing the jobless rate down to 23.7% compared to highs of nearly 27% at the height of the crisis. Nevertheless, there is still a long way to go before the economy makes up for all the lost ground. In the third quarter of 2007, when the crisis began, there were 20.5 million people holding jobs; that number is now down to 17.6 million. Meanwhile, there were fewer than two million people out of work in late 2007, compared with 5.46 million today. Despite job creation is an important motor for the government, these jobs have poor quality. Most of them are temporary or partial.</i></p> <p data-bbox="300 1765 1361 2020">CSR 4. Implement the 2013-2016 Youth Entrepreneurship and Employment Strategy and evaluate its effectiveness. Provide good quality offers of employment, apprenticeships and traineeships for young people and improve the outreach to non-registered unemployed young people, in line with the objectives of a youth guarantee. Effectively implement the new educational schemes to increase the quality of primary and secondary education. Enhance guidance and support for groups at risk of early school leaving. Increase the labour-market</p>



	<p>relevance of vocational education and training and of higher education, in particular by enhancing the cooperation with employers and supporting the training of trainers and tutors.</p> <p><i>Governmental ACTION: The Framework Youth Entrepreneurship and Employment Strategy was legally established in August 2014, after several drafts and delays. It is directed to youths between 16-25 years old / 16-30 years old for disabled people; Unemployed; Not in training and not in education. The Registration system to be beneficiary Spanish YG Scheme is available at the website: <a href="http://www.garantiajuvenil.gob.es">www.garantiajuvenil.gob.es</a></i></p> <p><i>The effects of these measures are still to be known.</i></p> <p>CSR 5. Implement the 2013-2016 National Action Plan on Social Inclusion and assess its effectiveness covering the full range of its objectives. Strengthen administrative capacity and coordination between employment and social services in order to provide integrated pathways to support those at risk, and boost, among the Public Administrations responsible for the minimum income schemes, streamlined procedures to support transitions between minimum income schemes and the labour market. Improve the targeting of family support schemes and quality services favouring low-income households with children, to ensure the progressivity and effectiveness of social transfers.</p> <p><i>Governmental ACTION: The National Action Plan comprised measures which were already enforced or working at the different levels of the administration. The Plan consisted in making more synergies among them, despite the lack of a necessary budgetary increase. However, key strategies as the Active Inclusion, have not been implemented. In the case of Minimum Income, considerable increases in the budget and the number of recipients have taken place, from 2013 to 2014. In this case, the system's streamlining, in order to making it more efficient and with more efficacy, is still pending.</i></p>
<b>b)</b>	<p><b>Is this a positive/negative development?</b></p> <p>Some positive developments have been described above. In general, there is a need of more</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p><b>Positive</b></p> <ol style="list-style-type: none"> <li>1) PREPARA prorogation. This Minimum Income scheme, funded by the Social Security, has been extended from January 2015, until the unemployment rate lowers to 20%. The amount is 426 euros monthly.</li> <li>2) Tax reform for the lower earners (described before).</li> <li>3) A "Family Plan" to be launched (the final version to be known, only announced until now).</li> <li>4) FEAD. Implementation and continuity of the food relief activities.</li> <li>5) SFE. To begin at the end of 2015, very delayed.</li> </ol>

	<p><b>Negative</b></p> <p>1) VAT and other consumption taxes are still very high.</p> <p>2) Self-employed and small business hold a lot of fiscal pressure, and lack of credit.</p> <p>3) Electricity and other energy utilities have very high tariffs and they generate increasing energy poverty.</p> <p>4) Jobs of new creation have a low quality. Active Inclusion has not been implemented. Minimum Income schemes are fragmented and with low efficacy. Amounts are extremely low.</p> <p>5) No child benefits have been implemented. The Recommendation “Investing in Children” has not been taken into account.</p>
<b>b)</b>	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <p>1. The way-out of the crisis should be redistribute more equitably, with a greater effort by the richest individuals and corporations. Austerity measures due to the adjustment policy should not touch the red lines of the welfare system, although the reforms to improve efficiency and effectiveness are welcome. Vulnerable people, families and children cannot be ignored any longer.</p> <p>2. The social chapter and poverty targets of the Europe 2020 Strategy should be reinstated with all their political strength and as such reflected in the budget in the NRP.</p> <p>3. As instruments to achieve the goals of poverty reduction, the National Action Plan for Social Inclusion (NAP) and PENIA (National Plan for Children and Adolescents) should be included and budgeted in this 2014 NRP. Additionally, An Anti-Poverty Shock Plan should be implemented, with the participation of all stakeholders, in order to address the 1.8 million jobless households and 12 million people living in poverty.</p>
<b>c)</b>	<p><b>Give brief justification for your proposals</b></p> <p>The main macro-social elements of our 2013 diagnosis have not changed significantly. Although the economy is slowly beginning to grow and the number of unemployed persons is dropping, there is a huge need to move forward socially, to re-democratize the economy and to implement powerful poverty-relief mechanisms.</p>

## SWEDEN

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
	<p>1. Address growing inequality. It is a process that is threatening social cohesion and increasing social costs.</p> <p>2. An active job creation strategy is needed, which should not only focus on the labour supply side.</p> <p>3. A more active housing policy – which in itself can create new jobs, and reduce household debts due to non-affordable housing, and reduce social costs for segregation etc. There should be no more privatization of public housing.</p> <p>4. Restore a just and well-functioning social welfare policy.</p>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
	They picked up the problems but not the solutions for p 2-3.
<b>a)</b>	<b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b>
	<p>2. Moderate household sector credit growth and private indebtedness.</p> <p>4. Take appropriate measures to improve basic skills and facilitate the transition from education to the labour market, including through a wider use of work-based training and apprenticeships. Reinforce efforts to target labour market and education measures more effectively towards low-educated young people and people with a migrant background. Increase early intervention and outreach to young people who are unregistered with the public services.</p>
<b>b)</b>	<b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b>
	<p>The neoliberal approach in general: "Further improve the efficiency of the housing market through continued reforms of the rent-setting system. In particular, allow more market-oriented rent levels by moving away from the utility value system and further liberalising certain segments of the rental market, and greater freedom of contract between individual tenants and landlords. Decrease the length and complexity of the planning and appeal processes, by reducing and merging administrative requirements, harmonizing building requirements and standards across municipalities and increasing transparency for land allotment procedures. Encourage municipalities to make their own land available for new housing developments." This will only lead to that the vulnerable groups on the housing market will become even more exploited and get further away from a decent housing of their own.</p>

c)	<p><b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b></p> <p>They are not addressing the growing inequality, raising figures of poverty including the need of restoring the general welfare system. For example the insufficient levels for social benefits, sick leave insurances and unemployment benefits. And no demands of specific poverty targets.</p>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
a)	<p><b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b></p> <p>There are a lot of proposals but few decisions has been taken and few measures has been done.</p>
b)	<p><b>Is this a positive/negative development?</b></p> <p>This can be positive since we have a new government and this will give them space for positive reforms.</p>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
a)	<p><b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b></p> <p>It is difficult to describe since the present government has to work with the old government rightwing budget.</p>
b)	<p><b>Give your EAPN 2015 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b></p> <ol style="list-style-type: none"> <li>1. Elaboration of specific poverty targets for Sweden, addressing key areas including increasing the growing gaps in society</li> <li>2. A more active housing policy, more affordable housing – which in itself can create new jobs, and reduce household debts due to non-affordable housing, and reduce social costs for segregation etc. There should be no more privatization of public housing.</li> <li>3. An active job creation strategy is needed with specific focus on creating job for people far from the labour market.</li> </ol>
c)	<p><b>Give brief justification for your proposals</b></p> <p>All these areas are essential for having a better integration and a stronger social cohesion in society which is needed. And so that everybody can contribute to society and avoid growing conflicts and violence.</p>

<b>Q1</b> <b><i>Present your proposals for Alternative CSRs last year (2014) for your country</i></b>
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**UK EAPN's alternative CSRs for 2014**

**1     Welfare reform (merges EAPN UK proposals made June 2013)**

- The programme of welfare reform must be halted. Specifically we call for measures on the uprating of benefits below RPI prices to be abandoned; for a national (English) scheme to be introduced to replace Council Tax Benefit; for the introduction of Universal Credit to be further delayed until the labour market improves and for the increased sanctions associated with the benefit to be scrapped
- The UK must retain the child poverty reduction target and the four measures of child poverty in the Child Poverty Act of 2010
- The UK government should re-establish stakeholder dialogue with NGOs on the development of its anti-poverty policies. This should sit alongside the Commission on Social Mobility and Child Poverty, and would enable engagement on the development of strategy overall. Such mechanisms must also involve people with direct experience of poverty.

**2     Adequate income**

Minimum wages

- Commit to a steady and progressive rise in the minimum wage for all ages including those aged 18-25. The aims are to put a floor under living standards and slow the falling share of wages in national income; to limit the employer subsidy embodied in low wages both through tax credits and other social costs and to drive a “high” rather than “low” road of increased productivity to support better wages.

Guaranteed minimum incomes

- Commit to steady and progressive improvement in cash benefits to meet adequate minimum income. Specifically we call for the implementation of the JRF model of determining minimum income thresholds and its use to benchmark minimum incomes to progress to at least meet the MIS threshold for each group of benefit recipients.

**3     Access to adequate, affordable housing (new priority for 2014)**

Rents and renters' rights

- Re-introduce rent controls and secure tenancies in the private sector
- Reverse the policy shift to fixed-term social rental tenancies, increases in social rents above inflation and cuts in housing support including an end to the ‘spare room subsidy’ – commonly known as the ‘bedroom tax’
- Launch an improved shared ownership scheme to improve transportability of individuals' equity stake.

### House-building

- A substantial programme of social house-building aimed at low to middle income households financed partly by full removal of the housing finance cap. The aim is to increase housing supply at affordable rents, including for the rising proportion of young people unable to access home-ownership or secure suitable homes in the private rented sector
- Financial support for innovative developments in cooperative housing schemes and self-build attached to green energy commitments.

<b>Q2 Did the Commission/ Council CSRs for your country pick up on and reflect EAPN concerns?</b>
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**Note: Commission/ Council CSRs for the UK are attached as Appendix 1.**

**Q2a Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)**

**Commission/Council CSR number 2**

*Increase the transparency of the use and impact of macro-prudential regulation in respect of the housing sector by the Bank of England's Financial Policy Committee. Deploy appropriate measures to respond to the rapid increases in property prices in areas that account for a substantial share of economic growth in the United Kingdom, particularly London, and mitigate risks related to high mortgage indebtedness. Monitor the Help to Buy 2 scheme and adjust it if deemed necessary. Consider reforms to the taxation of land and property including measures on the revaluation of property to alleviate distortions in the housing market. Continue efforts to increase the supply of housing.*

**EAPN's Alternative CSR 3 on access to adequate, affordable housing addresses some of the same issues as Commission/Council CSR 2, especially housing supply, house price increases relative to incomes, risks of mortgage indebtedness and the specific issues of the London property market.**

Commission/Council CSR number 2 refers to macro-prudential regulation, property prices and debt risks and suggests a number of measures. Quantitative easing (QE, a programme of government bond purchase to push cash into the economy to stimulate growth) has inflated asset prices and reduced yields on savings. Therefore it is a key driver of property price and rent rises. It is behind the burgeoning buy-to-let sector as well as the specific London 'buy-to-leave' market (empty property, merely benefitting from asset security and asset inflation especially by overseas investors).

Overall, the Commission/ Council CSR 2 is much more concerned with macro-economic risk than with combating housing lack, affordability and quality. Despite the massive longer term social and economic implications of the chronic UK problems of access to adequate, affordable housing, the Commission/ Council CSR 2 is not concerned with the poverty risks of the housing crisis and does not directly address distributional issues, fairness or inclusion. Thus:

## Housing supply

**Commission/Council CSR number 2 refers, like EAPN UK Alternative CSR 3, to the need to increase the supply of housing.** But it does not offer any specific measures.

- The net supply of UK housing rose in 2014 compared to 2013. Net housing supply rose to 136,610, of which 130,000 was new-build<sup>10</sup>. Scottish new-builds for the year to June 2014 were 15% up at 15,824.<sup>11</sup> But house-building is still below pre-crash levels and well below the 250,000 per year needed to meet housing demand. Government spending on new homes fell 44%.<sup>12</sup> There is insufficient overall supply due a lack of new builds, high land values, restrictions on local authority house building, high income multiples and other problems in access to mortgage finance.
- Social house-building was down on the previous year in both England and Scotland. It has fallen for the last three years.
- A 2013 report by the NGO Shelter<sup>13</sup> stressed that demand could not be met without significant central government direct investment of about 1% of GNP; increased local authority capacity to borrow; new 'garden cities'; measures to support self-build and affordable rural housing, as well as building in the 'green belt' (the 'green lungs' around towns and cities). There have been no serious developments, except the politically controversial changes to planning laws which enable building on the green belt and allow central government to over-rule local government refusals of planning permission.

