

AUSTRIA COUNTRY SUMMARY

Analysis, trends and recommendations 2012

EMPLOYMENT

1. Recent trends

Overall, the employment situation of the country has improved since 2006. The employment rate has increased to 75.2% in 2011 compared to 73.2% in 2006 although in 2009 and 2010 it decreased slightly. The gender gap has been shortened 3 p.p. since 2006: the employment rate of men remained at 80% while the employment rate of women increased from 66.4% in 2006 to 69.6% in 2011. As per the unemployment rate, it increased between 2006 and 2008, decreasing again to 4.2% in 2011, 0.6 p.p. below 2006. Recently however (mid 2012), the unemployment rate is rising again. Similarly, youth unemployment is also below the levels of 2006 with a rate of 8.3% (the rate also increased between 2006 and 2009). Long-term unemployment rate reached its lowest level in 2008 with 0.9% and has slightly increased reaching 1.1% in 2011.

Compared to the EU average, the situation of the Austrian labour market is overall positive; however, there are certain structural problems that remain: people with no more than compulsory schooling suffer a constant high rate of unemployment (there are less and less job opportunities for them). People with a migration background have far more difficulties in constantly settling down on the labour market and the unemployment rate of people with disabilities is above average. Poor educational levels of certain groups has negative consequences both for the people and the society as the problem has to be addressed with labour market policies which forces the government to make a significant financial effort as well as investing an enormous amount of time.

2. Recent policy developments

In the last year the main projects and initiatives mainly focused on:

- Maintaining older people and health impaired employees in the labour market, for example, providing counselling services for the prevention of secondary occupational illnesses. It is designed to postpone early retirement caused by the health conditions.
- Fostering employability of young people and increasing women participation in supervisory boards of enterprises with at least 50% public holding.
- Some measures were also introduced to combat dumping of wages

In addition, some migrants: were granted with the special labour permits and training programmes were offered to them.

- A “Care Funds Legislation” was adopted and more funding was allocated (a total of 1.335 Mio. € from 2011 to 2016) to develop care services.

3. Possibility of achieving the 2020 target of 77-78% of employed population

The national target foreseen is amongst the highest in the EU. Taking into account the employment trend observed in the last decade the target seems achievable although one should underline that part-time work has an significant share in the new jobs creation.

4. Main challenges and actions needed

- Reducing the effective tax and social security burden on labour: it should target the low income earners, low-skilled people,. This could potentially increase the purchasing power and exposure to in-work poverty.
- Develop more and better employment opportunities for long-time unemployed taking into account while ensuring job opportunities for disabled and those suffering of health problems. .
- Strengthen and develop in the national measures the principle of life-long learning.
- Continue reducing the gender employment gap and enhance (full-time) employment opportunities for women in line with the previous recommendations under ensure better conditions for men and women to conciliate family and professional responsibilities.

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- Carry out a harmonisation of the statutory retirement age between men and women; enhance older workers employability, raising effective retirement age by linking the statutory retirement age to life expectancy, in agreement with previous recommendations:
 - a large part of the public savings, gained by a significantly smoother harmonisation of the retirement ages of women and men needs to be used for the development and the amelioration of the quality of childcare services (supervision, training, salaries of teachers, etc.)
 - the periods spent bringing up children should be considered as eligible for calculation of the pension entitlement . Moreover, the various privileges in the pension system should be limited and the minimum pension (equalisation, supplement, reference, and rate) needs to be raised more strongly in order to avoid poverty in old age.
- Address the lack of qualified staff in social services (caregivers and nursery teachers) and in education. The industry complains about lack of the regular supply of skilled workers, although, on the other hand, not enough apprenticeships are offered openings.

EDUCATION

1. Recent trends

The national ESL-reduction aim for 2020 is 9.5%, which was reached in 2010 and 2011 (8.3%). Third level education attainment of population aged 30-34 reached a rate of 23.8% in 2011 compared to 20.5% in 2005. It was below the EU average of 34.6% and still quite far from the target of 38%. Most of the problems in education are related to the quality of compulsory education. The lack of fundamental skills (reading, writing or maths) is increasing among children.

The recent researches show that Austria's teenagers are have strong problems with reading and International studies have given the Austrian educational system low marks for almost a decade now; this trend has not been reversed due to a lack of comprehensive education system reforms (e.g. training of teachers, public services law for teachers).

2. Recent policy developments

Most of the measures adopted in these fields focused on counselling and professional orientation, "Oberstufe NEU", i.e. the NEW upper secondary level: individualisation and targeted support, a new type of school ("Neue Mittelschule" for the secondary level I has been implemented and a new law was adopted addressing the charging of compulsory education.

Furthermore, compulsory time in kindergarten for children aged 5 was agreed. In addition, the child's knowledge of German is tested two years before its enrolment to the primary school ; however, this has been adopted without a set of measures to help the children that fail to pass the test.

It was also decided to invest 80 million € in development and extending of the all-day schooling offers. In addition, a procedure to prevent absenteeism and school drop-out is under preparation.

Although school integration is a value embedded in Austria's education system for 20 years now, the proportion of children with (learning) disabilities that attend regular schools is insufficient. Following the ratification of the UN Convention on the Rights of Persons with Disabilities, the abolition of special schools is being discussed and demanded. Furthermore, the proportion of foreigners in special schools is almost twice as high as in regular schools.

Due to the fact that increasing number of students need privately paid tutoring in order to accomplish the school-leaving qualifications, children from poorer households are additionally being excluded from the access to higher education. To tackle this challenge Caritas Austria, for example, offers "Studying Coffee Houses" for disadvantaged children all over Austria.

3. Possibility of achieving the 2020 targets of 9.5% school drop-out rate and third level education attainment of 38% of 30-34 year-olds

The school drop-out target will rather be achieved in 2020 as it is already lower than the target. However, the third level education attainment rate seems quite far from the target. .

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Nevertheless, it is also questionable if the ESL rate is a suitable indicator for making a statement on the quality of an education system. Still, at least for Austria, the goal of reducing the number of 15 year olds having reading from 20 to 15 per cent until 2020 seems adequately meaningful.

4. Main challenges and actions needed

- Improve educational outcomes, especially of disadvantaged young people, in line with previous recommendations to address the increasing problem with the quality of education in the compulsory schools.
- The school system needs to optimally support talents and abilities, independently of social or migrant background.
- The education system, starting with kindergarten, needs to be able to provide effective incentives that will result in breaking the cycle of poverty. Poor education levels of families need to be compensated with complementary and support measures in schools.
- The educational systems need to be significantly improved in order to provide wider opportunities for children from low-educated households or for children with social and cultural and disadvantages .
- Austria's very expensive and segmented school administration has been preventing an extensive and comprehensive school reform for decades now.

POVERTY

1. Recent trends

Currently, Austria is one of the countries with the lowest poverty rate in the EU (16.6%). Nevertheless the poverty risk for single parents, families with 3 or more children, migrant families and for older women, aged 65+ is significantly higher. The material deprivation rate doubled between 2005 (3%) and 2008 (6.4%) although it has been decreasing since then to 4.3% (2010). What is more worrying is the share of people living in low-work intensity households, which has increased since 2005 (6.5%) to 7.7% in 2010, though below the EU average of 10%. Regarding the in-work poverty rate, it has been dropped to 4.9% in 2010; although one should underline that many of low-paid or experiencing in-work poverty became unemployed. Moreover, recently Austria is facing the significant significantly rise of citizens from the new EU countries that left their home in search of economic improvement.

2. Recent policy developments

To tackle the international financial and economic crisis, the government has implemented a mix of policies targeted at the labour market (i.e. subsidies for short-time work). Furthermore, the Federal Government has implemented needs-based minimum benefit, (its recipients are also covered by the health insurance), and resulting in improving of single parents' situation and also leading to an increase of the emergency aid for poverty affected households. The system is implemented at the regional levels and still the planned national standardisation cannot be achieved.

However, the country still lacks structural reforms (education, administration – federalism reform, reduction of the burden on labour, pension system, health insurance system). In addition, family allowances were increased in the past years. However, in 2011 these and other family subsidies were reduced, which will most probably have a negative impact on poverty. In addition, there are no measures to tackle new forms of poverty.

3. Possibility of achieving the 2020 target of lifting 235.000 people out of poverty

The target is quite realistic but not ambitious enough and it will depend on the future economic development.

4. Main challenges and actions needed

- Effective and sustainable interventions of the child welfare are needed: child poverty is family poverty and therefore in order to address the problems of the children it is necessary to develop policies targeted at the families, especially when dealing with children from socially isolated or collapsed families. Welfare needs sufficient means to also act pre-emptively.
- Reinforce family social transfers: without the family transfer payments, the average poverty rate of 12% for households with children would rise to 26%, for single parents to 42% and for families with three or more children to 49%. These numbers show the enormous value of the social transfer: due to the fact that the value of benefits is

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not protected (valorised), they lose a part of their effectiveness constantly – the result of it can be seen in the Caritas counselling centres..

- Address the problem of rising living costs and energy prices that put more financial pressure on low-income households.
- The wage negotiations mechanisms should reflect the employment factors in order to reduce in-work poverty, at least of those working full-time.

RECOMMENDATIONS

➔ Employment:

- Enhance measures to prevent long-term unemployment.
- Expand training projects for recipients of the needs-based minimum benefits.
- Reinforce measures such as the employment grants (specific employment programme for people furthest from employment).
- Increase the employment of people with disabilities through a payroll compensation payment system rather than having a "per capita" approach.
- Grant access to the labour market for the asylum seekers after 6 months of their residence; the teenage asylum seekers should be allowed to work after having finished an apprenticeship.
- Support part-time work for family reasons instead of supporting overtime work.

➔ Education:

- Lead a comprehensive school reform that eliminates the selection at the age of 10. Increase of teacher working hours at schools as well as reinforcing the individual classes and tutoring programmes in schools.
- Implement a second mandatory kindergarten year and increase the quality of elementary education (supervision key, training, etc.).
- Mandate the schools to be responsible for their students' dropouts and their measures to reduce/prevent it. These should be evaluated at trans-regional level on a regular basis.
- Extension of the polytechnic school to 2-years training, with the goal to better prepare the students in their transition to employment.

➔ Poverty

- Protect the adequacy of family benefits, especially of the family and childcare allowance.
- Inclusion of the right to accommodation costs into the needs-based minimum benefit system as well as establishing the right to a defined catalogue of special needs.
- Adopt measures to fight in-work poverty.
- Prevent the youth welfare so as to assign more resources for prevention measures aiming at helping children and teenagers as well as their families.
- Adopt measures to fight the poverty related with costs of energy.

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EMPLOYMENT

1. Recent trends

In general, the situation of the labour market is better than in 2006: the employment rate of 67.3% in 2011 is higher compared to 2006 (66.5%). However, it still situates Belgium below the EU average of 68.6%. The highest employment rate (68%) was registered in 2008. Comparing the employment rates of men and women, there are substantial differences: the employment rate of 73% for men in 2011 is 11.5 p.p. higher than the rate of women (61.5%). In the case of men, the employment rate dropped since 2007 when it peaked at 75%; in case of women, however, the rate has slightly increased compared to 2007 (60.3%). Regarding the unemployment rate, in 2010 same rate was registered as in 2006 with 8.3%. However, it seems this has been reversed in 2011 with a decrease of 1.1 p.p. (7.2%). Youth unemployment presents a similar trend, reaching its highest rate in 2010 with 22.4% and decreasing to the level of 18.7% in 2011, below the level registered in 2006. In spite of this, long-term unemployment rate increased in 2011 (4.1%) compared to 2010 (3.5%). The employment rate of older workers has also increased between 2011 (38.7%) and 2010 (37.3%), which represents 6.7 p.p. more than in 2006.

2. Recent policy developments

Most measures adopted in employment field have focused on unemployment benefits and early retirement, which seek to have an impact on employment and unemployment rates. The Belgian social protection system is in line with the active inclusion agenda (minimum income, access to services and access to the labour market). However, the reform of the unemployment protection system has resulted in an important number of persons being excluded from unemployment benefits and therefore obliged to apply for a minimum income. Minimum benefits were generally protected from budgetary cuts and properly adapted to the evolution of living standards. However, there is a worrying tendency to drift apart from the “social security” core principles, including that of universal protection, towards a system based on social assistance and minimum. Exclusion from unemployment benefits makes it harder to access high-quality employment services. In a number of cases, access to some services is becoming problematic due to decreasing incomes and problems of affordability. This also applies to long-term unemployed who will have their benefits decreased at a higher pace.

No concrete measures have been implemented to address the problem of refugees and asylum seekers, who are not allowed to work as long as there is no final decision on their request. Finally, there are specific employment channels for specific groups (prisoners, people with disabilities...), but a more precise appraisal would require additional research. However, many efforts have been made to offer employment opportunities for this last group under the form of sheltered employment.

It is worth highlighting that the Social Economy, including non-profit organisations, is playing a major role in service provision as well as in offering employment opportunities. In fact, this is the sector in which employment has been growing at the highest pace during the last 20 years.

3. Possibility of achieving the 2020 target of 73.2% of employed population

An almost 6% increase can be considered as ambitious and will require important and difficult measures to be achieved. It is worth taking into account that improvements tend to be easier to achieve when countries are farthest from the deadline as it is easier to reach a consensus on the measures, compared to countries which are closer to achieving their targets.

4. Main challenges and actions needed

- Design and implement targeted measures concerning people on long-term unemployment and vulnerable groups further from employment, especially those that no longer get unemployment benefits.
- Reduce the employment gap between men and women.
- Invest in research and life-long learning in order to promote job creation, but also improve the quality of jobs, focusing on enhancing the quality of services.

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EDUCATION

1. Recent trends

Belgium registered slow improvements in both educational targets since 2006 although this trend seems to have been reversed in 2010 (2011 registered worse rates). The ESL rate decreased from 12.6% in 2006 to 11.9% in 2010 but increased to 12.3% in 2011, although it is still below the EU average rate of 13.5%. It is worth noticing that the drop-out mostly happens in vocational education. The third level education attainment of population aged 30-34 reached a rate of 44.4% in 2010 compared to 41.5% in 2006 but decreased to 42.6% in 2011, though remained quite above the EU average of 34.6%. However, cyclical patterns have been observed quite frequently in the past, and it is not excluded that a positive cycle could start in the near future. ESL rates are higher in the French speaking community and even higher in Brussels reaching 18% (18.4 % in 2010 compared to a national average of 11.9% and an EU average of 14.1 %). Young people with a migrant background are twice more at risk to become early school leavers (21.9% vs. 10.7%).

2. Recent policy developments

A number of initiatives has been developed to address early drop-out, mostly implemented in vocational training. The most effective have been those schemes that combine education and apprenticeship. In the French-speaking educational system, vocational education is being reformed, in particular by the application of the “Qualification by units” (CPU) system, as a result of which school failure in the last two years of compulsory education can be replaced by a system of permanent remediation. The reform is being implemented gradually as of 2011.

3. Possibility of achieving the 2020 targets of 9.5% school drop-out rate and third level education attainment of 47% of 30-34 year-olds

The targets seem to be realistic if the government commits to implement the measures foreseen in the NRP.

4. Main challenges and actions needed

The main challenge is to address the need for additional schools in Brussels as a shortage of places (between 10,000 and 15,000). in the coming 3 years is foreseen due to population increase There is an important on-going debate focus on the appropriate ways to tackle this challenge which is closely linked to a more ideological debate whereby the public education system challenges the central role currently played by Christian and other non-profitable schools.

POVERTY

1. Recent trends

The at-risk of poverty and social exclusion rate has registered minor changes since 2005 (22.6%): there was a small decrease between 2007 (21.6%) and 2009 (20.2%) although in 2010 the rate increased slightly reaching 20.8%, though quite below the EU average of 23.4% that year. The material deprivation rate followed the same trend: it decreased between 2007 (5.7%) and 2009 (5.2%) but rose again in 2010 (5.9%), though it remains below the EU average of 8.1%. Regarding the jobless households, although it registered a decrease since 2005 (15.1%), the 2010 rate of 12.6% is 2.6 p.p. above the EU average of 10%. While the average EU at-risk-of-poverty rate of non-EU nationals stands at 41.8%, Belgium compares unfavourably with a rate of 63.4 %, the highest rate in the EU.

Available figures seem to indicate that poverty is hitting women more than men, especially lone mothers. On the other hand, the social protection system for people with disabilities seems to be quite efficient in protecting them from poverty, although the relevance of the quite “technocratic” standards used in this respect are even more questionable when applied to this specific group.

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Regarding the “working poor”, studies seem to indicate that the phenomenon is quite limited in Belgium thanks to the quality of the social protection system (according to recent studies, a rate of 4%, below the EU average)¹. There are however worries that the current economic crisis might result in an increase of the proportion of “working poor”.

2. Recent policy developments

The whole NRP process (and the European semester from which it is issued) are designed in such a way that the social situation of the Member States cannot be properly taken into account. In Caritas Belgium opinion there is no willingness to give the fight against poverty a higher status on the political agenda, partly due to a lack of knowledge and information on the determinants of poverty and to an excessive tolerance for inequality, which is a major component of poverty. Important efforts have been made by the indicators subgroup of the “Belgian Platform against poverty” in the field of data collection and analysis. This contributes to building a very useful “poverty barometer” allowing a better monitoring of the situation. However, a more global European approach is needed in order to avoid penalizing front-runners. For instance, Belgium was ready to provide sub-targets in the field of child poverty but did not dare to out of fear that it could be assessed against its own standards. This would not have happened if there had been a common appraisal of this issue at EU level.

Positive measures have been taken regarding people with disabilities, older people, homeless people and especially children who are gaining more visibility on the political agenda. There have also been initiatives to reduce increases in energy prices and health expenditures. Up to now, Belgium has succeeded in keeping education and healthcare accessible, albeit improvements are always necessary. This is less so for quality housing, which remains unaffordable for many. With regard to asylum seekers and their access to social assistance, this has been sharply reduced during the last years and nothing has been done to improve the situation.

It is worrying to see that security issues are increasingly influencing the political agenda, which has a number of consequences not only in terms of intolerance towards vulnerable groups such as foreigners, offenders, young people experiencing difficulties, but also in budgetary terms. There is a risk to enter a vicious circle whereby the “insecurity discourse” is reinforcing the feelings of insecurity, which makes it more difficult to reach a social consensus on adopting measures to foster entrepreneurship and innovation, as well as building social cohesion. Such issues could probably be linked to a very disquieting indicator, the suicide rate, which is hardly used in social studies, probably because it is also badly documented but which is among the highest ones in Belgium.

3. Possibility of achieving the 2020 target of lifting 380,000 people out of poverty

Achieving the poverty target is unrealistic and would require a steady and sharp improvement of the situation during the 6 upcoming years, which is quite unlikely to happen, especially with regard to the increase of the at-risk of poverty rate between 2009 and 2010.

4. Main challenges and actions needed

- Inequalities have to be more strongly addressed, knowing Belgium is among the richest countries in the world. However, the political climate described earlier is not conducive to such evolutions. According to some studies, an important share of the people living at risk of poverty is made of “border line” people whose situation deteriorates for a couple of years, then may have better living conditions for another couple of years. Beside this group is the “hard core” of people who are stuck in poverty with a strong intergenerational dimension. It seems that one of the effects of the present crisis is to impose harder conditions on the first group, which may experience longer “in poverty” periods, not to speak of its effect on the second group.

¹ Ramon Pena-Casas, Observatoire social européen, March 2009: “Working poor in Belgium”.

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RECOMMENDATIONS

➔ **Employment:**

- Encourage employment growth in organisations belonging to the Social Economy, which have a greater potential for providing quality employment and quality services by promoting the role of non-profit employers of social and health services, by reinforcing social dialogue and by decreasing social contributions on labour and compensate them with tax increases on goods and services that do not prove social or environment-friendly.

➔ **Education:**

- Empower non-profit and public schools and training institutes to develop programmes in line with social needs rather than impose bureaucratic top-down reforms.

➔ **Poverty:**

- Secure an adequate level of benefits ensuring that services aimed at the inclusion of people at risk of or living in poverty are put in place.
- Develop a programme of incentives for people working part-time or with low incomes to complement their salaries with the aim to lift them from in-work poverty.

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EMPLOYMENT

1. Recent trends

In general, the situation of the labour market is worse than in 2006. With regards to the employment rate, the sharp growth observed between 2006 and 2008 (almost 5 p.p. growth in 2 years reaching 70.7% in 2008) was reversed in 2009, decreasing significantly up to 63.9% in 2011; it is worth noticing that the job loss mostly affected low-skilled workers. This situates Bulgaria quite below the EU average of 68.6%. Between 2008 and 2011, the employment rate of men dropped by 10 p.p. reaching 66.6%, though it remains 5 p.p. higher than the rate of women. As per the unemployment rate, it has doubled since 2008 (from 5.6% to 11.2% in 2011). Young people were particularly hit by unemployment, registering an increase of more than 100% since 2008. What is also worrying is the growing long-term unemployment rate of 6.3% which is however not too far from the EU average of 4.1%. Employment rate of the Roma community is extremely low (30.9%)². According to the National Statistical Institute 483,300 people with disabilities (age 15-64) were registered in 2011: 305,000 economically inactive; 151,300 employed; 26,200 unemployed. Almost 86% of economically active people with disabilities are employed. Although the numbers are very optimistic our experience shows that they are not realistic (most of the people are part-time workers or work-at-home employed). Only the employment rate of older workers 50+ seems not to be affected significantly by the crisis and the economic downturn. Older workers are mostly employed in mass professions or in professions that do not require special qualifications (alternative forms of employment for older people is not well developed)².

2. Recent policy developments

There have been some positive initiatives in areas such as access to employment through an ESF operational programme on "Human resource development" or the creation of new employment opportunities for young people (employment markets, financially supported internships, foreign languages and computer skills training). In terms of vulnerable groups, there have been positive activities targeted at unemployed people 50+ and at the Roma community (the "Activate inactive" programme has proved to have positive results, a programme that the government committed to further develop). In addition, a set of measures were taken to monitor and control the legality of employment and the employment code was modified. Finally, it is worth highlighting the positive trend in the overall processes of preparation of the Structural Funds operational programs for the new 2014-2020 period, which involved NGOs in the whole process. For instance, currently Caritas Bulgaria actively participates in the "Human resource development" working group. Despite of this, in general, many measures implemented in 2011 are very similar than those foreseen in 2012. This is problematic, taking into account that despite the implementation of those measures, the employment rate is decreasing.

3. Possibility of achieving the 2020 target of 76% of employed population

The employment target seems to be to unrealistic taking into account that in 2011 employment rate decreased to 63.9% (the unemployment rate increased in 2011 and continued growing in the first quarter of 2012).

4. Main challenges and actions needed

- Better analyse and understand the needs of the labour market in order to adopt reforms and measures that can be more effective in reducing unemployment and increasing the employment rate.
- Continue investing in actions targeted at young people.
- Develop an employment policies promoting active ageing.
- More detailed analysis of the abilities of people with various disabilities in employment.
- Overcoming the delay in the implementation of the actions planned by the Law on Spatial Development activities.

² Open Society Institute, 2012: Sofia report from January 2012.

² European Employment Observatory, 2012: "EEO Review: Employment policies to promote active ageing".

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EDUCATION

1. Recent trends

In general, the country has registered a considerable improvement of its education indicators since 2006: the percentage of ESL decreased from 17.3% to 12.8% in 2011, 0.7 p.p. below the EU average of 14.1%; in addition, the percentage of early school leavers from 1st to 4th grade has also decreased for the last 2 years. Regarding the third level education attainment of 30-34 year-olds, there has been a slight increase from 24.5% in 2006 to 27.3% in 2011, far below the EU average of 34.6%.

