



SOLIDAR

# Social Rights Monitor 2019



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## Introduction

SOLIDAR's Social Rights Monitor 2019 provides an insight into the state of social rights in 16 European countries: 15 from the European Union – Austria, Bulgaria, Croatia, Czechia, Estonia, France, Germany, Greece, Hungary, Italy, Romania, Slovakia, Spain, The Netherlands, United Kingdom – and one candidate country, Serbia. The Monitor assesses the state of social Europe in terms of equality of opportunities, fair working conditions, social protection, inclusion and civic space based on the observations of Civil Society Organisations working on the ground in combination with statistical data and scientific findings. We found that although European economies are recovering from the impact of the crisis, the social reality paints another picture with rising levels of in-work-poverty, increasing social and regional inequalities and precarious work as some of the most pressing issues. Civic Space is

furthermore under pressure from attacks on the work of Civil Society Organisations and restrictions to the freedom of the press.

The Monitor also analyses to what extent these aspects are reflected in the Country Specific Recommendations of the European Semester process. For the successful implementation of the European Pillar of Social Rights and the UN's Sustainable Development Goals, it is of utmost importance that the policy recommendations of the European Commission to the Member States are in line with and conducive of achieving these social and sustainable goals. It is therefore worrisome that despite the introduction of the Social Scoreboard, the Country Specific Recommendations continue to center around macroeconomic indicators and fail to put Europe's social objectives at their core.

**Gini Index:** 30.6 (EU 2017)

**Unemployment:** 6.8% (EU 2018)

**Gender equality index:** 67.4 (EU 2019)

**Youth unemployment:** 14.2% (EU 2019)

**AROPE:** 21.7% (EU 2018)

**Social welfare spending (as % of GDP):** 18.8% (EU 2017)

**Tax on labour as share of total taxes:** 49.7% (EU 2017)

**In work poverty:** 9.2% (EU 2018)



## Equal opportunities and fair working conditions

After the economic crisis, most European countries are now seeing their economies recover. Employment rates are up and unemployment continues to decrease. However, this does not mean that the social situation has returned to its pre-crisis state. **Social inequalities have increased in the majority of European countries. In many countries, unemployment rates are still higher than they were before the crisis.** The jobs that are being newly created are furthermore not of the same quality as those that were lost during the crisis. In an attempt to boost employment, some governments have diminished employment protection and introduced more flexible forms of work. As a result, **employment has become more precarious** with short-term contracts, part-time work and bogus self-employment becoming increasingly commonplace. In the Netherlands, the share of workers practicing as lone self-employed doubled to 12,3% and the number of flex-workers increased by 75% over the past 15 years.<sup>1</sup>

### Working conditions

**Working conditions have furthermore deteriorated.** Some of the most striking examples can be found in Austria where the possibility of a 12-hour working day has been introduced and in Hungary where a law commonly referred to as the 'Slavery Act' now allows for employees to work a full extra day per week in overtime. In addition, **wage growth has stagnated.**<sup>2</sup> In Spain, the average salary decreased by €800 between 2011 and 2015.<sup>3</sup> The curtailment of trade unions' influence on wage setting has been an important contributing factor here. The role of social partners in shaping employment conditions and setting wages has in many cases been limited. In Greece, for example, the competence of setting the minimum wage was reclaimed by the govern-

ment which subsequently cut it by 22%.

SOLIDAR's National Strategy Groups warn that the **work-life balance policies often leave much to be desired.** The EU work-life balance directive and its forthcoming implementation will lead to an improvement of paternity leave in some countries, however in practice the responsibility of childcare as well as care for other family members remains primarily on the shoulders of women. Generous maternity provisions, in combination with insufficient accessible childcare infrastructure and a lack of policies that encourage gender equal distribution of care tasks, result in the discrimination of women in the labour market. **In all European countries, women earn less than men for the same work.** On average the gender pay gap in the EU is 16%, however the discrepancy between the wages of women and men vary considerably between countries; from 3.5% in Romania to 20.8% in the United Kingdom. In the vast majority of countries, we see a positive trend of the gender pay gap slowly decreasing, from an EU average of 17.1% in 2010. However in some worrying cases, such as Croatia, the pay gap has increased in recent years.<sup>4</sup>

### Equal opportunities

**Especially young people are facing difficulties in the labour market.** This is reflected in above-average unemployment rates amongst young Europeans<sup>5</sup> and a higher incidence of precarious work for young workers. Many of SOLIDAR's members signal that their **national education system does not equip students with the skills they need** to successfully make the transition from school to work. The Commission's Country Reports find that there is a general lack of attention to the digital skills needed in the modern labour market. This is also reflected in the inadequacy of lifelong learning opportunities, which should be expanded to help workers adapt to the changing world of work. Educational outcomes continue to vary drastically,



not only between countries, but also between regions and social groups. **Educational systems in Europe tend to perpetuate socioeconomic inequalities** and only sparingly facilitate social mobility. According to a study by the OECD, a German child born in a poor family would take six generations, or 180 years, to reach the average national income.<sup>6</sup> For children from a Roma or immigrant background education often has much smaller effect in terms of improving future prospects.