## Home ownership

**Commission/Council CSR number 2 refers, like EAPN UK Alternative CSR 3, to home ownership, but mainly in terms of macro-prudential risks linked to asset price inflation and over-indebtedness.**

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<sup>10</sup> Department for Communities and Local Government (2014) Net supply of housing: 2013-2014, England, *Housing Statistical Release*, 13 November, accessed at: [https://www.gov.uk/government/uploads/syst25em/uploads/attachment\\_data/file/373576/Net\\_Supply\\_of\\_Housing\\_England\\_2013-14.pdf](https://www.gov.uk/government/uploads/syst25em/uploads/attachment_data/file/373576/Net_Supply_of_Housing_England_2013-14.pdf)

<sup>11</sup> The Scottish Government (2014) *New build housing completions at three year high*, 25 November, accessed at: <http://www.wired-gov.net/wg/news.nsf/articles/New+build+housing+completions+at+three+year+high+25112014161040?open>

<sup>12</sup> IFS figures quoted by Toynbee, P. (2015) Cameron's latest tax-cut conjuring is a trick too far, *The Guardian*, London, 27 January

<sup>13</sup> Griffith, M. & Jefferys, P. (2013) *Solutions for the housing shortage: How to build the 250,000 homes we need each year*, Shelter, July, accessed at: [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0011/689447/Solutions\\_for\\_the\\_housing\\_shortage\\_-\\_FINAL.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0011/689447/Solutions_for_the_housing_shortage_-_FINAL.pdf)

- Property prices increased at an annual rate of 8% in November 2014, but 21% in London,<sup>14</sup> though there are signs now that the market has cooled.
- In rural areas, average annual earnings are about £19,000 per annum but average rural house prices are eleven times average salary.<sup>15</sup>
- The Commission/ Council seem less directly concerned with affordability of home ownership. There are 17 million homeowners and 8.2 million renters. Rates of home ownership (and therefore assets which can be drawn on in retirement) are in decline. They peaked in 2002 at 69.7% but by 2012 had dropped to 64.7%, one million fewer homeowners.<sup>16</sup>
- Post crash, there are high deposits required to access mortgages – often 20% rather than pre-crisis 5% and mortgages are at much higher multiples of income. By November 2014 the Coalition government’s scheme ‘Help to Buy’ had assisted about 71,000 buyers by providing guarantees to lenders that offset some of the risk of lending. This has enabled eligible potential homeowners to access loans with lower mortgage deposits and lower interest rates. Most of those helped have bought lower value homes outside London.<sup>17</sup> The scheme has helped first time buyers to re-enter the market, but it meets a fraction of need. However, there are now more mortgage deals across the market offered at lower interest rates and with smaller deposits.
- But affordability remains a problem because of falling real wages and insecure employment, especially for people under age 35. For example, In Scotland, private renting has doubled in ten years and trebled for those aged under 35.<sup>18</sup>

### **Affordable housing**

- In England in 2013-2014, gross ‘affordable housing supply’ ‘for eligible households whose needs are not met by the market’ including bed-spaces in multiple occupation units, was 42,710, a little below 2012-2013 (42,920). The figure, as gross, does not account for demolitions or other losses of existing stock, e.g. through sales. The 36,520 new-build homes were 86% of all affordable homes supplied, but this was a drop of 8% on the previous year’s build. Of supply delivered, at 30,590, there was a 24%

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<sup>14</sup> Pettinger, T. (2014) UK Housing Market Stats and Graphs, *Housing Stats*, 8 December, accessed at: <http://www.economicshelp.org/blog/5709/housing/housing-market-stats-and-graphs/>

<sup>15</sup> See Land Registry price paid data, 2013 and ONS (2013) Annual survey of hours and earnings, 2013, evidence from ACRE (2014/15): *Health, wealth and access: The ACRE Network rural manifesto for the 2015 general election*, accessed at: <http://www.acre.org.uk/cms/resources/acre-manifesto.pdf>

<sup>16</sup> Homeowners’ Alliance (2012) *The death of a dream: The crisis in home ownership in the UK: A Homeowners’ Alliance report*, November, accessed at: <http://hoa.org.uk/wp-content/uploads/2012/11/HOA-Report-Death-of-a-Dream.pdf>

<sup>17</sup> Gov.uk (2014) Help to buy: helping first time buyers onto the housing ladder, *News story*, 2 September, accessed at: <https://www.gov.uk/government/news/help-to-buy-helping-first-time-buyers-onto-the-housing-ladder>

<sup>18</sup> The Scottish Government (2014) *New build housing completions at three year high*, 25 November, accessed at: <http://www.wired-gov.net/wg/news.nsf/articles/New+build+housing+completions+at+three+year+high+25112014161040?open>



increase in units supplied of social rented housing, but still much too little to meet need; at 11,330, there was a 34% decrease in affordable home ownership.<sup>19</sup>

- The Coalition government has exempted developers of empty buildings from providing affordable housing as part of the deal. They have also enabled developers to appeal against the standard requirements for affordable housing in new developments, adding hundreds of millions of pounds to developers' profits. The measures were announced to stimulate house-building. However, they will reduce the cash available to local authorities to provide affordable housing; in 2014, English councils gained £1.9b billion from developers. The Conservative leader of Westminster City Council has described the new policy as 'insane' after his council lost £29 million in one planning meeting in one month. In 2015, some of Britain's biggest property companies have themselves objected to the new policy, some in writing to the Department of Communities and Local Government, saying that the new policy will destroy the social mix of London.<sup>20</sup>

## Social housing

**Commission/Council CSR 2 does not refer to issues concerning stock of social housing and access to it.**

**UK EAPN Alternative CSR 3 on housing specifically refers to measures to make it easier for local authorities to build social housing for rent and to charge affordable rents. Our CSR 3 referred to the importance of new business models to stimulate affordable house-building. There has been little or no progress on social house-building or on new approaches and social rent affordability has worsened.**

- There is an overall shortage of social housing. Social housing starts have now increased, but while all types of 'affordable' house building have fallen by a third below the 2010 level, social rented housing has fallen by two-thirds, from 35,000 units a year to 10,000 in 2014.<sup>21</sup>
- There is a lack of access to social sector housing due to 'right-to buy' removing social housing stock and the controls on local authorities' capacity to retain rents or to borrow to build. In 2012, the Coalition government committed to replacing every

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<sup>19</sup> Department for Communities and Local Government (2014) Affordable housing supply: April 2013 to March 2014 England, *Housing Statistical release*, 16 October, accessed at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/259999/Affordable\\_Housing\\_Supply\\_2012-13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/259999/Affordable_Housing_Supply_2012-13.pdf)

<sup>20</sup> Booth, R. (2015) Housing policy will wreck social mix, minister warned, *The Guardian*, pages 1 & 6, London, 2 February

<sup>21</sup> Bibby, J. (2014) 2013/14; The worst year for social rented house building since WW2, *Policy blog*, Shelter, 23 October, accessed at: <http://blog.shelter.org.uk/2014/10/201314-the-worst-year-for-social-rented-house-building-since-ww2/>

home sold under 'right-to-buy'. But since then, only one in five of these homes which have been sold have been replaced by a new affordable house.<sup>22</sup>

- The UK EMIN report outlined a number of major changes to housing benefit levels and eligibility and to local housing allowances plus the introduction of individual and national benefits' caps,<sup>23</sup> which have affected rental housing affordability and security.
- Our UK EMIN report referred also to the effect of rent increases above inflation and the government's changed criteria for 'affordability' (80% rather than 50% of typical social rented housing. 'Affordable rent' of 80% was established in 2011 and according to Shelter is now the default form of government support for new rented homes, accounting for 43% of completions in 2014.
- Our UK EMIN report referred to some local authorities' changes to eligibility for council housing, which dramatically reduced waiting lists without housing those made ineligible.<sup>24</sup> The Coalition government has aimed to increase social tenant mobility as a means of better matching demand and supply, through introducing fixed term social tenancies and cutting benefit payments if households are deemed to 'under-occupy' their housing (the 'bedroom tax').<sup>25</sup> The outcome of these measures has been punitive for some vulnerable groups including people with a disability as smaller appropriate accommodation is not available especially in the private sector.

### **Private renting**

**The Commission/ Council CSR 2 does not address the overall impact of private renting although there is a reference to security of tenure. EAPN made specific proposals to increase tenancy security and control rent rises. There has been little or no positive progress from the Coalition government on rents or security of tenure.**

- There has been liberalisation of the rental market and a rapid rise in buy-to-let housing investments as an alternative to traditional private pensions (where annuity rates have fallen dramatically).
- The pressure of demand on the private rented sector has increased and landlords can be 'choosy'. Our UK EMIN report of October 2014 showed that some landlords, including the largest, are no longer willing to accept tenants on benefits because of changes to the benefits' system and payments methods. .
- The rapidly growing private rented sector is filling the housing gap and trapping young people in insecure and often overcrowded and poor quality accommodation. A Shelter

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<sup>22</sup> Ibid Bibby

<sup>23</sup> Duffy, K. (2014) *United Kingdom: Analysis of Minimum income Schemes in EU member states*, 29 September, available from EAPN, Brussels, pages 15-16

<sup>24</sup> Ibid Duffy page 62

<sup>25</sup> Ibid Duffy page 13-14.

report of October 2014 refers to government figures that renters spend 40% of their income on rent. Two-thirds of private renters (3.8 million households or about 5 million people at that time), were unable to save anything at all towards a deposit, a 13% rise in two years. Also in 2014, Shelter and Crisis published longitudinal research on the private rented sector in three English localities. They found that: private renting did not provide secure and decent homes; two-thirds of people were unhappy with their tenancies and low income and vulnerable people had worse experience.<sup>26</sup>

- The 2015 Civitas report on the future of private renting<sup>27</sup> showed that private renting has increased (to over 4 million tenancies) alongside declining access to social housing and to home ownership. They have shown distortions in the market that arise from measures that address housing demand rather than housing supply. They have pointed to the rapidly rising cost of housing benefit subsidies, which go to private landlords who are able to set rents at artificially high levels. They show that the private rented sector has expanded largely through the purchase of existing housing stock, inflating house prices and inhibiting private renters from moving in to home-ownership. They share EAPN's concerns for a new regulatory framework and greater security of tenure than the current 6-12 months.
- Young people's capacity to live in secure accommodation, to form families and to save for retirement is especially compromised.

## Homelessness

- Homelessness figures are not comparable in the different parts of the UK. Homelessness in Northern Ireland and Wales has risen in recent years but it is still below its mid-2000s peak. The major contingent reasons were family breakdown/loss of accommodation with friends and family.<sup>28</sup> Between 2012-13 and 2013-14, homelessness applications in Scotland fell by 8%, the major contingent reasons were the same as in Northern Ireland and Wales. However, there was a significant increase in evictions, mainly for rent arrears.<sup>29</sup>
- In England too, statutory homelessness peaked earlier (in 2003) but has been rising for the last three years. The housing and policy environment is tougher in England. The major reasons people stay homeless is lack of support to get into secure accommodation and

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<sup>26</sup> Shelter (2014) *Sky-high housing costs leave 5 million people in the 'rent trap'*, Shelter, 29 October, accessed at: [http://england.shelter.org.uk/news/september\\_2016/sky-high\\_housing\\_costs\\_leave\\_five\\_million\\_stuck\\_in\\_the\\_rent-trap](http://england.shelter.org.uk/news/september_2016/sky-high_housing_costs_leave_five_million_stuck_in_the_rent-trap)

and Smith, M., Albanese, F. & Truder, J. (2014) *A roof over my head: The final report of the Sustain project: A longitudinal study of housing outcomes and well being in private rented accommodation*, Shelter and Crisis accessed at:

[http://england.shelter.org.uk/professional\\_resources/policy\\_and\\_research/sustain/downloads/6424\\_Sustain\\_Final\\_Report\\_for\\_web\\_opt.pdf](http://england.shelter.org.uk/professional_resources/policy_and_research/sustain/downloads/6424_Sustain_Final_Report_for_web_opt.pdf)

<sup>27</sup> Bentley, D. (2015) *The future of private renting: shaping a fairer market for tenants and taxpayers*, Civitas, January, accessed at: [www.civitas.org.uk](http://www.civitas.org.uk)

<sup>28</sup> JRF data, accessed at: <http://data.jrf.org.uk/search/?q=homelessness>

<sup>29</sup> Shelter Scotland (2014) *Homelessness Statistics*, Shelter Scotland, accessed at: [http://scotland.shelter.org.uk/housing\\_policy/key\\_statistics/homelessness\\_facts\\_and\\_research](http://scotland.shelter.org.uk/housing_policy/key_statistics/homelessness_facts_and_research)

lack of availability of accommodation. Only 50% of those who applied to English local authorities met the criteria to be accepted as homeless (i.e. there is a legal duty to address their housing need). The most frequent reason for becoming homeless was loss of an assured short-hold tenancy – these are offered by the private sector and need last only six months. This change probably reflects the doubling in size of the private rented sector, reflecting the knock-on effects of insufficient social housing, rent increases and local authority service cuts. Homeless rates in London are double those of the rest of England. Of those accepted as homeless in England, 60% were placed in temporary accommodation. Placement in temporary accommodation is increasing faster than the increase in numbers accepted as homeless.<sup>30</sup> However placement in temporary accommodation has not increased in Scotland and Wales.

- Homelessness of families is increasing. At the end of 2014, over 90,000 children in the UK were statutorily homeless (a nearly 14000 rise since 2011). The number of families in Bed and Breakfast accommodation had doubled in a year to more than 2000.<sup>31</sup>
- A newspaper article about the hardening of attitudes to poverty and homelessness and the rise of ‘defensive architecture’ (spikes, barriers, water sprinklers etc., designed to prevent ‘loitering’ by ‘undesirables’) referred to Joseph Rowntree/ Crisis research. It says UK homelessness has risen by one-third in five years and that the single biggest reason cited is benefit sanctions<sup>32</sup> (see below).

#### **Commission/Council CSR number 4**

*Continue efforts to reduce child poverty in low-income households, by ensuring that the Universal Credit and other welfare reforms deliver adequate benefits with clear work incentives and support services. Improve the availability of affordable quality childcare.*

**EAPN’s Alternative CSRs 1 and 2 on welfare reform and adequate income respectively, address the same issues.**

There have been Commission/ Council CSRs on low income and child poverty in previous years. Concern about poverty risks expressed generally and without any of the framework for sanctions on government considered appropriate domestically for poor and vulnerable people, has had no discernibly positive effect.

#### **Adequacy of welfare benefits**

**The Commission/ Council CSR 4 2014 referred in general to ensuring that welfare reform and specifically *Universal Credit*, deliver *adequate benefits*.**

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<sup>30</sup> Department for Communities and Local Government (2014) *Statutory Homelessness: July to September Quarter, 2014, England*, 11 December accessed at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/385695/201409\\_Statutory\\_Homelessness.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/385695/201409_Statutory_Homelessness.pdf)

<sup>31</sup> Burns, J. (2014) Homeless children ‘at highest level since 2011’, *BBC News*, 3 November, accessed at: <http://www.bbc.co.uk/news/education-29851119>

<sup>32</sup> Andreou, A. (2015) It was only when I became homeless that the city’s barbed cruelty became clear, *The Guardian*, g2, London, 19 February, page 2.

**EAPN Alternative CSRs 1 and 2 called for a halt to the programme of welfare reform; a stay before implementation of Universal Credit; a specific method of assessing adequacy; re-attaching benefits' increases to the RPI rate of inflation and a better scheme in England to address the problems of Council Tax benefit and the cuts to it. In addition EAPN called for scrapping of the counter-productive even harsher benefits' sanctions linked to Universal Credit. There has been no progress – indeed the reverse, in any of these areas.**

- Universal Credit is currently being rolled out after its pilot phase, but not yet to families with children. It may not be fully implemented till 2020, ten years after it was first announced. Our EAPN UK EMIN report of October 2014 referred to the delays in implementing Universal Credit (UC) and the impact for substantial groups of benefits' changes that reduce the potential positive impact on retained income and work incentives.<sup>33</sup>
- Our UK EMIN report provided evidence using consensual Minimum Income Standards that all working-age benefits are substantially below adequacy and that recent measures to delink benefits' increases to a measure of inflation will have the single biggest impact over time in impoverishing households on benefits.<sup>34</sup>
- Our UK EMIN report provided evidence of the impact of targets and sanctions for unemployed people of working age and the risk of destitution.<sup>35</sup> From October 2012 when the regime for the registered unemployed was made harsher, to June 2014, 833,628 people received an average of 1.73 'sanctions' (i.e. removal of benefit for a fixed period, now a minimum of four weeks). Up to 30 June 2014 the Work Programme alone was responsible for more Job Seekers Allowance (JSA) sanctions (545,873) than JSA job outcomes (312,780).<sup>36</sup> Written evidence in 2014 and oral evidence in January 2015, to the UK government Work and Pensions Committee<sup>37</sup> showed the impact of the dramatic increase in the number and duration of benefits 'sanctions': wrong decisions, clients who do not understand the process, hardship, hunger and ill-health and the particular impact on people with mental ill-health. There has been a big increase in fixed-term sanctions for not meeting demands regarding the amount of work-related activity. Universal Credit will for the first time extend conditionality to people in paid work (low-paid people in receipt of tax credits or other benefits).

