

Shaping the future of social and health care in Europe

**A joint report by
Caritas Europa and Eurodiaconia**



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1. Introduction

"Most vulnerable groups in our country are one-parent families with kids (almost 38% of them face a risk of poverty), families with more children (33%), people without stable housing. Housing affordability and cost of living is a big challenge. Crisis intervention, various social programs and social assistance services are essential to help vulnerable people overcome the challenges. At the same time, the ageing population is a ticking bomb, which with a chronic underfunding of the long-care sector will create an enormous challenge if not tackled by policy makers." (Slovakia)

Eurodiaconia is a European network of churches and Christian NGOs providing social and healthcare services and advocating social justice. The membership represents the needs and unique experiences of 62 national and regional organisations across Europe. Diakonia is Greek for service and in the biblical sense, this means service for and with people in need.

Caritas Europa is a network of 49 member organisations in 46 European countries and one of the 7 regions of Caritas Internationalis. Our members assist and provide services to millions of people in need. Caritas Europa works with people of all faiths to end poverty and to promote the dignity of all. We believe that people and the environment, not profits, should be at the heart of all policies.

Caritas Europa and Eurodiaconia are working together to defend the interests of people experiencing poverty and to ensure adequate funding for the services provided by our member organisations across Europe. Together, Caritas Europa and Eurodiaconia represent 111 member organisations in 46 countries across Europe, reaching more than 65 million people annually.

We do so because:

- Social and Health care services require an enabling framework of policies, legislation and financing to ensure they meet the needs of people and support the European Union drive for a Europe that is both competitive and socially fair.
- The European Union is entering a key period for shaping its political and financial policies.
- The next Multiannual Financial Framework (MFF) is under discussion and negotiation. It will determine EU spending priorities for years to come, influencing how much funding will be allocated to social policies which will in turn impact funding for social and health care services.
- The mid-term review and development of a new Action Plan for the European Pillar of Social Rights (EPSR) will assess progress on key social targets, such as poverty reduction and access to services, and identify areas for improvement.
- The upcoming European Union Anti-Poverty Strategy, to be proposed in early 2026, will provide a new framework for tackling poverty and social exclusion across the EU.

This report highlights the results from our joint survey of member organisations, collecting data from 20 major providers of social and health care services on a not-for-profit basis in 16 European countries¹ to assess the state of social and health care provision in the context of ongoing budgetary pressures. Together, the respondents represent non-profit service providers across a wide range of areas, including support to low-income families, people experiencing homelessness, people with disabilities, people in need of care-childcare and elderly care, debt counselling, etc. As providers of social and health care at the grassroots level, these member organisations have shared insights into the realities they face daily, the support they receive from public, local and national authorities, and what is needed in a supportive ecosystem to ensure social services support the wellbeing and engagement of all in our societies.

1. Croatia, Czechia, Cyprus, Denmark, Finland, Germany, Hungary, Latvia, Lithuania, Malta, Portugal, Slovakia, Netherlands, Romania, Spain, Sweden

The findings, collected between February and April 2025, highlight a sector under considerable strain: non-profit social services are facing stagnating or unpredictable funding against rising costs and growing demands – particularly in areas such as housing, mental health and support for people in particularly vulnerable situations. Many report significant challenges caused by cuts in public financing, lack of investment or the failure of public financing to keep pace with inflation and wage needs.

The survey also reflects deep frustration with burdensome bureaucracy and complex funding mechanisms that limit the capacity of smaller providers to deliver services effectively. At the same time, responses underscore the unwavering commitment of these organisations to community well-being, as well as their call for greater recognition, fairer resource allocation, and long-term stable investment. Our evidence serves as a powerful reminder of the essential role played by local social actors, and the urgent need for systemic reform in how the European Union and Member States support them.

