



Position Paper

Eurodiaconia Assessment of the 2019 Winter Package

Mission

Eurodiaconia is a network of churches and Christian organizations that provide social and health care services and advocate for social justice. Together we work for just and transformative social change across Europe, leaving no-one behind.

Vision

Driven by our Christian faith, our vision is of a Europe where each person is valued for their inherent God-given worth and dignity and where our societies guarantee social justice for all people, including the most vulnerable and marginalized.

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POLICY SNAPSHOT



This position paper assesses the Country Reports published as part of the Winter Package on 27 February 2019. It gives a general assessment and a country-specific one, based on the knowledge of Eurodiaconia's members.



This paper is addressed primarily to the units working on the European Semester in the European Commission. Because of its focus on social policies, it particularly targets officials working in DG Employment, social affairs and inclusion.



After giving an overview and Eurodiaconia's general assessment of the country reports, this paper focuses on the 10 cases of AT, CZ, DK, FR, DE, EL, IT, LT, NL, SE on the basis of our national members' information.



This paper is the opportunity for Eurodiaconia and its member to assess whether the input provided during the drafting of the Winter Package has been taken into account. It also gives an overview of what the situation really is on the ground in the countries covered. Finally it feeds into the drafting of the country-specific recommendations (CSRs), the main output of the European Semester to be published in June.



Overall, we observe positive changes in this year's country reports. Major social challenges have been successfully addressed for most countries. For the upcoming CSRs, our members would welcome recommendations that focus on common good and that go beyond the sustainability of pensions, healthcare systems, household debt, taxation or investment in education.

About this publication



Eurodiaconia is a network of 49 organisations in 32 European countries providing health and social services and working for social justice. Founded in the Christian tradition we work to ensure that our societies provide opportunities for all people to live in dignity and realise their full potential. Our members, representing more than 30 000 social and health care providers, have strong and long-standing expertise in providing services to the most vulnerable across Europe. Based on their experience, we would like to share with you an assessment of the 2019 country reports. Should you wish further information on any of the points below, please contact our Secretary General Heather Roy at heather.roy@eurodiaconia.org or our Policy Assistant Alix de Noircarme at alix.denoircarme@eurodiaconia.org.

Eurodiaconia has been closely following the European Semester process. As a network and together with other civil society organisations, we have been calling since the beginning for the inclusion of stronger social analysis within the European Semester. Since 2011, Eurodiaconia has published regular reports¹ on the European Semester, calling strongly on the European Commission to develop the social dimension of the European Semester, as macro-economic recommendations should not be made without carefully taking into account the potential effects on the well-being of citizens and particularly the accessibility, affordability, availability and quality of social and health care services and the prevalence of poverty and social exclusion among vulnerable groups.

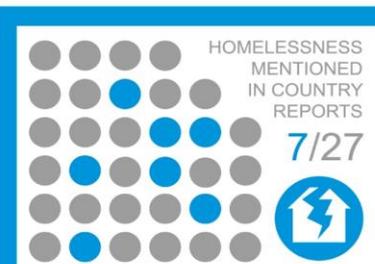
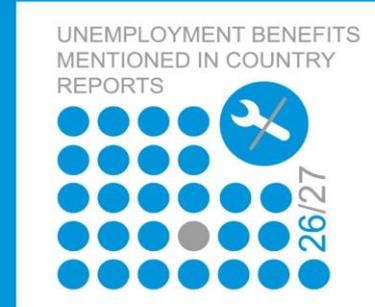
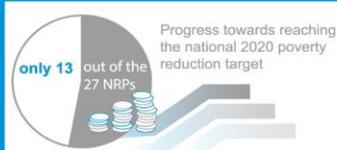
The European Semester is an annual cycle of coordination of all national policies with a potential impact on the economy. It is organised around five stages which take place throughout the year, the final output being the

¹ All of Eurodiaconia's publications related to the European Semester and the European Pillar of Social Rights can be found in the relevant thematic tab on our website: <https://www.eurodiaconia.org/category/themes/rebalancing-social-and-economic-policies/eu2020-and-social-pillar/>

recommendations adopted in their final version in July. The fact that policies with an impact on the economic situation inherently include social policies has been gradually recognised in recent years, culminating with the proclamation of the European Pillar of Social Rights on 17 November 2017. Eurodiaconia has adapted to this evolution by increasing its involvement and publications in the European Semester.

Following the publication of the country reports on 27 February 2019 and of the final version of the Joint Employment Report (JER) on 15 March 2019, Eurodiaconia asked its members for feedback, together with the recommendations they would like the European Commission to give to their government. This document takes stock of the evolution of the European Semester and informs its following stages. It assesses whether the social challenges in the member states have been adequately reflected and if the country reports and JER are effectively monitoring the implementation of the European Pillar of Social Rights.

— TOWARDS A REAL BALANCE BETWEEN ECONOMIC AND SOCIAL POLICIES IN THE EUROPEAN SEMESTER —



Eurodiaconia's impact on the European Semester

Since the proclamation of the Social Pillar in November 2017 and the decision to monitor its implementation within the European Semester, Eurodiaconia has been deepening its involvement in the process. In 2018, we published a position paper on the country reports, coupled with suggestions of country-specific recommendations (CSRs) by our members for their countries² in order to feed into the drafting of these documents.

² Eurodiaconia, *Rebalancing social and economic policy analysis in the European Semester: an appraisal of the 2018 country reports by Eurodiaconia and its members*, May 2018, available here: https://www.eurodiaconia.org/wordpress/wp-content/uploads/2018/07/Eurodiaconia-response-country-reports_201806.pdf

This was followed by a paper assessing the draft CSRs in line with the Social Pillar and our members feedback³.

At the beginning of this cycle, Eurodiaconia set out its five priorities for the year⁴ which are:

- promoting quality employment to ensure sustainable growth and put an end to the increasing in-work poverty trend;
- tackling child poverty to promote equal chances for children in European societies;
- providing targeted and tailored services for migrants, especially for women, to promote their labour market participation;
- ensuring affordable and accessible housing across Europe and tackling the growing homelessness challenge;
- increasing the focus on health and social services to adapt to the ageing of European societies.