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<sup>33</sup> Duffy, K (2014) *United Kingdom: Analysis of Minimum income Schemes in EU member states*, 29 September, available from EAPN, Brussels, pages 24-25

<sup>34</sup> Ibid, Duffy, Chapter 2

<sup>35</sup> Ibid, Duffy, pages 27-30

<sup>36</sup> CPAG (2014) Briefing: The DWP JSA/ESA Sanctions Statistics Release, *Summary*, 12 November, accessed at: [http://www.cpag.org.uk/sites/default/files/uploads/CPAG-14-11-Sanctions-Stats-Briefing-D-Webster-Nov-2014\\_0.pdf](http://www.cpag.org.uk/sites/default/files/uploads/CPAG-14-11-Sanctions-Stats-Briefing-D-Webster-Nov-2014_0.pdf)

<sup>37</sup> See Work and Pensions Committee: Inquiry into benefit sanctions policy beyond the Oakley Review, HC814, accessed at: <http://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news/benefit-sanctions-2/>

- Those with mental ill-health are also most at risk of cuts in out-of-work benefits and of sanctions (i.e. removal of benefits for non-compliance with a rule or mandate).
- The UK Department for Work and Pensions has carried out 60 reviews into suicide attempts related to benefits claims, in 49 of which the claimant died. But it refuses to publish what it refers to as 'internal reviews'.<sup>38</sup>
- People with a disability face extra costs for products and services not needed by non-disabled people. They are twice as likely to have unsecured debt of more than half of their household income, are three times more likely to use doorstep loans, have fewer savings and other assets and lower pensions than people. Yet government assistance for additional costs is reducing and getting harder to access.<sup>39</sup> Our UK EMIN report showed that disabled people, who have much lower employment rates than others, have increased risk of poverty from benefits cuts and reduced access (some of this not fully implemented yet) to higher rates of benefit.<sup>40</sup>
- In 2014, the IFS estimated that significant delays in replacing Disability Living Allowance with the less generous Personal Independence Payment, for which fewer people are eligible, had 'cost' the government £1.6 billion instead of 'saving' it £1.2 billion.<sup>41</sup> In 2014, claims by other than the terminally ill took 107 days to process, though that has since reduced a bit.

## Work incentives

### **The Commission/ Council CSR 4 2014 referred to benefits adequacy while *maintaining work incentives*.**

There has been some limited progress on work incentives, but much higher risks of poverty in certain groups. Thus:

- The Work Programme regime has increased non-financial work incentives through higher and more demanding mandated work search activity, with particularly aggressive changes for young adults, lone parents of children aged five or older and people with a disability.
- Changes in financial work incentives are more ambiguous. They are determined by changes to taxes and tax credits, which affect Participation Tax Rates (PTRs, i.e., the net income from paid work) and changes in benefits which change income replacement ratios (RRs, which illustrate the difference between the income a person

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<sup>38</sup> Pring, J. (2015) Ministers change the story – yet again – on benefit-related deaths, *Disability News Service*, January, accessed at: <http://disabilitynewsservice.com/2015/01/ministers-change-story-yet-benefit-related-deaths/>

<sup>39</sup> Brawn, E. (2014) *Priced out: Ending the financial penalty of disability by 2020*, Scope, April, accessed at: <http://www.scope.org.uk/Scope/media/Documents/Publication%20Directory/Extra-Costs-Report.pdf?ext=.pdf>

<sup>40</sup> Ibid Duffy, pages 19 and 25

<sup>41</sup> IFS figures quoted by Gentleman, A. (2015) Delays and disarray hit new disability claimants, *The Guardian, Society*, London, 28 January

would get in paid work and on benefits). Lower PTRs and lower RRs both increase incentives to work.

- The Institute of Fiscal Studies (IFS) report of January 2015<sup>42</sup> noted a small average increase in work incentives of three percentage points but this disguised big differences between groups. Viz.

Increased work incentives:

- Unemployed single people have had big cuts in benefits, therefore their RR is lower and there is likely to be an increased incentive to seek paid work. Single people are little affected by changes to tax credits so their PTR is much the same or lower and therefore there is overall a bigger increase in the incentive to take up paid work, including very low-paid work.
- People not in paid work who have *working partners* (i.e., about half the working age population), get little or nothing in benefits so their RR is low or zero and there is an incentive to take up paid work.
- So work incentives for single people and those with a partner in paid work have increased – mainly by tightening of eligibility and cuts in benefits – so that replacement ratios are lower. If these groups cannot get paid work, they are impoverished.

No change or reduced work incentives:

- The work incentives for other groups are more ambiguous.
- Those with non-working partners who would earn little if in paid work (high PRT) have not seen their RRs much reduced; they may even have increased. Work incentives for this group may have reduced.
- For those with children, cuts in tax credits which top-up low pay have increased their PTR, potentially reducing work incentives.
- The IFS report (p25) also concluded that for the majority of people already in paid work effective marginal tax rates (EMTRs) have increased, slightly reducing the incentive to work more hours.
- The work incentive impact of benefits changes has been reduced because real wages have fallen as benefits levels were cut, since effectively these are the ‘floor’ under wages for low income groups.
- EAPN UK’s EMIN report of October 2014 identified both implementation problems and negative influences of welfare cuts on work incentives and net income of Universal Credit for some groups, for example single earner households and lone parents.

**To help to drive policy, EAPN Alternative CSR 1 also stressed the retention of the child poverty reduction target and the four measures in the Child Poverty Act.**

It will become more difficult even to measure developments in poverty if the Child Poverty Act is not retained and the results for the four measures published regularly. Income

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<sup>42</sup> Browne, J. & Elming, W (2015) The effect of the Coalition’s tax and benefit changes on household incomes and work incentives: IFS Briefing Note BN159: IFS election analysis: funded by the Nuffield Foundation: *Election 2015: Briefing Note 2*, London, IFS, January

measures have already been downgraded and the Coalition Government would like to remove them.

**The Commission/ Council CSR 4 also referred to the need for more *affordable quality childcare*.**

EAPN UK did not include this in our three EAPN Alternative CSRs, but we strongly support it, from a child-centred perspective rather than focusing mainly on mothers' capacity to take up paid work. However, the cost and availability of childcare and to a lesser extent its quality, are major drawbacks to taking up childcare, especially full-day care.

### **Coalition government childcare strategy**

- The Coalition government published two childcare strategy papers in 2013 '*More Great Childcare*' and '*More Affordable Childcare*' which considered respectively, quality and quantity and affordability. The aims were to improve future workforce productivity and to fully utilise the parental workforce. The Coalition government first focused on relaxing the regulatory environment, improving quality monitoring and supporting new private childcare businesses. In 2014 they extended the provision of free part-time nursery places (already available to three and four year olds) to the most disadvantaged 40% of two-year olds. Free places are quite difficult to combine with much paid work as they are available for only fifteen hours per week and are not available during school holidays. In addition, there is a question over whether the funding is adequate to provide high quality care.<sup>43</sup> At the same time, 'austerity' local authority funding cuts have closed 600 of the local Sure Start Children's Centres established by the previous government to support child well-being and development, especially of disadvantaged children.

### **Childcare costs**

- In a survey for government published in 2014, the Ipsos Mori polling organisation found that 58% of parents rated childcare as very or fairly good, but 30% of parents thought there were not enough places. Childcare costs rose significantly from 2012 to 2013 and 27% of families were finding it difficult or very difficult to pay for childcare. The proportion of lone parents not in paid work who were finding it difficult to pay rose from 35% in 2011 to 48% in 2012.<sup>44</sup>

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<sup>43</sup> Paull, G. (2014) Can government intervention in childcare be justified? *Economic Affairs*, volume 34 number one, Institute of Economic Affairs, accessed at:

[http://www.iea.org.uk/sites/default/files/publications/files/ecaf\\_feb13\\_childcare.pdf](http://www.iea.org.uk/sites/default/files/publications/files/ecaf_feb13_childcare.pdf)

<sup>44</sup> Huskinson, T., Kostadintcheva, K., Greevy, H., Salmon, C., Dobie, S., & Medien, K., with Gilby, N., Littlewood, M. & D'Souza, J. (2014) *Childcare and early years survey of parents 2012-2013*, January, SFR 06/2014, Department for Education, accessed at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/275992/SFR06-2014\\_Childcare\\_and\\_Early\\_Years\\_Survey\\_of\\_Parents\\_2012-13\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275992/SFR06-2014_Childcare_and_Early_Years_Survey_of_Parents_2012-13_final.pdf)



- A biannual Family Finances survey by insurance company Aviva published in December 2014<sup>45</sup> found that of 2000 households with children aged 0-5 years: 10% said the second earner brings home nothing after work and childcare costs and 25% said the second earner brings home less than £100 a month. Of all those surveyed, the median left over from the second earner's salary was £243 a month.
- Research by the Family and Childcare Trust published in 2014 found that part-time childcare costs for a family of two children have overtaken the average UK mortgage bill by 4.7%. To put one child in part-time nursery care and one in an after-school club cost £7,549. Full-time childcare would cost £11,700. Parents in Britain use 26.6% of their salary on childcare.<sup>46</sup> The 2015 report shows that nursery costs for under-twos have increased by 33% over the five year life of this Parliament, while real wages have not risen. For the first time also, the lowest income families outside London who receive help with childcare through Working Tax Credits do not get enough to cover even part-time childcare costs. The maximum support is £175 a week, which leaves parents up to £52 a week to find from very low incomes.<sup>47</sup>
- Financial support for childcare is available to low and moderate income families who qualify for working tax credits, where each parent works (dependant on the age of the child). They are paid only for registered childcare; informal care by family members such as grandparent is not eligible unless they are also registered childminders. The value of these childcare subsidies has been reduced as part of the programme of cuts to welfare benefits. But a new Coalition government scheme which is intended to launch in autumn 2015 provides tax free childcare support for working parents with children aged less than twelve years and from 2016 Universal Credit will subsidise a higher proportion of childcare costs than under the current rules. However, the Family and Childcare Trust noted that if childcare costs continue to increase, the additional support will be eroded.
- Employers are subsidised to offer childcare vouchers (but these are counted against tax credits) but only 5% of employers offer them.
- The financial support available for childcare does not compensate for cuts in working tax credits and child tax credit and changes to housing benefit and council tax, which have left families poorer since 2010. As well, according to the Office for National Statistics, real wages have fallen consistently since 2010, at about 2.2% per year on average and more for low-income groups.<sup>48</sup> Families, especially low-income working

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<sup>45</sup> Aviva (2014) UK: childcare costs see parents of 0-5s work for less than £100 a month, 29 December, accessed at: <http://www.aviva.com/media/news/item/uk-childcare-costs-see-parents-of-0-5s-work-for-less-than-100-a-month-17383/>

<sup>46</sup> Family and Childcare Trust (2014) *Part-time childcare costs are now higher than average UK mortgage*, 4 March, accessed at: <http://www.familyandchildcaretrust.org/News/part-time-childcare-costs-are-now-higher-than-average-uk-mortgage>

<sup>47</sup> Rutter, J. (2015) *Childcare cost survey 2015*, Family and Childcare Trust, accessed at: <http://www.familyandchildcaretrust.org/childcare-cost-survey-2015>

<sup>48</sup> BBC News (2014): *Drop in real wages longest for 50 years, says ONS*, BBC, 31 January, accessed at: <http://www.bbc.co.uk/news/business-25977678>

households, are therefore less able to afford private sector childcare at a time when cuts have also reduced subsidised local authority provision for children and young people, often to a skeleton service. The Family and Childcare Trust report of 2015 found that despite the Childcare Act of 2006, the number of English and Welsh local authorities providing sufficient childcare for working parents had reduced to 43% from 54% in the previous year's report.<sup>49</sup>

**The Commission/ Council CSR 4 2014 referred only to adequate *benefits*. EAPN Alternative CSR 2 focused on adequate *income*, including both benefits and waged income. EAPN UK Alternative CSRs demanded a steady and progressive rise in statutory Minimum Wages. We retain that Alternative CSR, but want to add more emphasis to issues of quality in work.**

#### **Minimum wages, low wages and living wages**

- Household incomes are still 6% below pre-crash. Real wages generally have fallen since the Great Recession of 2008-9. Only in late 2014 did they (on average) stabilise in real terms. Private sector wages fell first after the crash, but since 2011 public sector wages have been uprated only by 1% per annum then many were frozen.
- Because women are much more concentrated in the public sector and retail (where wages were already at or close to legal minimum), men's real wages since between 2008 and 2014 have fallen by a significantly larger percentage (7.3%) than women's (2.5%). Young people have been worst affected (9% fall) and weekly earnings have fallen further than hourly rates. Tice as many people as pre-crash say they are working part-time because they cannot get full-time hours.<sup>50</sup>
- Legal, i.e. 'Statutory' Minimum Wages are currently £6.50 per hour for those aged 21 and over. For 18-20 year olds they are £5.13 and for 16-18 year olds they are £3.79. Apprentices, who are in their first year of employment, receive just £2.73 an hour.<sup>51</sup> The rates have fallen significantly in real terms since the 2008 crash but average real wages have fallen further in percentage terms. Minimum Wages are set through advice from an independent agency (the Low Pay Commission). The impact of low Minimum Wages on work incentives and the rapid rise in the cost of tax credits, which effectively subsidize low-pay employers, means that all main parties now support a higher Minimum Wage.
- Our EAPN UK EMIN report of October 2014 showed that 'Tax Credit' top-ups to low pay are a substantial and increasing burden on taxpayers (page 15). Over the period 2003/04 2009/10 the Tax Credit bill for Great Britain reached £171 billion in 2012/13

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<sup>49</sup> Ibid, Rutter

<sup>50</sup> Cribb, J. & Joyce, R. (2015) Men and younger workers see biggest falls in pay; low paid see smaller falls than those on higher earnings, *IFS Press Releases*, 29 January, accessed at: <http://www.ifs.org.uk/publications/7544>

<sup>51</sup> Gov.uk National Minimum Wage rates, accessed at: <https://www.gov.uk/national-minimum-wage-rates>

prices.<sup>52</sup> They subsidise employers providing ever more low-paid work with few employment rights.

- Our UK EMIN report discussed the demands for a 'Living Wage' (pages 44-45). The campaigns aim to get employers to pay an hourly wage rate that meets adequate Minimum Income Standards, as established by the consensual definitions of adequacy based on ongoing research for the Joseph Rowntree Foundation.<sup>53</sup>
- Neither statutory minimum wages nor living wages are alone a solution to in-work poverty. But wages that at least meet definitions of adequacy are essential to human dignity and quality in work, as well as contributing to higher productivity and cutting the tax credit bill.
- Some people are not able, or cannot get, paid work, or enough paid work, even if the rate per hour is adequate. A deregulated, 'flexible' labour market enables companies to offer part-time jobs and avoid many associated employment costs ranging from an element of holiday and of sick pay, to employers' national insurance. Increasing pay at the lower end of the labour market should be seen by the UK Government as part of an overall strategy for improving the quality of employment for all employees as outlined below.