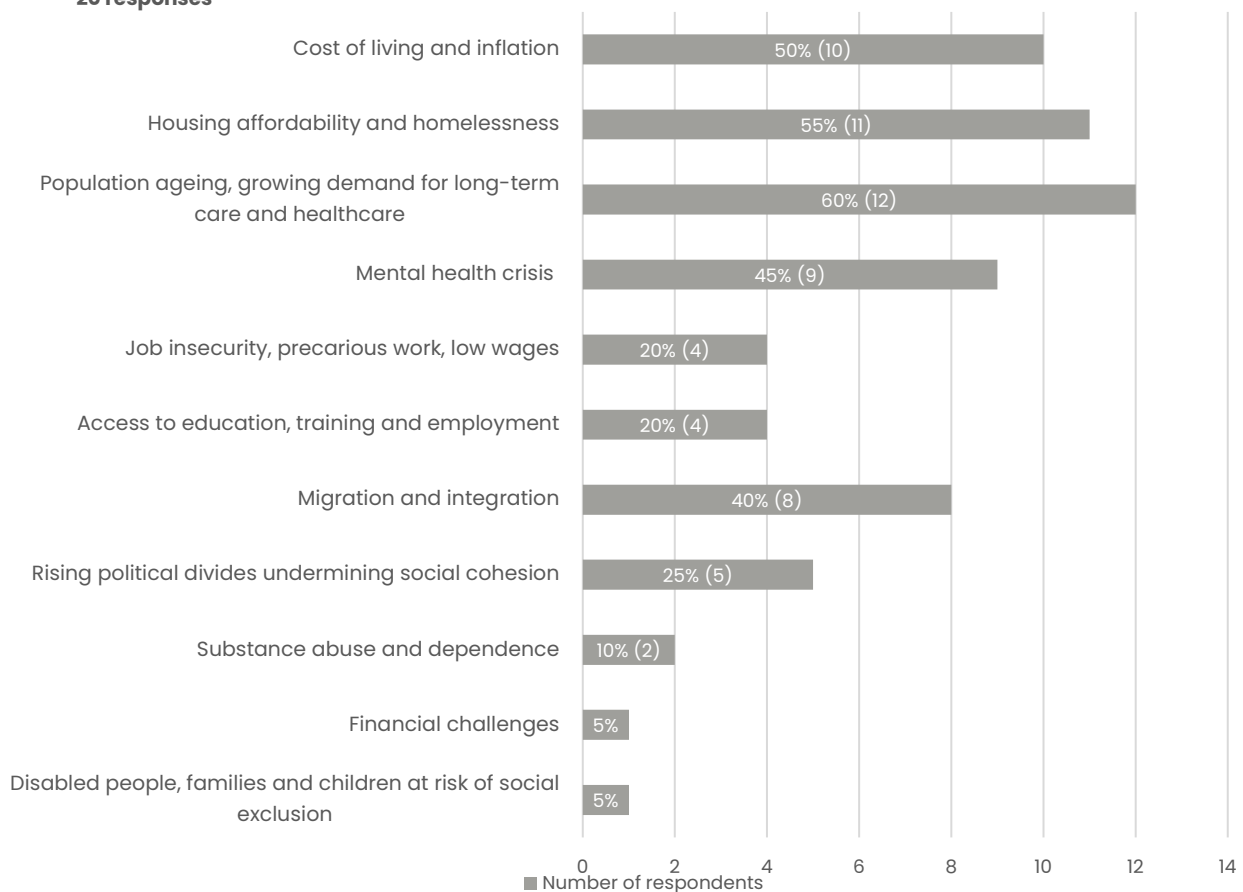
This report focuses on three related axes:

1. **The social situation in Europe:** What are the main challenges observed, how is this evolving and what are the perspectives?
2. **State of the sector – internal capacity and external support:** how are organisations coping with current challenges, how well do public policies and funding meet the needs of social and health service providers and the communities they work with, where are the gaps?
3. **Support framework for service providers:** What resources, policies, or structural changes would enable social and health care service providers to make a greater impact?

2. Societal challenges and trends

In their responses to the survey, Caritas Europa and Eurodiaconia member organisations identify the following **top three societal challenges in 2025**: ageing population and growing demand for long-term care and healthcare services (60%); housing affordability and homelessness (55%), and cost of living and inflation (50%). Additionally, member organisations specifically highlight the lack of preventive services to support people and prevent them from falling into poverty or social exclusion.

Q1. What are the top three social challenges currently facing the people who use your services? 20 responses



Nearly all respondents consider that the **challenges mentioned have increased** significantly (50%) or slightly (40%) over the last five years.

Looking **ahead**, member organisations identify inequality and a lack of social cohesion as emerging critical long-term threats, tied closely to migration, youth transitions, and societal polarisation. Housing affordability appears repeatedly, though expressed in varied ways, indicating widespread concern. Economic stressors such as inflation, debt, and labour shortages – particularly in the care sector – are contributing to mounting pressure on both communities and service providers. Artificial Intelligence and technological change were mentioned only once, suggesting it may be less front-of-mind than other socio-economic concerns – at least for now.