Migration manifests itself in distinct ways in the various regions of our continent. Eastern and Southern European countries - particularly those hit hard by the economic crisis - are faced with **outward migration of predominantly young and educated workers**. 75% of young Serbians indicate that they are planning or considering to emigrate.<sup>7</sup> Similar numbers are found in Greece<sup>8</sup> and Italy<sup>9</sup>. This brain drain is causing shortages of qualified professionals, for example in the IT and healthcare sector. In the Northern and Western European countries, **migration mainly poses challenges of integrating migrants into both society and the labour market**. In France for example, people with a migration background are confronted with discrimination when searching for a job. Overall, employment levels tend to be lower for immigrants than for the local population. The language barrier remains one of the biggest obstacles for migrants to access the labour market, social services and health care. CSOs play an important role in informal language education and helping migrants navigate the bureaucracy of accessing social services.

## Social protection and inclusion

The number of people at risk of poverty or social exclusion in the EU has decreased over the last decade to 21.7% in 2018<sup>10</sup>, mainly as a result of increased employment rates. However, it would be

too easy to conclude that work by definition solves social problems and lifts people out of poverty. In the period from 2010 to 2017, **the number of people suffering from in-work-poverty increased**, from 8.3% to 9.4%.<sup>11</sup> This is largely the result of low-quality jobs, involuntary part-time work and bogus self-employment.

Poverty rates and socioeconomic conditions in general do not only vary drastically between countries, **many countries also see large discrepancies between different regions**. This becomes particularly apparent in the case of Slovakia; even though by looking at the GINI index the country seems to be one of the most equal in Europe, its wealth is largely concentrated in the west of the country in the region surrounding the capital. The east of the country is significantly poorer and faces many socioeconomic challenges.<sup>12</sup>

Almost all of our National Strategy Groups warn that **affordable and quality housing has become less accessible** in recent years. Especially in urban centres and some touristic hotspots property prices and rents have risen sharply. In Czechia, prices for housing have risen by a shocking 23% since the beginning of 2015.<sup>13</sup> Especially in big cities such as Prague and Brno, housing is rapidly becoming the least affordable of the EU.<sup>14</sup>

Although the effect of social transfers on poverty reduction varies significantly between countries, overall **the impact of social transfers has decreased** over the past 15 years.<sup>15</sup> Demographic pressures are highlighted by various National Strategy Groups as a challenge for the sustainability of the social welfare system. In some countries this is mainly caused by demographic aging, in others mass emigration also plays a role.

Finally, the increasingly flexible nature of work and the departure from traditional, full-time, life-long



careers also has an impact on the coverage and contributions to our social protection systems.

**Interruptions of employment also result in interruptions in social contributions.** This does not only deter the coverage and adequacy of social protection for individual people, but also harms the financial sustainability of the system as a whole. We need high-quality universal social protection to ensure that all Europeans are protected from falling into poverty.

### Health care

Government spending on healthcare ranges from 3% of GDP in Cyprus to 9.4% of GDP in Germany. This in turn leads to differences in out-of-pocket expenses and the availability and quality of care services. These issues are most pressing some vulnerable groups in society, including non-standard workers, Roma and migrants. **Socioeconomic inequalities are often also reflected in the accessibility of healthcare.** In Greece, for example, in 2016 35.2% of people in the lowest income quintile reported that they had unmet care needs, compared to 1% in the highest income quintile.<sup>16</sup> 16.8% of Estonians have unmet medical needs.

The National Strategy Groups for several countries, including Croatia, Romania and Slovakia, warn that **especially in more rural areas the availability of healthcare is diminishing.** Many countries are dealing with **shortages of medical staff**, most notably in the public health sector. In countries faced with large streams of outward migration, the health care sector is often hit the hardest by the exodus of qualified professionals.

### Civic space

A worrying trend over the past couple of years have been the increasingly common **attacks on civil**

**society and the media.** Several European governments have deliberately limited the freedom association to limit the influence of Civil Society Organisations and shrink civic space. In these countries, **CSOs regularly face verbal, economic and legal attacks.** The heat of the attacks seems to be targeted at NGOs working with migrants and refugees. This ranges from the defunding of language courses (Austria), demonising them in public discourse and criminalising solidarity introducing sanctions for the rescue of migrants (Italy), to the outright criminalisation of handing out flyers with information about the asylum procedure (Hungary). The **freedom of assembly is also under pressure**, for example by the commercialisation of public space, the increasingly strict conditions for announcing and organising demonstrations and excessive police violence as was the case during the *Gilets Jaunes* protests in France.