Eurodiaconia was very happy to see some of these priorities reflected in the Annual Growth Survey (AGS) published on 21 November 2018⁵, especially the need to focus more on care services in order to adapt to demographic and technological changes. Accordingly, the 2019 country reports also highlight this priority.

³ Eurodiaconia, *Better social reforms to foster sustainable growth: an assessment of 2018 draft country-specific recommendations by Eurodiaconia and its members*, May 2018, available here: https://www.eurodiaconia.org/wordpress/wp-content/uploads/2018/07/Eurodiaconia_CSRs-assessment_201805.pdf

⁴ Eurodiaconia, "Recommendations ahead of the 2019 Annual Growth Survey", 16 October, available here: https://www.eurodiaconia.org/wordpress/wp-content/uploads/2018/10/Eurodiaconia_recommendations-AGS-2019.pdf

⁵ European Commission, Annual Growth Survey, 21 November 2018, available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1547650919951&uri=CELEX%3A52018DC0770>

Moreover, this year's country reports include more thorough analysis on most of the other priority areas chosen by Eurodiaconia, namely child poverty, integration of migrants especially migrant women, and access to housing and homelessness. This is an important evolution of this year's reports which is in line with the recent trend of socialisation of the Semester but might also be linked to the impact of the Pillar of Social Rights, as well as to effective advocacy by organisations such as Eurodiaconia. Although quality employment has not been assessed as such in the country reports, it is however analysed at greater length in the JER. This is particularly important for Eurodiaconia as our input for this year's JER was focused on job quality⁶.

Impact of country-specific inputs on country reports

Eurodiaconia has been providing input to the European Commission throughout the drafting of the 2019 country reports: from July to December 2018, we provided several documents based on our member analysis. These highlighted for instance target groups facing particular challenges which were not sufficiently covered in the previous year's reports or provided our members' assessment of the implementation by their government of the CSRs they had received in the summer.

The table below summarises the impact Eurodiaconia's country-specific input has had on this year's reports, by comparing the reports with our input.

Eurodiaconia Membership Recommendations for the 2019 Country Reports

⁶ Eurodiaconia, "Recommendations ahead of the 2019 draft Joint Employment Report", 16 October, available here: https://www.eurodiaconia.org/wordpress/wp-content/uploads/2018/10/Eurodiaconia_Recommendations-draft-JER-2019.pdf

Country	Unemployment (of a specific group)	Old people / Pensions / Long term care	Inclusive labour market / Minimum wage	Social inclusion / migrants	In-work poverty / child poverty	Social benefits unawareness / healthcare	People with disabilities / Education	Social housing/ homelessness
AT	Green	Green	Grey	Grey	Grey	Grey	Red	Grey
CZ	Grey	Yellow	Red	Grey	Grey	Grey	Green	Grey
DE	Green	Green	Green	Grey	Red	Grey	Grey	Grey
DK	Grey	Grey	Yellow	Yellow	Grey	Grey	Grey	Red
FR	Grey	Grey	Grey	Grey	Yellow	Red	Grey	Green
IT	Yellow	Yellow	Grey	Grey	Grey	Grey	Grey	Grey
NL	Grey	Grey	Grey	Grey	Yellow	Grey	Yellow	Grey
RO	Grey	Grey	Grey	Green	Grey	Green	Green	Grey
SE	Grey	Grey	Red	Green	Grey	Grey	Grey	Yellow



Not asked from our members as a recommendation.



Asked for and integrated in the 2019 Country Report.



Asked for and partially integrated in the 2019 Country Report.



Asked for and not integrated in the 2019 Country Report.

Overall, we observe positive changes in this year's country reports. Major social challenges such as the **unemployment** of underrepresented groups (women, older women, lower-skilled people), the need for **social inclusion, inclusive schooling** or the need to rethink the **pension system** and fight **poverty**, especially among the **elderly** have been successfully addressed for most countries that specifically asked for it. The country reports of Austria, Germany and Romania have taken most of Eurodiaconia membership's recommendations into account this year. In Germany, the **minimum wage's** impact on poverty was described in Chapter 2. The right to return to full-time employment was also mentioned in the report. However, a deeper analysis of the share of people at risk of poverty and in-work poverty is missing. In Austria, issues such as **long-term care** and **women employment** are sufficiently covered, but a further

analysis of the situation of children with disabilities and their integration in the education system is missing. In Romania, the 2018 Country Specific Recommendations take on board the assessment of the **social dialogue**, **healthcare** and **education inclusiveness**, which is in line with our member's recommendations. For Czech Republic, the report addresses the need to strengthen the **education system**, and to improve the pension system. However, minimum income sustainability is not considered, and though the problem of indebtedness is covered, it does not mention retired people specifically.

In other countries, namely Denmark, France, Italy, the Netherlands, and Sweden, though the economic situation is overall well represented in the 2019 Country Reports, the **social impact** is sometimes missing. Indeed, in Denmark, a mere focus on **employment** remains, while a tailored approach is needed. Also, **homelessness** is not taken on board, and mentioned only in passing. Regarding a more inclusive labour market, the focus on migrants is appreciated, but the **minimum wage** is again left behind. In France, **in-work poverty** is mentioned only for people born outside the EU. Generally, the government aims to promote effective **access to social benefits**. But the report doesn't mention the persons unaware of their rights. However, the issue of social housing is correctly addressed, though the government needs to pursue efforts. In Italy, the report should have insisted more on the older unemployed. Women and low-skilled unemployment are only mentioned in passing and it would have been interesting to have a deeper analysis on this social challenge. In the Netherlands, though rising in-work poverty is mentioned, especially for temporary workers, the **rising child poverty** is not sufficiently covered. Hence, the social impact of the flexibility and segmentation of the labor market should be clearly stipulated in the forthcoming CSRs and 2020 Country Reports. Finally, in Sweden **income inequalities**, and the impact of **households' indebtedness on young people** should be more strongly emphasized. It is appreciated however that the recent legislation on the integration of migrants is examined.