### **Low quality of work, especially for low paid workers**

- Low wages are a symptom of a much larger problem. Quality in work is a crucial issue in the UK, which has relatively low unemployment by EU standards, but relatively high proportions of people in low-paid and/or insecure work. Recent analysis of official statistics by the Trades Union Congress (TUC) highlighted the impact that insecure work was having on young workers in particular. Two-thirds of agency workers aged under age 30 would prefer to be in a permanent job.<sup>54</sup> Research by Shildrick et al (2012) has highlighted the strong links between low paid employment and low pay.<sup>55</sup> The growth in the use of zero hours contracts has symbolised the negative impact of increasing casualisation of parts of the UK labour market and the links between this and the prevalence of low paid employment. Estimates of the number of workers on zero hours contracts range from between 250,000 to more than 1 million. The TUC have stated that 'the growth in casual employment is contributing to the growth in in-work poverty and the increasing reliance by working people on food banks and payday loans.'<sup>56</sup>

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<sup>52</sup> Department for Work and Pensions (2013) *Tax Credit expenditure in Great Britain*, January, accessed at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/223090/gb\\_tax\\_credit\\_estimates](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/223090/gb_tax_credit_estimates)

<sup>53</sup> See [www.lboro.ac.uk/research/crsp](http://www.lboro.ac.uk/research/crsp)

<sup>54</sup> TUC (2014) 'More than two-thirds of agency workers aged under 30 are looking for permanent jobs' 9 December 2014, accessed at: <http://www.tuc.org.uk/economic-issues/labour-market-and-economic-reports/labour-market/economic-analysis/>

<sup>55</sup> Shildrick, R MacDonald, C. Webster & K Garthwaite (2012) *Poverty and Insecurity: Life in low-pay, no-pay Britain*, Bristol: Policy Press

<sup>56</sup> TUC (2014) *Ending the Abuse of Zero Hours Contracts: Response to BIS consultation*, March 2014

- Since 2009, the UK has had the third largest increase in self-employment in the EU. The self-employed are 4.6 million or 15% of the workforce. There has been a doubling of self-employed workers aged over 65. Women's self employment is increasing faster than men's, but from a low base. The most common roles are in construction and taxi-driving, although there is also an increase in management consultants. A major reason for the increase in self-employment is lack of employee jobs. Self-employed income at the median has fallen 22% in real terms since 2008/9 and self-employed workers have limited and low access to state pension and other benefits.<sup>57</sup>
- As our EAPN UK EMIN report showed (page 25), the line between 'in' and 'out' of work is increasingly blurred by part-time, especially involuntary part-time work; casualised and self employed work; in-work welfare benefits and unpaid work, especially for young people and those job-seekers mandated to unpaid work as a condition of claiming benefits. As well, many people in the low-paid sector of the labour market experience insecure work and flip frequently between unemployment and doing paid work topped up with in-work benefits. Universal Credit extends conditionality to people in paid work who can be mandated to seek longer hours of work in return for benefits.
- UK wages and productivity have fallen since the Great recession of 2008, probably because of increased labour supply and lower reservation wages, partly driven by cuts to welfare benefits and tighter access to it as well as an increasing labour force of older workers, women and migrants.<sup>58</sup> Overall, wages are below productivity and the share of Gross Domestic Product (GDP) going to labour peaked in the 1970s and continues to decline.<sup>59</sup> Inequality has risen for decades, decreased after the Great Recession but is now thought to be rising again. At 2012 prices, if the wage share of GDP and inequality had stayed at the level of 1980, then by 2010 the average full time paid worker would have earned £7000 a year more than their actual pay. Of course the 1% had no recession and is richer than before.
- Summers and Balls<sup>60</sup> have shown that productivity and average income have grown increasingly apart since the 1950s in countries as otherwise different as France, Sweden and the UK (page 45). The structure of the labour market has changed, pushing down wages at the bottom and overall hollowing out the labour market. The 'Great Gatsby' curve shows social mobility lower in more unequal countries such as the UK

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<sup>57</sup> ONS (2014) Self-employed workers in the UK - 2014, August, accessed at:

<http://www.ons.gov.uk/ons/rel/lmac/self-employed-workers-in-the-uk/2014/rep-self-employed-workers-in-the-uk-2014.html>

<sup>58</sup> Blundell, R., Crawford, C. & Jin, W. (2013) What can wages and employment tell us about the UK's productivity puzzle? *IFS Working Paper W13/11*, accessed at: <http://www.ifs.org.uk/wps/wp201311.pdf>

<sup>59</sup> TUC: *The great wages grab: how your pay has fallen behind for thirty years*, accessed at:

<http://www.tuc.org.uk/sites/default/files/tucfiles/TheGreatWagesGrab.pdf>

<sup>60</sup> Summers, L.H. & Balls, E. (2015) *Report of the Commission on inclusive prosperity*, Center for American progress, January, accessed at:

<https://www.americanprogress.org/issues/economy/report/2015/01/15/104266/report-of-the-commission-on-inclusive-prosperity/>

and the USA (page 54). In the UK, the relationship between parental and child income is twice as strong as in Finland, or Canada, or Australia (page 47).

### **Commission/ Council CSR 3**

*Maintain commitment to the Youth Contract, especially by improving skills that meet employer needs. Ensure employer engagement by placing emphasis on addressing skills mismatches through more advanced and higher level skills provision and furthering apprenticeship offers. Reduce the number of young people with low basic skills.*

We strongly support the ambition of the Youth Guarantee and much better skills provision for young people in reducing lifetime risks of poverty, but doubt that there will be adequate progress in the current spending and policy environment.

**Youth employment matters were not explicitly one of EAPN UK's three CSRs. But we had submitted a specific paper on Youth Inclusion to EAPN Europe, on 20 January 2014<sup>61</sup>** (less than one month before our submission of CSRs which necessarily could not include all important topics, without each CSR becoming an enormous compendium).

### **Primary, secondary and further education**

- Disadvantage is entrenched early and family poverty and the closure of 600 Sure Start Centres increases risk of negative outcomes.
- Local authorities were responsible for planning and allocation of schools, school places and school management, which is now undertaken by each school or chain of schools, often by outsourcing to profit making agencies. There is a mismatch of school places and demand, with new schools opening in better-off areas that are already well-supplied and insufficient school places in other areas. There is an overall shortage of primary school places. The Local Government Association estimates that an extra 900,000 school places will be needed in England in the next ten years, at a cost of £12 billion, but the current government has committed £7.5 billion.<sup>62</sup>
- The Leeds Schools Forum has calculated that in the next five years £1 billion, or the equivalent of 27,000 teachers, will need to be saved from school budgets to pay rising labour costs (80% of school budgets). Half of the cost is due to policy changes in national insurance contributions.<sup>63</sup>
- In the last Parliament, Education was CPI inflation-protected, though against a backdrop of rising demand for places and greater pension payouts to an ageing workforce. As a result of cuts and government policy priorities, the school curriculum

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<sup>61</sup> Duffy, K. (2014) *EAPN paper on the inclusion of young people: drafted by Katherine Duffy, EAPN England, for EAPN UK*, available from EAPN, Brussels

<sup>62</sup> Local Government Association (2015) Councils fear school place tipping point, *LGA media release*, 13 January, accessed at: [http://www.local.gov.uk/web/guest/media-releases/-/journal\\_content/56/10180/6893341/NEWS](http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10180/6893341/NEWS)

<sup>63</sup> Adams, A. (2015) Rising costs to cut £1b from school funds, *The Guardian*, London, 17 February, page 6

has narrowed. For example the Warwick report shows a significant drop in the percentage of children engaged in creative art and design subjects since 2008/9.<sup>64</sup>

- The Pupil Premium launched through pressure from the Liberal partner in the Coalition government in 2011, is spent on supporting the education of poor pupils, but the cash per head is devolved to schools to spend as they choose. The current premium of £1,600 for younger pupils and £935 for older pupils is also supplemented per head for children in local authority care. But the new cash does not compensate for the loss of local schools' services provided by local authorities (municipalities). These include school travel funds, specialist arts, music and sports teachers and centres and specialist support for disadvantaged children. The families of poor children are unlikely to be able to fund private access to these services.
- State school is 'free' but participation costs are increasing in a tight budget environment. These costs are a burden for poorer parents and their children. The Children's Society supported a Children's Commission on Poverty<sup>65</sup> which reported that schools cost parents around £800 per year for uniforms, materials and events. 70% of parents said they had struggled with school costs, rising to 95% of parents who said they were 'not well-off at all'. 52% of parents had cut back on either clothing, food or heating to afford school costs (including 28% who had cut back on food and 29% on heating). More than half of families who were 'not at all well off' said they had borrowed money to afford school costs. 63% of children in families who were not well off had been embarrassed because they could not afford some school costs and 27% of them had been bullied because of it. 20% of children had missed a school meal because they could not afford it. All children aged from 5-7 years have recently become eligible for free school meals and the very poorest children are eligible during their school career, but the report found that too many schools still deliver meals in a stigmatised way. 10% of children whose families are not well off had fallen behind at school due to lack of computer or internet connection at home and a third had fallen behind because they could not afford books or materials required.
- If they are elected in May 2015, the Conservatives are not promising to inflation-proof but only cash-protect, and then only the schools element of the budget. Therefore there will be real cuts to the budget for the 860,000 16-18 year olds in further but not higher education. So the less advantaged young people are likely to bear the brunt of cuts to education.
- According to a new study by the Centre for Economic and Social Inclusion (CESI)<sup>66</sup> 10% of students aged 16 and over fail to complete their education. This rises to 25% for apprentices. In total, 178,100 16-18 year olds' failed to complete the qualification they started in 2012-2013. These students risk becoming 'NEETS' (not in education, employment or training). The Local Government Association is concerned that

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<sup>64</sup> Knell, J. (rapporteur) (2015) *Enriching Britain: Culture, creativity and growth: the 2015 report by the Warwick Commission on the future of cultural value*; Warwick University, accessed at: [http://www2.warwick.ac.uk/research/warwickcommission/futureculture/finalreport/enriching\\_britain\\_-\\_culture\\_creativity\\_and\\_growth.pdf](http://www2.warwick.ac.uk/research/warwickcommission/futureculture/finalreport/enriching_britain_-_culture_creativity_and_growth.pdf)

<sup>65</sup> The Children's Commission on Poverty (undated) *At what cost? Exposing the impact of poverty on school life*, the Children's Society, accessed at CHECK

<sup>66</sup> CESI (2015) *Achievement and retention in post-16 education: A report for the Local Government Association*, February, [http://www.local.gov.uk/web/guest/media-releases/-/journal\\_content/56/10180/6951000/NEWS](http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10180/6951000/NEWS)



colleges are more focused on recruitment than on getting young people on the right courses for them.

- Our Youth Inclusion paper showed that the UK version of the Youth Guarantee, the Youth Contract, is weaker and less well-resourced than the ambition of the Guarantee.
- UK youth unemployment is three times adult unemployment and young people have not been well served by the main employment integration programme in England, the Work Programme (WP). The target for young people was 33% in sustained work (i.e. six months, not required to be full time or consecutive) but only half of the 18 WP providers met the target. Only 3% of young people on the WP achieved the target of a 12 months' job despite employer subsidies of £2000 in the first six months and much higher rates of benefits sanctions (withdrawal of benefit, if they are entitled) for young people. Youth employment rates are still below the levels before the Great Recession of 2008.
- In our UK EAPN Youth Inclusion paper we identified jobs, career progression and housing as key problems. Housing was one of our three CSRs and welfare reform and low income were the two others, all issues which have more than proportionately affected young people.
- Our paper showed that employed young people are at high risk of low pay or no pay and are concentrated in low pay sectors. The paper also noted research evidence of a secular fall in the demand for youth labour, even though it is better educated than in the past.
- Despite this, the Conservative party Coalition government Prime Minister has said that if re-elected in May 2015, government will remove Job-Seeker's Allowance from 18-21 year olds who do not find a job or training place. They will be forced to do 30 hours of community work each week, plus ten hours of job search. 20 of the 25 places in England where most young people not in education, employment or training (NEETS) are in the north and midlands of England, where unemployment is higher and the skill base needs upgrading. A spokesman for the National Institute of Economic and Social Research said pilots conducted by the Department for Work and Pensions indicated compulsory community work for the unemployed had little positive impact.<sup>67</sup>
- Research by the Centre for Social Inclusion (CESI) recommends that effective programmes for young people are carefully targeted, have a strong focus on transitions to work and work experience, address multiple barriers to work, are local and small scale and should be launched in an economic upturn.<sup>68</sup>
- Up to 2010, the UK spent about 0.5% of GNP on labour market measures, one of the lowest spenders in the EU. Germany spent just under 2%, Denmark and Spain spent about 2.5% and Belgium 3.3%.<sup>69</sup>

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<sup>67</sup> Mason, R. (2015) Lib Dems attack 'cynical' Tory plan that hits northern young, *The Guardian*, London, 18 February, page 9.

<sup>68</sup> Wilson, T. (2013) Youth unemployment: Review of training for young people with low qualifications, BIS Research Paper Number 101, Department for Business, Innovation and Skills, February, accessed at: <http://www.cesi.org.uk/sites/default/files/publications/bis-13-608-youth-unemployment-review-of-training-for-young-people-with-low-qualifications.pdf>

<sup>69</sup> European foundation for the improvement of living and working conditions (2010) *Financing and operating active labour markets during the crisis: Background Paper*, Eurofound, accessed at: [http://eurofound.europa.eu/sites/default/files/ef\\_files/pubdocs/2010/66/en/1/EF1066EN.pdf](http://eurofound.europa.eu/sites/default/files/ef_files/pubdocs/2010/66/en/1/EF1066EN.pdf)

**Q2b Highlight the Commission's negative proposals for poverty reduction in the CSRs (if any) and main differences with your own proposals above (specify)**

***Commission/ Council CSR 1***

*Reinforce the budgetary strategy, endeavouring to correct the excessive deficit in a sustainable manner in line with the Council recommendation under the Excessive Deficit Procedure. Pursue a differentiated, growth-friendly approach to fiscal tightening by prioritising capital expenditure. To assist with fiscal consolidation, consideration should be given to raising revenues through broadening the tax base. Address structural bottlenecks related to infrastructure, skills mismatches and access to finance for SMEs to boost growth in the export of both goods and services.*

**The UK is listed by the Commission in 'ongoing deficit procedures' with a deadline of fiscal year 2014/15, which has not been met.<sup>70</sup> But if Commission/ Council CSR 1 on pace and scale of deficit reduction had been fully implemented, UK poverty rates would be much worse (and it is likely, that like the Eurozone, there would have been little or no growth). EAPN did not include a macroeconomic Alternative CSR in 2014. We have included one in previous years, but there has been no change in the Coalition government's approach, which is opposed to our view of appropriate macroeconomic policy for sustainable, balanced growth, which must be inclusive and green.**

The IMF reports that despite the seventh largest fiscal consolidation of 31 advanced counties, the UK has one of the two largest 'structural' budget deficits in the world. It has an excessive deficit of 5% (adjusted) rather than 3% of GDP. Debt is still rising and the UK Coalition government has missed its targets for debt and deficit; achieving them has been delayed. The independent Office of Budget Responsibility (OBR) <sup>71</sup> does not expect a budget surplus until 2018-19. The independent IFS has said that the governments' plans to get public spending down to 35% of GDP would require unprecedented budget cuts or tax rises on top of those already implemented. To meet plans announced in the Autumn (Budget) Statement of December 2014, in the next Parliament the government will have to cut departmental spending another £51.4 billion or 14.1%. The current Parliament cut is 9.5%. The fiscal consolidation for the next Parliament is intended to be 98% expenditure-based and is the largest planned anywhere.<sup>72</sup>

UK government and the EU (and international agencies) have been often over-optimistic in growth and revenue projections. EAPN UK is clear that this is because household budgeting models of cutting your way out of debt are unworkable at macro level, especially combined

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<sup>70</sup> European Commission (2014) *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: 2014 European Semester: Country Specific Recommendations: Building growth*, Com(2014) 400 final, Brussels 2.6.2014, page 8.