“Decreasing number of support programs in disadvantaged regions, resulting in more regional and social gaps” (Hungary)

“Lower quality of life for people with low wages” (Romania)



3. State of the sector: internal capacity and external support

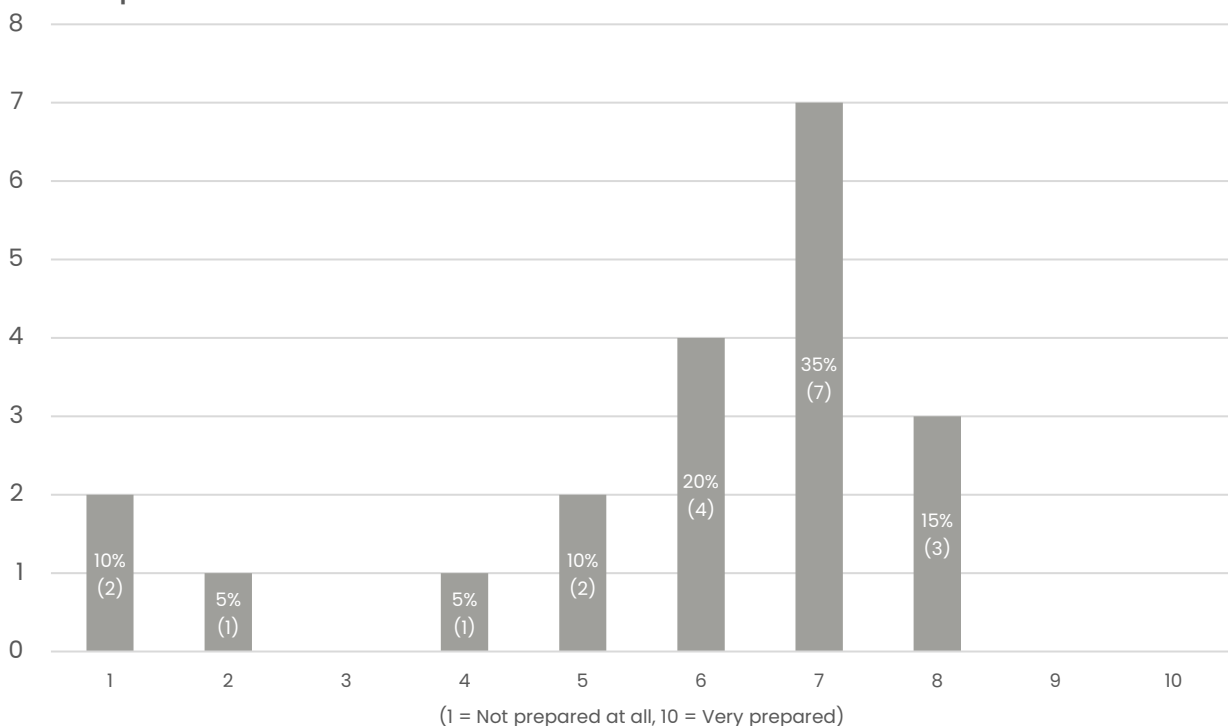
Eurodiaconia and Caritas Europa members are operating under strain. The survey results show both determination and adaptability yet also reveal a currently difficult and very challenging context characterised by a lack of funding, insufficient number of volunteers and limited access to resources and facilities. Interestingly, 90% of respondents underline the lack of funding as the main shortfall affecting their ability to provide services. Support from public authorities is variable, but overall public support remains insufficient to meet operational needs.

Readiness for change

Most organisations feel moderately prepared to adapt to upcoming changes. 50% of member organisations that responded to the survey report feeling prepared or well prepared (score 7 and 8 out of 10), but none feel very prepared (scores 9 or 10). Six respondents consider themselves unprepared or not prepared at all (scores from 1 to 5).

Q4. How prepared do you feel your organisation is to adapt to these anticipated changes?

20 responses



These findings are particularly significant in light of the major changes on the horizon, such as uncertainty regarding the sustainability of public funding, especially with fluctuating public budgets, fiscal rules and current and potential cuts in social programmes. In addition, the introduction of the ETS 2 (EU Emissions Trading Scheme) in 2027 is expected to impact energy prices, likely driving up operational costs across sectors, including for social and health care services providers. This must be understood in the context of the key social challenges underlined above, such as ageing population, housing affordability crisis and raising cost of living, all of which directly affect social and health service providers as they work to fill in gaps in social protection or deliver

services funded by local authorities. These changes are not hypothetical; they are already reshaping the landscape in which social service organisations operate. However, despite the clear need for adaptability, the survey reveals that none of the organisations feel fully prepared, and three of them report feeling completely unprepared (scores 1 and 2).