Rebalancing social and economic policies within the Semester

Although aiming for economic growth is important, **it should be balanced and go hand in hand with the objective of shared prosperity in the model of the social market economy.** Eurodiaconia has been advocating since the beginning for the European Semester to take that fact into account by rebalancing the analysis of economic policies with social policies. It is crucial that all economic policies ensure a fair distribution of the gains of economic prosperity for the wellbeing of all. This is particularly important at a time where the European Union is increasingly questioned by those citizens who are left aside or even losing from this process. Putting citizens' faith back into the European project comes through policies that promote the fair sharing of the benefits of growth.

17 out of 20 principles of the Social Pillar are covered in the analysis of the Joint Employment Report (JER).

The proclamation of the European Pillar of Social Rights on 17 November 2017 was an important step in that direction. The decision to monitor its implementation through the European Semester has further contributed in socialising the process. In last year's report on the 2018 country reports⁷, **Eurodiaconia acknowledged and welcome this evolution, while making recommendations for improving this monitoring and streamlining of the Social Pillar in the Semester outputs.** In this

⁷ Eurodiaconia, *Rebalancing social and economic policy analysis in the European Semester: an appraisal of the 2018 country reports by Eurodiaconia and its members*, May 2018, available here: https://www.eurodiaconia.org/wordpress/wp-content/uploads/2018/07/Eurodiaconia-response-country-reports_201806.pdf

chapter, we will therefore assess the evolutions in this regard by looking at both the Joint Employment Reports (JER) and the country reports.

The Social Pillar in the JER: a better streamlining

The Joint Employment Report, first published as a draft as part of the Autumn Package on 21 November 2018⁸, presents an overview of the employment and social developments in the European Union. It is structured around the Employment Guidelines which provide guidance for employment and social policies to the member states. Since last year's cycle, it also presents an overview of the implementation of the European Pillar of Social Rights in the Union, based on the analysis of the social scoreboard indicators.

The first important evolution to note is the revision of the **Employment Guidelines**⁹. Adopted by the Council of the European Union in July 2018, these are now aligned with the principles of the Social Pillar. **This has de facto improved the coverage of the Social Pillar in the JER.** Thus, there has been stronger emphasis than in previous years on quality employment, long-term care, access to housing and homelessness, and the inclusion of migrant women. **According to our analysis, 17 out of 20 principles of the Social Pillar are covered in the 2019 JER**, including all principles related to social inclusion. Only principle 7 on information about employment conditions and protection in case of dismissal, principle 10 on healthy, safe and well-adapted work environment and data protection, and

⁸ European Commission, *Draft Joint Employment Report*, 21 November 2018, available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1547650919951&uri=CELEX%3A52018DC0761>

⁹ Council of the European Union, *Revised Employment Guidelines*, 16 July 2018, available here: <https://data.consilium.europa.eu/doc/document/ST-14805-2017-ADD-1/en/pdf>

principle 20 on access to essential services are missing, and admittedly difficult to analyse.

Another positive point is that, in line with last year's approach, questions of efficiency are increasingly balanced with adequacy aspects. On policy areas such as healthcare, pensions, long-term care, etc., a more balanced analysis has therefore been provided this year than in the previous ones.

Nevertheless, **some shortcomings remain**. In last year's report, **Eurodiaconia had called for setting targets to reach for the social scoreboard indicators rather than just comparing member states to the European average performance**. But the approach of the JER has not changed in this regard, despite the fact that Eurodiaconia remains convinced that it would make the social scoreboard more understandable, and that it could improve the monitoring of the implementation of the Social Pillar. Similarly, we had called for an analysis principle by principle to give a clear overview of their implementation, on the model of the Staff Working Document monitoring the implementation of the European Pillar of Social Rights, published on 13 March 2018¹⁰. However, the structure of both the JER and the Chapeau Communication of the country reports remains unchanged, despite the welcome improvement of the revised Employment Guidelines. This prevents a systematic analysis of each principles which sometimes makes it difficult to assess their implementation individually. A good example of this is the case of job quality in the JER, related to principle 5 on secure and adaptable employment.

The analysis of job quality in the report is scattered across the analysis of guidelines 5 on Boosting demand for labour, 6 on Enhancing labor supply, skills and competences, and 7 on Enhancing the functioning of labour markets. Hence, chapter 3.1 covers issues related to in-work poverty,

¹⁰ Commission Staff Working Document, Monitoring the implementation of the European Pillar of Social Rights, 13 March 2018, available here: <https://ec.europa.eu/commission/sites/beta-political/files/staff-working-document-monitoring-implementation-european-pillar-social-rights-march2018.pdf>

chapter 3.2 highlights the varying levels of job quality for different groups (youth, people with a migrant background, disabled people, low-skilled, etc.), and chapter 3.3 proposes a definition of job quality based on 7 criteria: physical environment, social environment, work intensity, skills and discretion, working time quality, prospects, and earnings. The analysis of this last chapter focuses on variations of the different criteria depending on the employment status in order to determine particularly vulnerable status.

Eurodiaconia welcomes this attempt at defining job quality but a criterion for inclusiveness is missing. Indeed the JER criteria look at the present situation in the job, at the future prospects, but not at the past, at the accessibility of the job to all of those with the relevant qualifications. The OECD's job strategy could be used as an example here, as it comprises an inclusiveness dimension alongside its quality and quantity one. This inclusiveness dimension is based on three indicators: the poverty rate after taxes and transfers of working age population (to represent the low-income rate) the difference between average annual earnings of men and women divided by the average earning of men (to represent the gender labour income gap), and the average employment gap as a percentage of the benchmark group which is prime-age male workers (to represent the gap for disadvantaged groups). These are macro-level indicators but similar micro-level indicators could be used (number of women or minorities in senior posts in the company, gender pay gap, accessibility of the job, percentage of disabled workers in the enterprise, adaptability of the job, etc.).