<sup>71</sup> Office for Budget Responsibility (2014) *Economic and fiscal outlook: presented to Parliament by the Economic Secretary to the Treasury by command of Her Majesty*, cm8966, OGL, December, accessed at: [http://cdn.budgetresponsibility.independent.gov.uk/December\\_2014\\_EFO-web513.pdf](http://cdn.budgetresponsibility.independent.gov.uk/December_2014_EFO-web513.pdf)

<sup>72</sup> Emmerson, C., Johnson, P. & Joyce, R. (eds.) (2015) *The IFS Green Budget 2015*, 4 February, accessed at: <http://www.ifs.org.uk/uploads/gb/gb2015/gb2015.pdf>



with stagnant or falling wages and productivity and/or high unemployment and reduced taxes on business and high net work individuals (which depress the revenue account). There is plenty of evidence the austerity programme is not working to produce balanced sustainable growth. There is recession or low growth with downside risks in many parts of Europe that have been constrained by the Fiscal Compact or the Troika procedures.

The UK macroeconomic environment is looser than most member states of the EU. It is not in the euro, not bound by the Fiscal Compact and in practice, fiscal policy has not been as tight as the Commission/Council has recommended. At macroeconomic level, the effects of the cuts in the UK have been moderated by some government policies, fiscal stabilisers (linked to unemployment and low pay) and currency movements (the pound sterling fell), but these are becoming weaker sources of moderation.

The UK, USA and Japan effectively increased credit and cut the value of their currency through quantitative easing (QE) which helped reboot growth following the crisis. But the UK's policy combination since 2010 of monetary expansion and 82:18 expenditure cuts to tax rises has led to growth even more unbalanced than before the crash. UK growth (currently 2.6%) is driven by debt-fuelled consumer spending; it is combined with rapidly rising inequality and the 1% has captured the benefits of growth especially since the Great Recession of 2008-9. UK policy has been much more effective in domestic asset inflation, especially of house prices, than in growing exports in the UK. In 2014, the trade gap in goods was the widest in the western world, partly offset by a record surplus on trade in services. Since November 2014 the trade gap has narrowed to its 2013 level, mainly due to the sharp fall in oil prices which reduced the value of imports compared to exports.<sup>73</sup> The Eurozone is now doing QE and there is outright currency war.

#### **A 'growth friendly' approach?**

- The UK Coalition government has focused 85:15 on expenditure cuts believing it to be a more 'growth-friendly' approach to reducing deficit and debt. There were tax increases before the 'austerity' programme was fully operational, especially a VAT increase in January 2011 from 17.5% to 20%; increases in National Insurance (a tax on incomes from employment that is not very progressive) and a top-rate tax rise from 45% to 50%, inherited from the previous government. 'Fiscal drag' also brought many more people into the top rate of tax. There have since been tax cuts, mainly by cutting corporation tax from 28% to 21% (so far) and by increasing personal allowances (which helps better-off people most, lower income people are too poor to pay sufficient or any tax to get the benefit if it).
- The Commission's proposal to *broaden the tax base*, where it refers to further changes in VAT, would be regressive. In earlier years, people in the lowest decile of incomes, often people not in paid work, would have been protected to some extent from the regressive effects of VAT increases by uprating of welfare benefits when VAT increases pushed up price inflation. But working-age benefits are now de-linked from RPI and

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<sup>73</sup> ONS (2014) *Summary: UK trade, November 2014 release*, 9 January, accessed at: <http://www.ons.gov.uk/ons/rel/uktrade/uk-trade/november-2014/summ-uk-trade--november-2014.html>

even the lower CPI, so this protection has been removed and the poorest would suffer greatly since their incomes are already well below consensual measures of adequacy.

- Commission/ Council proposals of *changes to property taxation* would be tax progressive, but are politically very difficult. However, as the IFS noted there are likely to be benefit cuts and tax rises post-election, which are not in any Party manifestos, as this has been the case for several recent elections.<sup>74</sup>
- The government has promised action on multinational tax avoidance, but the likely changes are weak. Revenues may be further weakened directly from the fall in oil prices affecting North Sea Oil, but may be given a boost through the impact of lower oil prices on consumer spending and therefore VAT.

### **Distributional effects of the Coalition government austerity programme**

Poverty in the UK is at a 30-year high. A surge in 'working poverty' is a major contingent cause.<sup>75</sup> The Coalition's changes to benefits and direct taxes have hit families with children hardest and hurt the poor more than the better off.<sup>76</sup> Yet there is no consistent and timely impact assessment on poverty and on the distributional impact of measures proposed or taken, by either UK government or the Commission – or certainly not published ones. The government figures published in Households Below Average Income are more than two years out of date; the latest report is delayed and will not be published until after the General Election. Inequality fell after the crash and recession, but appears to have risen again. But the Office for National Statistics figures for inequality even for 2013 will not be published until after the General Election.

There is no good evidence for the key structural assumptions about incentives that underpin policy, for example:

- Assuming as fact the 'Laffer curve' <sup>77</sup> as a means to increase tax revenue by cutting marginal tax rates especially to the levels in the UK. The aim is to incentivise the wealthy to spend on investment e.g. by cutting business taxes or marginal rates of income tax for high net worth individuals.
- Behavioural assumptions about the unemployed and low paid en masse, that they create their own poverty. Benefits' cuts and harsher benefits sanctions in a 'workfare' style regime have been accompanied by rising poverty, more low pay and falling quality in work. Employers have absorbed this labour force by providing poor quality jobs with little or no training or progression that would enable people to move sustainably out of poverty.

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<sup>74</sup> Ibid, IFS Green Budget

<sup>75</sup> Lansley, A. & Mack, J. (2015) *Breadline Britain: the rise of mass poverty*, Oneworld

<sup>76</sup> Lupton, R. (2015) *The Coalition's social policy record: Policy spending and outcomes 2010-2015*, Sticerd, accessed at: <http://sticerd.lse.ac.uk/dps/case/spcc/rr04.pdf>

<sup>77</sup> The Laffer curve, named after the economist Arthur Laffer in the 1970s, proposes that tax revenue rises with tax rates only up to a certain point and then begins to decline because of changes in the behaviour of tax payers. Models suggest no revenue is raised at tax rates of 0% and 100% and that tax revenue is maximised at rates of 70%. However, the regulatory environment and many other aspects that affect behaviour can change the shape and position of the curve especially over time. There is no strong evidence for a parabolic curve.

The policy results are devastating for the disadvantaged.

### **Tax and welfare benefits changes**

Whether or not the approach has been growth-friendly, the policy has further weakened the position of the bottom 10%. Looking at tax and benefit changes under the UK Coalition government, the IFS report of January 2015 has shown that 'low-income working age households have lost the most as a percentage of their income from tax and benefit changes *introduced by the coalition*, mainly as a result of benefit cuts'.<sup>78</sup> As a percentage of their income, workless households with children lost the most, because of benefits' cuts. The average loss was £1,837 per year, the median a lower figure of £1,134, because a small number of households lost heavily from the benefits' cap and cuts to national housing allowances. Unemployed single adults, lone parents in paid work and single earner households also lost heavily.<sup>79</sup> Taking the bottom 70% of the population, average losses rise as a percentage of income as income falls, mainly due to cuts in means-tested benefits and tax credits to top up low work incomes of working-age households. Middle-income two-earner households without children have slightly gained from Coalition measures.<sup>80</sup>

Results are sensitive to baseline. The size of cuts are smaller for pensioners and low income households if the lower Consumer Price Index (CPI) is chosen as baseline, because the switch of benefits and pensions indexation from the higher Retail Price Index (RPI) to CPI is no longer counted as a cut.<sup>81</sup> If instead of taking the period of Coalition government, beginning from May 2010, one chooses to begin in April 2010, so that the tax rises introduced by the previous government (including increased employee National Insurance contributions, which affected many more better-paid people than the rise in the top rate of tax), the richest 10% of households have lost the most in cash terms and as a percentage of income.<sup>82</sup> However, it certainly will not have driven them below income adequacy, whereas the poorest decile has been driven even further below income adequacy. As well, the impact of direct tax and benefit changes takes no account of public service cuts, which differentially affect the poor, the elderly, households with children and people who are sick or disabled.

### **Public service reforms and cuts**

Reform of public services seems to consist of centralisation, top-down reorganisation and loss of essential social services to cuts, on the promise that services will do 'more with less' by doing it differently. There is not much evidence of benefits to the poor or vulnerable so far. Cuts to services at the same time as falling real incomes have widened and deepened poverty. There are expected to be a million more children in poverty in 2020 than before the austerity

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<sup>78</sup> Browne, J. & Elming, W (2015) The effect of the Coalition's tax and benefit changes on household incomes and work incentives: *IFS Briefing Note BN159: IFS election analysis*: funded by the Nuffield Foundation: *Election 2015: Briefing Note 2*, London, IFS, January, page 1, accessed at: <http://www.ifs.org.uk/publications/7534>

<sup>79</sup> Ibid, Browne and Elming, figure 3.7, page 18

<sup>80</sup> Ibid, Browne and Elming, pages 10 and 18 respectively

<sup>81</sup> Ibid Browne and Elming, page 13

<sup>82</sup> Ibid, Browne and Elming, page 1 and 11

programme. To insist on more cuts and to a faster timetable is economic and social warfare on low and middle income households.

Total public spending fell 2.6% between 2009-10 and 2014-15. Health, education and the overseas aid budget were inflation-protected, but unprotected services were cut by one-third, with local authority services getting the biggest cuts.<sup>83</sup>

### **‘Unprotected’ services**

- Our EAPN UK EMIN report (pages 61-64) showed that cuts to services have had a severe impact. Local services are much reduced, especially in the local authorities where need is highest. At the same time, third sector funding has been cut between 50% and 100%.
- Spending on new homes fell 44% under the Coalition. Early years education fell 25% from 2009-10 to 2012-13. Provision for adult social care users including residential homes, fell 7% per year from 2009-10 to 2013-14, at a time when the population aged over 65 grew 10%.<sup>84</sup>
- Adult social care and mental health services are in crisis. In 2014 Community Care<sup>85</sup> reported that 2,100 mental health beds have closed since April 2011, a 12% cut. This year, 2015, Healthwatch England<sup>86</sup> warned that the safety of vulnerable people is at risk because they are discharged from hospital without proper information about their condition and needs. Lack of support outside hospital has coincided with a doubling of suicides for people treated at home for mental health problems. Lack of resources has meant that despite the provisions of the Mental Health Act, NHS England has now issued instructions that 16 and 17 year olds who should be treated in specialist child and adolescent services may have to go to adult facilities. All local services for children and young people, especially those that are not a statutory provision, are severely cut back.

### **‘Protected’ services**

- The Health budget for hospitals was CPI inflation-protected but £20 billion of ‘efficiency savings’ were demanded. As well, demand is growing with an increasing and ageing population while resources have been devoted to yet another top-down reorganisation. Staff numbers grew in 2014, but the NHS is struggling to recruit and retain sufficient staff and the cost of temporary agency staff reached £2.6b per year in 2013-2014. Waiting times for GP appointments and elective surgery have increased,

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<sup>83</sup> Lupton, R. (2015) *The Coalition’s social policy record: Policy spending and outcomes 2010-2015*, Sticerd, accessed at: <http://sticerd.lse.ac.uk/dps/case/spcc/rr04.pdf>

<sup>84</sup> Ibid, Lupton

<sup>85</sup> Nichol, A. (2014) Deaths linked to mental health beds crisis as cuts leave little slack in system, *Community Care*, 28 November, accessed at: <http://www.communitycare.co.uk/2014/11/28/deaths-linked-mental-health-beds-crisis-cuts-leave-little-slack-system/>

<sup>86</sup> Healthwatch (2015) What happens when people get sent home? *Healthwatch special inquiry*, accessed at <http://www.healthwatch.co.uk/then-what-special-inquiry>

waiting times for emergency ambulance have increased, accident and emergency units are in many places in crisis. The pressures of work in Accident and Emergency (A&E) have increased staff turnover to unsustainable levels. Four hour waits are at their highest level for ten years. General practitioner budgets were not so protected and lack of access to general practitioners in the community has increased pressure on A&E. The proportion of 'referral for treatment' patients waiting more than eighteen weeks is at its highest for three years. Bed days lost due to 'delayed transfer of care' were 24% up between December 2013 and December 2014.<sup>87</sup> At the same time, resources are devoted to individual behaviour change because there are government resources to address this, but without sufficient attention to tackling structural factors that affect health such as income inequality<sup>88</sup> or environmental factors such as the obesogenic environment<sup>89</sup>, indeed fat and sugar businesses are key players at the Department of Health. Much of this is hidden from the well and well-off, but latest figures suggest life expectancy has not increased since 2011 and may have started to fall.

- The Coalition government have promised the health budget will be inflation protected in the next Parliament. But in a report that has wide agreement in the NHS, the new head of NHS England has raised sustainability of the NHS and offered to make significant changes in return for significant additional resources. Key points are a focus on prevention and public health, the integration of health and social care, primary and acute provision and a community multi-speciality approach, with local flexibility on pay and regulation.<sup>90</sup>
- The Education budget was CPI inflation-protected, due to the pressure from the Liberal Democrat Coalition government partner, but also at a time of rising demand and wholesale reorganisation so that now more than half of secondary schools are outside local authority control.
- The previous government's Building Schools for the Future programme was a £55 billion project to rebuild or refurbish every secondary school. The Coalition

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<sup>87</sup> Baker, C (2015) NHS indicators, *research paper 15/07*, 17 February, House of Commons library.