2. Recent policy developments

It is worth highlighting as positive developments the changes in legislation: the higher education law was modified and a new Law for pre-school and school education was adopted by the Council of Ministers; also, a new Law draft on school education has been adopted although most NGOs working in the field have concerns about some references included in the text which could lead to more isolation of children with disabilities from mainstreamed education. Finally, it is also worrying that the process of adoption of a new Law for Children seems to have been stopped, according to recent media information.

Regarding prevention of early school leavers, a national programme was implemented to support schools. There were also improvements related to the access to universities: a programme for student loans was agreed in partnership with banks. Finally, another project worth highlighting is the “Building and growth of centres of new centres of encouraging of entrepreneurship in the higher schools” and the “New chance to succeed” that provide literacy training for young people 16+.

3. Possibility of achieving the 2020 targets of 11% ESL rate and third level education attainment of 36% of 30-34 year-olds

The ESL rate seems realistic to reach if the government continues implementing the foreseen measures.

4. Main challenges and actions needed

- Appropriate experts should be involved in the working group for the new Structural Funds programming period documents preparation: currently there is a call to select group members and practically anyone could apply.
- Avoiding frequent changes to the legislative framework.

POVERTY

1. Recent trends

Since 2006, there has been a considerable drop in the at-risk of poverty and social exclusion rate, from 60.7% in 2006 to 41.6% in 2010. However, this rate is far above the EU average of 23.4%. The material deprivation has also decreased from 57.6% in 2007 to 35% in 2010 but continues to be very high compared to the EU average of 8.1%. The number of jobless households has considerably decreased between 2007 and 2009, from 15.9% to 6.9% but this was reversed in 2010 with an increase of 1 p.p., although this rate is below the EU average of 10%. As per the in-work poverty rate, there has been an increase of 2 p.p. although Bulgaria had a rate of 7.7% in 2010 close to the EU average of 8.4%. Sociological data from 2011 indicates that the poverty rate among Roma remains very high (the poverty rate among Roma was 63% compared to 14.9% from non-Roma; 79.2% of Roma families living in detached areas live below the poverty line (211BGL, 07.2011). Compared to the percentage registered in 2001 (75.6%), the situation has slightly improved over the last 10 years though the Roma continue to live in severe poverty conditions.

2. Recent policy developments

In the past year, there was a new approach in the 2012 NRP which has included a set of important measures: new strategies for social inclusion, active living of elderly people, demographical development, children, social services, homeless people, Roma (adoption of the National Roma Integration Strategy 2012-2020 by the Council of Ministers and

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the National Assembly in March 2012) and people with disabilities, among others. However, it must be pointed out that the measures foreseen in the Bulgarian National Development Programme (NDP), adopted after a large public discussion, are not linked to the NRP. The NDP is mentioned only once in the NRP. In addition, there is a lack of measures concerning migrants and the reform concerning Juvenile Justice system is moving too slow (it is not clear yet if, when and how it will be implemented).

3. Possibility of achieving the 2020 target of lifting 260.000 people out of poverty

The target is probably realistic although it should be divided by ages to ensure more adequate policies. According to official statistics, 70% of the people living in poverty are older people (over 65).

4. Main challenges and actions needed

- Ensure access to sustainable and quality services responding to the diversity of needs of people leaving in poverty, including health and social services of general interest.

RECOMMENDATIONS

⇒ Employment:

- Evaluate the implemented measures to analyse what can be improved in order to avoid failure.
- Design and implement appropriate measures for people with disabilities.
- Develop partnership mechanisms with NGOs, especially in career planning and youth centers to improve the match between supply and demand on the labour market.

⇒ Education:

- Reinforce the measure “Ensuring access to qualified education and decreasing percentages of early school leavers” with: 1/ mandatory pre-school training for 5-year old children– free of taxes; 2/ development of programmes for overcoming educational difficulties; 3/ legal opportunities for learning and for graduation in different educational levels for children and young people who have dropped out of the educational system long ago.
- Monitor and evaluate the measures implemented, especially the reform for Juvenile justice, the new Law for preschool and school education and the new Law for children.

⇒ Poverty:

- Include in the NRP all measures foreseen in priority 2 of the Bulgarian National Development Programme.
- Develop an affordable and comprehensive mobile home care scheme (medical and social) as part of long-term care policies.

CYPRUS COUNTRY SUMMARY

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EMPLOYMENT

1. Recent trends

Cyprus has scored quite well in terms of European goals. However, since 2008, there has been a continuous decrease of the employment rate up to 73.8% in 2011, below the target rate but still above the EU average of 68.6% (the biggest percentage of employed persons was concentrated in services with 76.3%, whereas industry followed with 20.7% and lastly agriculture with only 3%). Comparing the employment rate between men and women, there are substantial differences: the employment rate of men in 2011 (80.4%) is 13.1 p.p. more than the rate of women (67.3%). In both cases, the employment rate dropped significantly since 2008 when it had a rate of 85.2% for men and 68.2% for women. Unemployment rates reached historical highs (it doubled between 2008 and 2011, from 3.7% to 7.8 %), with a large increase in youth unemployment associated with the shedding of semi-skilled or low-skilled labour in the sectors of construction and trade (the unemployment rate doubled since 2006, reaching levels of 22.4% in 2011). Over 30% of unemployed people are university graduates under the age of thirty. NRP mentions the paradox of having one of the highest percentages of graduates, though new high-skilled jobs are not created and the State suffers from brain-drain. According to official figures, long-term unemployment rate is not yet an issue, with very low levels (1.6% in 2011) quite below the EU average of 4.1%. On the contrary, the employment rate of older workers rose between 2006 and 2008 but this was reversed: in 2011 (55.2%) it reached lower levels than in 2007 (55.9%). The most vulnerable groups among unemployed people are: single-parent families, people with special needs and carers of dependent family members.

2. Recent policy developments

The government prepared a wide-range package of measures to support employment, to enhance the country's growth potential, productivity and competitiveness and to enhance the country's role as an international business and financial centre. While these developments are first steps in the right direction, their relevance and credibility depends crucially on the degree of enforcement. These measures focus on:

- The promotion of job retention, job creation and improving the employability of the unemployed, through training: a subsidised employment scheme for the unemployed and disadvantaged groups; a company Incentive Project for the enhancement of employment of the unemployed; job placements and training of unemployed.
- Measures for the promotion of youth employment: job placements and training of young unemployed tertiary education graduates; new apprenticeship scheme; subsidised employment scheme, targeting the young and the long-term unemployed.
- Measures for the promotion of vocational training: post-Secondary Institutes of Vocational Education and Training and upgrading Vocational Education and Training.
- Continuous checks for combating illegal and undeclared work have been established for third country nationals and asylum seekers. In parallel to that, a national strategy has been formulated to regulate legal immigration and combat any phenomena of taking advantage of the system.
- Other positive measures were targeted at improving the employability of economically inactive women and of unemployed persons; enhancing women's and youth entrepreneurship; reconciling family and work life, subsidised social care services (an interesting experience was done through voluntary organisations that provided supportive services for dependent members of the workforce, a scheme that was very well evaluated).
- A strategy was announced to improve the social situation and promote the active inclusion of vulnerable people.

However, efforts to further adapt educational outcomes to the labour market needs were not ambitious enough and lacked urgency. There is no active ageing strategy providing incentives or removing disincentives for staying longer within the workforce. The segmentation of the labour market constitutes an obstacle to the introduction and/or prioritisation of cost-effective activation measures. The long-term unemployed do not have a financial incentive to register at their district labour office as they are not eligible for unemployment benefits beyond a period of six months.

3. Possibility of achieving the 2020 target of 75-77% of employed population

The employment target is quite realistic taking into account that currently the rate is 73.8% and an increase of a further 2 p.p. can be reached in the coming years.

CYPRUS COUNTRY SUMMARY

Analysis, trends and recommendations 2012

4. Main challenges and actions needed

- Ensure that the system of wage adjustment is conducive to regaining and sustaining competitiveness.
- Simplify the transition from school to work particularly by reinforcing the supply of vocationally oriented skills at secondary, post-secondary and higher education levels, through a combination of classroom education and on-the-job training.
- Exploit the growth and job creation potential of high added-value activities through appropriate policy measures including those aimed at boosting the re-skilling and up-skilling opportunities for the workforce (in particular for the low-skilled, older workers and disadvantaged groups).

EDUCATION

1. Recent trends

Early school leaving in 2011 registered the lowest rate since 1999 with 11.2%, below the EU average rate of 13.5%, an improvement compared to 2010 (12.6%). As per the third level education attainment of population aged 30-34, it reached a rate of 45.8% in 2011 (5 p.p. more than in 2005), quite above the EU average of 34.6% and almost reaching the national 2020 target. The percentage of the population with literacy problems is only 2%. Children of the migrant workforce are at a higher risk of dropping out of school due to their parents' educational background but also to the challenge of learning Greek and integrating in the Cypriot education system.

2. Recent policy developments

In order to decrease the percentage of illiterate population, the State has taken specific measures. For example, the early identification of literacy problems has been a key policy measure. This measure has been extended to migrants as of 2011, a measure complemented with additional initiatives: improving the teaching of Greek to migrant children or the ZEP scheme which targets cities where there are many migrants.

In addition, there have been two positive programmes which have helped to reduce the number of early school leavers: the Centre of Educational Research and Evaluation that had a key role in identifying students at risk of early school drop-out and the establishment of an Observatory for Violent Behaviour in May 2010 that collects data and liaises with the International Observatory for School Violence.

The government is also preparing a number of reforms with the main objective of creating a democratic and student-focused education system that includes all students irrespective of social, racial or ethnic background, gender, physical or mental ability. This includes (i) restructuring the education system and modernising the content of education by upgrading the curriculum for all public schools (from pre-primary to upper secondary education); (ii) improving the vocational education and training; (iii) adopting measures to facilitate the integration of students at risk within the school system. The new apprenticeship system, which should be fully up and running by October 2012, will also target those who have dropped out to assist them in getting back on track and enhancing their employability.

There are however two main difficulties that the government is facing in this regard: the acceptance of the new curricula by all stakeholders and the change of philosophy in Technical Vocational Education and the introduction of contemporary Vocational and Educational Training (VET).

Regarding people with disabilities, the national policy plan is outdated and though a new one should have been established, it is still pending. This is actually one of the current grey areas where services and support is inadequate. The last few years' efforts to work on those areas have been made, putting emphasis on the Disability Activation Scheme, though the measure is still in progress.

3. Possibility of achieving the 2020 targets of 10% school drop-out rate and third level education attainment of 46% of 30-34 year-olds

The targets don't seem to be difficult for achieving but this should closely be monitored both in the short and long-term as the country's financial and political progress might have a negative influence in the future. This should be a priority for the Government as education is considered as a major investment towards socio-economic and cultural development.

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4. Main challenges and actions needed

- Restructuring the education system by modernizing and upgrading the curriculum and contents for all public schools (from Pre-Primary to Upper Secondary Education). In this regard, it will be important to manage the possible resistance to change from the teachers, especially of their assessment and its relation to students' performance.
- Upgrading vocational education and training: efforts should focus on curriculum reform, internationalisation, greater mobility and an improved transition between general education and VET pathways as well as from VET and the labour market.
- Adopting measures for facilitating the integration of students at risk from early school leaving.
- Improve the educational level of migrant children.
- Improve teacher training and the quality of teachers in disadvantaged areas and in schools with high migrant numbers.

POVERTY

1. Recent trends

The at-risk-of poverty and social inclusion rate has been decreasing between 2005 (25.3%) until 2009 (22.9%). However, this trend has been reversed in 2010 when it registered an increase of 0.7 p.p. (23.6%), very similar to the EU average of 23.4%. The severe material deprivation followed a similar pattern: it decreased since 2005 reaching a level of 3.8% in 2009 but worsen in 2010 (4.6%), though below the EU average of 8.1%. The jobless households rate has been also decreasing since 2005 but in 2010 this trend was reversed, reaching 9.8%, similar to the EU average of 10%. Regarding the in-work poverty rate, there was a slight decrease between 2005 and 2007 but the rate seems on the rise since, reaching a rate of 6.9% in 2010 although still below the EU average of 8.4%. This data shows an overall increase of poverty indicators. Particularly worrying is the increase of poverty among children between the ages 6-15 and adults aged 25-49. The research from Pasardes and Polycarpou (2011) on poverty increase among public assistance recipients shows that this specific group lives in households with equivalised income 17% below the poverty line; the poorest 10% of them live in households with equivalised income at least 53% below the poverty line. The at-risk-of-poverty data also shows a gender gap between men (14.3%) and women (17.2%). More than 20% of the population declared that they were unable to keep the house adequately warm and around 19% of the population have great difficulty in making ends meet, with single parents exhibiting the highest results in all the above items followed by families with more than 3 children.

2. Recent policy developments

The NRP has strengthened its social and economy cohesion dimension by implementing measures targeted at upgrading the benefits of the vulnerable groups and reducing income inequality. Concretely, there have been measures specifically targeted at older people and poverty in general, in line with EU and global initiatives. There has been an effort to set as a priority the increase in pension fund apportionments for older people although there has been no referral to the adequacy of a pension benefit in relation to the type of cost it is supposed to cover. The provision of the means-tested grant to low-income pensioner households has partially addressed the high at-risk-of poverty rate of older people. Nonetheless, the current NRP does not include a specific point for life-long learning training for older workers to help them remain at work or work more efficiently.

The active engagement of local authorities and NGOs mentioned in the NRP is a positive measure, which will probably help to identify the vulnerable individuals as they can locate them easier in the local area and intensify the efforts to encourage them to enrol in further vocational training or find employment. It is actually the first time that there is consideration for joint collaboration with NGOs.

Unfortunately, with regard to extreme poverty, the NRP does not foresee any measures to tackle this problem. In fact, although initiatives and programmes to combat poverty have been included, a central management and monitoring system is absent which don't allow to measure the efficiency of these initiatives/programmes.

Finally, regarding the healthcare system, no actual progress has been observed towards the implementation of a national Health Insurance System.

CYPRUS COUNTRY SUMMARY

Analysis, trends and recommendations 2012

3. Possibility of achieving the 2020 target of lifting 27.000 people out of poverty

Considering the multi-dimensional nature of poverty and social exclusion, the NRP is heading towards the right direction as it aims to develop a comprehensive approach, connecting poverty and social exclusion with other relevant issues such as equality of opportunity for all and combating discrimination although a systematic implementation of those measures is needed in order to provide stronger support to groups in greatest need.

Overall, the target seems achievable and realistic should there be a proper implementation of the measures combined with continuous efforts towards achieving better governance and increase social participation in the development, implementation, monitoring and evaluation of policy interventions.

4. Main challenges and actions needed

- The most significant group at risk of poverty remains the elderly (65 and over): it is therefore necessary to reinforce and possibly enhance the Social Pension.
- More childcare facilities need to be setup in order to promote work and family conciliation and increase female participation in the labour market (e.g. increase in working hours for public pre-primary schools or the application of day-long school for all primary schools).
- Develop a comprehensive support network offering additional services that are essential to improve the life of disadvantaged people e.g. employ more care staff to provide a range of additional services (empowerment, advocacy, emotional support, open day centres for children, elderly and disabled, youth centres, etc.) for people in need; develop care and after school educational projects in the rural areas; in-work poverty and minimum income; benefits for long-term unemployment; comprehensive support services' network for non-nationals, etc.

RECOMMENDATIONS

➤ Employment:

- Fight labour market segmentation to help low-income earners to find a job and promote their upward mobility by improving access to employment services and training to vulnerable groups.
- Promote a comprehensive package of effective re-employment services for the unemployed through private and public employment services. Job-search assistance should remain the first line of support for many unemployed, especially those who are job-ready.
- Promote a Disability Activation Scheme to increase the capacity of people on disability/illness payments to participate in the labour market, based on a case management approach.
- Promote training programmes for first entry jobseekers to gain the necessary labour experience; such programmes can also prevent this group from becoming demoralised, while preparing them to take advantage of new job opportunities when labour market conditions improve.
- Promote the Social Economy in the country and therefore strengthen the role of social enterprises which are able to address the needs of the people at community level, especially the most vulnerable.
- Modernise social security systems so that they provide the right incentives to work, to avoid benefit dependency, but at the same time to ensure adequate income support. In a similar strand, there is a need to ensure pension adequacy and long-term financial support.
- Introduce modern medical assessment as part of the criteria to qualify for invalidity pension so as to ensure that the system will not lead to early exit from the labour market.

➤ Education:

- Strengthen the effectiveness of VET, making it more relevant and attractive to local demand.
- Establish a Vocational Qualification Framework for life-long learning training.

➤ Poverty

- Adoption of clear-cut, measurable economic development objectives with an emphasis on regional development and on improving regional and intra-regional inequalities and disparities (rural and deprived urban areas need to be prioritised).
- Ensure that the pensions system is sustainable in order to prevent and tackle elderly poverty.
- Establish efficient and effective healthcare systems that ensure access for all to quality healthcare. Such measures will most probably prevent and combat poverty and social exclusion and inequality. Similarly, there

CYPRUS COUNTRY SUMMARY

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is a need to increase the participation of specific groups in the decision making process related to the services they would like to receive.

- Modernise the social care system to provide accessible, affordable high quality services.
- Child poverty should be prioritise in the political agenda.
- Provide independent living services to persons with disabilities and to older people.

CZECH REPUBLIC COUNTRY SUMMARY

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EMPLOYMENT

1. Recent trends

In general, the situation of the labour market improved between 2006 and 2008 although this has been reversed since. However, not all rates follow the same pattern. With regards to the employment rate, after a timid growth in 2011 a lower rate of 70.9% was registered compared to 2006 (71.2%). However, it is still above the EU average of 68.6%. Comparing the employment rates of men and women, there are substantial differences: the employment rate of men in 2011 of 79.9% was 18.2 p.p. higher than the rate of women (61.7%). As per the unemployment rate, it dropped considerably between 2006 (7.2%) and 2008 (4.4%), increasing again in 2010 (7.3%) but dropping again in 2011 (6.7%). Although the unemployment rate is below the EU average women with children and other vulnerable groups struggle to realise their potential in the labour market. Youth unemployment dropped almost to half between 2006 (17.5%) and 2008 (9.9%) but almost doubled later on reaching a rate of 18% in 2011. However, long-term unemployment does not seem to be growing or fluctuating much though it reached a rate of 2% in 2009 and registered a level of 2.7% in 2011, below the EU average of 4.1%. On the contrary, the employment rate of older workers has been increasing since 2006 (45.2%) reaching a level of 47.6% in 2011. Inactivity rates of Roma are estimated to be very high and entrenched with close to 40% of the working-age population describing themselves as unemployed

2. Recent policy developments

Several measures have been designed and implemented on different directions:

- New legislation was adopted introducing some flexibilities to the labour law, establishing new conditions for the registration of job-seekers with Public Employment Services, optional retraining, and the new system of supporting employment of people with disabilities
- Regional labour offices have been moved under the supervision of the central labour office which resulted in the higher workload and decline in the number of staff.
- Family-friendly tax measures have been included concerning the childcare and supporting working parents and family-friendly employers. In addition, new types of childcare services have been introduced to extend a range of childcare services providers and types of childcare according to children's and parents' needs and to support parents' participation in the labour market.

3. Possibility of achieving the 2020 target of 75% of employed population

Achievement of the employment target of 75% seems to be realistic, although challenging given the recent reverse of the employment rate increase.

4. Main challenges and recommendations

- Tackling youth unemployment and mismatches between qualifications possessed and labour market needs
- Adopting and implementing measures allowing for better reconciliation of family and working life, incl. widening the scope of childcare services and their providers and introducing measures facilitating returning to employment after maternity leave.

EDUCATION

1. Recent trends

In general, the country has registered improvements in the third level education attainment of population aged 30-34; the rate of 28.9% in 2011 is by 2.7 p.p. higher than in 2006, but still far below the EU average of 34.6% that year. Children from single-parent households and other low-income and disadvantaged groups are now more vulnerable to ESL than before. Despite constitutional protection, the number of underage children (12-15) who work during the day and attend evening school is growing. Access to education for marginalised Roma is limited, as only one in every three children attends kindergarten or other pre-school facilities, and the education system fosters segregation through the widespread practice of putting Roma children into substandard schools designed to cater for the mentally challenged. Estimates suggest that one third of Roma children are educated in such sub-standard institutions.

CZECH REPUBLIC COUNTRY SUMMARY

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2. Recent policy developments

The policy developments have focused on:

- Improving the social integration role of primary and lower secondary (basic) schools and equal access to education: a new piece of legislation was adopted in order to increase the attractiveness of teaching; linking education to practical life and its needs; providing disadvantaged pupil's easier access to education.
- Adoption of a National Action Plan to Transform and Unify the Care of Vulnerable Children (2012–2015).
- Develop a system to encourage the participation of children from socio-economically disadvantaged backgrounds in preschool education and training should be functioning before 2013.

3. Possibility of achieving the 2020 targets of 5.5% school drop-out rate and third level education attainment of 32% of 30-34 year-olds

ESL target is reached – the challenge would be to keep it in the longer perspective. In case of tertiary education attainment the target is achievable although it may be challenging.

4. Main challenges and recommendations

To enhance the access to education of children from marginalised groups (e.g. Roma).

POVERTY

1. Recent trends

The poverty rate decreased substantially between 2005 (19.6%) and 2010 (14.4%), the lowest in the EU that year. However, it would seem that this trend has been reversed as in 2011 there was an increase of 0.9 p.p. (15.3%). The material deprivation followed a similar trend, it dropped almost to half between 2005 and 2009 reaching a rate of 6.1, which slightly increased in 2010 (6.2%), but is still below the EU average of 8.1%. The jobless households rate experiencing slight decrease since 2005, from 8.8% to 6% in 2009, also slightly increased in 2010 (6.4). As per the in-work poverty rate, although the rate has registered minor changes, it is on the rise since 2009 (3.2%) and has reached 4% in 2011 (in 2010 the rate of 3.7% was still quite below the EU average of 8.4%). Inactivity rates of Roma are estimated to be very high and entrenched with close to 40% of the working-age population describing themselves as unemployed.

2. Recent policy developments

The measures implemented have focused on:

- New Assistance in Material Need Act was adopted which aims ensuring better targeting of assistance at people, incl. developing the people motivation to work. The new legislation provides also some better assistance to families with children through paying the expenses related with education, leisure activities.
- The ideas for an inclusive education are being developed which will target the social and economically disadvantaged communities. It should result in increasing ration if children in pre-school education. In 2
- The number of the types of disability benefits has been decreased with an aim of better targeting of the benefits; in addition, the value of care allowances has been increased. The limits of entitlements to income tested benefits and the income minimum have also been increased.

3. Possibility of achieving the 2020 target of lifting 30.000 people out of poverty

The target seems to be achievable although, given the recent trends observed in income poverty (increase of at-risk-of poverty rate, growing divergences of the material deprivation in some groups of the society) its reaching can be a challenge.

4. Main challenges and recommendations

The main challenges are related to the tackling the difficulties faced by the specific groups experiencing poverty and exclusion, such as: people living in the incomplete families, jobless households and Roma people. Therefore the policies should:

- enhance employability of people experiencing social exclusion through linking social protection mechanisms with labour activation
- improve the benefits assistance through their simplification and better targeting to different groups and their needs
- support access of most vulnerable groups to the services such as social/family related services in order to prevent them from experiencing social exclusion;
- improve the system of carrying the children and risk and to netter tackle the challenge of territorial dimension of exclusion

ESTONIA COUNTRY SUMMARY

Analysis, trends and recommendations 2012

EMPLOYMENT

1. Recent trends

Between 2010 and 2011 some positive trends were observed in the Estonian labour market. The overall employment rate increased sharply reaching 70.4% which is above the EU average but still far below its highest level of 2008 (77%). The employment growth was observed particularly in relation to men 20-64 (increase by over 5 p.p. in one year, from 67.7% in 2010 to 73.5% in 2011). In the similar period there has been a significant drop in the youth unemployment rate (by 1/3rd) while the long-term unemployment remains high (3 p.p. over the EU average). The overall unemployment rates have diminished (for males) but are still above the EU average and have more than doubled since 2006-2008. In 2010, 79% of children (below 3 years old) were not covered by the formal care arrangements (EU average: 72%). This has had an adverse effect on the employability of young parents.