The role of social services to improve job quality and help people out of involuntary part-time employment and precarious work should also have been highlighted in this part.

Finally, the revised Employment Guideline refer in their recital 11 to the importance of involving civil society organisations and social partners in the implementation of reforms. Nevertheless, although the

situation of social partners and the challenges they face is analysed at length in the JER (pp. 72-74 especially), the one of civil society organisations is limited to a short paragraph highlighting as one of the key obstacle for involvement civil society organisations the lack of resources. This falls short of expectations and we hope that a proper analysis will be planned in the next cycle, on the model of what was done by Eurofound and the European Commission on social partners. In the meantime, Eurodiaconia started collecting information from its membership last year¹¹, and when asked why they were not involved in the European Semester process at national level (especially in NRP drafting), the two most common answers from our membership were “lack of consideration by the national authorities” and “doubts over the usefulness of the exercise”. “Lack of resources” only ranked in third place, together with “lack of contacts in the ministry”. This indicates that the situation is not as simple as one might imagine, and that further analysis is necessary, especially to find out what pushes national NGOs to give up their involvement in the national Semester process.

The Social Pillar in the country reports: continuity with 2018

The analysis of the Social Pillar in the country reports is very similar to last year’s documents. It centers around a Social Pillar box which contains:

- a table summarising the performance of the member state in the indicators of the social scoreboard;

¹¹ Eurodiaconia, Promoting shared prosperity in the European Semester: Taking stick of the 2018 cycle and launching the 2019 Semester, October 2018, pp. 18-19, available here: <https://www.eurodiaconia.org/wordpress/wp-content/uploads/2018/10/201810-Promoting-shared-prosperity-in-the-Semester-WEB.pdf>

- a paragraph giving a general assessment;
- a paragraph highlighting a particular issue;
- a paragraph focusing on a good practice.

The influence of the Social Pillar is however reflected in the analysis of the chapter on labour market, education and social policies where more detailed analysis than in previous years can be found on issues of inequalities (12/28), access to (social) housing, housing adequacy (16/28) and homelessness (9/28).

National Members assess their 2019 Country Report



Ten of our members have sent feedback on their respective country reports. Their assessments and recommendations are as follows:

The 2019 Country Report for Austria

Our member, Diakonie Austria, **globally agrees with the analysis** in the 2019 Austrian Country Report and considers that it reflects well the economic situation in the country. Indeed, Austria's gender pay gap rate is one of the highest in the EU (20.1% versus 16.3% in 2016). It is appreciated that the Commission underlines nevertheless **the need for equal opportunities to the labour market for men and women**. This is challenged by the current model of childcare services provision and family-related leave. For instance, our member recognizes that all-day schooling is increasing too slowly.

Additionally, Diakonie Austria agrees with the Commission's evaluation that despite increasing employment, **the integration of refugees into the labour market** remains an issue. Furthermore, educational outcomes depend on socio-economic or migrant background. This has a negative impact in the integration into the labour market of vulnerable groups. **Foreign-born workers are more suffering from in-work poverty than native-born Austrian** (with a gap of poverty risk being 11.9pps, one of the widest in the EU-28). Important differences exist between regions. Hence, our member welcomes the idea of uniform nationwide rules for the **minimum income benefit** to mitigate poverty risks, and the impossibility regarding EU law to reduce benefit for protected temporary asylum residents (2018/C123/11).

However, some social challenges are missing. Firstly, the need to attract more people working in **care and long-term** care is not mentioned, although demographic change is asking for urgent reforms. In fact, the

baby boom generation is retiring, which will provoke an extreme shortage of people working in care and long-term care. Secondly, a national strategy should be undertaken to **provide inclusive school settings**, both for children with and without disabilities. The report mentions only in passing the need for inclusive education and training in Annex D. Thirdly, regarding social help benefit, it should be acknowledged that the **new regulation ‘Sozialhilfe neu’** is less effective than the older regulation, especially for refugees, people with disabilities and families with children. It will increase poverty and will worsen sharply chances for disadvantaged children.

More generally, Diakonie Austria agrees that there should be more **investment** in childcare services, education, and training. This, as well as the socio-economic integration of migrants will have a determining impact regarding productivity and long-term inclusive growth. Concerning **pension, health and long-term care**, it is noticed that the focus is, again this year, widely put on expenditure, although the ageing issue cannot be limited to the fiscal sustainability angle and should go beyond. Our member strongly encourages that social investments focus more on the quality of life and services. Finally, given Austria’s striking **wealth inequality**, Diakonia Austria is strongly supportive of the implementation of a wealth tax.

Thus, Diakonie Austria would like the Commission to make the following **three recommendations to the Austrian government**:

- **Develop a national strategy to overcome the extreme shortage of staff in long-term care.** This should include different measures to attract more people in this sector. Investment in long-term care services could better support family carers.
- **Invest in inclusive school settings.** Develop a plan for the upcoming years to promote inclusive schooling for children with and without disability.
- **Implement a wealth tax.** Given Austrian current wealth situation and striking inequalities, the absence of taxes on inheritance and gifts or net wealth, and the low recurrent property tax, our member recognise an opportune time for tax shifts.

The 2019 Country Report for the Czech Republic

Globally, our Czech member Diaconia ECCB is in strong agreement with the analysis of the Czech country report, which provides an accurate analysis of the social and economic situation in the country. Indeed, employment is high, and the country is performing well on most of the social scoreboard indicators. However, poverty and social exclusion remain challenges. In this regard, the executive summary rightfully stresses **increasing regional disparities of inequality**.