<sup>88</sup> See Cribb, J. (2013) *Income inequality in the UK*, IFS: accessed at: [http://www.ifs.org.uk/docs/ER\\_JC\\_2013.pdf](http://www.ifs.org.uk/docs/ER_JC_2013.pdf) and: The Equality Trust (2014) A divided Britain? Inequality within and between the regions; *Regional inequality Briefing Note*, accessed at: <http://www.equalitytrust.org.uk/sites/default/files/attachments/resources/A%20Divided%20Britain.pdf> and Scott S, Curnock E, Mitchell R, Robinson M, Taulbut M, Tod E, McCartney G. (2013) *What would it take to eradicate health inequalities? Testing the fundamental causes theory of health inequalities in Scotland*, Scot PHO, NHS Health Scotland, Glasgow, October, accessed at: [http://www.healthscotland.com/uploads/documents/22292-What%20would%20it%20take%20report\\_1.pdf](http://www.healthscotland.com/uploads/documents/22292-What%20would%20it%20take%20report_1.pdf)

<sup>89</sup> See Jones, A., Bentham G., Foster C., Hillsden M. & Panter J. (2007) *Tackling Obesities: Future Choices – Obesogenic Environments – Evidence Review*, Foresight, Government Office for Science, October: accessed at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/295681/07-735-obesogenic-environments-review](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/295681/07-735-obesogenic-environments-review) ; and NICE Guidelines [PH49] National Institute for Health and Care Excellence (NICE), January, accessed at: <http://pathways.nice.org.uk/pathways/behaviour-change>

<sup>90</sup> NHS (2014) Five year forward view, October, accessed at: <http://www.england.nhs.uk/wp-content/uploads/2014/10/5yfv-web.pdf>

government scrapped it with immediate effect; at the same time, they cut the minor repairs budget by 80%. A recent poll of 1000 school heads found that more than one-third of them thought their schools were not fit for purpose. 60% would like to improve or repair and 50% would like extra classrooms.<sup>91</sup>

- The 'academy' schools created and converted make it difficult for local authorities to plan school places in areas where they are needed, yet show on standardised assessments no better results than local authority schools, but much money has been spent on encouraging schools to convert to academy status. At the end of the last financial year, the 4,400 academies were sitting on £2.47 billion of unspent funds compared to the £2.18 billion held by the 18,700 local authority maintained schools funds.<sup>92</sup> The Conservatives have said that if elected in May 2015 they will accelerate the academy converters' programme. This is not evidence-based policy-making.
- The Labour Party has not announced its funding plans for Education if they form the next government. The Conservatives have said that only the schools element of the Education budget will be cash-protected but not inflation-protected in the next Parliament. This also means that budgets for pre-school children and sixteen to eighteen year olds will have cash cuts. The Liberal Democrat partner in the Coalition government has estimated that by 2020 this will mean cuts of £3.1 billion annually. The net effect on the education budget over the next Parliament will be a 10% real-terms cut.

**Commission/ Council CSR1 called for a *differentiated, growth-friendly approach to fiscal tightening by prioritising capital expenditure.***

In 2013/14, public net investment (Government infrastructure spend) was 1.5% of GDP (£25.3 billion) and total infrastructure spend was £47 billion in each of the three years from 2010/11 to 2013/14. A House of Commons note of December 2014<sup>93</sup> states that it should be higher and that there has been historic underinvestment, including in roads and electricity generation. The World Economic Forum report of 2013 ranked the UK 27<sup>th</sup> in the world, with France 10<sup>th</sup> and Germany 11<sup>th</sup>. In a World Economic Forum report of 2013. The government is prioritising infrastructure spending as proposed by the Commission/ Council and most of the pipeline by spend is for energy and transport projects. There are new instruments to support investment, including a pensions' platform and a green investment bank and new local planning framework to ease approval for energy, transport, waste and water projects. However there are strong concerns over the adequacy of planned infrastructure spending and its distributional effects:

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<sup>91</sup> Millar, F. (2015) All fall down, as a third of heads say school buildings not fit for purpose, *The Guardian*, 27 January, accessed at: <http://schoolsImprovement.net/a-third-of-headteachers-say-school-buildings-not-fit-for-purpose/>

<sup>92</sup> Harbron, T. (2015) Academy school stockpile £2.5bn of education funding, *The Guardian*, 19 January, accessed at: <http://schoolsImprovement.net/academy-schools-stockpile-2-5bn-of-education-funding/>

<sup>93</sup> Rhodes, C. (2014) Infrastructure investment, *Standard note, SN/EP/6954*, London, House of Commons Library, 9 December



- The Coalition government is relying on a large input from the private sector, about which the Commission/ Council expressed doubts in its most recent CSRs. Even before the Great Recession, business investment was relatively low by European standards. Yet only 23% of government planned infrastructure spending will be wholly publicly funded, with another 14% a mixture of public and private funding<sup>94</sup>
- As a percentage of GDP, public sector net investment in 2019/2020 is forecast to be only about the same as now. Public sector net investment peaked at around 6% of GDP in the 1970s and has fallen each decade since<sup>95</sup>
- There are serious regional distributional imbalances. London gets 24 times the spending per head on infrastructure compared to the north east of England. The London cross-rail project is nine times the rail infrastructure spending for the three regions of the north of England. There is a £15 billion infrastructure plan for five northern cities, but no new money has so far been committed
- There is serious underfunding of public sector infrastructure. For example, as outlined already in this paper, capital investment in education has been heavily cut, despite a business sector preference for 'ring-fencing' education
- Low and moderate income households are disadvantaged by the orientation of infrastructure spend choices, including the underinvestment in public services, the private funding of energy and water improvements through higher prices and the focus on rail investment. For example, poor and disadvantaged people have lost out from the £50 million budget cut for supported bus services.<sup>96</sup> Lower income people in rural area spend a higher proportion of their budget on travel costs and access to transport for health services has worsened also because of policy changes that restrict access to Non-Emergency Patient Transport<sup>97</sup>
- In a survey of the CBI (the largest business lobby) for the Financial Times newspaper, 90% of those surveyed wanted a higher increase than the 2% per annum planned for infrastructure; 84% at the expense of deeper welfare cuts<sup>98</sup>
- The Coalition government's earlier commitments regarding green energy have been dropped.

## **Q2c What are the main gaps in the Commission/ Council CSRs for your country? What is missing?**

It is the 21<sup>st</sup> century yet the Commission/ Council are still making recommendations, and both they and the UK Coalition government, are still making policies, based on 19<sup>th</sup> century economic models which theoretically have no relationship with reality as a matter of principle, which most practising economists outside the neoliberal citadels have never

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<sup>94</sup> Ibid, Rhodes

<sup>95</sup> Ibid, Rhodes

<sup>96</sup> See the website of the campaign for Better Transport, at: <http://www.bettertransport.org.uk/save-our-buses/bus-cuts-map>

<sup>97</sup> See ACRE (2014) Policy position paper – Transport, accessed at: and ACRE (2014) Policy position paper – Health, accessed at:

<sup>98</sup> Groom, B. (2014), Britain and the cuts: Business wants higher infrastructure spend, 11 November, *ft.com*, accessed at: <http://www.ft.com/cms/s/0/77296ce0-5847-11e4-a31b-00144feab7de.html#axzz3SHaFRB36>

believed in and which have been practically shown to be wrong and have nearly collapsed the capitalist system. Yet here we go again.

EAPN UK agrees that the Commission/ Council have addressed some key areas, but there are glaring omissions in the areas of distributional effects of the Commission/ Council CSRs and of the UK Coalition government austerity programme and its welfare benefits cuts. These worsen poverty and inequality and undermine social cohesion and political inclusion as well as generating unbalanced and unsustainable growth. The macroeconomic and structural approach taken has resulted in negative developments about which there are gaps and perversities evident in the recommendations and policies in the areas of: income inequality, employment quality and wage setting, health and social care, family policy, migrant policy and the increasingly harsh government policy towards the unemployed, especially unemployed people with a disability and young people. There is also insufficient attention paid to the gender impact of austerity programmes, where there is certainly competence at European level.

Looking back, the Commission/ Council have been making much the same recommendations for several years, to little apparent effect. So have we.

### **Q3 EAPN assessment of the implementation of the CSRs**

#### **Q3a How far have the Commission/ Council CSRs for your country been implemented by your national government since July 2014?**

Note: 1) The Coalition government disagrees with a number of the Commission/ Council conclusions underpinning the CSRs and 2) the then financial secretary to the Treasury (now Secretary of State for Education) stated that the draft CSRs had no policy implications for the UK.<sup>99</sup>

The Commission/ Council CSRs for 2014 are on the same areas and are similar in content to those given in 2013. According to the Commission's Staff Working Paper of June 2014, the 2013 CSRs had been partially implemented.<sup>100</sup> Based on that paper the European Parliament provided a summary table of implementation of UK CSRs in 2013.<sup>101</sup> Of the 6 CSR's 'full or substantial' progress was made in one, 'some' progress in three and 'no or limited' progress in two CSRs.

Thus the Commission judged that substantial progress was made on the financial sector (CSR 5) and we would agree, insofar as it concerns recapitalisation of banks. No or limited progress

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<sup>99</sup> Explanatory Memorandum of 9 June 2014, referred to in European Committee B, *Documents considered by the Committee on 11 June 2014, including the following recommendations for debate: European Semester – European Scrutiny Committee*, [www.parliament.uk](http://www.parliament.uk)

<sup>100</sup> European Commission (2014) Commission Staff Working Document: Assessment of the 2014 national reform programme and convergence programme for United Kingdom SWD (2014) 429 final, Brussels, 2 June

<sup>101</sup> European Parliament Directorate General for Internal Policies Economic Governance and Support Unit (2014) *At a glance: Implementation of Country Specific Recommendations, October*, PE 528.763: Table 1: Implementation of the 2013 CSRs based on the June 2014 Commission's assessment



was made on CSR 1 (reinforced budgetary strategy) and CSR 2 (increasing housing supply). The UK Coalition government disagrees. We in EAPN would largely agree with the Commission and believe the assessments remain substantially correct for 2014-2015.

The Commission judged that some progress has been made in addressing CSR 3 (stepping up measures to address youth unemployment) and CSR 4 (enhance efforts to support low income households and reduce child poverty). We think these judgements were and remain too generous to government as small positive measures are offset by the larger negative framework.

**Q3b) Is this (*the degree of implementation of the CSRs*) a positive or negative development?**

**This section takes into account our response to the previous questions.**

**Commission/ Council CSR 1 on excessive deficits**

*Weak implantation of CSR 1 is positive for poverty rates.* If the government had achieved CSR 1 on excessive deficits by 2015, the austerity impact in the UK would have been much worse. The outcome has left more scope to support the health service and schools and to grow the economy, although budgets for welfare and local government services have been severely hit, as have those for home affairs including access to justice.

Despite the evidence of the crushing impact of the fiscal compact and the excessive deficit procedure in the Eurozone, the Chancellor intends to continue with the UK version of an 'austerity' programme, which is less than six years into a ten year programme. While 55% of the overall cuts were done by April 2014, implementation is largely in the areas of tax increases and investment cuts.<sup>102</sup> There is much more of the welfare spending and other non-investment cuts to come. In the Autumn (budget) Statement of December 2014, the Chancellor promised that if the Conservatives are re-elected in May 2015 there will be an additional £12 billion cut to welfare spending and that he will get state spending down from his current target of 39.5% of GDP to 35%. The scale of what may come is even more 'unprecedented' than the IFS suggested in 2012. If this happens, the welfare state in the UK will be unrecognisable.

The Commission proposed changes to VAT in 2013; there had been 'no progress' by 2014. (SWD P6). This remains the case. *This lack of progress is positive for poverty.* Had the government introduced their proposals, the impact would have been regressive on low income households.

**Commission/ Council CSR 2 on housing supply**

*Weak implementation of housing supply measures is a negative development for poverty.* Housing supply has increased to 159,000 per annum but is well below the 200,000-250,000 houses per year needed to deal with increasing population and smaller households. Measures

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<sup>102</sup> Tetlow, G. (2014) Cutting the deficit, four years down, five to go? *IFS Comments*, 29 April, accessed at: <http://www.ifs.org.uk/publications/7186>

in EAPN's Alternative CSR 3 to enable more social housing starts by local authorities have not been implemented. EAPN's alternative CSR 3 measures to deal with housing access and housing poverty have not been addressed by either Commission/Council or UK government. Regarding our proposals to scrap the welfare 'reforms' that have increased the cost of social housing to tenants and reduced security of tenure, there have been no changes. In a recent legal challenge to the 'bedroom tax' the Court of Appeal ruled that the new regulations were discriminatory of people with a disability, but was satisfied that the Secretary of State for Work and Pensions had justified the discriminatory effect of the policy. People with a disability have said they will continue to fight the policy.<sup>103</sup>

Regarding the element of EAPN Alternative CSR 3 on housing that addresses the cost and security of tenure in the private rented sector, there have been no improvements.

#### **Commission/ Council CSR 4 on low income households, child poverty and childcare**

*Weak implementation of CSR 4 on low income households, child poverty and childcare is a negative development for poverty.* The low and falling real value of welfare benefits and the distributional effects of the austerity programme have been discussed above. Benefits are well below consensual definitions of adequacy for working age households and also below the 60% of median household income threshold. There are insufficient improvements to the cost availability and quality of childcare and positive measures are likely to be undone by changes to costs and further cuts in welfare benefits and services.

#### **Q4 New developments and new Alternative CSR proposals from EAPN members**

##### **Q4a Describe the main new policies developed by your government that are likely to impact on poverty (positive or negative) in 2014**

The delinking of working age welfare benefits from any measure of inflation will progressively impoverish poorer citizens. The harsher benefits regime, combined with some of the weakest labour market protection in the western world, has led to a surge in working poverty which will continue with competition for jobs and lowered wage floors.

UK Coalition government spending plans (Expenditure Reviews) operate on a three year cycle which ends in 2015. Poverty is already at a thirty year high. Referred to earlier in this paper, the proposals in the Autumn budget Statement of December 2014 for additional cuts, including welfare spending cuts in the next Parliament, will only worsen poverty, now and forever. Chapter 4 of our UK EMIN report of 2014 discussed the toxic language used by government and much of the media to describe working-age benefits claimants. The approach seems designed to pave the way for a reshaped state with much lower ambition in the service of its low and moderate income citizens. The language does not reflect the reality

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<sup>103</sup> Leigh Day (2015) 'Bedroom Tax' challenges to continue following Court of Appeal judgement, 21 February, accessed at: <http://www.leighday.co.uk/News/2014/February-2014/Bedroom-Tax-challenges-to-continue-following-Cou>

of risk of fraud, which is 0.7%<sup>104</sup> and is much, much smaller in amount than tax fraud; nor does it reflect the scale of expenditure on working-age unemployed. Our EMIN report (pages 9-10) noted that Jobseeker's Allowance, which is paid to unemployed claimants, was just £3.8 billion of the cash benefits' budget of £163.2 billion in 2013-14. Disability Living Allowance, paid for the extra costs associated with living with disability, was £13.76 billion and it is rising as more people survive with disability. But at £83.14 billion, retirement pensions were the single largest part. A big growth area was housing benefit (£17.8 billion), paid to private landlords and reflecting supply shortages and distortions in the housing markets.

There is a General Election on 7 May 2015. All the main Westminster political parties are committed to further spending cuts, but the proposed pace and scale of cuts varies significantly and details are not announced yet. The Scottish National Party and indeed main nationally-based parties in Wales and Northern Ireland are committed to greater protection of welfare budgets than are Westminster parties, but only to the extent that these budgets may be devolved (or further devolved in the case of Northern Ireland) when new devolution measures are settled.

**Q4b Give your EAPN 2015 proposals for CSRs: A maximum of three key proposals for alternative Country Specific Recommendations for your country (highlight any differences from 2014) in order of priority**

UK EAPN's alternative CSRs for 2015 are the same as for 2014 as they show no progress. Our only change is more explicit emphasis on quality in work as well as minimum wages.