2. Recent policy developments

The Government adopted some legislation on exempting the work-related formal education from the tax on fringe benefits. According to the Government, the share of expenditures for labour market policies has increased in 2011 and is expected to increase in 2012. More financing is also dedicated to support long-term unemployed (through coaching). The new Employment Programme 2012-2013 was adopted, which according to the Government will allow for more favourable provision of labour market services.

3. Possibility of achieving the 2020 target of 76% of employed population

The target seems to be achievable given the recent employment growth and the current rate which is 6 p.p. lower than the 2020 target. This would of course require increasing employment among youth and older workers and simultaneously developing accessible child-care services.

4. Main challenges and actions needed

- Reduce the employment gap between women with children below 6 years old and women without children given that Estonia faces a much bigger gap than the EU's average employment gap. Ensure sufficient supply of childcare facilities to avoid the negative impact of deficiency of such facilities on labour opportunities of youth.
- Ensure an increase of employment among older people. Nevertheless, given the growing life expectancy and share of older people in the society, there will be growing need for supplying care and nursing services.

EDUCATION

1. Recent trends

In general, Estonia performs better than the EU's average rates in both educational targets (ESL and tertiary education attainment). In case of the latter, the 2020 target was reached in 2010 but efforts are needed to maintain these levels. It is worth noticing that the dropping-out rate is usually higher for men than for women and is higher in vocational education.

2. Recent policy developments

New programmes aimed at vocational education have been launched. The availability of professional continuous education has been expanded also for the adults. Moreover, a pilot system of accreditation of experts delivering training in selected areas has started. The new legislation linked with education reform (aimed *inter alia* at linking skills with labour market demands) is under preparation.

3. Possibility of achieving the 2020 targets of 9.5% school drop-out rate and third level education attainment of 40% of 30-34 year-olds

Both educational targets seem to be achievable and maintained in the longer perspective. Efforts should be continued to maintain the level of tertiary education attainments. It should be pointed out that Estonia proposed additional sub-targets

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related to education: increasing the participation in lifelong learning (LLL) and reducing the share of adults with lack of professional/vocational education. While the latter seems to be already achieved, the LLL participation level (10.9% and 3.5% of low-skilled) needs to be doubled in order to achieve its 2020 targets of 20%.

4. Main challenges and actions needed

The main challenge is to increase the participation in LLL and counteract high drop-out rates observed in vocational education sector.

POVERTY

1. Recent trends

In 2010, around 9% of the Estonian population experienced severe material deprivation which locates Estonia above the EU average and is almost twice higher than in 2008. On the other hand, the at-risk-of poverty rate decreased in 2010 and was lower than in the EU. The at-risk poverty among children started to decrease slightly but it is still around 5.5 p.p. higher than in 2007. The poverty increase is observed among children living in jobless households and the share of people living in jobless households peaked to 8.9% in 2010 which is more than in the 1st year after accession to the EU (2005). Moreover, the at-risk-of poverty rate in households with at least one dependent child (both in households with very low and very high work intensity) is higher than the EU average.

2. Recent policy developments

The Government adopted the Children's and Families' Development Plan 2012-2020 aimed at improving the welfare and living conditions of children and families. The new draft reform on Preschool Childcare aims at providing wider access to childcare but no legislation has been adopted yet.

3. Possibility of achieving the 2020 target of reducing the poverty rate up to 15%

Reaching the target will be a challenge; implementing policies to support the delivery of childcare services are needed, especially for the low-income families (families with many children, families living in jobless households or with low work intensity).

4. Main challenges and actions needed

- There is an immediate need to address the risk of child-poverty by supporting families with low-income and/or facing specific socio-economic problems.
- Investing in the capacities for delivering care services should also be addressed.

RECOMMENDATIONS

➤ Employment:

- The provision of accessible childcare services should be enhanced by *inter alia* involving the non-governmental sector in providing flexible forms of care and assistance.
- Moreover, the youth and long-term unemployed should be especially targeted through specific programmes tailored to their concrete situations and demands.
- The demographic changes in the society would require better supplying of care and nursing services. They can be delivered by various types of organisations and bodies and can be adjusted to the needs of beneficiaries. Therefore investment in skills of carers and engaging various organisations in delivering services should be recognized as one of the employment opportunities.

➤ Poverty

- There is a need for further developing and strengthening childcare services targeted at families experiencing unemployment, poverty and other social problems. These services should be tailored to the needs and specific disadvantages of the beneficiaries.

ESTONIA COUNTRY SUMMARY

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- The capacities of local social and family services' providers (including non-profitable organisations) should be enhanced and developed.

FRANCE COUNTRY SUMMARY

Analysis, trends and recommendations 2012

EMPLOYMENT

1. Recent trends

The employment rate since 2006 has maintained relatively similar levels between 69.1% (2011) and 70.4% (2008) and above the EU average of 68.6%. In fact, labour market data show an increase in employment until 2008 when it reversed its growth and started decreasing. A similar pattern can be observed in the unemployment rate, long-term unemployment and youth unemployment, which currently register similar levels than in 2006 after having decreased from 2006 to 2008 and increased since. For instance, the average period in unemployment is now 448 days, overpassing the peak experienced in 2006. Compared to EU averages, youth unemployment has remained above the average since 2007 (in 2011, it registered an average of 22.9% compared to the 21.4% of EU average); as per long-term unemployment and average unemployment, the French rate has been similar to EU averages since 2008. In comparison to women, the employment rate of men has experienced a stronger decrease since 2008 most probably due to the higher sensibility of men's employment to economical conjuncture. It is worth mentioning that while the employment rate of older people has increased 2.7 p.p. in one year their unemployment rate has also increased (the number of seniors older than 50 registered at Pôle emploi is 62% higher in 2011 than in 2008, a rise very superior to the rise for the other categories (+31 % for all ages). Regarding people with disabilities, although the employment rate increased in the private and public sectors, this rate remains low (1.7% for the private sector and 4.2% for the public sector³). Moreover, the low level of training is an important barrier to accessing employment.

2. Recent policy developments

There have been positive developments regarding young people through programmes of apprenticeship and half-time school/half-time internship to facilitate the transition between the end of school and the first job. In fact, studies have shown that apprenticeship increase by 7 points the probability to be employed three years after leaving school. Regarding the gender equality, three recent restrictive laws have already had a positive impact on employment. For instance, there are much more women in boards of the CAC40's firms. However, strong inequalities remain. The activity rate for women between 25 and 49 years old is 84%. However, the growing diversity in the labour market and the better qualification of women have contributed to decrease the high segmentation levels: women are still over-represented in unqualified jobs (61%) that are mainly part-time.

Despite of a few positive experiences, in practice, not enough measures are foreseen or they might be considered as inefficient as they have had almost no impact on employment or have missed the target. The mechanisms planned are not flexible enough to be coherent with the people's needs and capacities. Moreover, too many stakeholders are in charge of those mechanisms which decrease the efficiency of the measures.

In addition, nothing is mentioned in the NRP regarding the duality of the labour market, which is having a bad effect on the inclusion of young people: employees having permanent contracts are in quite secure conditions whereas people working under temporary contracts (the majority of people entering in the labour market) are in uncertain conditions. Young workers and people who have low qualifications are thus exposed to important risks on the labour market.

The NRP does not foresee measures towards the inclusion of the most vulnerable. Measures presented in the NRP target the people who have not been far from employment for too long; however, the daily work of Secours Catholique shows that more and more people find themselves in long-term unemployment.

Finally, the transitory measures adopted for people from Romania and Bulgaria are preventing them from accessing employment and have a devastating impact on Roma population.

3. Possibility of achieving the 2020 target of 76% of employed population

The objective for France is not too ambitious, although in order to achieve it, additional measures and efforts will have to be made to encourage job creations in favourable sectors.

4. Main challenges and actions needed

³French Senate, July 2012: "Report n° 635"; DARES (Direction de l'animation, de la recherche, des études et des statistiques), November 2011: "Report".

FRANCE COUNTRY SUMMARY

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- Diversify the labour market and better train the active population according to the labour market needs, especially among young people. Extra measures should be carried out to adapt the legislation on security in employment in order to reduce the duality of the labour market.
- Simplify the mechanisms to access employment in public services and reinforce with better trained staff to give individual support, which should be the key priority
- To make more efforts to reinforce gender equality.
- Allow young people with disabilities to pursue their studies, develop better information about the various training, ensure an effective access to formation and promote contacts between companies and young people with disabilities.

EDUCATION

1. Recent trends

In general, the country has not registered substantial changes in the ESL rate: it has remained around 12% since 2006, slightly below the EU average of 13.5% in 2011. The third level education has been increasing since 2006 to reach a rate of 43.4% in 2011 compared to the 2007 rate of 41.4%, quite above the EU average of 34.6%. However, according to PISA 2009, nearly 20% of French pupils aged 15 are below the level of reading (at this level, education is considered problematic). Since 2000 this proportion of students has increased by 30% (from 15.2% to 19.8%). The gap between best and worst performers aged 15 is particularly strong. The rate of pre-schooling keeps decreasing, which is worrying, especially for children from modest families taking into account that studies show that pre-schooling has a significant impact on reading performance. Students who were in pre-school for more than a year are ahead by at least 100 points in reading compared to students weren't. . In addition, school failure is highly concentrated on children from poor families as if the education system had given up on correcting the economic and socio-cultural factors. Students from immigrant families in France represent 13% of the students tested for PISA and those from the first generation are exposed to at least two times more risks to be among the low achievers. The quality of training and the fairness of their implementation are not always taken into account: students experiencing strong difficulties are often doubly penalized: they combine the fact of living in a disadvantaged family with attending a school environment less conducive to learning. The main weaknesses of the French system are found in the transition between the end of secondary education and higher education, but also in the lack of individual attention especially during secondary school where the greatest difficulties are.

2. Recent policy developments

The policies adopted to reduce early school leaving are based on two tools: the identification and the management of early school leavers. These policies have led to the implementation of a number of initiatives such as platforms for monitoring and support for early school leavers, second chance schools, school reintegration structures. However, these measures tend to seek to recover early school leavers rather than preventing early school leaving. Since 2010, the number of teachers has decreased due to the national policy to reduce the teaching posts.

Regarding the access to education for students with disabilities, the rate of children with disabilities in ordinary schools has increased by 6.3% between 2006 and 2011⁴. Nevertheless, 20,000 children with disabilities are still not in school and with no alternative⁵. For the second level education, in 2011-2012, the number of students with disabilities increased by 12.5% since 2006. However, young people with disabilities are still a minority (1.4% of all students⁶). Moreover, their situation is very unequal across the French territory. Regarding migrant children, access to education is not always respected.

3. Possibility of achieving the 2020 targets of 11% school drop-out rate and third level education attainment of 36% of 30-34 year-olds

The goal set is ambitious compared to the potential of France. This will require global measures to restructure the system.

⁴ The French law of February 11th 2005 was the main factor.

⁵ French Senate, July 2012: "Report n° 635".

⁶ French Senate, July 2012: "Report n° 635".

FRANCE COUNTRY SUMMARY

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4. Main challenges and actions needed

- Improve the quality of education and individualised support to students by concentrating resources in areas of greater vulnerability/inequality, reducing the number of pupils per class and increasing the number of teachers/educational workers and improve their abilities to retain students' interest.
- Set up a determined action to prevent repeating years and strengthening priority education for the success of all and across the whole territory.
- Design a coherent education curriculum aligned with the labour market demands paying special attention to some sectors that despite the fact they do not interest people enough they have a great employment potential (e.g. agriculture). It is important to reduce the number of young people that choose studies with less employment perspectives.
- Promote the schooling of children with disabilities in ordinary and special schools if necessary and put more emphasis on disability issues in the initial training of teachers.

POVERTY

1. Recent trends

Poverty indicators in France appear to be less degraded than elsewhere in Europe (19.2% in 2010 compared to the EU average of 23.4%), which highlights the positive role of its welfare system in protecting a significant part of the population from the consequences of the crisis. The profile of the poor, however, has changed little in recent times: the relative poverty rate (at 60%) remains higher for single parents, single persons, large families and immigrants while the risk of poverty in general decreases when getting older (the poverty rate of young people 18-24 year old has increased more than the rest of the population). In 2010, 5.8% of the population was subjected to extreme material deprivation (below the EU average of 8.1%), though this rate has increased since 2007 when it had a rate of 4.7%. In addition, Secours Catholique notes an increase of foreigners among the groups it dealt with in 2010 compared to 2009. Similarly, there was an increase of families with children (52.7% in 2010 against 50.4% in 2009).⁷ In-work poverty in 2010 (6.6%) is below the EU average (8.5%) but has been on the rise since 2004. Moreover, the child poverty rate is high: 2.4 million children were living in poverty in 2009⁸.

2. Recent policy developments

There has been an important focus on the RSA (Revenu de Solidarité Active) to reduce the intensity of monetary poverty rather than the poverty itself. However, the RSA amount is below the poverty line and in most cases, even combined with other social benefits; it remains below the national poverty line. In fact, although there is a decline in the number of poor persons that benefit from RSA, it is having a relatively small effect on reducing the number of poor people partly explained by the significant amount of people not receiving the RSA whereas they could. If all those potential beneficiaries had applied for the RSA, 400.000 more people would have passed the poverty line. The reasons for not using the RSA are multiple: the feeling that there are worse situations than their own, the shame to ask for help, the discouragement and the lack of understanding of the situation in which these people are, the subjective feelings or past experience that forges the idea that the public administration will not respond to their problems and expectations, the complexity of the procedures, the lack of precise knowledge of the RSA and the will to figure out a way and, to a lesser extent, the desire not to depend on welfare.

It is also regrettable that the NRP does not make any mention about in-work poverty or extreme poverty, which are the growing problems. Policies to fight social exclusion have been numerous. Without real control, partitioning schemes, the precarious funding and bureaucratic complexity for their implementation seriously impair the legibility of goals and collective performance, both for stakeholders and for the alleged beneficiaries. In general, the complexity of the whole health welfare system restraints the access to primary care for vulnerable populations.

3. Possibility of achieving the 2020 target of reducing poverty by one third by 2012 (and then reassessing this target in light of the progress achieved)

⁷ Secours Catholique, 2010: "Statistiques d'accueil".

⁸ ONPES (Observatoire national de la pauvreté et de l'exclusion sociale), 2011-2012: "Report".

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The target will not be reached if the government does not define credible reduction objectives on exclusion and poverty, referring to all types of poverty, articulated with practical measures to achieve them. It is also necessary to define a clear goal of significant reduction to break the trend of deterioration observed for 7 years for the population in extreme poverty, living below 40% of the median income.

4. Main challenges and actions needed

- Guarantee the preservation of the pillars of the welfare system to ensure its ability to protect the most vulnerable that are at risk of poverty.
- Design measures to address the stability of extreme poverty (less than 40% of the median income in 2009), which could show a deterioration of the situation of the poorest.
- Simplifying the access to welfare system, especially the RSA, and improving the communication with citizens.
- Adopting an inter-ministerial plan for five years to engage the responsibility of the Government regarding the fight against poverty and exclusion. This plan should be the key measure of the Global Program of Action in the fight against poverty and social exclusion in coordination with the Interministerial Committee to Fight Against Exclusion (CILE) which is an essential political tool for strengthening the coordination and the monitoring of cross-cutting actions. The CILE should meet every two years (according to the Law of July, 29th 1998), but in reality, it met only twice, in 2004 and 2006.

RECOMMENDATIONS

➤ Employment:

- More financial support to local actions (support services for young people) for programmes targeted at young people in difficulties.
- Job creation and training courses should be developed in innovative sectors; young people should be encouraged to go to sectors where there is a lack of human resources, such as agriculture.
- Encourage long-life learning to maintain older workers in employment.
- Develop an employment scheme in the non-profitable sector, for instance through subsidised jobs for young people to meet not covered social needs.

➤ Education:

- Action must focus more on quality improvement and better individualized support to reduce the risk of early school leaving, especially in secondary school: classes have to be smaller, teachers have to be better trained and the methods of punishment for students could be revised (for example alternative sanctions, such as youth participation in associative programmes).
- Increase the number of educational workers, defusing territorial divisions that generate social, economic and cultural inequality and concentrate the resources on areas and populations in greatest need, acting more intensively in areas of great difficulty.
- Set up a determined action to prevent repeating years and strengthen the equity of education taking into account the territorial approach and the different vulnerable groups.
- Work on the curriculum to ensure it is in line with market needs so that young people choose studies with greater employment perspectives.

➤ Poverty:

- Increase RSA so that no one lives with less than 40% of the median income.
- Increase RSA in Mayotte (Mozambique), where the RSA represents 25% of the metropolitan RSA.
- Create an extension of the RSA for young people that are on very low wages
- Improve the quality of information on RSA to increase the number of people access this benefit when they are entitled to it by carrying out target information campaigns and simplify the RSA request process. Improvement could be also be made when monitoring the RSA with key stakeholders so as to be sure that it reaches the targeted group.
- Turn the RSA into a real inclusion tool, by reinforcing professional trainings and support towards employment through larger programmes aimed at reinforcing local inclusion process that are coherent with people's needs.
- Continue the effort to build affordable housing for people with low incomes and allocate a quota of housing for young people so as to contain the inflation in rents. It is important to restore the indexation of housing subsidies on the current rent levels for private and public accommodations.

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- Design an emergency plan in the territories where the DALO (Droit Au Logement Opposable) is not respected in order to mobilize the additional accommodations to complement the existing social complex of apartments.
- Simplify the procedures of accessing care services so as to reduce the non-use of health coverage. The AME and the CMU should be merged into one specific tool as a unique service could improve economies of management, could simplify the procedures for the individuals and health professionals, and could ensure a better and more efficient consultation process.
- Guarantee the access to complementary health coverage to all people living below the poverty line, the CMU-C should be upgraded up to the poverty line at 60% of the median income.
- The system of CMU should be applied in Mayotte (Mozambique).

GERMANY COUNTRY SUMMARY

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EMPLOYMENT

1. Recent trends

Overall, the employment situation of the country has considerably improved since 2006. The employment rate has been rising from 71.1% to 76.3% in 2011, one of the highest rates in the EU and almost reaching the 2020 national target of 77%. Although the gender gap is decreasing, the difference between the employment rate of men (81.4%) and women (71.1%) is still 10 p.p. in 2011. The unemployment rate has registered improvements since 2006, decreasing from 10.3% to 5.9% in 2011. Youth unemployment has also decreased from 13.8% in 2006 to 8.6% in 2011 as well as the long-term unemployment which dropped by 3 p.p. since 2006, reaching a rate of 2.8%.

2. Recent policy developments

Most of the measures described in the NRP 2011 and 2012 have been implemented or are in the political process of being implemented, especially those aimed at increasing childcare services and providing more time to care for relatives as well as helping young people finding a job or increasing funding for universities. In addition, the tax and social security burden on wages has slightly been reduced. Regarding the active inclusion of vulnerable groups, there have been some measures targeted at migrants and lone parents. The reform of the instruments for active labour market policy is also mentioned. However there are no specific measures that support the active inclusion of long-term unemployed who face additional problems such as addictions, psychological issues, etc. Moreover, funds dedicated to the active inclusion of long-term unemployed with additional problems have been reduced since the beginning of 2011. This was not reported in the NRP.

Demographic changes and socio-economic developments are increasing the demand of social services which will require well-trained staff in many sectors (employment, home care services and child care). It is therefore necessary to develop strategies to increase the interest of people in social services jobs. Along this line, it is crucial to invest in training older workers from social services so as to ensure they remain employed for a longer period. This will be one of the biggest challenges social services will face in the coming years.

3. Possibility of achieving the 2020 target of 77% of employed population

Almost all the targets were nearly fulfilled in 2011 (the overall employment rate is 76.3%, the employment rate of women lay at 71.4 % in 2011 and the employment rate of elderly was 60.2 %). Due to the demographic change and the labour market reforms implemented in the past years, Caritas Germany expects the good results to last. However, it is expected that the economic growth will stall and therefore the future development might depend on how the economic situation evolves.

4. Main challenges and actions needed

- Active inclusion of long-term unemployed people who face additional problems.
- Coping with the demographic change by finding skilled employees and increasing older people employment.
- Increasing the employability of vulnerable groups.
- Enabling more parents to work by enhancing work-family conciliation and also by increasing the number of childcare facilities.

EDUCATION

1. Recent trends

Germany registered improvements in both educational targets since 2005: there was a decrease in the ESL rate, from 13.5% in 2005 to 11.1% in 2009, though it increased 0.8 p.p. in 2010 to decrease again to 11.5% in 2011 (below the EU average rate of 13.5%). The percentage of children leaving school without the “Hauptschulabschluss” is 7%. The third level education attainment of population aged 30-34 reached 30.7% in 2011 compared to 26.1% in 2005 though it is still below the EU average of 34.6%.

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2. Recent policy developments

In Germany, the education policy is the responsibility of the Länder and therefore most measures adopted to reduce ESL and increase third level educational attainment reside on the Länder level. This has an impact on NRP which are not very specific about these policies. The measures reported to in the NRP are mostly projects done at the national level that focus on helping students in schools to learn and increase their competencies or on supporting parents and children from an early age on. It is still too early to know if these projects are having a positive impact.

3. Possibility of achieving the 2020 targets of 9.9% early school leavers and third level education attainment of 47% of 30-34 year-olds

Although the ESL and third-level education attainment rates seem to be improving, it is too early to see a positive trend as data shows that it varies overtime. The aim seems too ambitious if no additional or more consistent policies are put in place.

4. Main challenges and actions needed

- Design and implement measures targeted at children that leave school without the “Hauptschulabschluss”. These children will likely be the most disadvantaged in their future life (problems of finding training and jobs in the labour market). Caritas Germany carried out a study on this issue in order to identify what could be done at local level to tackle this problem. The results show that in regions where there are more special needs schools and a high unemployment rate there are also more children leaving school without the “Hauptschulabschluss”. The level of education of the parents, the economic prosperity of the region and the number of foreign pupils are additional factors that aggravate this problem. In order to overcome these disadvantages, a joined effort of local authorities and stakeholders is necessary (schools, firms, welfare organisations, job centers, etc.). The most important element is to reinforce the political will to tackle this issue.
- The close connection between social status and educational achievement has to be weakened.
- Reinforce the implementation of the UN Convention on the Rights of Persons with Disabilities in the school system.

POVERTY

1. Recent trends

Despite the fact that the employment rate increased and the unemployment rate decreased, the rate of people living at risk of poverty and social exclusion has increased since 2005 reaching its peak in 2009 with 20%, which then slightly decreased 0.3 p.p. in 2010, though quite below the EU average of 23.4%. Since 2005, the at-risk-of-poverty rate has been increasing, reaching 15.6% in 2010 (for children under 18 years 17.5%, for people over 65 years 14.1%, for households of lone parents 43% and for persons with very low work intensity 67.3%). The material deprivation rate increased between 2005 (4.6%) and 2008 (5.5%) but decreased again to 4.5% in 2010 (below the EU average of 8.1%). Regarding the jobless households, the rate has been fluctuating between 11.9% and 10.8% and is currently at 11.1%, above the EU average of 10%. The in-work poverty rate in 2010 registered a rate of 7.2% compared to 4.8% in 2005 and 7.5% in 2007.

2. Recent policy developments

Most measures described in the NRP 2011 and 2012 have already been implemented or are part of the political process. There was a reform in the calculation of unemployment benefits which resulted in a small increase of unemployment benefits, which were adjusted to inflation, a measure that is helping people to better cope with rising prices. There have also been positive measures targeted at migrants to improve their employability. However, other aspects of the reform are seen critically by Caritas Germany.