The fact that 15% of organisations feel entirely unprepared underscores the vulnerability of the sector. With external pressures – such as funding uncertainty, economic challenges, and rising demand only increasing, non-profit service providers risk no longer being able to effectively meet social needs.

Main barriers to the ability to provide services

When asked to identify the top three barriers to their ability to provide services, Caritas Europa and Eurodiaconia member organisations clearly highlight the lack of funding as the largest barrier (90% of organisations). It is mentioned in almost every response and is clearly the primary constraint affecting service provision. The persistent mention of funding as a shortfall signals that organisations are struggling with limited public support, which affects their ability to expand or even maintain their services at existing levels.

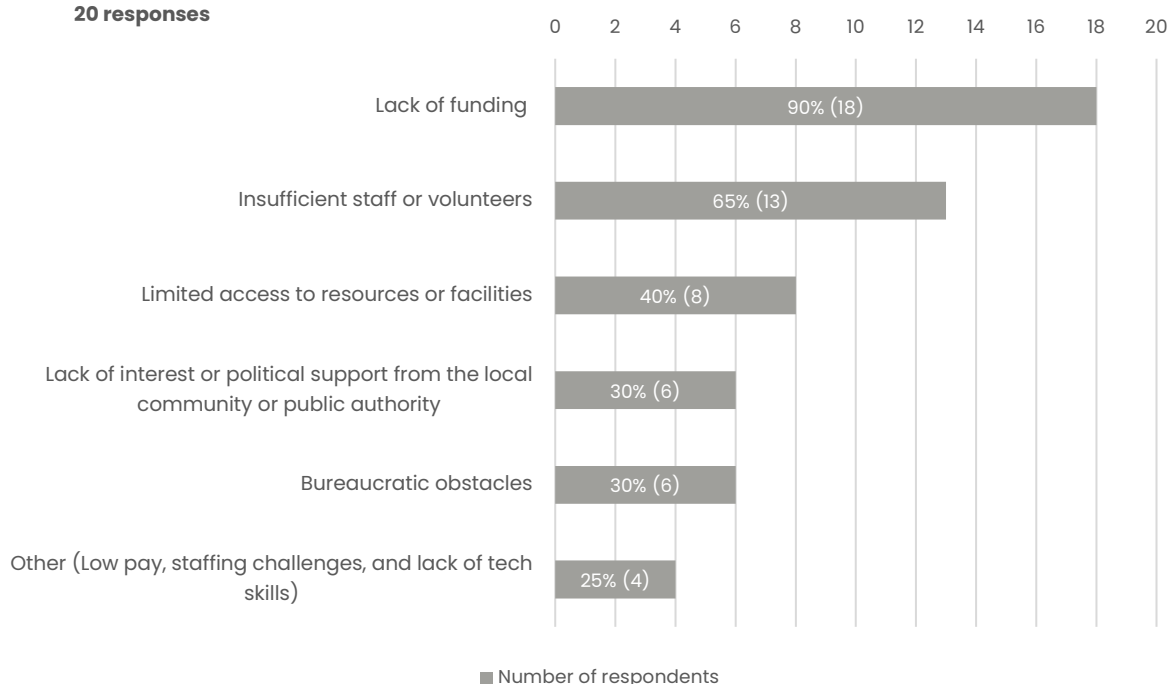
The second largest barrier is insufficient staff or volunteers, cited by 65% of member organisations that responded to the survey. A lack of personnel impacts on an organisation's ability to deliver services efficiently and meet the needs of the communities they serve. This shortfall is likely to reflect the challenging working conditions in the social sector, leading to high turnover rates and difficulties in attracting qualified professionals.

The third largest barrier, cited by 40% of respondents, is limited access to resources or facilities. This may encompass physical space (e.g. facilities, office space) or access to specialised equipment, technology, or other resources needed to operate effectively. A lack of adequate facilities and resources hinders organisations' ability to offer effective, high-quality services.

These three main shortfalls are deeply interconnected and reflect broader structural challenges documented across Europe, including affordability, infrastructure gaps and the complexity of accessing essential services and funding. If we are to build a resilient sector capable of adapting to future challenges, it is essential to address these barriers. Immediate action, especially from public authorities and policymakers, is necessary to provide the financial, operational, and political support required for non-profit social services to thrive.

Q5. What are the top three shortfalls in your ability to provide services?