As to the reform priorities identified in the chapter about the labour market, education and social policies, our member particularly welcomes the European Commission's emphasis on the **increasing demand of qualified health care staff in the context of ageing societies**, particularly in rural areas. Moreover, our member supports providing **well-tailored training and learning to older people** in employment, which is particularly important in the context of the recent increase of the retirement age. The report also mentions the need to improve the quality of the cr

The assessments related to education such as the **negative consequences of socio-economic inequalities on school outcomes** are also perceived as being very accurate. In addition, Diaconia ECCB points to the **needs of an increased number of children living in a single-parent household** and related challenges for education authorities, including the need of male role models in educational institutions and the demand for affordable childcare, which is also mentioned in the sub-sections on female labour participation and investment needs. Since Roma are unproportionally affected by poverty, it is much welcomed, that the country report analyses **the limited impact of education reforms on Roma children**. Considering the multiple causes of social exclusion of Roma, the report however lacks information on **the labour market discrimination faced by the Roma population**.

As to social policies, our member would like to underscore the **problem of over-indebtedness and property seizure** and its impacts on poverty which are also mentioned in the box on the European Pillar of Social Rights. Our member is particularly concerned about high enforcement charges for minor debts and the lack of debt-relief schemes.

Our member shares the investment priorities for a social Europe identified in Annex D, in particular **investment related to the socio-economic integration of the most deprived**, and investment to improve **access to healthcare and long-term care services**. Diaconia ECCB would like to add that the **effective integration of immigrants would require additional resources**, as this group is often pushed into illegal work and therefore excluded from social and health insurance.

To conclude, Diaconia ECCB would make the **following two recommendations to the Czech government**:

- Adjust legislation to prevent lending at unreasonably high interest rates as well as deliberate abuses of the system by creditors.

Improve the labour market access of immigrants to avoid illegal work, including by reducing bureaucracy related to work and residence permits.

The 2019 Country Report for Denmark

Our Danish member Kirkens Korshær appreciates that the country report gives an accurate analysis of the strengths and challenges of the Danish labour market. Our member points out that Danish social support has been focusing on employability for the last two decades and as reported by the European Commission long term and youth unemployment are indeed falling. At the same time, there is a relatively high number of people not in education, employment or training (NEET-rate) and **distribution of net wealth and opportunities are becoming more unequal**. In addition, our member would like to stress that **the needs of marginalized groups are not sufficiently reflected in national employment strategies**. Migrants, young people, people with disabilities, people with health problems, as well as homeless people are correctly identified as vulnerable groups at the margins of the labour market in the report. Their inclusion would require, among other things, more flexible jobs. Moreover, our member stresses that a significant number of people on social benefit is physically or mentally ill and requires specific working conditions or is not able to work at all. Therefore, the investment needs on education in training as identified under the heading “for a more Social Europe” in Annex D might be indeed

beneficial for some marginalized group, however, the section lacks mentioning **social assistance and inclusion beyond employment**.

As to social policies, our member is concerned about the **increased number of homeless people, in particular young and female homeless people**, which is not addressed in the chapter on reform priorities. The share of the population at risk of poverty has not returned to pre-crisis levels, while being well below the EU-average, as outlined in the sub-section on social policies. However, the country report lacks information on **increasing levels of actual poverty and inequality**. Around 200.000 Danes are considered marginalised and one million people are at risk of becoming marginalised. According to Statistics Denmark, 258.705 people were living in relative poverty in 2017. **The number of children living in poverty increased** by 12.000 children to 64.500 children in the period of 2016 to 2017, according to our member. The first chapter of the country report also emphasizes that the percentage of children at risk of poverty or social exclusion and whose parents are low skilled has surpassed the EU average. Regarding integration, the country report discusses **policy initiatives aimed at discouraging new migrants from entering Denmark**, such as tightening access to social benefits. Indeed, the integration benefit (“Integrationsydelse”), a transfer income for immigrants and other residents who have not stayed in Denmark for seven out of the last eight years is significantly lower than the unemployment benefits (“kontanthjælp”) and many of the recipients are in poverty.

To conclude, the executive summary is an accurate analysis of the economic and social situation in Denmark, highlighting the need to improve the employability of people with a migrant background and social exclusion in general. Indeed, Denmark is not likely to not achieve the Europe 2020 target of reducing the number of people of risk at poverty or social exclusion. However, other social challenges such as the increase of inequality, homelessness and the overall marginalization of third-country nationals are not reflected in the executive summary. Against this background Kirkens Korshær would like to give the following recommendations to the Danish government:

- Come up with policy responses to social inequality and poverty;
- Implement the homelessness strategy “housing first” in order to support homeless people and those at risk of homelessness.

The 2019 Country Report for France

Our French Member the Fédération de l'Entraide Protestante (FEP) **globally agrees with the analysis** in the 2019 French Country Report. Most social challenges have been correctly identified. As the report points out, educational and labour market outcomes depend mainly on socio-economic and migrant background. **Access to the labour market** is a main issue for **undocumented migrants and asylum seekers**. Indeed, bureaucratic work is too long, preventing them in the meantime to access the labour market. This opens doors to illegal and underpaid work, or to unemployment, while at the same time the job vacancy rate and the labour shortage index are increasing. The FEP notices this specifically in the construction industry, and in the Hotels-Restaurants sector. Hence, our member welcomes the investment needs identified in **skills, education and training, employment support and active inclusion** to improve access to the labour market. This will have a positive impact in the inclusion of for youngsters, low-qualified and people with a migrant background and from urban deprived areas.

The following points could nonetheless have been further developed. Substantial progress has been made to pursue the reforms of the **vocational education and training (VET)** system. The law on “freedom to choose one’s professional pathway” (adopted in September 2018) aims to reform **apprenticeship** and continuous training. However, **professional reorientation** could be more open and flexible. Though internships and professional orientation opportunities have been increasing in deprived neighbourhood, our member strongly advocates to increase the number of people in apprenticeships to foster the integration of **unqualified youngsters**. The need of future investment for supporting the professional reskilling and upskilling identified in the Policy Objective 4 in the Annex D is highly appreciated. Also, there should be a continuous dialogue between **national stakeholders, civil society organisations and companies** to identify and respond to national social needs. **Technical professions** and the work of **social workers** should be better recognised and valued to attract new talents to the profession.