After a decision in 2012 from the Federal Constitutional Court (Bundesverfassungsgericht) regarding the benefits for asylum seekers, Länders have decided to strongly increase these benefits. However, a law that would guarantee the asylum seekers the same minimum income than long-term unemployed is needed, a claim that Caritas Germany has been raising for years.

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Caritas Germany is also concerned by the decrease of funding for social projects at local level. In addition, there are no measures foreseen in the NRP to tackle extreme poverty or targeted at homeless people, drug users or in general people who are long-term unemployed and face additional problems.

Concerning child poverty, the government has implemented in 2011 new benefits for children to improve their social inclusion and to enhance their educational chances (“Bildungs- und Teilhabepaket”), which is seen very positively by Caritas Germany (it was claimed for many years). However, the benefits for social inclusion and education need to be improved as in 2012 it has become obvious that the application for the benefits is too bureaucratic (many families do not apply).

One development which is not mentioned in the NRP concerns the working-poor families (the income generated through the labour market is too low to sustain the whole family). These families get an additional benefit to their income which is called “(additional) unemployment benefit”. This is perceived by families to be stigmatizing. Therefore Caritas claims to give independent and additional benefits for children in families with low income.

3. Possibility of achieving the 2020 target of decrease the number of long-term unemployed people by 20%

Given the good development of the German labour market, this target seems realistic and not too ambitious. Nevertheless, this is a good target to fight poverty if the government does not only reduce the number of long-term unemployed people (unemployed longer than 1 year) but also the number of people who are unemployed for a very long time and face additional problems.

4. Main challenges and actions needed

- Strengthen the measures targeted at extremely vulnerable groups e.g. homeless people, refugees, people on long-term unemployment that face additional problems, etc.
- Increase education chances and social inclusion of poor children to overcome the transmission of poverty.
- Prevent the predicted poverty and social exclusion in old age.
- Adjust the calculation of unemployment benefits and enhance the rights of asylum seekers.

RECOMMENDATIONS

Employment:

- Create and enhance specific measures for people who are unemployed for a very long time and have additional problems.
- Find and invest in measures to increase the employment of older people (elder-friendly work-places, new retirement schemes, safety and health in the work place etc.).

➔ **Education:**

- Start a joined effort with local authorities and stakeholders (schools, welfare organisations, job centers, enterprises, etc.) to prevent children from leaving school without the Hauptschulabschluss. Länder and federal level can support and encourage these actions.
- Promote the inclusion of children with disabilities in ordinary schools.

➔ **Poverty**

- A better picture of poverty in Germany should be given in the NRP, including topics such as child poverty or intergenerational transmission of poverty.
- Modify certain aspects of the calculation of unemployment benefits, such as the reference group for adults, and guarantee a minimum level of flexibility.
- Develop a system of independent benefits for children in families with low income.
- Abolish the lower benefits for asylum seeker and ensure they receive the same minimum income as long-term unemployed people.

GREECE COUNTRY SUMMARY

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EMPLOYMENT

1. Recent trends

In general, the situation of the labour market is worse than in 2006. With regards to the employment rate, the timid growth observed between 2006 and 2008 (0.8 p.p. growth within 2 years reaching 66.5% in 2008) was reversed in 2009, decreasing significantly up to 59.9% in 2011. This situates Greece quite below the EU average of 68.6%. Comparing the employment rate, there are substantial differences between men and women: the employment rate of men in 2011 of 71.1% is 22.5 p.p. more than the rate of women (48.6%). In both cases, the employment rate dropped significantly since 2008 when it was of 80.4% for men and 52.5% for women. Regarding the unemployment rate, it has doubled since 2006 (from 8.9% to 17.7% in 2011). Young people were particularly hit by unemployment, which increased among this group by 19.3 p.p. since 2006 reaching the level of 44.4% in 2011. What is also worrying is the growing long-term unemployment rate of 8.8% which doubles the EU average of 4.1%. On the contrary, the employment rate of older workers is decreasing, registering a rate of 39.4% in 2011 compared to 42.8% in 2008.

Migrants have alarmingly been hit by unemployment (they have been the first to lose their job). Their situation is now being aggravated by a worrying rise of xenophobia and racism and by the risk of becoming irregular migrants.

2. Recent policy developments

The implementation of a series of targeted active labour market policies by OAED (Greek employment services) has prevented the further increase of unemployment. However, there are many measures and reforms that are being implemented with delay, a situation that is creating fear and instability. The measures and reform foreseen are most of all targeted at complying with financial and economic terms, introduced through the IMF/ECB Programmes, do not take sufficiently into account the social situation of the country nor enough measures to reduce unemployment. In fact, one out of three workers employed in the private sector, has had his or her working hours reduced, is not paid in time or has not had his or her health and pension contribution paid by the employer. In addition, the unemployment benefit is only given after one year of being unemployed with the tricky situation of having to wait another year should the person find themselves unemployed after a short-term contract.

3. Possibility of achieving the 2020 target of 70% of employed population

The target set can be considered unrealistic taking into consideration the economic and social situation of the country and the fact that the recent measures implemented have not had a positive effect on the employment rate; quite the opposite, unemployment has increased substantially.

4. Main challenges and actions needed

- The main challenge is to better analyse and understand the needs of the labour market in order to adopt reforms and measures that can be more effective in reducing unemployment and increasing the employment rate.

EDUCATION

1. Recent trends

In general, the country has registered improvements in both educational targets: there was a decrease in the school leavers' rate, from 15.5% in 2006 to 13.1% in 2011, which located Greece below the EU average rate of 13.5%; the third level education attainment of population aged 30-34 reached a rate of 28.9% in 2011 (2.7 p.p. more than in 2006), though still far below the EU average of 34.6%. There are some indications showing that ESL is increasing as a growing number of school-age children are obliged to work. Children from single-parent households and other low-income and disadvantaged groups are now more vulnerable to ESL than before. Despite constitutional protection, the number of underage children (12-15) who work during the day and attend evening school is growing. People with disabilities have free access to education, however, on average only 1 out of 10 disabled children attend public schools.

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2. Recent policy developments

While a pilot scheme of Education Priority Zones started in 2010-2011, an explicit strategy to tackle ESL with clear targets, time-frames for implementation and tools to monitor progress at national level does not yet seem to be in place. In addition, the latest budget cuts will most probably hinder the implementation of measures foreseen in this area.

3. Possibility of achieving the 2020 targets of 9.7% school drop-out rate and third level education attainment of 32% of 30-34 year-olds

The targets seem to be realistic should the government commit to implement the measures foreseen in the NRP, but not according to the current trends.

4. Main challenges and actions needed

- Guarantee the access to public education to the most vulnerable groups.
- Address the increasingly worrying problem of poor quality education.

POVERTY

1. Recent trends

The at-risk-of poverty or social exclusion rate has marginally decreased between 2007 (28.3%) and 2009 (27.6%), and mildly rose again in 2010 (27.7%). However, this rate is far above the EU average of 23.4%. The material deprivation has also remained at the level of 11% approximately between 2007 and 2010, above the EU average of 8.1%. The jobless households rate experienced a slight decrease since 2007, from 8% to 7.5% in 2010. As per the in-work poverty rate, there has been a small decrease of 0.5 p.p. between 2007 and 2010 (13.8%) far above the EU average of 8.4%. Finally, child poverty has also registered minor changes between 2007 (23.3%) and 2010 (23%).

Although official figures do not show a drastic change in the situation of poverty and social exclusion, the factors that increase them have certainly been exacerbated in the past two years. The fiscal consolidation measures are likely to have an adverse impact on poverty indexes and aggravate the risk of poverty among the population, even if current data do not yet reflect this.

2. Recent policy developments

The tax increase and the rise in prices are having a considerable impact on poverty levels. It is not progressive or proportionate as too much is being collected from working classes and not enough pressure on the richer. Although the rate of in-work poverty decreased in 2010, the perception in 2011 is that it is rising according to the type of people that access NGOs social services. This situation is putting an increasing number of children under the poverty threshold, something that should be tackled urgently.

The measures foreseen in the NRP might help to prevent an increase in poverty rate but without a stronger political commitment and a change in the approach, from financial to social measures, the rate will not decrease.

In spite of this, there are some positive initiatives led by local governments that target extreme poverty by granting access to basic services. There have also been schemes led by the national government to encourage young people to move to the country side and take on agriculture jobs, which seem to have worked well. Finally, the government has announced that it will set up a National Social Cohesion Fund. While this would certainly be a step in the right direction, it is not enough to deal with a problem on this scale.

3. Possibility of achieving the 2020 target of lifting 450.000 people out of poverty

The severe consequences of the economic situation as well as the adverse effect of the fiscal measures indicate that according to the current trends the target of poverty will not be achieved.

GREECE COUNTRY SUMMARY

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4. Main challenges and actions needed

- Design a fair tax system that alleviates the burden of people living in poverty and risk of exclusion.
- Address the worrying increase of poverty rates amongst children and most vulnerable groups (people with disabilities, migrants and Roma).
- Tackle in-work poverty by increasing the minimum wage and adopting minimum income schemes

RECOMMENDATIONS

➤ Employment:

- Adopt reforms and measures that can be more effective in reducing unemployment and increasing the employment rate, especially for the most vulnerable groups (migrants, people with disabilities and Roma).

➤ Education:

- Design an education strategy that puts emphasis on the benefits of a cohesive strategy, focusing on the importance of a civic society, also as a mean to prevent corruption and tax evasion in the future and promote civic participation.

➤ Poverty

- Adopt national strategies to tackle in-work poverty and child poverty.

IRELAND COUNTRY SUMMARY

Analysis, trends and recommendations 2012

EMPLOYMENT

1. Recent trends

Overall, the employment situation of the country has considerably deteriorated since 2007. The most up to date national data⁹ available from the **Central Statistics Office** shows that the employment rate decreased from 69.2% in 2007 to 58.6% in 2012, a difference of over 10 p.p. The unemployment rate in Ireland is 14.8% (309,000 people), an increase of more than 10 p.p. over the period 2007–2012. Of this, 8.9% (187,254) are long-term unemployed. The rate of unemployment of young people aged between 20 and 24 is 35.8%. The rate of unemployment for young people aged 25-34 is 20.7%.

In a European context, the latest **Eurostat data** (for 2011) shows that Ireland has an employment rate of 64%, well below the EU 27 average of 68.6%. The strong increase of youth unemployment is particularly worrying: in 2011 it reached almost 30% compared to 8.6% in 2006. Employment in Ireland has fallen consistently since 2007, a worrying trend as it is now over 5 p.p. below the NRP target it has set itself as part of the Europe 2020 strategy.

2. Recent policy developments

The main measures adopted in this field have been the Action Plan for Jobs¹⁰ aimed at creating ‘100,000 jobs by 2016’ (in the Medium Term Fiscal Statement, Department of Finance, 2011 p.5, p.25,¹¹ the Government forecasts that 65,000 jobs will be created between 2013-2015) and the Pathways to Work Programme: ‘Government policy statement on labour market activation’ with 3 aims: (i) to increase the proportion of vacancies filled by the Department’s employment services from the Live Register; (ii) to reduce the average time spent on the Live Register; (iii) to ensure that at least 75,000 of those currently long-term unemployed will move into employment. However, none of these strategies address the issue of unemployment nor do they provide a strategy for reconciling the reducing time spent on the Live Register with any measures to increase job creation.

On the other hand, the 2012 NRP employment target includes ‘the greater participation of young people, older workers and low skilled workers, and the better integration of legal migrants’; however, there are no quantitative targets associated with this statement nor are there any detailed measures to deal specifically with these groups. The evidence would suggest that these objectives are more rhetorical than real.

Care services provided by NGOs are at present subject to funding cutbacks.

3. Possibility of achieving the 2020 target of 69-71% of employed population

The national target is unrealistic as the measures planned to achieve it and the resources allocated are not sufficient to address the current unemployment problem in Ireland. Both the Action Plan for Jobs and Pathways to Work documents provide very little detail of how they will reach the quantitative employment target. According to the current policies, it would seem that the government is relying on emigration to reduce unemployment.

4. Main challenges and actions needed

- Unemployment should be addressed urgently by the government, putting a priority on youth and long-term unemployment.

EDUCATION

1. Recent trends

Ireland registered improvements (Eurostat data) in both educational targets since 2005: there was a decrease in the ESL rate, from 12.5% in 2005 to 10.6% in 2011, below the EU average rate of 13.5%; the third level education attainment of

⁹ http://www.cso.ie/en/media/csoie/releasespublications/documents/labourmarket/2012/qnhs_q12012.pdf

¹⁰ <http://www.djei.ie/publications/2012APJ.pdf>

¹¹ <http://www.finance.gov.ie/documents/publications/presentation/Fiscalstat.pdf>

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population aged 30-34 reached a rate of 49.4% in 2011 compared to 39.2% in 2005, above the EU average of 34.6%, though still quite far from the target of 60%.

2. Recent policy developments

The Government launched the national strategy “Literacy and Numeracy for Learning and Life” in 2011 which is the key proposal aimed at improving literacy and numeracy skills among all students. It is aimed at all primary and post primary students and will be implemented in all primary and post primary schools. The 2011 NRP also outlined the DEIS programme as being one of the key measures to tackle the causes of early school leaving. However, in the 2012 budget, the Government introduced the phased withdrawal of 428 teaching posts in DEIS schools which pre-date the DEIS scheme. The Department recently reviewed these cuts (only some of the cuts were reversed); cutting the resources available to one of the headline programmes to tackle the causes of early school leaving is an incoherent way to meet the Europe 2020 targets.

3. Possibility of achieving the 2020 targets of 8% school drop-out rate and third level education attainment of 60% of 30-34 year-olds

The school drop-out target seems realistic taking into account the current rate. However the target is not at all ambitious and does not take into account the problems that early school leavers have in terms of finding employment in later years. As regards the third level education and considering that resources for education have been reduced it is unlikely that the target will be met.

4. Main challenges and actions needed

- To meet the targets outlined in “Literacy and Numeracy for Learning and Life” whilst simultaneously reducing the resources available within the education system and meeting the target of third level education attainment of 60% of the population.

POVERTY

1. Recent trends

As outlined by **Eurostat data**, the at risk of poverty and social exclusion rate decreased between 2005 (25%) and 2008 (23.7%), a trend that has been reversed: it reached a rate of 29.9% in 2010, quite above the EU average of 23.4% that year. The material deprivation rate followed the same trend: it decreased between 2005 (5.1%) and 2007 (4.5%) but increased to 7.5% in 2010, slightly below the EU average of 8.1%. What is more worrying is the share of people living in low-work intensity households, which also decreased between 2005 (14.6%) and 2008 (13.6%) to increase considerably to 22.9% in 2010, more than the double of the EU average of 10% (16% of adults aged 18-59 and 21% of children aged 0-17 live in jobless households). Regarding the in-work poverty rate, in 2010 it registered a rate of 7.6% compared to 6.2% in 2005. In addition, the Gini coefficient measurement of income inequality now stands at 5.5%.

According to data from the ESRI¹², consistent poverty among non-Irish nationals is 6.5% higher than that of Irish nationals. Finally, the latest CSO data (CSO 2012 Survey on Income and Living Conditions) shows that 19.5% of children (0-17) in Ireland are living in poverty (on incomes below the 60% median income poverty line). This is an increase of over 30,000 in 3 years. The scale of this statistic is alarming and has obvious implications for the education system, the success of these children in it, their job prospects in the future and their potential in the long-term.

2. Recent policy developments

The measures identified to tackle poverty are those outlined in the National Action Plan for Social Inclusion 2007-2016. A report on the implementation of this strategy for 2009 and 2010 has yet to be published though, as data shows, the measures outlined in the NAPS were unable to cope with the aftermath of the financial crisis. The measures outlined in

¹² <http://www.esri.ie/UserFiles/publications/BKMNEXT183.pdf>

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the NAPS inclusion are also being undermined by the current economic crisis. The strategy outlines targets on income support to children and adults; however, funds assigned have been reduced in recent budgets. In the 2011 NRP, the Government stated that “Underpinning the national poverty target is the policy of ensuring that the incomes of the poorest families are protected as much as possible during the economic recession and that these families are enabled to benefit from the economic recovery and growth in employment when it arrives.” However, in practice this is clearly not the case. Despite a stated commitment to protect the vulnerable, the first Budget produced by the current Government (2012) was the most unequal since 2008 and the brunt of the impact is being borne by those in the lowest income deciles. The Government makes an inaccurate claim in the NRP stating that the minimum welfare payments (including the fuel allowance) are equivalent to 100% of the ‘at risk of poverty’ threshold for 2010.

Government has not protected the vulnerable groups; financial benefits and support services for children have been reduced (reductions in child benefit payments, removal of the back to school clothing and footwear allowance, charges introduced for primary school transport are some examples and increased charges for second level students). The Government promised an ‘area based approach to tackling child-poverty’ in the programme for Government but this strategy has not yet been implemented.

Finally, the NAPS inclusion does not outline specific measures in relation to tackling extreme poverty – it sees these measures as part of the community and lifecycle strategy and sufficient work is not being done to address poverty and social exclusion among groups with a higher risk of marginalisation.

3. Possibility of achieving the 2020 target of reducing the number of people experiencing consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.2%, which will lift at least 200,000 people out of the risk of poverty and exclusion (revised target in last NRP)

Poverty is rising in Ireland as the figures above outline and yet the poverty target has been reduced. This revision is unacceptable and highlights the Government’s lessening commitment to reducing poverty as well as their failure to protect those who are vulnerable in Irish society in these difficult times. If the measures and budget to reduce poverty are not reinforced it is unlikely that the target will be achieved.

4. Main challenges and actions needed

- Child benefit is one of the key routes to tackling child poverty and is of particular value to those families on low incomes. It is of concern that child payments were cut in recent budgets and this universal payment is once again under threat.
- In order to address in-work poverty, the Government should make tax credits refundable, as it was recommended by Social Justice Ireland. This change would cost €140m and would benefit 240,000 individuals when children and other adults in the household are taken into account. Fully costed details of the proposal are available in “Building a Fairer Taxation System: The Working Poor and the Cost of Refundable Tax Credits” (Social Justice Ireland, 2010).

RECOMMENDATIONS

⇒ Employment:

- Design and implement a substantial investment programme aimed at creating jobs. This should be accompanied by quantified measures of sufficient scale to deal with unemployment, long-term unemployment and youth unemployment. These initiatives should be incorporated into the NRP with measurable targets for the short-term, medium-term and long-term.
- Design and implement a strategy to reduce unemployment, especially targeted at young people and long-term unemployed, which should be accompanied by sufficient resources, using the potential of ESF/ERDF funds to reinforce these measures.

⇒ Education:

- Government should provide sufficient resources to the DEIS programme and National Strategy ‘Literacy and Numeracy for learning and life’ outlined in the NRP and include a specific sub-target on adult literacy in the NRP.

⇒ Poverty

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- Adopt a completely new target with regard to poverty and social exclusion, as illustrated below:
 - Proposed new Ireland Headline Target: to reduce the consistent poverty rate to 2%; to reduce the at-risk-of-poverty rate anchored in time to 8%; and to reduce the at-risk-of-poverty (only) rate to 7%.
 - These headline targets should be accompanied by subsidiary poverty targets for vulnerable groups as follows:

	Overall target	Children	Lone parents	Jobless households	Social rented housing
Consistent poverty	2%	3-4%	4-6%	4-6%	4-6%
At-risk-of-poverty only	7%	8-10%	10-12%	10-12%	10-12%

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EMPLOYMENT

1. Recent trends

Overall, the employment situation of the country has not changed much since 2005. The employment rate slightly increased between 2005 (61.6%) and 2008 (63%) but has dropped to 61.2% in 2011. The gender gap has barely been reduced since 2005 and in 2011 it continues to have a difference of over 20 p.p. between men (72.6%) and women (49.9%). Data shows significant regional differences in this regard: while the male employment rate in 2011 in northern regions was 72.6%, women employment was 49.9%; in central and southern regions the male employment rate was 47.8% (22 p.p. below the northern regions) while the women employment rate was 33.4%. The unemployment has been on the rise since 2006 (6.8%) and registered a rate of 8.4% in 2011. Youth unemployment is extremely high compared to the general rate, increasing to 29.1% in 2011 compared to 21.6% in 2010. Long-term unemployment increased only 1 p.p. between 2006 (3.4%) and 2011 (4.4%). On the contrary, employment of older people has been increasing since 2006 (32.5%) reaching a rate of 37.9% in 2011.

The irregular work, very different in terms of geographic areas and sectors, has been increasing since the beginning of the crisis: the National Statistical Institute (data from 2010) estimates that in 2008 the Italian shadow economy was worth 255-275 billion euro (between 16.3% and 17.5% of the GDP). The employment rate of migrant workers decreased in 2009 and diminished again in 2010, from 64.5% to 63.1%. The main minorities in Italy have been hit in different ways: Albanians and Moroccans, mainly men employed in the industrial sector, have been the more affected, while the Filipinos faced a decrease in employment rates initially, but then recovered the following year.

2. Recent policy developments

A Labour Market Reform was adopted in July which has introduced more equity among workers, reduced the distorted use of flexibility and has reinforced social solidarity cushions extending them to additional groups of precarious workers that were completely excluded from any kind of support. Other relevant measures are aimed at reducing the traditional legislative dichotomy of the Italian Labour Market between protected and non-protected workers so as to reduce the abuse of precarious contracts. Some measures specifically target young people and women and includes a set of active policies (e.g. training opportunities to young people entering the labour market, permanent vocational training for persons who are not easily employable) to improve the employability of people, especially those seeking for a job, dismissed, on social benefits, etc. However, despite this it must be highlighted that according to ISTAT between 2006 and 2011 the beneficiaries of active policies decreased by about 16.5%. For instance, the specific apprenticeship contracts foreseen for young people had a poor impact as the obligation of hiring the person after two years, did not encourage employers to use this type of schemes.

There are however, some positive measures that are worth highlighting regarding the active inclusion of specific groups:

- People with disabilities: the parameters used to calculate the number of disable people that companies have to employ have been changed in favour of disable persons (up to now 1 disable person had to be employed in companies with 15 to 35 employees). The work insertion of disable people has been widened.
- Migrants: to avoid immigrant from losing their work permit in case of job loss, their right to be in the list of the “unemployed persons” has been extended from 6 to 12 months. This is preventing an increase of irregular immigration. Moreover, the right to remain can be extended also in case of training and apprenticeship.
- Older workers: further protection in case of discriminatory dismissal has been extended.

Despite these measures, in the last 3 years the resources for training and promoting internships for vulnerable groups, financed by the European Social Fund, have been drastically reduced as the ESF Regional Funds have been moved to finance the *Wage Guarantee Fund*. In addition, employment services run by provinces went through a budgetary reduction. A minimum income scheme has not yet been introduced and social services provided by local authorities have also been drastically reduced with the Financial Law 2011.

It is worrying that Third Sector’s organisations providing educational and social services have been hit by the crisis as funds of municipalities have been cut and a big number of interventions and services that were delegated to this type of organisations have been cut.

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3. Possibility of achieving the 2020 target of 67-69% of employed population

Considering that there is no Employment Development Plan with a strategy to create new jobs, it can be said that the target of an increase of 10 p.p. jobs is ambitious and considering the current economic situation not realistic.

4. Main challenges and actions needed

- Reduce the regional difference in employment rates.
- Increase female employment (also through family policies).
- Increase employment of young people.
- Increase active labour policies (training and support in job seeking) .
- Increasing training and work insertion interventions for vulnerable persons.
- Introducing a minimum income scheme.