**1 Welfare reform**

- The programme of welfare reform must be halted. Specifically we call for measures on the uprating of benefits below RPI prices to be abandoned; for a national (English) scheme to be introduced to replace Council Tax Benefit; for the introduction of Universal Credit to be further delayed until the labour market improves and for the increased sanctions associated with the benefit to be scrapped
- The UK must retain the child poverty reduction target and the four measures of child poverty in the Child Poverty Act of 2010
- The UK government should re-establish stakeholder dialogue with NGOs on the development of its anti-poverty policies. This should sit alongside the Commission on Social Mobility and Child Poverty, and would enable engagement on the development of strategy overall. Such mechanisms must also involve people with direct experience of poverty.

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<sup>104</sup> Department for Work and Pensions (2014) *Fraud and error in the benefit system 2013/14 estimates (Great Britain)* 6 November (supplementary tables fraud and error in the benefit system, final 2013 to 2014 estimates, accessed at: <https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-2013-to-2014-estimates>)

## **2 Adequate income**

### Adequate income from work

- Commit to a steady and progressive rise in the statutory Minimum Wage for all ages including those aged 18-25 and better enforcement of it. The aims are to put a floor under living standards and slow the falling share of wages in national income; to limit the employer subsidy embodied in low wages both through tax credits and other social costs and to drive a “high” rather than “low” road of increased productivity to support better wages
- Commit to legal measures to prevent exploitation of workers confronting atypical, temporary, part-time and self-employed working, especially regarding unequal conditions of employment and work and access to employment and state welfare benefits and pensions. The aim is to prevent the deepening of a segmented workforce with poor pay and prospects and high risk of poverty and reduce the taxpayer costs associated with one-third of the workforce being unable to securely support itself over the lifecycle

### Guaranteed minimum incomes

- Commit to steady and progressive improvement in cash benefits to meet adequate minimum income. Specifically we call for the implementation of the JRF model of determining minimum income thresholds and its use to benchmark minimum incomes to progress to at least meet the MIS threshold for each group of benefit recipients.
- The programme of welfare reform must be halted. Specifically we call for measures on the uprating of benefits below RPI prices to be abandoned; for a national (English) scheme to be introduced to replace Council Tax Benefit; for the introduction of Universal Credit to be further delayed until the labour market improves and for the increased sanctions associated with the benefit to be scrapped
- The UK must retain the child poverty reduction target and the four measures of child poverty in the Child Poverty Act of 2010
- The UK government should re-establish stakeholder dialogue with NGOs on the development of its anti-poverty policies. This should sit alongside the Commission on Social Mobility and Child Poverty, and would enable engagement on the development of strategy overall. Such mechanisms must also involve people with direct experience of poverty

## **3 Access to adequate, affordable housing**

### Rents and renters’ rights

- Re-introduce rent controls and secure tenancies in the private sector
- Reverse the policy shift to fixed-term social rental tenancies, increases in social rents above inflation and cuts in housing support including an end to the infamous “spare room subsidy” – commonly known as the bedroom tax
- Launch an improved shared ownership scheme to improve transportability of individuals’ equity stake

### House-building

- A substantial programme of social house-building aimed at low to middle income households financed partly by full removal of the housing finance cap. The aim is to increase housing supply at affordable rents, including for the rising proportion of

young people unable to access home-ownership or secure suitable homes in the private rented sector

- Financial support for innovative developments in cooperative housing schemes and self-build attached to green energy commitments

#### **Q4c Give brief justification for your proposals**

- There has been little or no positive change in the areas covered by our EAPN UK Alternative CSRs
- There are numerous on-line consultations with no evident influence and no effective stakeholder dialogue with anti-poverty organisations of the Third Sector. There is absolutely no dialogue with social NGOs on the National Reform programme
- The Commission CSRs are similar to the previous years' also and for the same kinds of reason; there is little or no progress and indeed some steps back.

#### **Appendix 1**

##### **EXTRACT FROM:**

**COUNCIL RECOMMENDATION of 8 July 2014 on the National Reform Programme 2014 of the United Kingdom and delivering a Council opinion on the Convergence Programme of the United Kingdom, 2014  
(2014/C 247/26)**

HEREBY RECOMMENDS that the United Kingdom take action within the period 2014-2015 to:

1. Reinforce the budgetary strategy, endeavouring to correct the excessive deficit in a sustainable manner in line with the Council recommendation under the Excessive Deficit Procedure. Pursue a differentiated, growth-friendly approach to fiscal tightening by prioritising capital expenditure. To assist with fiscal consolidation, consideration should be given to raising revenues through broadening the tax base. Address structural bottlenecks related to infrastructure, skills mismatches and access to finance for SMEs to boost growth in the export of both goods and services.

2. Increase the transparency of the use and impact of macro-prudential regulation in respect of the housing sector by the Bank of England's Financial Policy Committee. Deploy appropriate measures to respond to the rapid increases in property prices in areas that account for a substantial share of economic growth in the United Kingdom, particularly London, and mitigate risks related to high mortgage indebtedness. Monitor the Help to Buy 2 scheme and adjust it if deemed necessary. Consider reforms to the taxation of land and property including measures on the revaluation of property to alleviate distortions in the housing market. Continue efforts to increase the supply of housing.

3. Maintain commitment to the Youth Contract, especially by improving skills that meet employer needs. Ensure employer engagement by placing emphasis on addressing skills mismatches through more advanced and higher level skills provision and furthering apprenticeship offers. Reduce the number of young people with low basic skills.

4. Continue efforts to reduce child poverty in low-income households, by ensuring that the Universal Credit and other welfare reforms deliver adequate benefits with clear work incentives and support services. Improve the availability of affordable quality childcare.
5. Continue efforts to improve the availability of bank and non-bank financing to SMEs. Ensure the effective functioning of the Business Bank and support an increased presence of challenger banks.
6. Follow up on the National Infrastructure Plan by increasing the predictability of the planning processes as well as providing clarity on funding commitments. Ensure transparency and accountability by providing consistent and timely information on the implementation of the Plan.

## EURODIACONIA

### AUSTRIA

#### Name of Network and Responsible EU ISG member: Contact details:

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 Input submitted by Diakonie Austria, <http://www.diakonie.at/>

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above</b> <i>Unemployment is very low in Austria, but we have huge problems with high female part-employment rates as well as high unemployment rate regarding people with disabilities. As the CSR say, more services for child-care and long-term care could help to increase female labour market participation.</i>
<b>b)</b>	<b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b>
<b>c)</b>	<b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b> <i>The long-term care fund is, as the Commission truly sees it, just an interim solution for the long-term care sector. Although there is "new money", the system lacks concrete reforms in form of access, funding and organization.</i>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b>
<b>b)</b>	<b>Give your EAPN 2014 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b> <i>- More structural reforms, e.g. new forms of assessments of care needs (in order that we have concrete numbers of needs as well as needs-planning)</i> <i>- Inflation adjustment of the cash-allowance (since 1993 the cash allowance lost app. 30 % due to inflation)</i> <i>- Extension of all sorts of care services (e.g. day care centers, short term care, etc.)</i>

## CZECH REPUBLIC

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Input submitted by Slezska Diakonie, <http://www.slezskadiakonie.cz/>

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b> <i>The CSR on the reform of public administration is a very positive step.</i>
<b>b)</b>	<b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b>
<b>c)</b>	<b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b> <ul style="list-style-type: none"> <li>- CSRs were identical in 2013 and 2014.</li> <li>- The "social" CSRs focused on child-care and inclusion of Roma. Affordable housing is missing; so is migration.</li> </ul>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b> <i>They were "worded nicely" but not much is happening in reality.</i>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b>
<b>b)</b>	<b>Give your EAPN 2014 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b> <ul style="list-style-type: none"> <li>- Place more emphasis on affordable housing</li> <li>- Improve inclusion of and provision of services for migrants</li> </ul>
<b>c)</b>	<b>Give brief justification for your proposals</b>



## DENMARK

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Input submitted by Kofoeds Skole, <http://www.kofoedsskole.dk/>

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b> <i>There are positive elements, such as the focus on young people with a migrant background and education. In particular, young men need attention and education. But the reforms also have an effect of dividing the social clients and endanger the situation for excluded groups.</i>
<b>b)</b>	<b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b> <i>It is positive there is more focus on groups on the margin of the labour market but it is also worrying if this will mean less focus on excluded groups. The focus is on employability, not employment, and for excluded groups this will probably not be enough. They have not felt a change in their situation. They feel a lack of coherence between intentions and realities and lack of job opportunities.</i>
<b>c)</b>	<b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b> <i>The CSR should be more focused on negative social effects of austerity measures. There are so many daily reports on how people in need are affected by public budget cuttings in the municipalities. For instance 40 per cent of all social benefit recipients experienced a situation where they did not have the means to pay for medicine.</i>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b>
<b>b)</b>	<b>Give your EAPN 2014 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b> <i>- Focus on combating negative social effects of austerity measures</i> <i>- More emphasis on improving employment chances for excluded groups</i>

## FRANCE

### Name of Network and Responsible EU ISG member: Contact details:

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Input submitted by: Federation d'Entraide Protestante, <http://www.fep.asso.fr/>

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b>
<b>b)</b>	<b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b>
<b>c)</b>	<b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b> <ul style="list-style-type: none"> <li>- <i>The CSRs are too much focused on budget consolidation, reduction of pension and of labour costs.</i></li> <li>- <i>The question of housing is missing.</i></li> <li>-</li> </ul>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b>
<b>b)</b>	<b>Give your EAPN 2014 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b> <p><i>- There should be more focus on prevention and preventative action that will help to reduce future social and economic costs.</i></p>

## NETHERLANDS

### Name of Network and Responsible EU ISG member: Contact details:

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Input submitted by Kerk in Actie, <http://www.kerkinactie.nl/>

<b>1.</b>	<b>Present your proposals for <a href="#">Alternative Country-Specific Recommendations</a> last year (2014) for your country (cut and paste)</b>
<b>2.</b>	<b>Did the Commission/Council <a href="#">Country-Specific Recommendations</a> (CSRs) for your country (2014) pick up on and reflect EAPN concerns?</b>
<b>a)</b>	<b>Highlight the Commission's positive proposals for poverty reduction in the CSRs (if any) and similarities with your own proposals above (specify)</b>
<b>b)</b>	<b>Highlight the Commission's negative proposals in the CSRs for poverty reduction (if any) and main differences with your own proposals (specify)</b>
<b>c)</b>	<b>What are the main gaps in the Commission/Council's CSRs for your country, what is missing?</b> <ul style="list-style-type: none"> <li>- <i>The recommendations are coherent in view of the ruling economic aims. But these recommendations seem to be based upon a presumption that there will be a shortage of jobs. This raises the question whether this is a real presumption and we should start thinking and acting towards reallocation of labour.</i></li> <li>- <i>Recommendation 4 rightly says we should work on diminishing rigidity at the labour market; however, it lacks a view of the direction this should take. Is this meant to support the Law on Work and Security or does it criticize that? The evaluation is not clear at this point. We are critical of this Law because it 1. tries to stop the strong tendency of flexibility in the labour market instead of promoting this; 2. offers the best security in a fixed contract, 3. does not create possibilities to combine flexibility and social security ('flexicurity').</i></li> </ul>
<b>3.</b>	<b>EAPN Assessment of the implementation of CSRs</b>
<b>a)</b>	<b>How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2014?</b>
<b>4.</b>	<b>New Developments and New Alternative CSR proposals from EAPN members</b>
<b>a)</b>	<b>Describe the main new policies developed by your government that are likely to impact on poverty (positive and negative) in 2014.</b>
<b>b)</b>	<b>Give your EAPN 2014 Proposals of CSRs: a maximum of 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) in order of priority.</b> <ul style="list-style-type: none"> <li>- <i>Encourage flexibility in the labour market</i></li> <li>- <i>Create possibilities to combine flexibility and social security ('flexicurity')</i></li> </ul>

## **Eurodiaconia's European Semester 2014 assessment**

December 2014

### What is Eurodiaconia?

Eurodiaconia is a dynamic, Europe wide community of organizations founded in the Christian faith and working in the tradition of diaconal service, who are committed to a Europe of solidarity, equality and justice. Together we represent 44 members in 32 countries and our members include churches, non-statutory welfare organisations and NGO's in Europe who are rooted in the Christian faith, that is to say over 30 000 providers of social services on a not for profit basis and social justice actors. Some of our members are leaders in their countries on the provision of social services and many are partners with local and regional authorities and national governments in the fight against poverty and exclusion.

### Why this report?

Eurodiaconia members offer very practical support to people at risk of poverty and social exclusion, but they are also involved in advocacy and policy shaping at national, regional and local level. They have been involved in the European Semester since its beginning and have experienced its functioning. Today, they recognise some of the European Semester achievements as well as some of its shortcomings.

### Key messages

This input from Eurodiaconia aims *to contribute to the establishment of a renewed European Semester, in the context of the Europe 2020 midterm review.*

- Eurodiaconia believes that a renewed European Semester could *enable a genuine cooperation between civil society and national public authorities for the achievement of targets taken at European level and in particular progress toward better social inclusion and poverty reduction.*
- They also believe the European Semester must imperatively change as the main outcome of the current implementation of the European Semester is the reinforcing of EU economic governance and the subsequent subordination of social policies and objectives to economic priorities (e.g. fiscal discipline and social welfare restructuring)

This document will first present a summary of Eurodiaconia members' experience of the European Semester process and resulting recommendations for future improvement. The second part is a more in-depth report of Eurodiaconia members' experience of the process.

### **Executive summary**

Four years into the Europe 2020 strategy, Eurodiaconia members still welcome the opportunity for involvement in the European Semester through the national reforms program and comments on the Country Specific Recommendations. However, they also highlight significant shortcomings as to the process and the content of the semester, which have contributed to an increasing frustration and misunderstanding of the role of the European Union.

## 1. The content of the European Semester is disconnected from the European Social reality

- The European Semester is giving a disproportional focus to macroeconomic trends, growth and competitiveness, drifting away from the Europe 2020 inclusive growth objective.

One illustration is the small number of Country Specific Recommendations (CSR's) addressed to Member States focusing on poverty reduction, and the lack of follow-up. Eurodiaconia members believe that it should be a basic requirement for each Member States to receive a CSR on how to better work towards its poverty reduction target.

Secondly, the fact that the actual poverty targets agreed on by Member States do not add up to a poverty reduction of 20 million people (global EU target), but of 12 million people reflects very clearly the lack of Member States' political willingness to reduce poverty.

Thirdly, another illustration of this unbalanced approach is the fact that only CSRs linked to public finances (public deficit and public debt) are backed up by the threat of financial sanctions (under the Excessive Deficit and Imbalances procedures of the Stability and Growth Pact and Macroeconomic Imbalance Procedure).

The poverty reduction target is not more important than others, but it must be given equal weight to other targets. It is not only an essential matter of social cohesion and consequent internal stability, but also about valuing, investing and mobilising the (human) resources available, to foster growth and competitiveness.