Civil Society Organisations are furthermore experiencing challenges carrying out the full range of their work, as funding is increasingly project-based and often requires co-funding. This leaves them with **limited resources for important advocacy work.** Transparency requirements concerning funding and donations, which are becoming increasingly demanding in some countries, pose an additional challenge to the financing of CSOs' work. In the case of Hungary, **limiting foreign donations is purposely being used as a tactic to defund CSOs.**

### Freedom of speech and press

The freedom of speech, and especially **the freedom of press, is under pressure by attacks on journalists and media outlets.** The media landscape is becoming more politicised and the **governments of several European countries have expressed explicitly hostile sentiments against the media** and portrayed them as traitors to their country. Our National Strategy Group for Croatia reports that there are currently 1163 libel and public



defamation lawsuits pending against 90 journalists and media outlets. In 2018, a Slovakian journalist who was working on uncovering the alleged links between Prime Minister Fico and the Italian mafia was even murdered, along with his fiancée, in their house.<sup>17</sup> As a result of these threats, **(self-)censorship is increasingly common**, harming the ability of journalists to disseminate objective and pluralistic information to the public.

Besides the direct attacks on the work of journalists, the independence of the media is also compromised by an ever-growing influence of politicians in the media landscape. Reporters without Borders finds that for example in Romania, government agents posing as journalists have started infiltrating news organisations.<sup>18</sup> However, it is far more **common for the media to be influenced by the concentrated ownership of news outlets** in the hands of a few political figures and/or prominent people from the business world. In Czechia, Prime Minister Andrej Babiš, owns the country's two most important newspapers and a radio station. In 2017, President Miloš Zeman appeared in a press conference with a fake Kalashnikov inscribed with the words 'for journalists'.<sup>19</sup>

### Comparison to Country Specific Recommendations

**The principles of the European Pillar of Social Rights and the UN's sustainable Development Goals should be at the core of the Commission's Country Specific Recommendations** to Member States. Although elements of the European Pillar of Social Rights are reflected in indicators such as the at risk of poverty and social exclusion rate (AROPE), **commitments to improve social condition remain rather vague**. Social objectives are only very rarely at the core of the final recommendations. The social impact of policy measures

is often not at the centre of the recommendation, but rather mentioned as a stipulation for the other recommendations. For the successful implementation of the European Pillar of Social Rights and the SDGs, it is of utmost importance that the policy recommendations of the European Commission to the Member States are in line with and conducive of achieving these social and sustainable goals. It is therefore worrisome that **despite the introduction of the Social Scoreboard, the Country Specific Recommendations continue to centre around macroeconomic indicators** and fail to put Europe's social objectives at their core. Social spending continues to be viewed as a mere expense, ignoring the positive social *and* economic outcomes that investing in social equality yields for society. The recommendations furthermore put a strong emphasis on (un)employment rates. Whereas employment is undoubtedly an important factor in both individual and collective social realities, it does not tell the full story. **We need to look below the surface of unemployment rates and consider the quality of employment, adequacy of wages and working conditions**. This reveals a reality of in-work-poverty, precarious work and a deterioration of working conditions that are neglected in the European Semester process.

In almost all countries, **regional disparities in terms of employment, poverty rates, quality of education and accessibility of healthcare play an important role in sustaining social inequalities**. Whereas the European Semester seems focussed on convergence between countries, the divergence within countries is neglected. These regional inequalities are at the root of numerous problems, including rising housing prices, lack of qualified (medical) professionals and unequal opportunities for young people in some areas. The Country Specific Recommendations need to reflect these regional differences and provide recommendations aimed at closing the socioeconomic gaps within countries.





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# COUNTRY MONITOR



## AUSTRIA

# Social Rights Monitor 2019

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The coalition former coalition government of the ÖVP and FPÖ drastically shaped economic and social policy developments. Our National Strategy group finds that “[the government] constantly undermined the existing welfare state and linked issues of immigration and integration with welfare measures.” Solidarity in the sense of redistribution, risk sharing and social responsibility was replaced by a nationalist, anti-immigration and neoliberal agenda. Policy changes include the degradation of the basic income scheme, cuts in funding for Public Employment Service, the indexation of family benefits for EU citizens, severe reduction of funding for women’s rights and gender equality organisations, planned €500 million reduction of funding of the accident insurance (AUVA)<sup>1</sup>, introduction of 1.50€ jobs in community work for asylum seekers and a budget cut of 1 million for counselling services<sup>2</sup>. The government even attempted to include ‘economic interests’ into the Austrian Constitution, after an environmental impact assessment obstructed a big infrastructural project<sup>3</sup>. The cuts to the Austrian social welfare system severely affect vulnerable parts of the population such as people with a migrant background, women, children from disadvantaged backgrounds and older people. Civil society organisations faced verbal, economic and legal attacks from the government.