EDUCATION

1. Recent trends

Overall, education rates have been improving since 2005. The ESL rate decreased to 18.2% in 2011 compared to 22% in 2005, one of the highest rates in the EU. As per the third level education attainment of population aged 30-34, it reached a rate of 20.3% in 2011 compared to 17% in 2005, also one of the lowest in the EU. The problem of NEETS (Not in Education, Employment, or Training) is particularly relevant in Italy. In 2010 the NEETs were about 2.1 million, corresponding to 22.1%. Even worse, only less than 50% of the youngsters that abandoned school are employed. In 2010, out of 16.3% of the women that abandoned school, only 31.9% were employed, while out of the 22% the male that abandoned school only 56% were employed (ISTAT 2010). Significant territorial differences between North and South are also observable in education: in Sicily more than 25% of students leave school with only the middle school diploma (ISTAT 2010); in Sardinia, Puglia and Campania (southern regions), the percentage was in 2010 higher than 23%, while in the North-East there are Regions that had a school leaving percentage close to 12% (Autonomous Province of Trento and Friuli-Venezia Giulia).

2. Recent policy developments

The so called "Minister Gelmini Reform" was described in the 2011 NRP measures although they had already been adopted between 2009 and 2010. In fact these measures reduced all kind of expenditures for the educational institutions and were especially targeted at teachers (especially the ones with precarious contracts) through the reduction of subjects taught. As the number of support teachers has been drastically reduced, the most vulnerable categories of students are particularly hit. The Reform has weakened certain key services and schemes that were crucial in supporting certain students from educational failure (in particular for some vulnerable groups).

3. Possibility of achieving the 2020 targets of 15-16% school drop-out rate and third level education attainment of 26-27% of 30-34 year-olds

The ESL target is set at a pretty low level hence it is not too ambitious and is quite realistic although it does not consider the unpredictable effects of the Gelmini Reform, which started its implementation in 2009-2010, and the possible effects of the crisis including cutting down resources of the public education system. This fact could increase the risk of increasing the ESL in the near future.

4. Main challenges and actions needed

- Put the focus on the high number of young people who are neither studying nor working.
- Address the high number of students that start university but do not complete it at the specific degree
- Tackle the increasing number of children that leave school to find work to support their families experiencing growing economic difficulties.
- Reduce the regional differences in education rates.

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POVERTY

1. Recent trends

The at-risk-of poverty and social exclusion rate in Italy has fluctuated around 24-25% since 2005. In 2010 it registered a rate of 24.5%. The material deprivation and the share of people living in low-work intensity households rates followed a similar trend: they registered similar rates than in 2006, 6-7% and 9-10%, respectively. In addition, according to a report from OCDE (2012), there has been a significant drop in purchasing power. Women are more at risk of poverty, especially single mothers and the inequalities are on the rise: the *Gini Coefficient* that in 2000 was 0.29, in 2010 reached 0.34. In 2010, the in-work poverty was 9.4%, above the EU average of 8.5%.

2. Recent policy developments

Together with the unemployment benefit (not foreseen for atypical contracts and self-employed), the measure that had and is still having a positive impact on poverty has been the exceptional use of the *Wage Guarantee Fund (CIG, Cassa Integrazione Guadagni)*, whose application was extended by derogation (“patti in deroga”) from its normal use, widening its application in terms of duration, employees categories, sectors of activities. These two measures (unemployment benefits and mobility benefits) are preventing many people who have lost their job from falling into absolute poverty. Many families have been protected by one of these two measures. It is worrying that often young people (who are not entitled to these benefits if hired with an atypical contract) went back to live with parents where at least one income is guaranteed.

Despite the fact that the NRP describes a set of serious measures, the foreseen actions are not incisive and are only oriented towards the reduction of absolute poverty; moreover, it is stated that the budget constraints do not allow the introduction of universal measures. Besides this, the most disadvantaged and at-risk-of-social exclusion are not taken into consideration. Some measures for elderly-care and for childcare are postponed due to budget constraint. The paper foresees some new tax reductions and the reform of the ISEE (the indicator of the family wealth) which will become the basis to calculate all the means-tested social benefits starting from 2013.

Several reforms brought cuts to social and health services that are mainly provided by Region or local bodies, which have had a negative impact on the most vulnerable people. In addition, there have been reductions to the favourable taxation for social enterprises.

3. Possibility of achieving the 2020 target of lifting 2,200,000 people out of poverty

Taking into account the general context, the target seems ambitious and unrealistic. In fact, according to the NRP 2012, the 2020 target will be revised in the mid-term. Moreover, measures that are reducing social services provided by local bodies will most probably have a negative impact on poverty rates.

4. Main challenges and actions needed

The main challenge is to strengthen the political commitment to fighting poverty through effective public policies to ensure that everyone has access to a minimum income to live with dignity.

RECOMMENDATIONS

➔ Employment:

- Increase training and work insertion interventions for vulnerable persons through active inclusion policies.

➔ Education:

- The Cohesion Action Plan (for the South) financed also through Structural Funds introduces positive interventions for reducing school leaving and promoting young people training and work insertion in the Southern Regions. This orientation should inspire also the National Planning financed with national permanent funds.

➔ Poverty

- Design a national plan to fight poverty (taking into account the difficult situation of public finances) foreseeing the gradual introduction of a Minimum Income scheme and focusing on policies targeted at

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families and vulnerable groups. This plan should reinforce the actors and the initiatives of the private and non-profit sectors that are worryingly hit by the spending review, with an approach to welfare inspired by the subsidiarity principle.

- The experimental measures that are foreseen for a short period of time and in limited areas - even if already improved- should be extended and become more structural measures (e.g. the New Social Card).

LITHUANIA COUNTRY SUMMARY

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EMPLOYMENT

1. Recent trends

Overall, the employment situation of the country has worsened since 2005. The employment rate decreased between 2005 (70.6%) and 2011 (67.2%). The gender gap has been reduced since 2005 though it is probably due to a reduction of the employment rate of men from 74.9% in 2005 to 67.7% in 2011 whereas the rate of women has fluctuated slightly but remains at 66.7% in 2011, a very similar rate than in 2005. The unemployment rate almost tripled since 2005, reaching 15.4% in 2011. Likewise, the youth unemployment increased from 9.8% to 32.9%, one of the highest in the EU. Long-term unemployment also tripled between 2005 and 2011 (8%). The employment of older people has been decreasing since 2008, registering a rate of 50.5% in 2011.

2. Recent policy developments

The NRP refers to the creation of favourable conditions to vulnerable people though it is unclear what programs and public funding will be provided to implement the measures. Some measures were implemented to encourage employment of young people. However, changes in labour law (more liberal and beneficial to employers) might have a negative effect on the most vulnerable groups.

3. Possibility of achieving the 2020 target of 72.8% of employed population

The government should take a much more active role in order to reach 2020 employment target. Recent trends in the economy suggest that it will be problematic to reach national employment target. A new wave of economic difficulties in the EU will most probably increase unemployment, poverty and social exclusion.

4. Main challenges and actions needed

- Unemployment of youth and long-term unemployment should be addressed urgently.

EDUCATION

1. Recent trends

Overall, education rates have been improving since 2005. The school drop-out rate decreased to 7.9% in 2011 compared to 8.7% in 2008, reaching the 2020 national target. As per the third level education attainment of population aged 30-34, it reached a rate of 45.4% in 2011 compared to 37.9% in 2005, also above the national 2020 target.

2. Recent policy developments

The implementation of several long-term education programmes and the improvement of teachers' qualifications have helped to provide more services and opportunities for students who have reached better results. However, differences remain between cities and rural areas where the level of early school leavers was 13.4% in 2011.

3. Possibility of achieving the 2020 targets of 8.9% school drop-out rate and third level education attainment of 40% of 30-34 year-olds

Lithuania has already reached the education target. The 2012 NRP contains measures which should ensure that the rates will remain at similar levels or improve. However, to be fair, it should be noted that the improvements in results could also be related with emigration of families and overall reduction of population in Lithuania.

4. Main challenges and actions needed

- Reduce inequalities between urban and rural areas, especially with regards to the drop-out rate.

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POVERTY

1. Recent trends

The poverty rate decreased considerably from 2005 (41%) to 2008 (28.7%); however this trend has been reversed: in 2010 it registered a rate of 33.4%, one of the highest in the EU. The material deprivation and the share of people living in low-work intensity households rates followed a similar trend: they both decreased between 2005 and 2008, to increase again thereafter. In 2010, the material deprivation rate was 19.5%, doubling the EU average of 8.1%, and the share of people living in low-work intensity household was 9.2%, very similar to the EU rate of 10%. As per the in-work poverty rate, it increased to 12.3% in 2010 compared to 8% in 2006.

2. Recent policy developments

The 2012 NRP conceals the serious problem of families with children which are the most vulnerable in the current situation of economic recession. Without an effective programme, the government will not reach targets of poverty reduction in the near future. The measures are not solving certain complex problems. For instance, measures aimed at promoting the employment of young people are positive, however, if they do not take into account that generally they keep young people on minimal wages, the in-work poverty rate rises. This situation is increasing the number of emigrants that leave the country in search for a better future.

Measures targeted at older people, ethnic minorities and people with disabilities have been positive. However, child poverty is a very serious problem. There have also been positive measures targeted at helping families to combine work and family commitments but there should be more support for young families and children (more social housing for example). Although education and healthcare services are ensured, it is not the case for housing: regional and local authorities have not been able to ensure social houses for all people, especially young families experiencing social exclusion. Another problem is the fact that social investments are concentrated in a capital city which is increasing the gap between regions.

One of the measures that have had a worst negative impact has been the increase of some taxes, especially VAT, which has reduced income for many people and has increased the gap between the poorest and richest members of society. Finally, the NRP is lacking of measures aimed at tackling extreme poverty.

3. Possibility of achieving the 2020 target of lifting 170,000 people out of poverty

Taking into account the budget cuts and that not enough funds are dedicated to policies to reduce poverty and social exclusion, it is hard to expect that social exclusion will be reduced. The fact that the poverty rate is still very high is extremely worrying.

4. Main challenges and actions needed

- Tackle child poverty and in-work poverty as a priority.
- Reduce inequalities in the access to basic services between urban and rural areas.
- Encourage people to start their own business
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RECOMMENDATIONS

➤ Employment:

- Introduce effective public employment programmes for renovation of old houses.
- Implement effective measures to encourage people to start their own small and family business. There have been some positive steps led by government (new law of small business communities) but they should be supported by proper credit system and administrative support (less bureaucracy and more consultations).
- Vulnerable groups should have more support to enter the labour market.

➤ Education:

- Concentrate its efforts on diminishing early school leaving in rural areas. There should be more measures foreseen for helping children living in these areas.

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➤ Poverty

- Design a comprehensive strategy to tackle child poverty and the transmission of poverty on youth.
- In-work poverty should be addressed by the government as a key priority.
- Reform the system so as to make it fairer, especially for families with children.
- Solve the housing problems.

LUXEMBOURG COUNTRY SUMMARY

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EMPLOYMENT

1. Recent trends

Overall, the employment situation has registered minor changes since 2006. The employment rate increased 1.6 p.p. between 2006 and 2010 (70.7%) and slightly decreased in 2011 (70.1%). The gender gap has been timidly reduced since 2005 but is still quite high: the employment rate of men in 2011 was 78.1% whereas the rate of women was 61.9%, a difference of 16.8 p.p. The unemployment rate has had minor changes though in 2011 (4.8%) it was higher than in 2006 (4.6%). Youth unemployment increased between 2006 (15.5%) and 2008 (17.3%) but this was reversed to reach a rate of 15.6% in 2011. Long-term unemployment has almost not fluctuated, in 2011 it registered a rate of 1.4%, the same as in 2006. The employment of older people has been increasing since 2006, registering a rate of 39.3% in 2011.

2. Recent policy developments

There have been specific measures foreseen for long-term unemployed, young people, women and older people such as training for young people or the increase of day care facilities for children continued in order to give women more possibilities to enter the labour market. With regard to vulnerable groups, there is only one measure mentioned: "to help those who are handicapped and those who can no longer afford their job (because of an accident, illness, age,...) to get back to work in another job or eventually get employed in a protected structure". On the other hand, this measure is only focused on employment, whereas active inclusion would also take into account the revenue situation and the access to services, which is not the case. Measures are not integrating the three strands of active inclusion: they focus only on jobs (the language is revelatory: it goes about activation, not about active inclusion); other measures regarding income support and services provision are foreseen but without any connection between them, which is the AI principles.

No measures are foreseen for migrants whose experiences and/or qualifications are often not corresponding to the expectations of the labour market.

3. Possibility of achieving the 2020 target of 73% of employed population

Reaching 73% from a rate of 70% is not too ambitious and is quite realistic, especially when taking into account that the employment rate of younger women is much higher than the one of the older ones: this fact may alone already stand for a big part of the raise in the employment rate. On the other hand, the target is only a numeric one: what matters is also the quality of the jobs newly created.

4. Main challenges and actions needed

- The gender gap in employment should be addressed as it is quite high.
- Ensure there are enough opportunities for low qualified people (including early school leavers).
- Address the fact that some people cannot continue working after an accident or an illness; in some occasions, they have to be redeployed to another job but are unable to find a new job, which leads to long-term unemployment or early retirement.

EDUCATION

1. Recent trends

Overall, education rates have been improving since 2005. The school drop-out rate decreased to 6.2% in 2011 compared to 13.3% in 2005, reaching the 2020 national target. As per the third level education attainment of population aged 30-34, it reached a rate of 48.2% in 2011 compared to 37.6% in 2005, also above the national 2020 target.

2. Recent policy developments

All measures described in the 2011 plan have been implemented and continue to be included in the 2012 plan. The measures have focused on orientating and offering a second chance school to those who want to reintegrate school/vocational training and implementing a reform of the vocational training system. However, these will not be enough to achieve a sustainable success against school dropout. Young migrants coming into the country often have a

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very low level of educational attainment; their expectations of a second chance schools are already too high. In those cases, Caritas is offering them a possibility of recovering, but this project should receive more recognition from official institutions.

3. Possibility of achieving the 2020 targets under 10% school drop-out rate and third level education attainment of 40% of 30-34 year-olds

For a small and open economy, where the school leavers have to compete on the labour market with many commuters (more than 40% of the workforce), it would have been good to formulate a more ambitious target of 5% as other countries have (NL, CZ, PL, SI, SK). As the rate is already under 10% it will be more easy to maintain this level, than if it would have to be brought down from a higher level.

4. Main challenges and actions needed

- Improve the education level of young migrants.
- Address the high number of unqualified people, especially the NEETS (not in employment, education or training).

POVERTY

1. Recent trends

The at-risk of poverty and social exclusion rate decreased from 2005 (17.3%) to 2008 (15.5%); however this trend has been reversed: in 2010 it registered a rate of 17.1%. The severe material deprivation rate has decreased to 0.5% in 2010 from a rate of 1.8% in 2005. The share of people living in low-work intensity households rates has fluctuated between 5-6%, reaching 5.5% in 2010. The at-risk-of-poverty rate came down from 13.7% in 2005 to 13.4% in 2008 and was 14.5% in 2010. As per the in-work poverty rate, it has fluctuated between 8-9%, reaching 8.9% in 2010.

2. Recent policy developments

According to our calculation, the proposed measures will lead to a maximum of 3.000 people lifted out of poverty. Caritas Luxembourg is in dialogue with the government to avoid cuts in social benefits on the one hand (and thus avoid that the number of poor people increases) and to identify additional measures on the other hand.

Most measures are focused on minimum income, day care to allow single mothers to enter the labour market, social assistance to those in need, a national strategy against homelessness and exclusion linked to housing and minimum pensions (housing prices have increased considerably and social housing only represents a 2%). With regards to healthcare a measure was taken 2 years ago, but has not yet been implemented due to a lack of agreement between social partners, the ministry and the doctors: according to this measure vulnerable people should not have to pay their invoices before being reimbursed by the health insurance (their invoices should directly be paid by the insurance).

Children are only targeted as far as they belong to single adult households and migrants (only because they represent a bigger proportion in those who are on minimum income). There are no specific measures for other vulnerable groups.

3. Possibility of achieving the 2020 target of lifting 6,000 people out of poverty

Although for a rich country like Luxembourg it should be no problem to provide for a better future of 6.000 people, Caritas Luxembourg anticipates that with the current measures a maximum of 3.000 people will be lifted out of poverty.

4. Main challenges and actions needed

- Reduce the cost of housing: it is so high that people on a low wage or on minimum income are unable to cover its cost.
- Revise the minimum income.

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- Recognise that cuts in the social welfare system cannot be done on a significant level (as to really make a contribution to fiscal consolidation) without leading to other conflicts regarding social cohesion or even to more extensive spending on the long hold.

RECOMMENDATIONS

➔ Employment:

- Make full use of the Law of March 3rd 2009 concerning the possibilities of subsidised wages, combined with individual pathways to employment led by public employment service. This service has to put in practice the recently adopted reform, install mechanisms of assessing competences of the unemployed and moreover increase the capacities of the employees, not to administer unemployment, but to boost employment.

➔ Education:

- Take the necessary steps towards free early childcare and education facilities, as promised, and install strong safeguards to raise the quality in childcare facilities.

➔ Poverty

- Take strong action in the field of social housing (provision of housing at affordable prices and provision of special social housing). At least, as an intermediary measure, Caritas Luxembourg recommends to introduce rent subsidies for people 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 end up in the pockets of the tenants. Caritas Luxembourg also recommends to further promoting the social real estate agency.
- Extend the national solidarity system to all types of migrants, including refugees and asylum seekers, as long as they are on the national territory. Install a federation of regional and local social assistance offices.
- Reform the tax system to make it more just and ecological. Reduce taxes for people on lower incomes and increase them for those on higher incomes. Tax the environmental pollution instead of the labour force. Caritas Luxembourg also recommends calculating the social contributions of workers according to employers' profits rather than on the wages of the workers. This would add to the sustainability of the social protection system without putting competitiveness in danger.
- Enhance the pension reform through the participation of the actual (and future) retired in the cut downs, by changing more than one facet of the system: safeguarding the rights of those on low pensions and cutting down the amount of the maximum pension (over 7.250,-EUR).

MALTA COUNTRY SUMMARY

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EMPLOYMENT

1. Recent trends

Overall, the employment situation has improved since 2006. The employment rate increased 4.6 p.p. between 2005 and 2011 (61.5%), below the EU average of 68.6%. The gender gap though is by far the highest in the EU: the employment rate of men in 2011 was 78.8% whereas the rate of women was 43.4%, a difference of 35.4 p.p.; this rate has been slightly reduced since 2005 (men: 80.6%; women: 35.1%), however it remains very high. The unemployment rate has fluctuated between 6-6.9% between 2005 (6.9%) and 2011 (6.5%). Youth unemployment decreased between 2005 (15.9%) and 2011 (13.7%). Long-term unemployment has fluctuated between 2.5-3.2% between 2005 (2.9%) and 2011 (3%). The employment of older people has slightly increased since 2006, reaching 31.7% in 2011.

2. Recent policy developments

The proposed measures within the NRP 2012 support the active inclusion of particular vulnerable groups. However, Caritas Malta claims that particular categories cannot enter into the labour market due to various health, social and/or family reasons.

In addition, incentives to increase female participation in the labour market such as opening of new childcare centre and tax incentives have only started to be implemented very recently but are already proving effective.

3. Possibility of achieving the 2020 target of 62.9% of employed population

The target will most probably be reached; however, it is very low in ambition in comparison to other EU countries.

4. Main challenges and actions needed

- Urgently address the gender employment gap with family friendly measures and tax incentives to improve conciliation of work and family life, (most particularly in private enterprises).
- Ensure that no policy measures are put in place that disincentives persons from seeking jobs – individual cases of long-term unemployed argue that reclaiming social benefits after losing one's job (very often employed in unsecure jobs) usually means a number of weeks with no financial income. Thus, they prefer not to risk and seek employment in order to keep on depending on the 'secure' welfare benefits.
- Ensure that the legal quota that regulates the number of persons with disability employed (in good working conditions) in medium-size companies is being enforced. Law stipulates that companies employing over 20 people should have 2% of its workforce who are registered as disabled.

EDUCATION

1. Recent trends

Overall, education rates have been improving since 2005. The school drop-out rate decreased to 33.5% in 2011 compared to 38.9% in 2005. As per the third level education attainment of population aged 30-34, it reached a rate of 21.1% in 2011 compared to 18.4% in 2005. Abela and Tabone, in their study on poverty in Malta (2008) report that the Southern Harbour Region had 10.2% illiteracy rate while the Northern region had 4.5%.

2. Recent policy developments

Various initiatives are taking place to address early drop-outs and absenteeism by increasing the number of human resources in schools, by offering more opportunities for participation in vocational education, outreach programmes and the setting up of a National system for accreditation and licensing of further and Higher Education programmes. Such initiatives are yielding effective results.

3. Possibility of achieving the 2020 targets under 29% school drop-out rate and third level education attainment of 33% of 30-34 year-olds

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The current investment in educational measures will most probably lead to achieving the targets although even reaching the target; Malta would still be the country with the highest rate of ESL: the 2020 target is not ambitious enough.

4. Main challenges and actions needed

The main challenge is to further develop community development projects in specific geographic neighborhoods associated with school absenteeism and low educational achievers.

POVERTY

1. Recent trends

The poverty rate has fluctuated around 19.4-20.6% between 2005 and 2010 (20.6%). The material deprivation rate was 5.7% in 2010 (the lowest rate since 2005 was registered in 2008 with 4%). The share of people living in low-work intensity households has decreased since 2005 to 8.4% in 2010. Regarding the in-work poverty rate, it rose to 5.9% in 2010 compared to 4.1% in 2005. 2010 registered the highest share of single parents with dependent children with an equivalised disposable income below the at-risk-of-poverty threshold in the EU (57.4%). Local studies show that particular neighborhoods in the Inner Harbour Region stand at a higher risk of poverty and deprivation.

It is very often argued that there is no absolute/extreme poverty in Malta. Joseph M Sammut (Kopin) states that “national statistics and the media claim that extreme poverty has been eradicated in Malta, and that poverty exists only as a relative measure”. However, Caritas’ contact with people in difficulty and various social NGOs working in the field of irregular migrants, homelessness, mental health and former prison inmates provide evidence that there are many people in Malta who are living far below the general standard of living and lack the necessities to live decently and participate in ordinary economic, social and cultural life.

2. Recent policy developments

The NRP commits to address the most vulnerable categories in the Maltese society: children, elderly and households with low work intensity. However, there is no clear and comprehensive strategy on how to address the financial situation, at time precarious, of single parents with dependent children. In addition, the Training Programme for Employees earning the Minimum Wage seems to have been highly unsuccessful as only 8 persons applied for this training course. Very often, the measures are sufficiently enough on paper but not necessarily having the best results on the ground.

3. Possibility of achieving the 2020 target of lifting 6,560 people out of poverty

The target is quite realistic but not ambitious enough taking into account the country's possibilities.

4. Main challenges and actions needed

- Address the unequal distribution of poverty across different neighborhoods as well as in areas within the traditionally affluent Northern region, in the Qawra/Bugibba and in the South Eastern region of Marsaskala.
- Address the feminisation of poverty within single parent households.
- Strengthen the social security system for people who cannot participate in the labour market. The state should ensure that no person’s income is lower than the minimum budget for a decent living.
- Ensure that every human being has the right to have sufficient means for a decent life (food, clothing, shelter, healthcare and access to social services).

RECOMMENDATIONS 2012

➤ Employment:

- Adopt a national strategy to reduce the gender employment gap.
- The 2020 employment target should be revised upwards.

➤ Education:

- The 2020 education target should be revised upwards.

MALTA COUNTRY SUMMARY

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- Ensure that all students attend subjects such as Home Economics so as to nurture the right attitudes and skills from a young age towards becoming responsible citizens who make informed decisions and take action to promote and safeguard personal, family and community well-being.