Regarding **social housing**, our member welcomes the effort put on investment. They deplore, however, that 500 000 social housing are still

missing in France, and the same as regard to student housing, while only 120 000 social housing are retrofitted each year until 2020. In addition, it seems proper that disadvantaged people benefit from **energy-efficient housing**. Moreover, it is regrettable that no more is done to **prevent expulsions**, leading thousands of people to accommodation and social rehabilitation centre (CHRS) at greater cost.

More generally, the Fédération de l'Entraide Protestante believes that the indicators of the **Social Pillar Scoreboard** reflect correctly the implementation of the Social Pillar principles in France. However, the focus is put too much on financial means rather than on people. There is no mention of **deprived students** forced to sleep in their car, nor of the tremendous distress of **older people living** at home because they can't afford to live in a retirement home. Questions of solitude, social democracy, and co-construction should be integrated in the evaluation of the Social Pillar.

Investment needs highlighted in Annex D are globally well chosen. Further attention should be given though on the access to the labour market for **undocumented migrants**, especially those prevented by the law to work. Investments should also encourage people's **local initiatives** contributing to job creation, and the support of isolated or unemployed persons. **Social work** should be further developed, as it contributes to social integration. The most **vulnerable parents** should be given assistance, such as volunteer tutoring to their children, to allow them to have spare time with them.

Thus, the Fédération de l'Entraide Protestante would make the following **three recommendations to the French government**:

- **Create 500 000 new social housing places.** This is seen as a priority given the French national context and the immediate need for assistance among the most vulnerable people.
- **Allow migrants to access the labour market.** This would help tackle the misery state of persons who are currently forced to accept low-paid or illegal jobs as they are not entitled to work.
- **Give non-profit organisation the liberty and financial means to choose and develop their social priorities.** Citizens' initiatives are

currently limited by a vertical regulatory system. It is very difficult to create a social action that is not framed in a bureaucratic control.

The 2019 Country Report for Germany

Our member Diakonie Deutschland globally agrees with the assessment of the German country report and considers that it reflects well the economic and social situation in the country.

As to the report's sub-section on the labour market, Diakonie Deutschland shares many of challenges identified by the European Commission, in particular **labour shortages**, the relatively **low employment of people with a migrant background**, as well as the persisting **gender pay gap**. Therefore, Diakonie Deutschland supports better qualification and training to meet labour shortages as well as targeted strategies for migrants and refugees on the grounds of their contribution to the overall integration. In addition, our member would support efforts to reduce **the number of long-term unemployed**, not only for their economic but also their inherent positive consequences on society. However, this target group is absent in the report, except for the box on the implementation of the European Pillar of Social Rights. The strategies mentioned in the country report to increase the **employment rate of older workers**, such as shorter working hours and up skilling, can have overall positive effects on the labour force participation and on elderly people themselves, depending on the character of the job activity. However, the voluntary character of these measures has to be ensured and they must not imply negative consequences for those who retire. The challenges of demographic change will also be tackled by a higher productivity of the younger workers, our member is convinced. The increase of the employment rate of older workers doesn't consider the decrease of jobs for many people due to global digitization.

Diakonie Deutschland welcomes that the sub-section on social inclusion mentions different aspects of poverty and multiple causes of social exclusion. For instance, the country report correctly points out **that high housing costs in cities put older people and people with low incomes at a higher risk of poverty**. The country report confirms that the **retirement income of low-income workers is inadequate** and that the

planned introduction of a basic pension (“Grundrente”) is only one, yet limited measure to mitigate the risk of poverty, given the threshold of 35 contribution years. Moreover, the European Commission addresses that educational attainments too often correspond to the societal background of the parents and urges Germany to **increase the participation in high quality childhood education and care** of children of low skilled parents. While Diakonie Deutschland generally shares this assessment, our member emphasizes complementary measures tackling the material poverty of these disadvantaged families, such as a better system for child benefits.

Our member is in wide agreement with the priorities identified in the executive summary, such as pursuing structural reforms to include underrepresented groups in the labour market, sluggish real wage growth as well as the heavy tax burden on labour, including low income and second earners. The consequences of demographic change on public finances and pensions impose another social challenge also shared by Diakonie Deutschland. However, the executive summary would further benefit from mentioning challenges arising from **short-term contracts and in-work poverty, in part due to precarious jobs and part time work**. Likewise, our member agrees with the investment priorities identified under the heading “For a more social Europe”, as they reflect the challenges arising from labour shortages. In addition, social housing and innovative, high quality social services are further areas that would require investment considering demographic change.

Based on their assessment of the country report, our member would give the following **recommendations to the German government**:

- Increase **investment in education** on all levels and training;
- Increase **minimum wages** and assure their implementation in all branches in order to prevent in work poverty and old age poverty;
- Foster the **labour market integration of migrants and refugees** to contribute to their overall integration.

The 2019 Country Report for Greece

Our member Evangelical Church of Greece **globally agrees with the analysis** in the 2019 Greek Country Report. Most economic challenges have been identified correctly in the text.

Regarding **access to the labour market**, our member agrees with the European Commission's statement that major improvements have taken place though it stills feels the effect of the crisis. **Women's participation** in the labour market remains, however, extremely low. Furthermore, further investment will be needed to ensure the reintegration of **long-term unemployed** into the labour market. It is appreciated that the report acknowledges that the reduction in youth unemployment is mainly due to an increase in **youth education**. Our member welcomes **Policy Objective 4** of the new Annex D on Investment Guidance and agrees that education is not responding sufficiently to the **labour market needs**. Hence, youth unemployment rate continues to be one of the highest in the EU. Priority investment needs should indeed improve the quality, effectiveness and labour market relevance of education and training, and promote lifelong learning.