20 responses



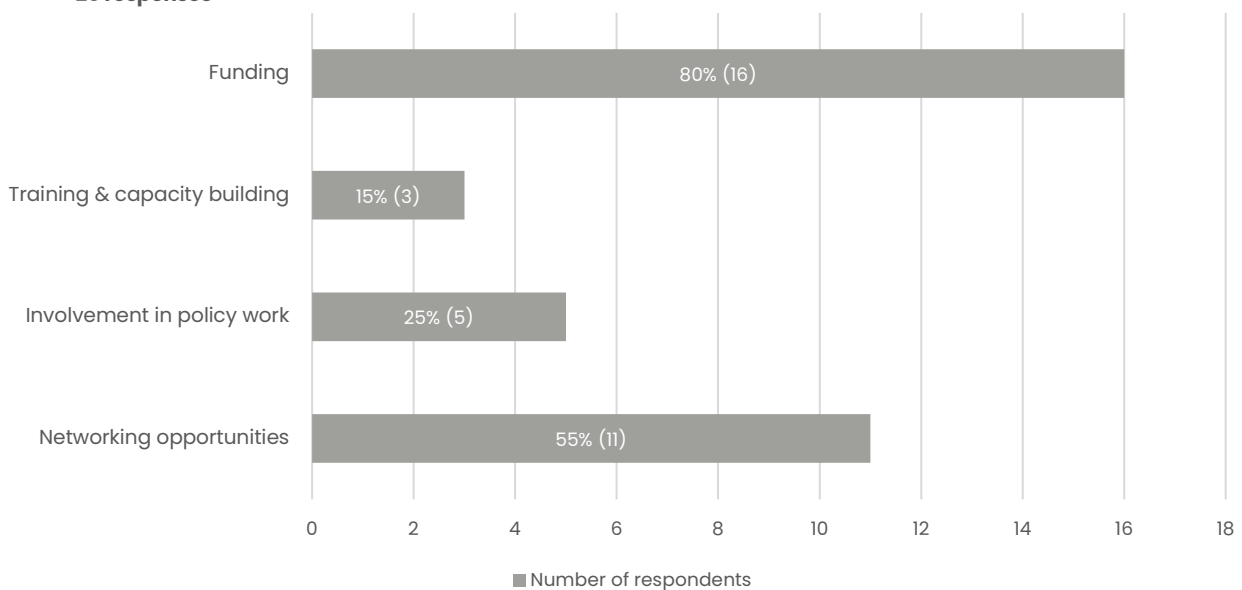


Strengths and gaps in support from public authorities

The survey results highlight that a significant majority of organisations – 80% – receive financial support from public authorities. This essential support plays a crucial role in enabling organisations to deliver services and respond to the needs of their communities. However, when asked about the adequacy of the public financial support received relative to operational needs, the responses show a very divided opinion: 50 % deem it to be sufficient or more (ranging from sufficient to perfectly adequate), while 50% find it inadequate or completely inadequate.

Q6. What support do you currently receive from public authorities?