➔ **Poverty**

- The 2020 poverty target should be revised upwards.
- Uplift the statutory minimum wage from €158.11 to €180 per week of 40 hours (+13.8%).
- Address with urgency the financial situation of lone parent families.
- Use the amounts calculated for the three Minimum Essential Budgets as benchmarks to define an adequate minimum income for persons whose income is below the minimum essential budget. The Minimum Essential budgets should guide social security policies to determine adequacy of minimum income.
- Strengthen the social security benefits for people who earn less than the Minimum Essential Budget for their household type and who cannot participate in the labour market. Allowances should be increased so that no person's income is below this level.
- Conduct further studies to compare and contrast the Minimum Essential Budgets in their entirety with the actual consumption patterns of the three household types. This research will offer further evidence on the sustainability, of current family expenditure and areas for improvement or intervention.
- Develop a public system to step in and pay at least the NI contributions for those whose income falls below the Minimum Essential Budgets.
- Ensure entitlement to free medication through the public health system under the Social Security Act Cap 318 Article 23 and the Fifth Schedule of the same Act. Schedule V (Yellow Card) and Schedule II (Pink Card) and ensure that they are reviewed regularly to reflect a just and accessible system within a sustainable healthcare system.
- Investment in community level projects for more sustainable and adequate consumption patterns and lifestyles for the Maltese families to demonstrate (i) cost-effective measures on water and energy use for low-income households (ii) raise awareness regarding energy and water issues (as in earlier DAWL project). This should be complemented with financial incentives on purchasing of energy and water-efficient appliances and/or systems that reduce the overall water and/or energy consumption such as solar water heaters and insulation.

NETHERLANDS COUNTRY SUMMARY

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EMPLOYMENT

1. Recent trends

Netherlands has 15.7 million inhabitants that live in 7.2 million households. The employment rate has fluctuated around 76.8-78.9% between 2007 and registered a rate of 77% in 2011. The gender gap has been reduced: in 2011, the employment rate of men was 82.6% compared to the rate of women of 71.4% (one of the highest in the EU), a difference of 11.2 p.p. compared to a difference of 14.1 p.p. in 2006. The unemployment rate has been increasing since 2008 (3.1%) reaching 4.4% in 2011, the second lowest in the EU. The unemployment rate was still decreasing in 2010, despite the kicking-in of the economic crisis already visible in several other indicators. Youth unemployment increased between 2008 (6.3%) and 2010 (8.7%) but decreased in 2011 to 7.6%. Long-term unemployment reached its lower rate in 2009 with 0.9% but has been increasing since, reaching a rate of 1.5% in 2011, below the 2006 rate. The employment of older people reached its highest peak in 2011 with a rate of 56.1% compared to 47.7% in 2006. Unemployment is higher than average in the big cities, with Rotterdam having 8.8% unemployment in 2010. In 2010, 12.6% of non-western immigrants were unemployed as compared to unemployment of 4.5% among native Dutch people. A year earlier, these percentages were 10.9% and 3.9%.

The situation has worsened in 2012. The March-May 2012 figures show that corporations are letting people go in big numbers, especially young people and older employees (55+ years). By mid-May, some 465,000 people were unemployed, which is 6.2% of the working population. However, one has to take into account that unemployment statistics do not include: independent consultants (some 728,000 'entrepreneurs' that become unemployed but do not official register as unemployed), domestic work employees, unpaid workers or persons that raise children, students that continue studying or take on flex-jobs. Therefore, the real unemployment rate could be between 7-8% of the working population.

According to www.defactclub.nl, in 2011, 3.6 million people were working 12 hours or less per week, over 1 million were doing a training course, 650,000 people were medically not fit to work, some 445,000 were on early retirement, 326,000 people took care of their families as an unpaid 'job', some 400,000 did not seek work or did not find the work they wanted, and a final 310,000 did not have a job but did not registered as such. All this added up to 3.6 million people, which is 32.7% of the total workforce of 11 million (between 15 - 65 years)!

2. Recent policy developments

The so-called WWNV-law, when implemented, is expected to reduce the number of "social work" jobs from 100,000 to 30,000. Such jobs are currently taken up predominantly by young people with a (minor) handicap that have little chances on the regular labour market. It is a priority to persuade employers need to employ such persons, therefore additional measures should be put into place (fixed quota per employer).

People that have been unemployed for a long time have seen their access to social benefits reduced due to a stricter Employment Act (the so-called WWB-law). In addition, generally this group of people often enters the labour market with a salary below the minimum wage and under unsuitable conditions for them, making them feel second-rate employees.

Moreover, budget cuts on childcare will prevent (young) mothers to enter the labour market.

The multi-party "Spring Agreement" (in reaction to the fall of the government coalition) presented measures to curb the budget deficit. It included, amongst others, a further loosening of the rules for dismissing people. Permission from the employment agency is no longer needed and employees no longer go to court. The fee paid to an employee is being replaced by a budget to pay for a "job-to-job" trajectory. The employer has to pay the first 6 months of the unemployment benefits.

Given that the Dutch government fell shortly after submitting its NRP 2012, Caritas Netherlands hopes such measures to be reconsidered. However, the formation of a center-left government seems far away, as the right-liberal party VVD won the elections.

NETHERLANDS COUNTRY SUMMARY

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3. Possibility of achieving the 2020 target of 80% of employed population

The Netherlands was well underway to meet the 2020 target of 80% of employed population, which was not very ambitious. Meeting the 2020 target obviously depends on the policies of the future Dutch government. It is expected that the economy will continue to shrink. The Dutch 'open economy' could delay the impact of the 2008 financial crisis and the Eurocrisis, but the country has now entered a recession and the expectations are that economic growth and progress is only foreseen for 2017 (optimistic view) or even 2020 (the pessimistic view). It is expected that the target of 80% will not be met and that a figure of 70% is more realistic.

4. Main challenges and actions needed

The main challenges relate to the employment of older people, women, non-western migrants and people depending on "social work" jobs.

EDUCATION

1. Recent trends

The school drop-out rate has been decreasing since 2005 (13.5%) to 9.1% in 2011. As per the third level education attainment of population aged 30-34, it has also been increasing since 2005 (34.9%) reaching 41.1% in 2011, surpassing the national 2020 target. Non-western immigrants students tend to opt for lower secondary education (11% overall, although 45% in the four big cities).

2. Recent policy developments

According to the Education Labour Union (AOB), between October 2010 and March 2012, at least 10,000 jobs in the primary, secondary and vocational education disappeared. In addition, classes are getting fuller as the number of students per class is being reduced less rapidly. At the same time, the number of teachers is also decreasing. According to an AOB survey, among their members, more than half of the respondents said the new school year 2012-2013 started with fewer teachers in the classroom. The Dutch educational system has been undergoing several changes in recent years. Yet, the quality improvement has been at a standstill for many years: students and pupils are not doing any better than before. A comparative analysis of 20 countries, by McKinsey & Company, noted that the Dutch should improve the training of teachers and the management of schools, and professionalise the art of teaching.

3. Possibility of achieving the 2020 targets under 7.9% school drop-out rate and third level education attainment of 40% of 30-34 year-olds

It remains doubtful whether Netherlands will meet these targets. The crisis and the more expensive training (primary, secondary and higher education) will lead to younger people failing at school. During the last few years the government invested heavily in guidance for pupils and preventing school failure. With the budget cuts, such guidance is disappearing. The result is a greater drop-out rate of youth, particularly in secondary and higher education, a trend which is already visible. The second and third level education is still present, but it is market-based: it is only taken on if the person can afford it or is awarded studying time from their employer. But if the person has to pay the fees and has no help from their employer, it becomes much more difficult. If a person is on an unskilled paid job during the day, evening studies are rarely an option.

4. Main challenges and actions needed

It remains important to invest in vulnerable people. The guidance is being delegated to local authorities who at the same time have to cut their budgets and therefore link the guidance to finding paid work. Unfortunately, employers are not enthusiastically welcoming new employees that are dependent on this guidance: the guidance is foreseen for 3 years but when this subsidy ends, employers tend to dismiss people on this scheme (generally young people). The industry has no eye for vulnerable people or migrants, women or disabled/ill people. Especially if there are additional costs associated in connection with sickness, disability or language. Experience has shown that budget cutbacks will eliminate the extra support they need. How these people will then survive is a big question. One can predict that the number of people excluded from the labour market will increase.

NETHERLANDS COUNTRY SUMMARY

Analysis, trends and recommendations 2012

POVERTY

1. Recent trends

In 2009, 7.7% of all households (over 1 million people) lived below the low-income line, and 2.6% of all households for a period of at least 4 years. Some 7% of all households live below the poverty line (105% of the social minimum of 1450€ for a family with 2 children). In Netherlands, 4 different criteria for measuring poverty are being used.

According to EU figures, the at-risk-of poverty and social exclusion rate decreased between 2005 (16.7%) and 2008 (14.9%) though it increased to 15.1% in 2009 and has maintained this rate also in 2010. The material deprivation rate reached its lowest rate in 2009 with 1.4% but increased in 2010 to 2.2%, quite below the EU average of 8.1%. The share of people living in low-work intensity households has been increasing since 2005 (10.4%), reaching 13.1% in 2011, above the EU average of 10%. Regarding the in-work poverty rate, it has been increasing since 2006 (4.4%), reaching 5.1% in 2010, below the EU average of 8.4%. Child poverty has fluctuated between 12.9-15.4% between 2006 and 2010 (13.7%), quite below the EU average of 20.5%. In 2009, 40% of the 330,000 children living in poverty grow up in families dependent on social benefits. In 2010, the working poor was estimated at 576,000 people (the share among the poor households grew from 50% to 59% during the past decade).

Migrant families are particularly visible in poverty statistics. In 2009, 25% of non-western migrant families have low incomes, a figure three times the average; such income levels tend to stay low for a longer period. The number of households in debt has more than doubled between 2005 (0.2 million) and 2008 (0.5 million) and continued to grow in 2009 (0.7 million), partly due to the inability to pay the mortgage. Some 1.9 million households are lacking behind in paying the bills. In 2010, some 80,000 households have sought debt assistance, an increase of 25,000 from 2009. Apart from housing loans, 19.2% of all households (1,392,000) have some kind of credit or loan they need to repay. Over 2 million households are lagging behind or have some form of outstanding debt – this is 27.8% of all households. In 2010, this figure was 26.7%, in 2009 it was 24.8% and in 2008 it was 27%.

In 2011 and 2012 poverty has been rising. Poverty is now common in single-parent families, single persons older than 65 years, social welfare recipients and children, and chronically ill and disabled people. Independent workers and entrepreneurs are increasingly becoming working poor.

2. Recent policy developments

The 2012 NRP does not include specific anti-poverty programmes and policies other than employment and labour market policies. The main objective is “to reduce the number of jobless households” though these do not automatically lead to reducing poverty levels at each individual level. The people at the bottom of the labour market increasingly belong to the working poor (i.e. independent workers) and no concrete measures are foreseen to address impoverishment within these groups.

The overall impact of recent social/economic legislation threatens to raise the number of people without adequate social benefits or without adequate benefits related to health or housing. Increasingly, people call on Caritas-like agencies for support or depend on “Food Banks” (free food distribution for the people in need: 130 across the nation, in 2011 some 20,000 were benefiting from these services) for their daily calorie intake.

The fact that the Prime Minister declared that “there is no poverty in the Netherlands” (December 2011) gives a blatantly wrong signal. Ignoring a problem does not help to address it or solve and contradicts the government's commitment to the 2020 target. This statement was made in a parliamentary debate over an EU programme “Food for the Hungry” where the ruling coalition rejected Dutch participation. This is a real pity in the context of the increasing supply gap of “Food Banks”. The demand has gone up from 30,000 customers in 2010 to 40,000 in 2011 and 70,000 in 2012; it is expected to grow to 140,000 in 2013 and possibly 280,000 in 2014. The Food Banks can no longer meet that demand. Also churches that provide food for poor people are no longer able to feed everyone. This problem will become acute the coming 5 years.

Budget cuts in several areas, in particular in healthcare, have caused an increase of households expenditure, which are not being taken into consideration when designing individual policies or budget cuts.

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An important effect of the budget cuts and the higher expenses of private households is the increase in private debt. Direct and personal help is needed (the so-called schuldhulpmaatjes”) but most people have to wait very long before the assistance starts – during which the debt situation often reaches a critical peak.

3. Possibility of achieving the 2020 target of lifting 100.000 people out of poverty

In 2012, official estimations (CBS, government statistics office) show that the number of poor households will increase this year to 588,000 (which is 8.5% of all households). The policies of the former government were totally inadequate to curb this trend. Reaching the 2020 target will very much depend on the new Dutch government.

4. Main challenges and actions needed

The main challenge will be to maintain decent levels of social welfare benefits that allow people to access basic social services.

RECOMMENDATIONS

➤ Employment:

- Local authorities need to take a lead role in employing young people and people with disabilities, supported financially by the national government.
- Implement actions to improve the employability of the most vulnerable groups furthest from employment.
- Services such as childcare should be guaranteed, especially for single-parent families.

➤ Education:

- The self-payments for education need to remain low and the budgets for support, guidance and accompaniment need to be increased.

➤ Poverty

- Move beyond reactive policies to proactive policies to start preventing poverty and to target interventions at various steps of the poverty cycle.
- Implement anti-poverty programmes to tackle the situation of specific vulnerable groups such as single women with children and non-western immigrants.
- If the social income is further decreased, a national food programme would need to be designed and implemented.

Poland

EMPLOYMENT

1. Recent trends

Overall, the employment situation has been getting better since 2006. It is a continuation of a trend which started after Polish accession to the EU. In the beginning of 2006 the unemployment rate was 18%. It decreased to the level of 8.8% in 2008, when the financial crisis started. Since that unemployment rate slightly increased reaching the level of 12.4% in August 2012. Among the unemployed women represent 53.6% and that proportion is decreasing. Employment rate is at the level of 64.8% (the end of 2011) of population. Unemployment affects mostly young people: in the group of people under the age of 24 the unemployment rate is 27.8% (March 2012). The long term unemployment has reached the rate of 33.3%.

2. Recent policy developments

There are several measures to be implemented in the field of employment. Also other actions taken in the framework of Polish NRP are supposed to have indirect positive impact on reaching the employment targets (i.e. actions in the field of education thanks to which qualifications should be better fitting the labour market requirements, or extending the system of a day-care for toddlers which in consequences should lead to increase of employment of young women). It has to be highlighted that as one of the most important policies to counteract unemployment is “developing the activities of EURES”, which in Polish cases means facilitating the labour emigration. Although it is not presented directly by the government, the most “successful” way of coping with the shortages of jobs is in Poland is helping emigration to the EU-15.

What seems to be quite controversial, in the NRP in the section on the inclusive growth there is described recently implemented policy of rising the retirement age to 67. The reform increased the equality of labour participation of men and women as the retirement age is going to be leveled.

The implementation of lifelong learning perspective is supposed to change the situation of unskilled workers who encounter problems in finding secure jobs. There are many actions targeting the people of 50+ age like awareness campaigns among employers and special programmes addressing the unemployed people from age category 50+.

Imposing the compulsory education for children in the age of 6 (now 7) since 2014 is recognized a policy targeting bigger labour market participation of young women and thus reconciling their careers.

Regarding the immigrants there are to be delivered amendments “on employing foreigners to ensure the possibility of flexibly responding to the needs of the labour market in various sectors and professions”, which apparently is a policy aiming to help employers not the immigrant employees.

3. Possibility of achieving the 2020 target of 71% of employed population

Reaching 71% from a rate of 64.8% in 2011 is an ambitious target. In recent years the employment rate has stabilized at the level just below 65%. The demographical processes are going to be of much help. In forthcoming years much more people will be aging over the threshold of 64 years than achieving the age over 20 years. It has to be mentioned that indicator of employment rate in group of people in the age between 20 – 64 is not going to be reflecting the Polish labour situation as the regulations on pension system were changed and the retirement age is gradually increasing to 67 years for both men and women.

4. Main challenges and actions needed

- Gaps in employment rate between regions and between big cities and small towns.
- In-work poverty. Employment in Poland does not always lead to improving the material standard of life.
- Unemployment of youth whose skills do not fit the labour market requirements.
- Insufficient kindergarten network pushing out young mothers from the labour market.

POLAND COUNTRY SUMMARY

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EDUCATION

1. Recent trends

The data on education is ambiguous. On one hand the school drop-out rate in recent years increased from the level of 5% in 2008 to 5.6% in 2011 but it still much below the EU average. The third level education attainment of population aged 30-34 is increasing very rapidly from the rate of 22.7% in 2005 to 36.9% in 2011 (passing the EU average in 2010). Although most probably the side effect is the lowering of the level of higher education in Poland which is diagnosed in public debate as undergoing deep crisis.

2. Recent policy developments

The most important policies to be implemented in the field of education are the so called “Happy School” programme and the policy aiming to enhance educational opportunities of students by strengthening the social function of schools and expanding children’s and youth’s access to social services (the later one could be also seen as a policy in the field of counteracting poverty).

The programme “Happy School” is aiming to change elementary schools to more pupil-friendly institutions by developing playgrounds and equipping schools with devices and instruments to combine teaching with playing. This target aims to change schools to be more attractive places for the youngest pupils and to improve teaching capabilities by new techniques. Ministry of Education hopes to achieve (among others) the goal of decreasing the school dropout.

Policy of strengthening the social function of schools consists in relocating more responsibilities in field of social assistances to schools. In 2012 the level income per capita to qualify to assistance was increased by 30%. Pupils in danger of poverty are equipped by schools with handbooks and other educational aids. They are provided with free meals. Schools are also responsible for distribution of healthy food (i.e. fruit and milk) among their pupils. The poorest pupils are also supported with scholarships.

3. Possibility of achieving the 2020 targets under 4.5% school drop-out rate and third level education attainment of 45% of 30-34 year-olds

The 2020 in the field of education will be certainly achieved. Although especially the third level education attainment target maybe purely the “statistical” achievement. The third level education system is under the tension of recent massive increase of students with not enough infrastructure and teaching capacities. 25% of third level education establishments are recognized as providing poor training and in consequences producing alumni with formal higher education but lacking real skills and competences.

4. Main challenges

- Ensuring the proper standards of third level education.
- Ensuring the proper vocational training for the ones who are not going to continue their education at the third level.
- Counteracting the phenomenon of tertiary education being in fact hidden unemployment.

POVERTY

1. Recent trends

In recent years we could have noticed rapid decrease in poverty and exclusion rate in Poland. In 2005 it was on the level of 45.3% and it lowered to 27.8% in 2010. The share of people living in low-work intensity households got smaller nearly by half from 14.2% to 7.3% in the same years and it is below the EU average. The most decreased the severe material deprivation rate: from 33.8% in 2005 to 14.2%. The smallest changes but also a decrease could be noticed in case of the at risk-of-poverty rate, which came down from 20.5% to 17.6%.

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2. Recent policy developments

In the field of counteracting poverty there are mostly present the continuations of already implemented policies (i.e. social and communal housing programme; reform of voluntary labour corps; subsidising the employment of disabled etc.). Policies aiming at increasing human capital are to much extent financed by the EU funds. Programme “New Perspectives” targets the unemployed and in danger of social exclusion youth in age 15-24. Participants of the programme are trained in new skills aiding them to start their life. The most important aim is facilitating the labour market inclusion.

3. Possibility of achieving the 2020 target of lifting 1.5 mln people out of poverty

It has to be highlighted that Polish NRP (which development is coordinated by the Ministry of Economy) is paying relatively narrow attention to the counteracting poverty targets. They are supposed to be reached indirectly as a consequence of achieving other objectives. In the NRP 2012 there is blank space where the estimations for achieving that target (sic!).

4. Main challenges and actions needed

- In-work poverty (so called “junk contracts” – “umowy śmieciowe”) seems to be one of the biggest challenges for counteracting poverty.
- Housing gap. It is estimated that there still lack 1.5 mln apartments. The state support for local authorities to construct new social and communal houses is still insufficient.
- Danger of social exclusion of whole rural areas (especially in North-East of Poland) where people used to be employed in so called kolkhoz ‘collective farms’.
- Possible future collapse of pension system. Now working will most probably receive retirement benefits on insufficient level.

RECOMMENDATIONS 2012

⇒ Employment:

- Include people employed due to civil contracts (“junk contracts”) in pension system. Relatively big share (26.4% in 2009) of workers in Poland are not employed due to contract regularized due to labour code but due to the other forms of contracts which do not secure the stability of their employment and provide the lowest possible contribution to the pension system. Although incorporating all the employees to the regular system framed by the labour code most probably is going to increase the costs of labour and the unemployment rate it is necessary to solve the problem of job insecurity and small contribution to pension system.
- Expand the network of day care centers and kindergartens. Day care centers for toddlers and kindergartens run by local authorities are incapable of accepting of all children in need of care during the work time of their parents. That causes the threat of labour market exclusion of their mothers.
- Profiling the vocational education in order to fit the labour market needs.

⇒ Education:

- Profiling the vocational education in order to fit the labour market needs.
- Reforming the standards of tertiary education.
- Expanding the network of kindergartens. There are still communes in Poland where there is no kindergarten. Children who do not have a chance to attend kindergartens are in extreme danger of exclusion from the schooling system in the later phases of their education.

⇒ Poverty

- Counteracting poverty is seen through the lenses of counteracting unemployment, which is supposed to indirectly decrease the at-risk of poverty rate. There is a need of reformulating that framework and also target in-work poverty or the groups not present on the labour market (elders, children, disabled, etc.).

POLAND COUNTRY SUMMARY

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- Pay more attention to the problem of in-work poverty. For many workers in Poland their salaries are insufficient to protect them from the material deprivation. Revision of the rules regarding the “junk contracts” is highly recommended.
- Reform the pension system in order to prevent the danger of future poverty of retired workers.

PORTUGAL COUNTRY SUMMARY

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EMPLOYMENT

1. Recent trends

Overall, the employment situation has worsened since 2008. The employment rate decreased from 73.1% in 2008 to 69.1% in 2011. The gender gap has been reduced but mostly due to a reduction of the employment rate of men. In 2011, the employment rate of men was 73.4% and of women 64.8% (a difference of 8.6 p.p.) while in 2008 it was 79.4% for men and 67% for women (a difference of 12.4 p.p.). The unemployment rate increased by close to 4.4 p.p. between 2008 (8.5%) and 2011 (12.9%). Youth unemployment is particularly worrying: in 2011 it registered a rate of 30.1% compared to 20.2% in 2008. Similarly, long-term unemployment increased between 2008 (4%) and 2011 (6.2%). The employment of older people decreased to 47.9% in 2011, compared to 50.8% in 2008.

It is worth taking into account that in terms of migration, the immigration flow has diminished. Since 2009 there has been a 2% annual decreasing trend.¹³ The flow of emigrants is increasing but the official statistics only cover trends until 2010.¹⁴

2. Recent policy developments

The NRP just pinpoints some examples or highlights some measures. It is rather oriented towards economic and financial measures and policies. Many of the measures to increase employment levels included are either in study, in revision or just starting. The results of some measures (i.e. *impulso jovem* or reintegration of unemployed) are very far from what was expected.

However, a hiring incentives programme - *Estímulo 2012* - entered into force on 14 February 2012. The Government estimates that more than 56,000 unemployed will benefit from this measure.

3. Possibility of achieving the 2020 target of 75% of employed population

The target set will be very hard to achieve: it is currently too ambitious, especially taking into account that it was set in a pre-MOU scenario. In 2013, the government foresees a rise of the unemployment rate to 16% (in fact, other international organisations are predicting an even higher rise).

4. Main challenges and actions needed

- Tackle the increase of unemployment, particularly amongst young people.
- Address the worrying increase of the informal economy.

EDUCATION

1. Recent trends

The school drop-out rate decreased between 2008 (35.4%) and 2011 (23.2%), though it is significantly above the EU average of 13.5%. As per the third level education attainment of the population aged 30-34, it reached a rate of 26.1% in 2011 compared to 17.7% in 2005, though still far from the national target set at 40%.