However, important social challenges are insufficiently covered. Though there is a small improvement of the labour market situation for **young people**, the report is overly optimistic. Our member believes that the situation is not improving quick enough. The report should emphasise that high-qualified young people usually leave the country to find better working conditions. Additionally, it should be highlighted that unemployment for **people aged over 55** often becomes a permanent situation, with no possible recovery. And people getting back to the labour market after long-term unemployment often must accept a part-time job or a lower salary. Moreover, though the document reports **severe housing deprivation**, this should be linked to the fact that the average salary dropped dramatically.

Regarding the Greek social system, our member further welcomes that major steps have been taken in recent years to improve the efficiency, effectiveness and adequacy of the Greek social welfare system. However, even though the **social welfare reform** improved the social situation in the previous year, our member has concerns about the realistic outcome of it

to achieve an economic recovery. Besides, they share the Commission's view that **tax and social benefits** are poorly redistributed. This creates imbalances in the access to education, health care and pensions. Hence, our member sees with a positive eye the investment needs identified to enhance access to affordable and effective services and social protection, improve effectiveness and resilience of healthcare systems and long-term care services. Finally, our member strongly advocates that the Greek **national integration strategy** of July 2018 will not be enough to respond to the social challenges. Therefore, they welcome the high priority investment needs identified to foster active inclusion and the integration of vulnerable groups, including children, people at risk of poverty and marginalized communities.

Evangelical Church of Greece would therefore make the following **three recommendations to the Greek government**:

- **Improve the quality of education through higher academic standards.** Education should also be in relevance to the needs of the labour market.
- **Find a better balance between the national budget and the social welfare system.** The government should be able to reallocate inhabitants' tax into the social welfare system. It will be especially important to reevaluate the priorities of the social welfare reform.
- **Reform the judicial system** to encourage action and limit its impact on the social and economic national situation. More technical support should be provided.

The 2019 Country Report for Italy

Our Italian member, **Diaconia Valdese** is in line with most of the **analysis of the Italian Country Report**. The government incentives aimed at inducing employers to offer permanent contracts, such as the Jobs Act reform, passed in 2015, allowed a first wave of permanent contracts. However, our member shares the Commission's concern that **youth unemployment** remains high at about 32%. This is highly discouraging for young people, especially marginalised persons. This is particularly

reflected in the indicators of the Social Pillar Scoreboard showing that youth unemployment and the youth NEET rate is one of the highest in the EU.

Moreover, **temporary contracts** are rising at the same time, provoking a high turnover in workforces. This often means that firms fail to invest to invest in job specific training. The reluctance of many companies to offer permanent contracts results in great uncertainty for young people entering the job market. Sometimes this uncertainty can lead to decreased motivation and general disaffection among young Italians. In addition, there is still a high gap between north and south in unemployment figures. A high gender pay gap is also correctly highlighted in the Social Scoreboard. The Annex D on Investment guidance identifies well the need to ensure lifelong learning, upskilling and reskilling for all, including low skilled adults. However, it should be stressed that more needs to be done to assist **people aged over 55** who suddenly find themselves without a job.

Some social issues should have been more strongly addressed, especially regarding education, in particular in southern Italy. Though there is a real challenge to attract, select and motivate secondary education teachers, **teachers' motivation** cannot be assessed solely by their salary. Furthermore, though funding allocated to primary and secondary education is broadly in line with the EU average, there is a lack of funding to support **inclusive schooling** for children with and without disabilities. Hence, our member welcomes the need to invest in the quality, accessibility, inclusiveness, effectiveness and labour market relevance of education and training, in particular for persons with disabilities and disadvantaged groups. This should contribute preventing social exclusion, and better integrate marginalised persons. Finally, our member acknowledges the fact that wide **regional differences** persist in the quality of education and training system. Once again, the South is left behind.

Another significant challenge is the huge share of the population **at risk of poverty or social exclusion (ARPE)**. Indeed, it should be stressed that it is shocking that 28.9 % of the people are living in this situation. This also reflects further disparities between the South and the rest of the country. **Children**, especially with a **migrant background**, are particularly at risk of poverty or social exclusion. Hence, our member welcomes the need to

invest in active inclusion, to prevent children and working poor from social exclusion and to tackle poverty.

More generally, Diaconia Valdese believes that the indicators of the **Social Pillar Scoreboard** reflect correctly the social challenges in Italy. Indeed, the percentage of **early leavers** from education and training is an evidence of the critical situation. The **shortage of social housing** is a significant problem too. The **health care system** remains generally functional and effective. Formal **childcare** for children under 3 years is useful to support mothers' participation into the labour market and should be expanded.

Diaconia Valdese would therefore make the following **three recommendations to the Italian government**:

- **Invest more in secondary education and vocational training.**
The government should put more efforts to attract people and give them good working condition. This is a major priority in the Italian context to foster young people's access to qualitative education and avoid early school leavers.
- **Rationalise bureaucratic procedures.** For instance, migrant people are often faced with the difficulty of bureaucratic load, which is added to the language barrier. This slows down the process of their integration.
- **Improve access to the labour market** to foster economic growth. The unemployment rate is still too high, especially for young people, and vulnerable groups.

The 2019 Country Report for Latvia

According to our Latvian member, Diaconia Center of the ELCL, the country report provides an accurate assessment of the Latvian labour market. Indeed, it is estimated that the working age population will further decrease while the share of elderly people will increase in the medium and long term. In addition, poor working and living conditions contribute to **emigration and exacerbate skill shortages**. In addition to the challenges mentioned in the report, our member would like to highlight **the shortage of medical staff, including doctors and nurses**. While this is a general

problem, certain groups are particularly affected, such as homeless people and people with low income who cannot afford medical services.

Regarding the country report's sub-section on education, our member agrees with the assessment of the **low participation in vocational education and training (VET) and the low employment rate of VET graduates**. As outlined in the Country Report, Latvia lacks future planning regarding the country's education and training on the state level. Therefore, Dicaonia Center of the ELCL supports the investment focus on improving the quality, effectiveness and labour market relevance of education and training. In addition, the country report correctly addresses other issues shared by our member, such as open questions and ongoing investment needs for **the transition from institutional to community-based care** as well as the **scarcity of social housing** and the problem of **homelessness**. As to the latter aspects, it should also be considered that some homeless people in Latvia do not have documents and are therefore denied access to services.