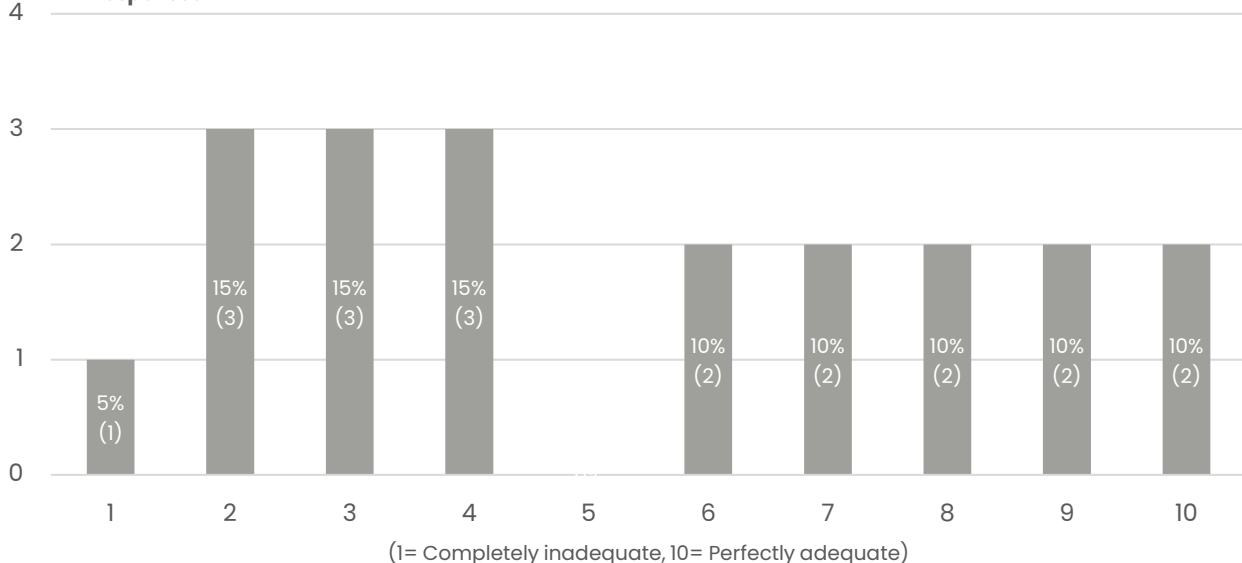
20 responses



A detailed analysis of each organisation's response does not indicate any clear trend in terms of geographical spread or organisational background (Caritas Europa or Eurodiaconia membership). It should also be considered that such funding may allow for the operating of a service, but not for the development or expansion of that service to meet new needs.

Q7. On a scale from 1 to 10, how adequate is this support relative to your operational needs?

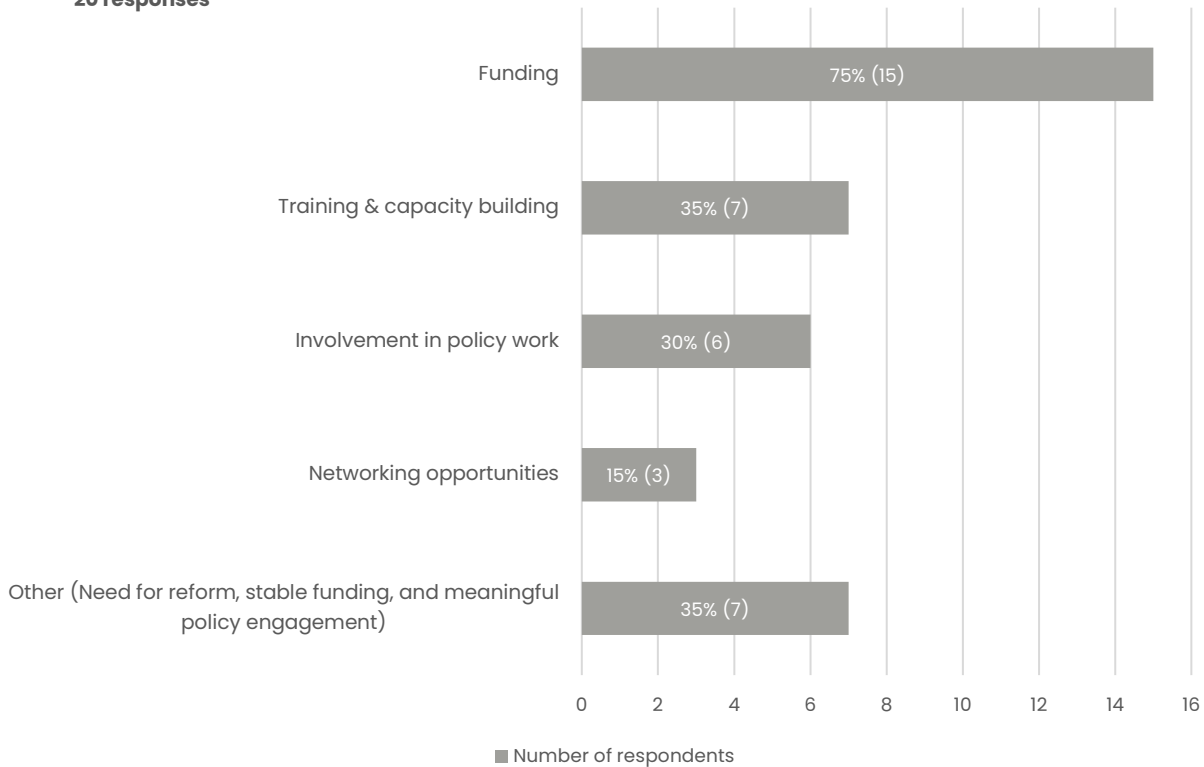
20 responses



When asked about which additional resources would most significantly improve their work, three quarters (15 organisations) identified funding as the most significant additional resources needed. Seven organisations (35%) mentioned training and capacity building needs and six organisations (30%) mentioned the need to be involved in policy work. This indicates that, while funding is a key form of support, there are other factors that would also have a high impact on helping social service providers to function better.