The state budget for education has been decreasing systematically. In 2010 it represented 5% of GDP and in 2011 3.8% of GDP. This has a tremendous impact on the educational system, in particular on students with special needs and disabilities.

2. Recent policy developments

The government presented broad action plans for improving the quality of secondary education and vocational training. The preparation of detailed action plans is under way.

¹³ <http://sefstat.sef.pt/evolucao.aspx>

¹⁴ <http://www.observatorioemigracao.secomunidades.pt/np4/9>

PORTUGAL COUNTRY SUMMARY

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3. Possibility of achieving the 2020 targets under 10% school drop-out rate and third level education attainment of 40% of 30-34 year-olds

Currently, it officially seems that the target is achievable and realistic. However, this needs to be further analysed in the coming years.

4. Main challenges and actions needed

- Closely monitor school drop-out rates as the crisis might cause an increase of early school leaving.
- To mitigate the effects of the crisis on the possible increase of early school leaving.

POVERTY

1. Recent trends

The at-risk-of-poverty and social exclusion rate has not varied significantly since 2007; it has remained around 25-26%. Similarly, the material deprivation rate slightly decreased between 2008 (9.7%) and 2010 (9%), above the EU average of 8.1%. Similarly, the share of people living in low-work intensity households has increased since 2008 by 2.3 p.p., reaching a rate of 8.6% in 2010, though still below the EU average of 10%. As per the in-work poverty rate, it has decreased since 2008 (11.8%) to 9.7% in 2010. Child poverty has not varied much since 2008, maintaining levels around 22%.

It is worth highlighting that Caritas Portugal has registered an increase of demands among its beneficiaries (between 2011 and 2012 there was an increase of 91%, with many NGOs reporting similar figures). In fact, the profile of the beneficiaries has changed: increasingly services are being provided for people belonging to the middle class, especially those who are unemployed and cannot cover their housing expenses. These types of beneficiaries do not generally turn to public institutions.

In spite of the general increase of prices, fiscal and social contributions, which is reducing the available income of families, the number of minimum income beneficiaries has declined, contrary to what was expected.

2. Recent policy developments

An emergency programme was adopted as an attempt to “contain” the increase of poverty, however some policies have not yet been put into practice or are not yet in a position to be evaluated. The programme is based on the principle of progressive reduction of expenses and changes in the fiscal regime. One interesting measure foreseen in this programme is the “social rental market”, which allows families that do not have the profile of social beneficiaries to rent a house below the market level.

In terms of poverty and social exclusion, the 2012 NRP has 6 objectives:

- i. Guarantee access to minimal resources: a combination of old policies (complement solidário para idosos) and a small update of the lowest pensions. However, the rise in the cost of living has been higher than the rise of pensions.
- ii. Promote access of vulnerable groups to the labour market: some measures have already been implemented though there is very little information on results.
- iii. Services to the elderly population: enlargement of the network of home care services.
- iv. Improve the efficiency and effectiveness of social expenditure aimed at reducing costs.
- v. Social rental market: new measure put in place, as mentioned above.
- vi. Agreement with third sector organisations primarily aimed at stabilising the financial situation of many social institutions (in progress, it has had a tremendously positive effect as it managed to avoid the degradation of the living conditions of many families).

PORTUGAL COUNTRY SUMMARY

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3. Possibility of achieving the 2020 target of lifting 200,000 people out of poverty

If the target remains the same and taking into account the tremendous increase in poverty rates detected by NGOs, the target will not be achieved if no additional measures are implemented.

4. Main challenges and actions needed

- To maintain Portugal's Europe 2020 poverty objective despite the social, financial and economic situation.
- Address the financial vulnerability of people who are unemployed, which has increased, taking into account the fact that unemployment benefits have been decreasing systematically in the last 2 years.

RECOMMENDATIONS

- To add social inclusion targets for these three fields (Employment, Education and Poverty) in the financial assistance programme and maintain them at the same level as economic and financial targets. An assistance programme from the EU (in cases where they are partners) should also pay attention to its social impact. As it has specific financial and economic targets, it should also have social targets that should not be neglected.
- The country's financial assistance programme also needs to be more specific in its recommendations beyond a mere "continuation of the programme's implementation".

ROMANIA COUNTRY SUMMARY

Analysis, trends and recommendations 2012

EMPLOYMENT

1. Recent trends

Overall, the employment situation has worsened since 2006. The employment rate decreased from 64.4% in 2007 to 62.8% in 2011. The gender gap has remained at similar levels between 2005 (men: 71.4%; women: 56.9%) and 2011 (men: 69.9%; women: 55.7%), currently with a difference of 14.2 p.p. The unemployment rate decreased between 2006 (7.3%) and 2008 (5.8%) but has been on the rise reaching 7.4% in 2011 (7.7% in May 2012). Youth unemployment also decreased between 2006 (21%) and 2008 (18.6%) but rose again to 23.7% in 2011. Similarly, long-term unemployment decreased between 2006 (4.2%) and 2009 (2.2%) but this was reversed reaching 3.1% in 2011. The employment of older people has decreased since 2008 (43.1%) to 40% in 2011. In 2009, 31.3% of the employed population were self-employed and unpaid family workers.

2. Recent policy developments

The government implemented several measures focused on:

- Measures to promote the transition from unemployment or inactivity to employment or to improve the vocational skills of the labour force; however, these not been adopted by the Parliament (it remains on paper and as good intentions).
- The unemployment insurance budget was complemented by 417 projects financed through the European Social Fund (ESF) where payments of more than EUR 100 million were made; unfortunately most funds were dedicated to train unemployed people but not used to boost employment.
- Employment in rural areas and vocational skills and jobs was promoted through European funding.
- The 2011 Law 416/2001 on minimum income was modified. However, the amount remains low, which forced people to complement it by taking daily jobs on the black market.
- The Law on social dialogue enforced sectorial labour agreements, eliminating collective labour. In addition, the new Labour Code enables employer to fire and hire workers more easily. A newly adopted law simplified employment procedures for daily workers.

Social services continue to suffer a lack of further regulation based on the Law on Social Assistance adopted in 2011 and therefore most continue to provide services according to prior laws. In addition, the law 52/2011 on activities provided occasionally by daily workers is contradictory to Active Inclusion principles as it legalises daily jobs with the sole purpose of increasing fiscal contributions.

In addition to this trend, the recent measures are increasing the number of precarious, short-term jobs and the elimination of the collective labour agreements is leading to an increase in wages which “reflects better the evolution of the sectorial labour productivity, cutting back the effects generated by the former collective agreement at national level that could bring about some economic imbalances, because of the financial commitments exceeding the budgetary resources of the companies” (NRP, 2012: 7).

3. Possibility of achieving the 2020 target of 70% of employed population

It is not particularly ambitious although the employment rate has been decreasing in the past 2 years. It is therefore hard to assess whether medium-term policies will have a further positive impact.

4. Main challenges and actions needed

- Improve the structure/composition of the employed population so as to reorganize the potential of the work force in order to increase the employment rate.
- Address the employment gender gap as a key priority.
- Assign realistic budgets to current employment strategies.

ROMANIA COUNTRY SUMMARY

Analysis, trends and recommendations 2012

EDUCATION

1. Recent trends

The school drop-out rate decreased between 2006 (19.5%) and 2008 (15.9%) but this trend was reversed in 2010 when it reached 18.4% although it slightly decreased again in 2011 to 17.5%: it is too early to say if this trend will continue. As per the third level education attainment of population aged 30-34, it reached a rate of 20.4% in 2011 compared to 11.4% in 2005. More than 2% of the population had literacy difficulties in 2010 and almost 3% of young people were illiterate; it is a worrisome percentage for a country within the region of central and eastern Europe where literacy difficulties tend to fluctuate around 1% of the population.

2. Recent policy developments

Several measures to improve the quality of tertiary education were implemented notably by enforcing the new Law on National Education no. 1/2011. Tertiary education institutions are now divided into three qualitative categories and receive funding accordingly.

3. Possibility of achieving the 2020 targets under 11.3% school drop-out rate and third level education attainment of 26.7% of 30-34 year-olds

Although both rates have had some improvements, it is too early to assess whether the targets will be reached. The government should commit to closely monitor education policies so as to guarantee they will be attained.

4. Main challenges and actions needed

- Much remains to be done in fighting the culture of diploma fraud, plagiarism and nepotism in universities.

POVERTY

1. Recent trends

The poverty rate has been decreasing from xx% in 2007 to 45.9% in 2010, though it remains one of the highest rates in the EU. The material deprivation rate has also decreased since 2007 (36.5%) but remained at 31% in 2010, more than three times the EU average of 8.1%. The share of people living in low-work intensity households decreased between 2007 (8.4%) and 2010 (6.8%), below the EU average of 10%. As per the in-work poverty rate, it has decreased slightly between 2006 (18.5%) and 2010 (17.3%) but has increased to 19% in 2011. Child poverty has remained at similar levels than in 2007, registering 32.9% in 2011. In 2010, 35.2% of Roma were living in severe poverty, according to the Romanian National Roma Integration Strategy 2012-2020.

2. Recent policy developments

The fact that Romania has not yet developed the necessary regulations after the adoption of the Social Assistance Law in 2011 and continues to operate as a system using the old provision increases the risk of poverty and social exclusion. Drafting social laws with the financial support of the ESF as opposed to resources planned in the national budget also increases the risk of poverty and social exclusion because it allows for weak, interrupted social policy processes.

On December 14th 2011, the draft project Law on the Social Economy was submitted for public consultation. According to the NRP, the Labour Ministry postponed again the completion of this action “in order to achieve the consultation of all stakeholders and to follow the chronological order of legislative procedure required for the adoption of the normative act. The postponement of the action deadline was caused by the large number of stakeholders involved, which called for the extension of the consultation period.” (NRP, 2012: 27). However, as partakers in the consultation process, we can assert that the consultation period goes back to 2009 with costs exceeding 1 million Euros. It is rather a lack of political will and poor understanding of its applicability. This project law is also the result of a random ESF-funded project contracted by the Labour Ministry.

ROMANIA COUNTRY SUMMARY

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The Government drafts laws and strategies, which are either not adopted or adopted very slowly and without budgetary allocation.

3. Possibility of achieving the 2020 target of lifting 580,000 people out of poverty

The National Forecasting Commission estimates that in 2011 a reduction of poverty among 500,000 people since 2008; this result that seems to be close to the target, however, it is too early soon to if this will be maintained until 2020.

4. Main challenges and actions needed

- Commit to adopt the necessary laws and regulations in the fields of Social Assistance and Social Economy.

RECOMMENDATIONS

⇒ Employment:

- Allow the National Labour Agency (ANOFM) to implement its budget addressing active labour measures on measures taken and spent in cooperation with civil society organisations.

⇒ Education:

- Focus on school programmes (as opposed to after-school projects) involving social inclusion and regional imbalance reduction measures.

⇒ Poverty

- Create poverty reduction measures focusing on series of vulnerabilities, not types of beneficiaries.
- Adopt the necessary regulations that develop the Social Assistance Law.
- Adopt the Social Economy Law ensuring an adequate budget allocation.

SLOVAKIA COUNTRY SUMMARY

Analysis, trends and recommendations 2012

EMPLOYMENT

1. Recent trends

Overall, the employment situation has worsened since 2008. The employment rate increased between 2006 (66%) and 2008 (68.8%) but this trend was reversed, registering a rate of 65.1% in 2011. The gender gap has remained barely unchanged since 2006: in 2011, the employment rate of men was 72.7% and the rate of women 57.6% (a difference of 15.1 p.p.) while in 2006 it was 74.6% for men and 57.5% for women (a difference of 17.1 p.p.). The unemployment rate also decreased between 2006 (13.4%) and 2008 (9.5%) but started increasing until 2010 (14.4%) though in 2011, it slightly decreased again (13.5%). Youth unemployment is particularly worrying: in 2011 it registered a rate of 33.2% compared to 19% in 2008. Similarly, long-term unemployment registered a rate of 9.2% in 2011 compared to 6.6% in 2008. However, the employment of older people has been increasing since 2006 (33.1%) with a rate of 41.4% in 2011. The unemployment rate differs very much depending on the region: generally, it is lower in the Western part of the country (in Bratislava it is about 5%) and higher in the East. Marginalised communities, including the Roma, are largely excluded from the labour market; in some villages and settlements where Roma live, it is above 90%.

2. Recent policy developments

No significant measures have been taken to address Slovakia's unemployment problem. The tax wedge, including all compulsory payments, remains relatively high for low-income workers and a high proportion of jobseekers have little incentive to move from social assistance to a low-paid job. Most programmes and initiatives in this field are highly influenced by the EU agenda and covered through EU funds, especially the ESF, managed by state agencies (labour offices via local authorities) with little participation from NGOs, which are strongly underfinanced from public resources in social and health care services in comparison with state institutions.

3. Possibility of achieving the 2020 target of 72% of employed population

The target seems to be too ambitious taking into account recent trends.

4. Main challenges and actions needed

- Improve the effectiveness of active labour market policies and the capacity of the public employment service.
- Increase the labour market participation of older workers and women, in particular through childcare provision.
- The Youth Action Plan should be adopted and implemented without delay to tackle youth unemployment.
- Promote active inclusion policies for marginalised communities, especially the Roma.

EDUCATION

1. Recent trends

The school drop-out rate decreased to 4.7% in 2010 compared to 6.5% in 2007 although in 2011 it slightly increased to 5%, though still below the national 2020 target of 6% and one of the lowest in the EU. As per the third level education attainment of population aged 30-34, it has been increasing since 2005 (14.3%), reaching a rate of 23.4% in 2011, though still significantly below the EU average of 34.6%. Marginalised communities, including the Roma, are largely excluded from the mainstream education system, representing a significant underutilised labour potential in the Slovak economy.

2. Recent policy developments

Only limited measures were adopted to improve the low quality of the education and training system. An updated strategy on lifelong learning was adopted. However, no particular incentives were introduced to ensure higher participation rates. Via support of the cultural tools and programmes there is the intention to prepare Roma people for education. Money invested into the education of vulnerable groups should be a priority.

SLOVAKIA COUNTRY SUMMARY

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3. Possibility of achieving the 2020 targets under 6% school drop-out rate and third level education attainment of 40% of 30-34 year-olds

The school drop-out rate is already below the 2020 national target. As per the third level education attainment, it seems quite ambitious though it could be reached if serious policies are implemented.

4. Main challenges and actions needed

- Reform vocational education and training as well as higher education.
- Step up efforts to improve the educational attainment of marginalised groups and reinforce its reintegration policies for adults.

POVERTY

1. Recent trends

The poverty rate decreased to 19.6% in 2009 compared to 32% in 2005, though in 2011 it registered a rate of 20.6%. Similarly, the material deprivation rate decreased to 11.1% in 2009 compared to 22.1% in 2005, though in 2011 it grew to 11.4%. Finally, the share of people living in low-work intensity households dropped to 5.2% in 2008 but has been on the rise since, reaching 7.9% in 2010. Child poverty decreased to 16.8% in 2009 but increased to 18.8% in 2010. Finally, the in-work poverty rate has been fluctuating since 2007 (4.7%): in 2008, it reached 5.8%, in 2009 5.2% and 5.7% in 2010.

2. Recent policy developments

Since 2011 the government has committed to preparing new public policies to address social exclusion, especially of Roma communities, putting the focus on designing effective tools toward social inclusion in the areas of employment, health care, housing and education, which the newly elected government has also committed to further developing. The government intends to create a network of community centres with social inclusion services and predefined minimal standards funded by the ESF. There is also a plan to support social services through a national programme, again funded by the ESF.

3. Possibility of achieving the 2020 target of lifting 170,000 people out of poverty

This target seems to be quite ambitious, at the same time it is being seen as a tricky target as one country could lift a number of people out of poverty but it would not measure how many newcomers will have fallen into poverty and therefore does not really indicate whether the country is improving or not in this respect.

4. Main challenges and actions needed

- Tackle the extreme poverty of marginalised communities, especially the Roma.
- Ensure the sustainability of the pension system from a long-term perspective.
- Ensure the quality and accessibility of social services.

RECOMMENDATIONS

➤ Employment:

- Ensure the labour market reintegration of adults through activation measures and targeted employment services, second-chance education and short-cycle vocational training.

➤ Education:

- Take active measures to improve the access to and quality of schooling and pre-school education of vulnerable groups, including Roma.

➤ Poverty

- Prepare an "Act on marginalised groups", ensuring it is non-discriminatory.
- As a preventive measure to keep vulnerable people from falling into poverty, youth employment should be promoted (after school without any working experience) and actions should be taken to tackle long-term

SLOVAKIA COUNTRY SUMMARY

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unemployment, focusing on persons aged 50 and above without a job before achieving pension age as well as female unemployment.

SLOVENIA COUNTRY SUMMARY

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EMPLOYMENT

1. Recent trends

In general, the situation of the labour market improved between 2006 and 2008 although this has been reversed since. However, not all rates follow the same pattern. With regards to the employment rate, after a timid growth between 2006 and 2008, 2011 registered a lower rate of 68.4% compared to 2006 (71.5%), very similar to the EU average of 68.6%. Regarding the gender gap, there seems to have been some improvements though most probably due to a decrease in the employment rate of men: the employment rate of men in 2011 of 71.8% is 6.7 p.p. above that of women (64.8%); in 2006 this difference was almost 10 p.p. (men: 76.3%; women: 66.5%). As per the unemployment rate, it dropped to 4.4% in 2008 but almost doubled since, registering a rate of 8.2% in 2011. Youth unemployment dropped to 10.4% in 2008 though this trend was reversed, reaching a rate of 15.7% in 2011. Long-term unemployment registered its lowest rate in 2009 with 1.8% but in 2011 it doubled to 3.6%. Similarly, the employment rate of older workers reached its highest peak in 2009 with 35.6% but dropped again to 31.2% in 2011, the lowest rate in the EU.

2. Recent policy developments

Several measures have been designed and implemented in different directions:

- Promote occupations in high demand in the labour market: some projects co-financed with the European Social Fund were launched but altogether represent an inadequate response to the challenge. The evaluation of the overall effectiveness of the public employment service in Slovenia is not available for assessment.
- Training programmes for unemployed and employed persons through the promotion of competence centres, and the strengthened role of the Slovene Human Resources Development and Scholarship Fund.
- Employment incentive measures for various groups and the upgrade of the self-employment programme
- Employability of people with disabilities: several measures were introduced.

However:

- No specific measures have been implemented to increase the employment rate of older workers, No concrete proposals were presented in the past year to reduce asymmetries between the protection accorded to workers on permanent and temporary contracts respectively.
- No measures have been adopted to tackle the increasing problem of young people who have just finished their education but are not finding a job due to their lack of work experiences.
- Older workers, however, with only a few years left until reaching the pension age, are rarely given opportunities for positions that would not be demeaning or adjusted to their abilities (i.e. part-time jobs).
- There is a lack of appropriate state-financed programmes aimed at providing specific vulnerable target groups with individual care services, taking into account the added value that NGOs can play when delivering these types of services.

Slovenia provides Roma with reliable system of social transfers. However, not enough is done in the field of incentives for schooling and job search. Other vulnerable groups, on the other hand still face great difficulties in entering the labour market, considering that Slovenia has witnessed little or no improvement in developing social entrepreneurship at state level, be it financially or professionally. Most tenders are mainly targeted at profit companies with no consideration on the specificities and benefits of NGOs that often cannot even consider applying for funding.

3. Possibility of achieving the 2020 target of 75% of employed population

Taking into account recent trends and the economic/financial situation it seems an ambitious target.

4. Main challenges and actions needed

- Increase the employment rate of older workers also by further developing active labour market policies and lifelong learning measures.
- Reduce labour market segmentation and further tackle the parallel labour market caused by student work.

SLOVENIA COUNTRY SUMMARY

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EDUCATION

1. Recent trends

In general, the country has registered improvements in both educational targets: there was a decrease in the school leavers' rate, from 5.3% in 2009 to 4.2% in 2011, below the EU average rate of 13.5% and the 2020 national target; the third level education attainment of population aged 30-34 reached a rate of 37.9% in 2011 (above the EU average of 34.6%) compared to 24.6% in 2000.

2. Recent policy developments

The policy developments focused on increasing the number of study programmes and professional standards for which students can obtain skills and professional qualifications in post-secondary programmes were increased, though no concrete steps have been taken to set up a system to forecast labour market demand.

3. Possibility of achieving the 2020 targets of 5% school drop-out rate and third level education attainment of 40% of 30-34 year-olds

Both targets seem realistic, taking into account that the ESL target has already been reached and that the trend in the third level education attainment is on the rise.

4. Main challenges and actions needed

- Improve the matching of skills with labour market demand, particularly of low-skilled workers and tertiary graduates, and continue reforms of vocational education and training.

POVERTY

1. Recent trends

The poverty rate has fluctuated around 17.1-18.5% between 2005 and 2010 (18.3%), below the EU average of 23.4%. The material deprivation rate has been decreasing since 2008 (6.7%) to reach 5.9% in 2010, below the EU average of 8.1%. The jobless households rate decreased between 2005 (8.6%) and 2009 (5.6%) but this trend was broken in 2010, increasing to 6.9%, albeit still substantially below the EU average of 10%. As per the in-work poverty rate, it has been increasing since 2009 (4.8%), reaching 6% in 2011. As per the child poverty rate, it also increased since 2009 (11.2%), reaching a rate of 14.7% in 2011. Slovenia faces new poverty trends at all levels: young people who cannot find a job according to their skills and knowledge; people between 30 and 45 years old who have lost their jobs despite their experience; older people who are being made redundant, obsolete or underpaid to the extent that they cannot afford a decent living any longer or the elderly who are no longer able to take care of themselves.

2. Recent policy developments

The measures implemented have focused on:

- Increasing the minimum wage, although it is still below the poverty threshold
- Social activation programmes (inclusion of vulnerable target groups) were implemented.
- Incentives for social entrepreneurship targeting new jobs for hard-to employ groups were adopted and fostered (the creation of new and/or the expansion of existing market activities).
- Increasing the minimum income for the most vulnerable people.

In spite of this, some measures are missing with regard to social transfers (i.e. recipients of social transfers to do community service, or else the subsidy would be decreased). In addition, the Government should provide support for NGOs with programmes that employ people with socially beneficial job positions (for instance eco-agriculture), particularly in the form of staff financing (such groups require professional guidance).

SLOVENIA COUNTRY SUMMARY

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3. Possibility of achieving the 2020 target of lifting 40.000 people out of poverty

The target set is too ambitious and unrealistic according to the current policies and its financial resources.

4. Main challenges and actions needed

- Ensure the long-term sustainability of the pension system, while preserving the adequacy of pensions.
- Develop and reinforce educational and family programmes that promote values and attitudes aimed at preventing school drop-out.
- Tackle in-work poverty through support programmes aimed at improving financial management according to its main needs.

RECOMMENDATIONS

⇒ Employment:

- The state should provide NGOs with financial means and other resources to realise the potential of social entrepreneurship in Slovenia, with a special focus on people with addictions, women experiencing social disadvantages] and older generations who no longer have the abilities to be successful at job search in the labour market.
- Finance internships for young students who finished school as they represent the starting point of their professional career.

⇒ Education:

- To reform vocational education in order to overcome the imbalance between high demand professions (low status) and the “new professions” (at higher levels of education).

⇒ Poverty

- To support initiatives for combating child poverty, including financial support to NGOs that offer social inclusion and educational activities and programmes.