Based on its experience, our member appreciates that the **sustainability of social services** is addressed as an investment priority in Annex D. In order to fulfill its social responsibilities, **civil society organizations** would also require more investment and commitment by Latvian authorities. To conclude, our member gives the following recommendations to the Latvian Government.

- Increase **civil society and expert consultations** and undertake **comprehensive impact assessments** before implementing social and economic reforms;
- Reaffirm the states' **commitment to social responsibly**, including by amending respective legislative documents;
- Assure the **inclusion of the vulnerable and marginal groups**, such as homeless people.

The 2019 Country Report for the Netherlands

Our Dutch member, Kerk in Actie, **globally agrees with the analysis in the 2019 Dutch Country Report**. The **flexibility and segmentation of the labour market** is still critical and a source of major social challenges

in the Netherlands. Very little action has been undertaken by the government to tackle precarious work. The 2018 Country Specific Recommendation n°2 to reduce the incentives to use **temporary contracts** and **self-employed without employees** seems to have had very little impact. In addition, **wage growth** has been below what would be expected. Our member emphasises that this is partly a consequence of precarious work, as low labour costs provoke a wage-dampening effect.

However, the report does not go far enough when it comes to evaluating the **social impact** this causes in the Netherlands. Indeed, according to our member, the Dutch government takes profit from precarious work, as far as low labour costs create a **competitive international position** of the Netherlands (sixth in the world ranking of the World Economic Forum) and generate a trade surplus.

Moreover, the report mentions only passing that the share of **working poor** has increased, but there is again in year's report no mention of **child poverty**. More than half of the children in poverty in the Netherlands have parents who are working but do not have the financial means to support their children. This is the case for some parents facing precarious work.

Furthermore, the assessment of the **EPSR implementation** is very limited in the Country Report. The document states that taxes in areas of energy, environment and consumption are increasing. But there is no mention of the social impact of these increases, though they will disproportionately affect the lower incomes. The disproportionate pressure of sustainability costs on these lower income groups affects the support among groups for sustainability. Hence, our member advocates that sustainability should be linked to poverty reduction.

Kerk in Actie would therefore make the **following three recommendations to the Dutch government:**

- **Reduce child poverty.** This is one of the most pressing social issue as consequence of the flexibility of the labour market and its segmentation, increasing the phenomenon of the working poor. Based on the European Pillar of Social Rights n°11, children have to

right to protection from poverty. It should be given specific attention to the structural cause of children poverty.

- **Tackle social insecurity**, for instance with an alternative system disconnecting social security from the labour market. In the current very flexible labour market, only people with a permanent contract benefit from their full rights, while flexible contract mean insecurity. Our member advocates that the Dutch economy give space to explore an alternative.
- In order to strengthen the support for sustainability broadly among the population, our member argues that **sustainability and poverty reduction should be linked** to each other. So that sustainability costs are distributed accordingly.

Furthermore, Kerk in Actie would like to add **one proposal to the European Commission**

- In the context of strengthening the way in which the EPSR now plays a role in the Country Report, the European Commission could include a concrete **criterion** for European countries to better assess to what extent countries have succeeded in **reducing child poverty**. This objective could be assessed within the European Semester framework.

The 2019 Country Report for Sweden

The Swedish National Association of City Missions globally shares the assessment of the Swedish country report. Indeed, the Swedish government has taken significant efforts to tackle social challenges and Sweden performs strong on most indicators of the social scoreboard. However, further steps will be needed to guarantee the inclusiveness of the economy, including a focus on groups not reflected in the social scoreboard.

Our member is widely in agreement with the Country Report's assessment of the labour market. Although Sweden's employment rate of 83.3% in the third quartal of 2018 is among the highest in the EU and unemployment will

level out at 6.2% in 2019 to 2020, according to the European Commission, the country report correctly highlights the **problem of labour shortages due to skills mismatches**. According to the country report, 110.000 people have benefited from ESF funds, including for skills development and training and it will be crucial to ensure and improve these projects in the upcoming funding periods. Our member also welcomes that the report closely links Swedish labour market challenges to the potentials of immigration. However, further commitment and more concrete measures by the Swedish government will be needed to **effectively integrate third country nationals into the Swedish labour market**, especially in the context of the peak of asylum applications in 2015. Likewise, our member welcomes that the report addresses the **gap in educational outcomes of foreign-born students and their Swedish-born peers**, for instance regarding school leaving. Among the group of foreign-born students, our member would like to point out that the relatively high number of 36.000 unaccompanied children is particularly affected by low educational outcomes and insecurities about their future.

While the sub-section on social policies accurately describes that the risk of **poverty depends on societal background and that in work poverty is increasing it lacks mentioning that inequality is increasing**, as i.e. outlined in the Gini coefficient. As a consequence, **homelessness has become a structural problem in Sweden**, that is not mentioned in the country report. Approximately 33.000 people are estimated to be homeless, including children and elderly people. Moreover, Sweden faces increasing problems of intergenerational fairness, partly due to youth unemployment. The overall integration of especially newly arrived and young third-country nationals is also relevant from this perspective.

Against this background, our member supports the investment priorities identified in Annex D and their objective to tackle skills shortages and to close the gap in education outcomes and employment. In addition, it would strongly encourage Sweden to invest in the development of digital technologies that contribute to the inclusion of disabled people.

To conclude, The Swedish National Association of City Missions would like to give the following recommendations to the Swedish government:

- Develop a national strategy to **tackle the problem of homelessness**;
- **Address the problem of social exclusion in Sweden's "vulnerable areas"**, for instance by allocating structural funds or by rising social benefits for certain groups;
- Improve the **access to housing for disabled people**, including by engaging the responsible authorities on the local level.



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