Q8. What additional resources or support would most significantly improve your work?

20 responses



4. Evolution and challenges of public funding for services

When asked if they faced cuts in public funding in 2023, 2024 or 2025, and whether this impacted on their organisation's ability to deliver services, half of the member organisations that responded to the survey reported a negative evolution due to funding cuts, inadequate or stagnating funding despite rising costs, funding insecurity and a reduced capacity to provide services or support staff.

With regards to inadequate or reduced funding, some organisations received the same nominal amount as the previous year, which does not keep pace with rising costs in wages, energy, infrastructure and other expenses, especially in the context of high inflation.

One respondent noted: "It was totally unresponsive to increasing costs such as energy, rent, fuel, and especially wages; and this while wages are already too low in our sector."

Impact on service delivery

"Last year we received funding to strengthen the organisation, but not for training or new tools."
(Caritas Europa member organisation)

Inadequate funding obviously has a clear and significant impact on the quantity and quality of services that Caritas Europa and Eurodiaconia member organisations can deliver. More specifically, limited financial resources restrict these organisations' ability to organise activities for service users, support volunteers, offer staff development and recreation, deliver essential training and maintain digital tools for tracking and coordinating support. As a result, some organisations have already been forced to scale back, offering only minimal services. This situation poses a serious threat not only to the quality of the services provided, but it equally affects the wellbeing of those who rely on these services. Ultimately, inadequate funding risks increasing the number of people in vulnerable situations who may end up in permanent poverty, increasing inequality or social exclusion.

Impact on staff

Inadequate and precarious funding for Caritas Europa and Eurodiaconia member organisations affects their staff. One of the most pressing issues is the persistent gap in pay between workers in these organisations and their counterparts in the public sector, with reported differences ranging from 20 to 30% in certain countries.² This wage disparity not only undermines the financial security of care workers but also affects their morale and motivation, making it increasingly difficult to attract and retain qualified staff.

Unstable or unpredictable funding

Several respondents noted that funding is only partially secured for the year, leading to clear insecurity in both short- and long-term planning. This lack of financial stability makes it challenging to commit to continuity of services, retain qualified staff, or invest in necessary infrastructure and training. Others reported that funds have been delayed due to political uncertainties or changes, which leave services in a state of limbo.

2. However, the opposite experience can also lead to funding problems: Sometimes, Caritas Germany pays higher wages than the public sector, which then leads to problems in the nexus of German funding law and EU state aid and procurement rules, which makes it more difficult to attract public funding.

The unpredictability of funding also discourages innovation and long-term investment, as organisations must focus on immediate survival rather than strategic development. This unstable situation undermines the ability of service providers to respond proactively to emerging needs of people in vulnerable situations.

Indirect effects of broader austerity

Additionally, respondents mentioned the impact of increased VAT and transaction taxes, along with public finance consolidation measures, as contributing to rising service costs. The rising costs of goods and services directly affect operational budgets. For non-profit service providers already working with limited resources, these additional expenses further constrain their ability to operate.

Reductions in government spending and stricter budget controls have also led to decreased availability of grants and subsidies. As a result, organisations face higher costs while simultaneously experiencing diminishing public support. This double pressure not only threatens the sustainability of existing services but also limits their capacity to expand or adapt to changing needs.



5. Conclusions and recommendations

Eurodiaconia and Caritas Europa member organisations play a crucial role in delivering services to people in vulnerable situations, be it in the area of social counselling and advice, health care, home care, personal assistance or care in residential settings. Caritas Europa and Eurodiaconia member organisations offer low threshold services reaching people in the most vulnerable conditions. For instance, they play an important role in reducing the non-take-up of benefits by informing people in vulnerable situations about their rights and supporting them in applying for such benefits. Additionally, they play a key part in accompanying people to (re-)access the labour market, thus promoting social inclusion and empowerment.

However, their functioning and ability to deliver such vital services is heavily impacted by various policy measures driven by authorities and inspired by budgetary concerns and political choices. These constraints undermine the effectiveness and sustainability of their work and stand in contradiction to the EU's target of reducing the number of people experiencing or at risk of poverty and social exclusion by 15 million by 2030.