SPAIN COUNTRY SUMMARY

Analysis, trends and recommendations 2012

EMPLOYMENT

1. Recent trends

Overall, the employment situation has worsened since 2008. The employment rate decreased from 68.3% in 2008 to 61.6% in 2011. The gender gap has been reduced but mostly due to a reduction of the employment rate of men. In 2011, the male rate was 67.3% and the female rate reached 55.5% (a difference of 11.8 p.p.) while in 2008 it was for men 78.1% and for women 58.3% (a difference of 19.8 p.p.). The unemployment rate almost doubled between 2008 (11.3%) and 2012 (24.8%). Youth unemployment is particularly worrying: in 2011 it registered a rate of 46.4% compared to 24.6% in 2008. Similarly, long-term unemployment increased by 7 p.p. between 2008 (2%) and 2011 (9%). The employment of older people has not varied much since 2008 (45.6%) reaching 44.5% in 2011.

Unemployment has stricken harder those groups that had precarious jobs prior to the crisis than the rest of the population. Two examples are low-skilled young people and immigrants, who have had higher levels of temporary and precarious employment, and working mainly in sectors hit stronger by the crisis (construction, agriculture, catering and hospitality services). The current situation is effecting in even more precarious working conditions for immigrants (temporary, salary, type of contract), and has shown an increase in labour exploitation practices within the informal economy, in which they are increasingly being forced to turn to.

2. Recent policy developments

In 2011, the Spanish government launched a reform program that included fiscal consolidation, the reform of public pensions, the restructuring of savings banks and labour market reforms aimed at reducing the duality of the labour market and youth unemployment, increasing the employability of vulnerable groups, increasing flexibility at the enterprise level and improving the efficiency of intermediation in the labour market. The 2012 NRP includes a broader economic strategy focused on controlling the public deficit.

These reforms barely include any active inclusion policies, particularly none targeted at the most vulnerable. The high demand for deficit control is leading the country to make decisions about spending cuts, thereby jeopardising the 3 active inclusion principles. Nothing is mentioned about the causes of poverty and social exclusion and therefore this is not addressed in the planned policies. Coordination among different governmental levels (national, regional and local), social agents and NGOs remains weak.

The labour reform is clearly insufficient and is a step backwards in relation to the rights of workers and a weakening of collective negotiation. This will affect negatively the entire workforce, but particularly the most vulnerable with less training, qualifications or work experience. In addition, the tendency to privatise basic services such as employment and social services will most probably promote a further deregulation of certain sectors and professional services with no mention to the reinvestment of profits into social policies. Although it could improve quality, it entails a high risk of not reaching the most vulnerable as targets will most probably be based on quantitative results. It could also have the risk of creating a dual system with companies attending the general population and certain companies attending specific groups instead of a single public and universal system, linked to the recognition of individual rights, which is more equitable and inclusive.

The youth employment plan is also insufficient as it lacks a comprehensive, holistic and integrated approach.

Amid the complex socio-economic situation faced by Spain involving the collapse of employment as its main problem, the Social Economy sector (cooperatives, associations, foundations and other type of organisations) has demonstrated its commitment towards maintaining and creating employment. Currently, 45,000 organisations are part of the Social Economy sector, which employs almost two and a half million workers and produces 10% of Spain's gross domestic product. Due to its flexibility and resilience, unemployment and business failure is significantly lower in the Social Economy sector than in other private sectors (around 6 p.p. in 2011). At the same time, there has been an increase, in the last four years, of new businesses and new jobs, and Caritas Spain understands that the answer to the current situation necessarily involves the promotion of social enterprise.

SPAIN COUNTRY SUMMARY

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3. Possibility of achieving the 2020 target of 74% of employed population

The 2012 NRP is based on pillars that could be questionable from the outset both at the economic and social levels. Taking into account the current situation, the target is not realistic and, although it is not too ambitious, it is unlikely that it will be reached.

4. Main challenges and actions needed

- Promote the qualification and/or retraining of young people in productive sectors to ensure the sustainable development of the society in the shortest possible amount of time.
- Enhance support services for job search itineraries.
- Develop equitably the two components of flexi-security policies.
- Promote entrepreneurship as the basis of the development of the Social Economy.
- Introduce concepts such as reorganisation of the activity or the redistribution of tasks in the debate on employment growth, as a counterweight to the current strategy exclusively focused on economic growth.

EDUCATION

1. Recent trends

The school drop-out rate decreased between 2007 (31%) and 2011 (26.5%), though it remains one of the highest in the EU (13 p.p. higher than the EU average of 13.5%). As per the third level education attainment of the population aged 30-34, it reached a rate of 40.6% in 2011 compared to 39.5% in 2006.

School drop-out among immigrant students in compulsory education could lead to false interpretations about their school performance. In Spain, the performance or failure of pupils, whether immigrant or native, is conditioned by the social and cultural status of the families. This structural problem, which dragged on for years due to the educational system, is commonly known as the "education gap". It causes children from poor households to discontinue their schooling after compulsory education, in contrary to children from families with a medium or high socioeconomic status. The education system has failed to overcome the achievement gap between rich and poor households. Additionally, there is also a worrying number of immigrants whose qualifications are not officially recognised, preventing them from accessing better remunerated and higher-skill jobs.

2. Recent policy developments

Most of the past measures have been withdrawn, both at the national and regional levels. As the European Commission pointed out, Spain lacks a comprehensive strategy for education and training, including a comprehensive lifelong learning plan that could contribute to changing the production model of the country.

3. Possibility of achieving the 2020 targets under 15% school drop-out rate and third level education attainment of 44% of 30-34 year-olds

Both targets are ambitious and though they should be realistic, it is unlikely that they will be reached taking into account the fact that there have been major cuts and that the objectives set in the NRP are rather declarative more than a real commitment (measures without resources are not achievable).

4. Main challenges and actions needed

- Address the poor education levels of the country, in particular those of certain vulnerable groups: migrants, people with disabilities and Roma.

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POVERTY

1. Recent trends

The poverty rate slightly decreased between 2004 (24.4%) and 2008 (22.9%), a trend that was reversed since, registering 25.5% in 2010. The material deprivation rate decreased between 2005 (3.4%) and 2008 (2.5%) but increased again to reach 4% in 2011, though it is below the EU level of 8.1%. Similarly, the share of people living in low-work intensity households decreased between 2005 (6.5%) and 2008 (6.2%), but rose again in 2011 to 9.8%, similar to the EU average of 10%. As per the in-work poverty rate, it has increased since 2006 (9.9%) to 12.7% in 2010. Child poverty decreased between 2007 (24.3%) and 2009 (23.7%) but rose again in 2010 to 26.2%.

2. Recent policy developments

In 2011, the government adopted several measures to tackle extreme poverty though these measures have not been included in the 2012 NRP. There has not been any particular strategy or measures targeted at fighting poverty and social exclusion.

3. Possibility of achieving the 2020 target of lifting 1,500,000 people out of poverty

Despite the fact that Spain had a high level of economic growth since 2000, the poverty rate barely decreased. It is unlikely that, in a context of crisis, the poverty rate will decrease, especially taking into account the cuts in social services, minimum income and certain benefits targeted at the most vulnerable groups.

4. Main challenges and actions needed

- Ensure a decent minimum income to all citizens so as to address the increasing problems of severe poverty, child poverty and in-work poverty.
- Address the new faces of poverty through public social policies lead by public social services.
- Improve coordination mechanisms between different subsystems of social care (employment, health, social services, etc.).

RECOMMENDATIONS

⇒ Employment:

- Design and implement initiatives to support social and labour transitional employment for groups with lower employability.
- Design and implement initiatives that complement occupational social protection measures aimed at the most vulnerable groups.
- Develop measures to prevent gender discrimination in employment and empower those that lead equality initiatives.
- Facilitate the integration and reintegration of immigrants in the labour market.
- Develop professional training adapted and accessible to vulnerable groups, in partnership with businesses, the public sector, social partners and social NGOs.
- Encourage the employment of the most disadvantaged in the labour market with employment opportunities generated in the new production model.

⇒ Education:

- Adopt and implement an effective and realistic education strategy with sufficient resources to address the poor education levels of the country.

⇒ Poverty

- Increase efforts to bring the share of the social security system of Spain's GDP to the same level as the EU.
- Articulate a global system of minimum income guarantee with the participation of National and Regional Governments.
- Ensure equal access to social services, as a subjective right of all people living on the territory.

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- Ensure a minimum level of coverage, not only in terms of supply but also intensity, in the portfolios of services of the Regional Governments.
- Incorporate beneficiaries and NGOs as full actors of the Social Services system.
- Adopting and implementing a social pact on housing.
- Regarding homeless people, it is necessary to:
 - Develop coordination mechanisms and instruments between municipal and regional administrations to analyse, propose and manage a set of multidisciplinary actions to address the situation of homelessness for many people in our country, ensuring that there is sufficient housing support throughout the year, especially during the winter months.
 - Implement a local network of intervention with the involvement of the areas of social affairs, health, housing and employment.
- Eradicate and prevent vulnerabilities related to administrative irregularities.
- Promoting a new funding model of the Third Sector with a plurality of sources.
- Adopting a new Social Action law to provide a comprehensive framework and financial stability to social action NGOs.
- Government procurement must take into account the specificity of the social NGOs.

SWEDEN COUNTRY SUMMARY

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EMPLOYMENT

1. Recent trends

Overall, it can be said that the recovery in the labour market has gone quite quickly, even better than what was forecasted. Although the employment rate decreased from 80.1% in 2007 to 78.7% in 2010, this seems to have been reversed in 2011, reaching a rate of 80%; likewise, the unemployment rate increased between 2007 (6.1%) and 2010 (8.4%) but decreased to 7.5% in 2011; youth unemployment has followed a similar pattern: in 2010 it was 25.2% and in 2011 22.9%; as per long-term unemployment, it is the lowest in the EU: 1.4% in 2011; finally, the employment of older people has been increasing since 2006 (69.6%) up to 72.3% in 2011.

2. Recent policy developments

According to the spring and Autumn Fiscal Budget Policy Bill 2012, the government's top priority is to steer Sweden towards full employment by reducing social exclusion. The Government adopted policies aimed at continuously monitoring and improving labour market conditions for groups with a weak foothold in the labour market, particularly young people, older people, foreign-born, people with not more than a pre-upper secondary school education and people with disabilities.

A number of measures, included in the previous reform programmes, have been implemented in several areas, in order to improve the employability of young people and migrants:

- The introduction of a special job guarantee for young people, lower social security contributions for young people and the simplification of fixed-term employments.
- Regarding long-term unemployed people, the government's evaluation detected that the activity level in the job and development guarantee was not sufficient: one-to-one contact and support in job seeking is crucial. Therefore, the Government has bolstered the allocation for the Public Employment Service's administrative costs by 8% in 2012, and 4% in 2013 in order to increase the number of programme officers and improve employment services.
- Special employment support mechanism, a form of subsidised employment, was strengthened by raising the compensation ceiling and financial support for coaching. This reinforcement, which was highlighted in Sweden's NRP 2011, has been extended through 2013.
- Reforms to unemployment insurance and the in-work tax credit, which strengthen the incentives to look for work, have also been implemented.
- The Government has introduced measures to expand and supplement the traditional elements of education and wage-subsidised employment to strengthen the individual's competitiveness through education initiatives, work experience placements and subsidising employment.

It is worth highlighting that the reforms aimed at combating long-term unemployment were taken at the right time. As a result of the policy change, the more costly measures focused on those who had most difficulties in finding a job.

3. Possibility of achieving the 2020 target of well over 80% of employed population

The target set seems a realistic one, taking into account that in 2011 it reached 80%. The Government must ensure that this rate does not decrease again, quite the contrary, it should aim to further increase it.

4. Main challenges, recommendations and actions needed

- To ensure that the positive changes of the labour market will continue in the long-term perspective.
- To minimise the negative impact of the continuing global economic crisis. Considerable uncertainty still surrounds the global economy, primarily because of the lack of sustainable solutions to the debt crisis in the euro area. This will

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dampen growth prospects in Sweden over the coming years. The growth rate in 2012 will therefore be low. This in turn will result in a weaker labour market. The weak labour market development means that the problems in the labour market risk becoming worse. Growth is expected to gradually pick up momentum in 2013, with the economy growing at a healthy rate in the following years.

- An additional challenge is to improve substantially the labour market situation for groups with weak position in the labour market. Young, older, foreign-born and particularly newly arrived refugee population with little education are groups who have a weaker position in the labour market compared with the rest of the population. These groups are also the hardest hit when there is a downturn in the economy. The situation in the labour market for foreign-born people in Sweden is very different compared to those who are born in Sweden. Employment is lower and unemployment is much higher among those who are born outside of Sweden, and they more remain outside the workforce. But the differences among the various groups of people born outside Sweden are big, especially regarding the newly arrived refugees and their families with little or no education, is higher.

EDUCATION

1. Recent trends

The school drop-out rate has been decreasing since 2007 (12.2%) to reach a rate of 6.6% in 2012, quite below the EU average of 13.5% and the target of keeping the rate under 10%. As per the third level education attainment of population aged 30-34, it registered a rate of 47.5% in 2011 compared to 41% in 2007, 7 p.p. over the target of 40%.

2. Recent policy developments

2011 and 2012 have been the two most reform-intensive years in the history of Swedish education: the Government adopted a broad based reform package for education of 3.5 billion SEK for the period 2012-2015. In order to prevent young people who have not completed upper secondary school run from falling into long-term unemployment, a number of educational initiatives have been put in place for this group, with the aim of encouraging them to complete their studies. From 2010, a so-called folk high school initiative was implemented to motivate young people and those who have not completed their compulsory or upper secondary school educations to complete their studies. This initiative has been extended through 2013.

The adopted measures mainly focused on the early school years as they constitute the foundation of a successful education. In order to identify students in need of special support at an earlier stage, the educational reform includes several measures aimed at strengthening the follow-up and evaluation of students' level of knowledge. This includes introducing the requirement of written assessments starting in school year 1, marks starting in school year 6 in compulsory school and more national tests. The students' right to special support has also been strengthened and has implemented a multi-year initiative for basic skills like reading, writing and arithmetic.

The Educational Authorities has also, starting in 2012, initiated a special measure targeting a number of compulsory schools in socially vulnerable areas with the aim of developing methods to support students in improving their knowledge and raising results. In addition, an evaluation function has been implemented in the area of education.

3. Main challenges, recommendations and actions needed

There are many challenges facing the Swedish education system. One example is the inequalities among various groups of students, which appear to be lasting. Girls achieve better results than boys; students who immigrated before the age of 7 do better in school than students who immigrated to Sweden when they were at least 7 years old. One of the biggest challenges for the Swedish education system is how to help and support the recently arrived migrant and refugee children with no basic educational background. Results in compulsory school have gone down since the 1990s. A little more than one in 10 students who finish compulsory school does not qualify for national upper secondary school programme. Altogether 12.3 per cent of students who left compulsory school in the spring of 2011 were not qualified. To meet this challenges Government has initiated a multitude of measures to improve results in the Swedish education system. Measures to achieve the 2020 targets under 10% school drop-out rate and third level education attainment of 40% of 30-34 year-olds are also part of the comprehensive reform of the Swedish school system.

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POVERTY

1. Recent trends

The at-risk-of poverty or social exclusion rate increased between 2007 (13.9%) and 2009 (15.9%), though this seems to have been reversed in 2010, decreasing to 15%. The material deprivation rate decreased between 2007 (2.2%) and 2010 (1.3%) quite below the EU level of 8.1%. As per the share of people living in low-work intensity households, after a minor increase between 2007 and 2009, in 2010 it registered the same level as in 2007: 5.9%. The in-work poverty rate has been fluctuating between 6.5% in 2006 to 6.9% in 2011. Most worrying is child poverty, which has been increasing since 2006 (12%) to 14.5% in 2010.

2. Main challenges, recommendations and actions needed

To implement measures addressing growing child-poverty, especially observed in the families and households of migrant background through the actions targeting specific factors of child poverty e.g low education level of parents, unemployment, lack of professional skills.

UNITED KINGDOM COUNTRY SUMMARY

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EMPLOYMENT

1. Recent trends

The employment rate decreased in 2009 to 73.9% compared to a steady rate of 75.2% between 2005 and 2008 and has slightly decreased again to 73.6% in 2011. The gender gap has slightly been reduced: in 2011, the employment rate of men was 79.4% and the rate of women 67.9%, a difference of 11.5 p.p. compared to a difference of 13.5 p.p. in 2005. The unemployment rate has been increasing since 2006 (5.4%) to a rate of 8% in 2011. Youth unemployment is particularly worrying: in 2011 it registered a rate of 21.1% compared to 14% in 2006. Long-term unemployment has also increased from 1.2% in 2006 to 2.7% in 2011. The employment of older people has been decreasing since 2008 (58%): in 2011 it was 56.7%.

Cuts in expenditure on Disability Living Allowance have raised concerns about people getting around, particularly where they will lose transport entitlements as a result. This could pose a serious threat to disabled people in employment.

2. Recent policy developments

Measures have been taken to assess those medically unfit to work but there is concern that the assessment process may be inappropriate. It appears that a private firm responsible for assessments has told doctors that if they judge more than 12% of candidates to be in need of long-term sickness benefits they will have their work reviewed. If true, the setting of such targets is inappropriate and unfair on both medical assessors and those undergoing an assessment.

Under the Welfare Reform Act, Employment and Support Allowance (ESA) for those in the Work-related Activity Group (i.e. those too ill to work but expected to undergo some work preparation) is now limited to twelve months (against the advice of major disability groups). After the 12 month period, those still requiring ESA will be subject to means-testing. Anyone with a partner working for 24+ hours per week will not be entitled to any ESA (this is expected to be the case for some 200,000 people). The average loss in such cases will be £81 per week. This unfairly impacts upon those with ill health and furthermore creates significant work-disincentives for their partners.

3. 2020 target

The government has not set any target in this regard, though it should think of doing so as the employment rate seems to follow a decreasing trend. Currently it is under the 2020 EU target of 75%.

4. Main challenges and actions needed

- Address the gender gap
- Address youth unemployment
- Address gaps in support for ill/disabled people

EDUCATION

1. Recent trends

The school drop-out rate has been decreasing since 2008 (17%) to 15% in 2011 though this rate is still 4.4 p.p. from the rate in 2005 (11.6%), higher than the EU average of 13.5%. Government and independent reports have consistently shown that Gypsy and Traveller children are particularly vulnerable to dropping out of school, often due to discrimination and bullying. With regard to the third level education attainment of the population aged 30-34, it has been increasing since 2005 (34.6%) reaching 45.8% in 2011. According to a report in 2009 by the National Literacy Trust (an NGO) 1 in 6 people in the UK struggle with literacy and their literacy is below the level expected for an 11 year old. Their figure is taken from the DfES (2003) Skills for Life Report.

The forthcoming Children and Families Bill is expected to remove Special Educational Needs (SEN) support from up to 450,000 children.

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2. Recent policy developments

The government is providing £7.5 billion of funding in 2012-13 for 16-19 year old education and training places, including £833 million for apprenticeships.

3. 2020 target

No target has been set but the government should do so.

4. Main challenges and actions needed

- Improve the quality of education and the abilities of schools and teachers to prevent students from dropping out of school.
- Ensure that no child is detrimentally affected by changes to SEN provision.

POVERTY

1. Recent trends

The poverty rate has fluctuated around 22.6-23.2% between 2007 and 2010 (23.1%). The material deprivation rate has also been fluctuating around 4% since 2007. The share of people living in low-work intensity households has been increasing since 2008 (10.4%) to 13.1% in 2011, above the EU average of 10%. As per the in-work poverty rate, it has decreased since 2008 (8.5%) to 6.8% in 2010, below the EU average of 8.4%. Similarly, child poverty decreased since 2008 (24%) to 20.3% in 2010, similar to the EU average of 20.5%.

2. Recent policy developments

There is a concern about the impact on poverty of a number of measures that the government is introducing:

- The Local Housing Allowance (2012) and the Universal credit (2013) will increase poverty by setting limits on the amount of benefits which may be received.
- The Crime and Courts Bill (currently in the House of Lords) will impose new financial penalties on offenders who make late or incomplete fine repayments. This is intended to cover the cost of 'chasing up' unpaid fines. However, whilst fines themselves are set according to an offender's income, excluding child benefit and housing benefit, these new costs will not be means tested at all. This means that in cases where people miss a fine repayment date for whatever reason (other debts, family issues etc.) they may be subject to costs that can only be covered out of their child benefit or housing benefit (or be more broadly pushed below a reasonable subsistence level).
- Good Cause for Jobseekers Allowance (JSA) recipients not applying for a job on travel grounds now only applies if the travel is more than ninety minutes each way (increased from sixty minutes). Given rising travel costs (train-fare increase average 8%) this concurrent rise in expected travel time could result in people losing significantly higher proportion of their earnings, thus creating new work disincentives.
- Due to current structuring of the Free School Meals system 700,000 children living in poverty are not entitled to a free meal (worth approx. £367 per year, per child). The changeover to Universal Credit will require a re-structuring of Free School Meal entitlements, which can be used to address this.
- Social housing is in short supply and the government is relaxing the requirement for developers to include a social housing component. There is also a shortage of affordable rented accommodation in the private housing sector. The government has introduced the New Homes Bonus to incentivise communities to build new houses. There is concern that the Government's programme of housing reform is too slow and is insufficient to meet the growing needs caused by the deteriorating financial situation. The Housing Report, edition 2, May 2012, produced by the National Housing Federation, Chartered Institute of Housing and Shelter demonstrates how the Government are failing on housing supply, overcrowding, homelessness and help with housing costs.

The extension of childcare support is positive, particularly given that it applied regardless of the number of hours worked. However, in-work parents may still be detrimentally affected in cases where they are in jobs consisting of less than 16 hours per week (lone parents), 24 hours per week (couples) or contracts under five weeks, as they will be subject to the new benefit cap. Recipients of Income Support (i.e. those working less than 16/24 hours per week) are forecast to

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make-up 38% of all claimants affected by the cap, and because the calculation used to set the upper-band does not differentiate between households with children and households without, it will have a disproportionate impact upon households with children. It is necessary to clarify whether increased provision for childcare support is sufficient to meet the financial needs posed by such circumstances. The government claims this will serve as an incentive for people to work more than 16 hours per week, however in many cases this may not be possible and consequently the cap may merely make people in low paid/low hour jobs worse off.

No measures are being targeted at groups at higher risk of poverty, except those targeted at children.

3. 2020 target

There is no set target although the government has a target focused on child poverty.

- Relative low income: proportion of children living in workless households where income is less than 60% of median household income before housing cost for the financial year = Less than 10% by 2020-21
- Absolute low income: proportion of children who live in households where income is less than 60% of median income before housing costs in 2010-11 adjusted for prices = Less than 5% by 2020-21
- Low income and material deprivation: proportion of children who experience material deprivation and live in households where income is less than 70% of median household income before housing costs for the financial year = Less than 5% by 2020-21

The government is not expected to achieve these targets.

4. Main challenges and actions needed

- In agreement with the EC recommendations, "the Government must take measures to ensure that the positive impact of new policies on employment and incomes will not be offset by declining amounts available for benefits, which would risk increasing poverty, particularly for families with children. One independent estimate forecasts that, in 2020-21, absolute child poverty will reach its highest level since 2001-02 and that the Government will miss targets for reducing child poverty set down in the Child Poverty Act."

RECOMMENDATIONS

➤ Employment:

- To set targets in line with Europe 2020 on employment.
- The government should undertake full impact assessments of any proposed legislation to ensure that none of the proposals impact adversely on children, young people and families, particularly in relation to access to and opportunities for employment.
- To make statistical information publicly available as soon as possible.

➤ Education:

- To set targets in line with Europe 2020 on education.
- The government should undertake full impact assessments of any proposed legislation to ensure that none of the proposals impact adversely on children, young people and families, particularly in relation to access and opportunities for education, training and lifelong learning.
- To make statistical information publicly available as soon as possible.

➤ Poverty

- To set targets in line with Europe 2020 on poverty.
- The government should undertake full impact assessments of any proposed legislation to ensure that none of the proposals impact adversely on children, young people and families, particularly in relation to increasing and failing to reduce current levels of poverty.
- To make statistical information publicly available as soon as possible.