- Overall the European Semester is too employment focused

As the European Commission acknowledges, quality employment is one of the main solutions to poverty. However it is also agreed that poverty is not only an employment matter as it affects people away from the labour market (the elderly, children, the chronically ill and some people with disability), and secondly data from the European Commission shows that in work poverty is increasing in Europe.

This reality is not reflected in the European Semester and some members have criticised what they see as a weak analysis of a complex social situation, which endangers the necessary support of those furthest away from the labour market, those that the labour market will not include.

Members believe that the current trend to focus on employment seems to ignore the development of precarious work, which demonstrates that employment alone is not the way out of poverty, it needs to be accompanied by adequate living income and access to affordable quality services. According to the September 2014 Employment and Social Situation Quarterly Review, over half of the growth in employment is attributable to the increasing use of temporary contracts; while part-time work has also continued to increase. But "Inclusive growth" cannot be achieved through an increase in employment if it is precarious work. Addressing poverty must be addressed more broadly than through employment, for instance through a renewed commitment to Active Inclusion.

- The European Semester lacks coherence and must be bolder in promoting social investment

Looking back, the European Semester has advocated for fiscal consolidation strategies and reform of the social security systems, without providing necessary safeguards. The social consequences of such policies, as encouraged in Country Specific Recommendations, have been claimed by many, including the IMF, as damaging. The new dynamic to focus on investment is warmly welcomed.

It is hoped that the new Jobs, Growth and Investment Package when fully operational in 2015, will have a strong social dimension, focusing not only on instruments to go back to growth and employment but also on the objective of “inclusive growth” and poverty reduction. This will enable any deep structural reform to take place in fair manner, and work toward the objective of better social cohesion.

## **2. The European Semester is too heavy, complex and undemocratic**

- The process of decision making still often remains unclear, especially for national stakeholders.

This lack of clarity contributes to a lack of understanding and ownership of the process, not only from civil society but from also from national parliaments. The theory of the process of stakeholders’ engagement has been positive, but its implementation has been poor. Civil society has not been meaningfully involved. The result is an increasing frustration toward the European Union and its heavy processes as members who have tried to be involved in the process have been left disappointed by the lack of genuine dialogue.

Eurodiaconia members have tried to be involved but often, when they have been involved, the result has often been a process of gaining information rather than of involvement and dialogue.

- No accountability for decisions taken

The democratic accountability of head of states and governments is not enough – there is an essential need for a stronger involvement of the European and national parliaments in the implementation of the Europe 2020 strategy and the European Semester process. The European Commission must insist and monitor that this involvement is meaningfully taking place.

- Not enough time for consultation

The very tight deadlines for consultation for all stakeholders (including governments) make an already heavy process, even less acceptable. It leads to frustration of those who should be involved, and therefore contribute to discredit the whole process. Members request a change in the timetable of the semester, so that more time is available for a genuine dialogue. One possibility would be to a longer cycle but which must remain attached to the budgetary cycle.

An earlier publication of the European Commission Staff Working documents would also enable stakeholders to take on a more informed role in reacting to the Country Specific Recommendations.

▪ What impact?
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Eurodiaconia members who have been involved in the process since it started question its value. In particular, they raise the question of the impact of the Country Specific Recommendations and of accountability (of both the European Commission and Member States).

***Eurodiaconia recommendations for a renewed European Semester 2015-2020***

1. **Inclusive growth, as part of the Europe 2020 strategy and all its related targets, must remain the core roadmap for the European Union** and therefore the number one priority objective of the European Semester. The European Semester must change its rhetoric to re-focus on poverty reduction and inclusive growth rather than only growth and competitiveness.
2. The European Commission must support Member States to actively involve stakeholders and therefore provide **guidelines for stakeholders involvement** (see [Eurodiaconia's dashboard reporting tool on stakeholders' participation in the European Semester](#))
3. **Reinforce the social dimension of the European Semester through a broader and more socially balanced set of priorities in the Annual Growth Survey and Country Specific Recommendations**
4. **Strengthen social situation monitoring through the development of indicators and their increasing visibility (including a working poor indicator).** Acknowledgement of this move would be to **add support trigger mechanisms to the social scoreboard** for the tools to move beyond its limited analytical purposes. ***Divergence of social indicators*** identified in the MIP should trigger the need for a member state to develop a ***corrective action plan***.
5. Social investment: **take forward the Social Investment Package (SIP) guidelines** to EU Member States in using their social budgets more efficiently and effectively by encouraging policies that take on a social investment approach to strengthen people's skills and capacities and support them to participate fully in employment and social life. However, it is essential to keep in mind that social investment must be based on quality in general and on equal accessibility of services offered in a social investment approach.
6. Following on from the Social Investment Package, the AGS 2014 must now specifically urge member states to **support and invest in social services**. The 2014 AGS must emphasise the potential of social and health services for economic growth, job creation and retention as well as the contribution they make to the overall wellbeing of society.
7. **Accompany current policy efforts** such as those referred to in the 2013 AGS **to reform employment legislation and develop flexible working arrangements by a renewed political commitment to Active Inclusion**. This can be done through stepping up policy efforts to ensure accessible quality social services and a guaranteed adequate income and for all (starting with comparative reference budgeting).

## II – A snapshot of Eurodiaconia members' experience of the European Semester 2014

*"The public opinion is affected by the over and over repeated –  
"get a job, only if you have a job, you are a value to this society".*

*Duty to work comes before right to receive help,  
politicians say, but there are no jobs for sick, addicted,  
not-fluently Danish speaking people. As they cannot fulfill their "duty",  
they are met with the attitude of "no right to help".*

*Just yesterday Barroso complimented the Danish Prime Minister  
on the reforms, but there is another side of that coin, as we say."*

Kirkens Korshær/ DanChurchSocial Denmark

### Introduction

This overview of members' experience of the European Semester is a snapshot of data collected through meetings and surveys from February to November 2014. Eurodiaconia secretariat received input from members from 10 countries (Austria, Czech Republic, Denmark, Finland, France, Germany, Latvia, Netherlands, Romania, and Sweden). It aims to illustrate the Eurodiaconia members experience of the European Semester summary and recommendations.

### The National Reform Program

#### Summary

#### EXAMPLES

**Austria, Diakonie Austria:** *Regarding the process of preparation of the NRP – as Non for Profit Organisation, we were invited at the opening event for the 2014 NRP in Austria to take part – not to give input. The event just lasted one hour, mainly filled by a presentation from the federal chancellery with the timetable of the NRP. We asked 3 times if there would be a chance for us to give input, but the answer was no – just input from ministries, Länder, cities and social partners were asked to give input. This was very frustrating, also because a member of EU was present as well, but did not support our claims.*

**Denmark, Kofoeds Skole:** *We can say there has been a better engagement in the process this year but it has not really been meaningful when you look at the outcome. To us, the NRP is a compilation of already decided policies. At the NRP level it is in general too late to influence the policy.*

*The most positive outcome from the NRP is that Denmark now has a poverty line and a procedure for handling measurements of poverty. There is now more focus on poverty. The Government has also drawn up ten goals on inclusion to be reached by 2020. This, however, is more the result of national campaigns than NRP. Policy development takes place in the Parliament and is reflected in NRP. Results are achieved on the national level more than in EU-papers.*



**Denmark, Kirkens Korshær:** *The Danish reform program, which follows the lines of the CSR, has consequences for the poorest and most vulnerable, as all reforms aim at the labour market. Those people, who are not able to have or hold a job on market-conditions, are having even harder times, and more will be homeless. Especially among the young people we see an increasing number of homeless. Families, many single-parents, come to us in Kirkens Korshær for food, advice and help to hold together as family.*

**Germany, Diakonia Germany:** *We welcome the fact that the federal government wants to further strengthen the internal demand through the introduction of a minimum wage and the orientation of temporary and agency on its core functions (para. 43 b and 80 of the NRP). Diakonia Germany also welcomes the intention of the Federal Government, to develop the "National Pact for Training and Young Skilled Workers" for an alliance for further education and training. A training guarantee should be enshrined in law (para. 78 of the NRP).*

*However, the long-term unemployment indicator selected by the federal government to measure poverty reduction (in line with the Europe 2020 strategy objective) describes insufficiently the poverty phenomena in Germany. It missed out, for example, all those who have a job and are still affected by poverty. The goal was further weakened by the federal government with the choice of the indicator "long-term unemployment" and the associated aim of a reduction of 320,000 long-term unemployed people – with a 20 million target, to be achieved across the EU. Diakonia expects the new alliance government to correct in the context of the mid-term review of the European strategy.*

*Unfortunately, no specific measures are mentioned in the NRP, which help better integrate single parents in the labour market. Single parents who get an education or to participate in a measure of job centers, are often faced with the difficulty of unclear financing of child care during these times. Diakonia Germany expected urgently harmonize the affected jurisdictions and help systems of SGB II, SGB III and SGB VIII (employment services, youth services).*

*In the context of poverty reduction the Diakonia also sees the issue of people exercising their right to free movement within the EU. EU citizens with employment status have indisputably an unconditional, equal access to all benefits. However, EU citizens who do not engage in economic activity are excluded of assistance receive benefits under SGB II or SGB XII . It is very debatable whether the exclusions are constitutional. The exclusion of benefits have the effect that the person concerned, including many families with children, live here in Germany in extremely precarious conditions of poverty and many live without health insurance.*

**Netherlands, Kerk in Actie:** *We received a draft NRP and were invited to make comments on it. But we choose to give the comment that we don't recognize the analysis and description of the poverty problem in our country and the leading policy to tackle it.*

*Our engagement has been minor because we have a very strong different vision and experience on how poverty can be tackled. The NRP is that it is strongly based upon an expectation of recovery of economic growth and competitiveness. For instance, paragraph 46 states that the best way out of poverty is labour. At the same time we see no decrease of unemployment. If labour is really the best way out of poverty, why is there no link with the subject of reallocation of labour?*

*The employability of older employees will suffer due to measures like the increase of the General Old Age Pensions Act which is also based on the idea that jobs would be available. These are measures meant for the stabilization of government finances but the reality is that they will have a negative effect increase unemployment-rates of older workers (paragraph 21).*

## **Stakeholders' participation**

**Summary** – Following on from their experiences of Europe 2020 and difficulties of involvement in the European Semester Process, Eurodiaconia members have been disappointed by the lack of open and significant dialogue at national level. They request a more open and meaningful process of involvement which would reinforce policy ownership and contribute to legitimise the European Semester process.

1. Eurodiaconia members regret an overall very limited interaction between diaconal organisations and national governments.

They attribute this shortcoming to the lack of resources they were able to engage in the process but also to the heaviness and complexity of the process (a lot of preparation and work for a very small impact/results, the short time available for consultation (response time is often too limited for adequate discussions), the lack of communication from government to NGOs, lack of genuine dialogue and the existence of some “privileged channels of communications” enabling some NGOs to participate more easily than others.

2. Eurodiaconia members believe that if the process of stakeholders' involvement is to be seriously implemented, the European Commission must issue guidelines to Member States on how could this involvement take place.

Eurodiaconia members also propose concrete elements for such guidelines (for more details see Annex 1 – reporting tool on stakeholder's participation).

The first step for an improved cooperation is a change in the timetable of the semester, so that more time is available for a genuine dialogue – but the process still needs to remain connected to the budgetary discussion.

Ultimately, Member States should tend toward the establishment of a formal institutionalised cooperation, involving actors from different backgrounds, across sector. These debates should be managed by an independent moderator, and that the key points emphasized by stakeholders and not taken up by public authorities should have to be justified.

## **EXAMPLES**

**Denmark** - *We are invited to meetings with the Ministry of Foreign Affairs during the year about the Semester together with other stakeholders. In last meeting, the minister was present. The meetings are short, and the remarks are brief. We have the opportunity to inform the minister/ministry of general concerns.*

## Country Specific Recommendations

**Summary** - For most organisations, the Country Specific Recommendations are coherent, as in line with the European Commission overall thinking, but they lack a poverty reduction perspective. Some members question the real impact of the CSRs, and some believe their nature should be clarified as CSRs are often very friendly to governments – are they a joint commitment for action between the EC and MS or an external recommendations issues to a MS?

### EXAMPLES

**Sweden, Finland, Latvia:** *CSRs were not appropriate to the social context, and they do not challenge enough the governments. CSRs focus is disproportional on growth and poverty is often missing. There is no gender aspect (Sweden and Finland).*

**Finland, Evangelical Lutheran Church of Finland:** *The Country Specific Recommendations issued to Finland are coherent but they don't lead to poverty reduction. They do not respond to social context.*

**Austria, Diakonie Austria:**

*The long-term care fund (11) is, as the Commission truly sees it, just an interim solution for the long-term care sector. Although there is “new money”, the system lacks concrete reforms in form of access, funding and organisation. As Diakonie we are demanding more structural reforms, e.g. new forms of assessments of care needs (in order that we have concrete numbers of needs as well as needs-planning), the inflation adjustment of the cash-allowance (since 1993 the cash allowance lost app. 30 % due to inflation), as well as an extension of all sorts of care services (e.g. day care centers, short term care, etc.)*

*(13) yes, unemployment is very low in Austria, but we have huge problems with high female part-employment rates as well as high unemployment rate regarding people with disabilities. As the CSR say, more services for child care and long-term care could help to increase female labour market participation.*

**Diakonie Deutschland:** *The CSRs are overall very positive but inequalities are missing and we question the impact they really have.*

**France:** *The CSRs are too much focused on budget consolidation, reduction of pension and of labour costs. The question of housing is missing. There should be more focus on prevention and preventative action that will help to reduce future social and economic costs.*

**Czech Republic:** *CSRs were identical in 2013 and 2014. The “social” CSRs focused on child care and inclusion of Roma. They were “worded nicely” but there is not much happening in reality. Affordable housing is missing so is migration. The CSR on the reform of public administration is a very positive step.*

**Romania:** *More attention should be given to the use of EU funds.*

**Denmark:** *It is positive there is more focus on groups on the margin of the labour market but it is also worrying if this will mean less focus on excluded groups. The focus is on employability, not employment, and for excluded groups this will probably not be enough. They have not felt a change in their situation. They feel an incoherence between intentions and realities and lack of job opportunities.*

*There are positive elements in the reforms, such as the focus on young people with a migrant background and education. In particular, young men need attention and education. But the reforms also have an effect of dividing the social clients and endanger the situation for excluded groups.*

*The CSR should be more focused on negative social effects of austerity measures. There are so many daily reports on how people in need are affected by public budget cuttings in the municipalities. For instance 40 per cent of all social benefit recipients experienced a situation where they did not have the means to pay for medicine.*

**Netherlands:** *The recommendations are coherent in view of the ruling economic aims. But these recommendations seem to be based upon a presumption that there will be shortage of jobs. This raises the question whether this is a real presumption and we should start thinking and acting towards reallocation of labour. Recommendation 4 rightly says we should work on diminishing rigidity at the labour market, however, it lacks a view of the direction this should take. Is this meant to support the Law on Work and Security or does it criticize that? The evaluation is not clear at this point. I share criticism on this law, because it 1. tries to stop the strong tendency of flexibility in the labour market instead of furthering this; 2. offers the best security in a fixed contract, 3. does not create possibilities to combine flexibility and social security ('flexicurity').*

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



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