In order to achieve this target, there is a need to take adequate social policy measures, especially ensuring access to affordable quality social services. Investing in social services through adequate funding will have a multiplier effect in terms of poverty reduction. Strengthening social cohesion, fairness and solidarity is a prerequisite for achieving sustainable development, ensuring the wellbeing of citizens, and preserving the stability of our democracies.

Caritas Europa and Eurodiaconia therefore propose the following policy initiatives:

- 1. The EU should recognise the crucial role of not-for-profit service providers in the fight against poverty and social exclusion.**
 - a. The EU anti-poverty strategy must prioritise the development and implementation of comprehensive social policies and systems that address the root causes of poverty.³ Next to income support, it must ensure that people in vulnerable situations or at risk of poverty have equal access to basic social services, including early childhood education and care, counselling, education, affordable housing and long-term care. The inability to pay for these services must not deprive people living in poverty of the support and care they need due to age, health status, or disability.
 - b. This recognition must also translate into the next Multiannual Financial Framework (MFF) through targeted and accessible funding for not-for-profit service providers working to address social exclusion. The EU should also make this funding truly accessible by reducing the administrative burden and co-financing requirements to ensure smaller not-for-profit organisations can have access and can sustain their services. In addition, the next MFF should prioritise multi-year funding instruments that enable stability and planning for service providers, rather than relying on short-term, project-based grants. ESF+ must be maintained and made more flexible for long-term investments in social infrastructure and social services.
 - c. EU funding for services is crucial, but small compared to funding by Member States. It is paramount that the EU addresses barriers to such funding, such as state aid rules, public procurement, lack of priority due to lack of pressure in the European Semester, and Member States being forced to enact austerity measures due to fiscal rules. In this light, encourage Member States and managing authorities to make Socially Responsible Public Procurement a standard in procuring services.

3. For more proposals for an effective EU anti-poverty strategy, see Caritas Europa's policy paper <https://www.caritas.eu/a-human-centred-eu-anti-poverty-strategy/>.



2. Ensure effective and equal access to enabling and essential services as an integral part of Member States' minimum income systems.⁴

As an integral part of their minimum income system, Member States must ensure effective and equal access to enabling services, safeguard the continuity of this access and address any financial and non-financial barriers to access, as recommended in the Council Recommendation of 30 January 2023 on adequate minimum income ensuring active inclusion. Security and predictability of funding are critical for service providers in this context. The European Commission must monitor more strictly the implementation of the Council Recommendation and issue warnings to Member States that take policy decisions undermining the Recommendation.⁵

3. Recognise not-for-profit service providers as strategic partners in public policymaking.

Such service providers must be effectively involved in the development and implementation of national anti-poverty plans related to the EU anti-poverty strategy. Their practical grassroots experience and expertise are essential for designing effective policies and addressing the challenges experienced by the service providers and beneficiaries, and thus effectively reducing poverty.

Increase investment in areas with high social returns such as early childhood education, healthcare, long-term care, affordable housing, lifelong learning, and all services that empower people to live in dignity in the face of green, demographic and digital transitions.

4. Strengthen capacity-building and innovation in the social services sector.

The EU and Member States should invest in capacity-building measures and innovation for not-for-profit service providers, linking these efforts to the Union of Skills. This includes funding for staff training and upskilling, digital infrastructure, and the development of new approaches to service delivery that can better respond to beneficiaries and emerging social needs.

5. Promote fair working conditions and adequate remuneration for social service staff.

To ensure high-quality and sustainable services, it is essential to address wage disparities and improve working conditions for staff in the not-for-profit social services sector. This will help attract and retain qualified professionals, reduce turnover, and enhance the overall quality of care and support provided to people in vulnerable situations.

6. Increase social investment by incorporating targets and including social investment in economic governance.

The EU should integrate social investment targets into the European Semester process, urging Member States to prioritise social spending in their national budgets and align policies with social objectives. Member States are encouraged to create national social investment plans that detail strategies for financing social services and ensuring long-term sustainability. Member States must commit to long-term, stable financing for social services, moving away from short-term, project-based funding that disrupts service continuity.⁶

4. See in this context Caritas Europa's report on minimum income: <https://www.caritas.eu/caritas-cares-minimum-income/>

5. in this context, see Caritas Europa's report on minimum income systems in Europe: <https://www.caritas.eu/caritas-cares-minimum-income/>.

6. [The Future of Social Services, Eurodiaconia's report 2024](#)

"We are not to simply bandage the wounds of victims beneath the wheels of injustice; we are to drive a spoke into the wheel itself."

Dietrich Bonhoeffer

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Brussels, September 2025



Co-funded by the European Union

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