**Gini Index:** 26.8

**Unemployment:** 4.9%

**Gender equality index:** 65.3

**Youth unemployment:** 9.4%

**AROPE:** 17.5%

**Social welfare spending (as % of GDP):** 20.5%

**Tax on labour as share of total taxes:** 55.3%

**In work poverty:** 8%

**CIVICUS civic space monitor:** Narrowed

## Equal opportunities and fair working conditions

The most significant intervention in Austrian labour law was the introduction of the 12-hour working day. This policy change adds to the precariousness of work, worsening work-life balance and severe health concerns for the workers and employees affected. The bill raises the daily maximum working time from 10 to 12 hours, five days a week. Thus, the maximum weekly working time is raised from 50 to 60 hours<sup>4</sup>. Freedom of choice for employees and workers is not provided for in the legal text as practically all workers have a clause in their employment contract that requires them to work overtime. The law was passed without any involvement of civil society, and after a protest of 100.000 people the government even speeded up the legislative process making a public reviewing process impossible<sup>5</sup>. Government funding for the “Public Employment Service” (Arbeitsmarktservice, AMS) has been reduced. Particularly affected were German language courses and integration measures such as competency checks and vocational guidance for refugees. The originally planned 100 million Euros for integration measures in 2018 was halved and reduced to 50 million Euros<sup>6</sup>. An additional amount of 55 million planned for German courses and qualifying measures were not granted. In 2019, the budget for integration measures was even reduced from 50 million

to zero<sup>7</sup>. An estimated amount of 1200 external trainers working for the Employment Service (AMS) lost their job due to the budget cuts<sup>8</sup>.

Further adjustments the government made included the indexation of family benefits for EU-citizens working in Austria. This concretely means that this allowance is adjusted and now dependent on the living cost of the children’s place of residence<sup>9</sup>. For many workers from Central or Eastern European countries, a lot of women working in under paid sectors, this means substantial cuts in their disposable income<sup>10</sup>. The Commission finds that this indexation mechanism is not compatible with EU law<sup>11</sup>. Moreover, a measure to support longtime unemployed over 50 (Aktion 10.000) as well as the “Beschäftigungsbonus”, an initiative to reduce non-wage labour costs, have been stopped<sup>12</sup>.

## Social protection and inclusion

### Harsh reform of the minimum income scheme tackling migrants and families

Another drastic deterioration for social inclusion and protection in Austria has been the changes made to the Austrian minimum income scheme (Mindestsicherung). The child benefits for families with more than three children have been significantly reduced. For the second child parents receive 133 Euros, 44 Euros for the third child while the amount for the first child has been increased to 221 Euros per month<sup>13</sup>. Over 54.400 families with three or more children are affected by these cuts<sup>14</sup>. Single parents, almost all of them are single mothers, can get an additional allowance for their children but this depends on the decision of the federal state (Bundesland) and there is no legal claim to this extra payment.

Besides families, the reform of the minimum income scheme has particularly targeted and discriminates



people with German language skills below the level of B1 or English language skills below the level of C1. In most cases, affected people are refugees or people with a migrant background. If they cannot prove sufficient language competence, the maximum monthly allowance of 863 Euros is reduced by 300 Euros<sup>15</sup>. Thus, the risk of poverty of children, families with a migrant background and female headed households increased significantly due to the reform of the minimum income. People granted subsidiary protection are no longer entitled to minimum income and will now only receive extremely minimal non-cash benefits<sup>16</sup>.

### Further attacks on rights of women and refugees

Measures to tackle gender based discrimination and foster gender equality were stopped or weakened by the ÖVP-FPÖ government. In concrete numbers, the government decided to cut the budget for the Ministry of Women's Affairs by 179.000 Euros in 2018 and by another 230.000 Euros in 2019. Consequently, many NGOs, projects and initiatives working on gender equality and women's rights lost or partially lost their funding<sup>17</sup>. The goal of the Employment Service AMS to spend 50% of the funding for active labour market policy on women has been abandoned<sup>18</sup>. Furthermore, a decree on teaching principles in Austrian schools which had the aim of teaching "equality between women and men" was suspended<sup>19</sup>.

As of 2019, no current funding is provided for the integration of refugees into the labor market<sup>20</sup>. Asylum seekers, in the first place, do not have access to the labour market in Austria. Moreover, when refugees are refused asylum they are deported even if they are in training or education. Until September 2018, the Austrian apprenticeship model was an educational opportunity for asylum seekers below the age of 25 to enter the labour market, but the government stopped this possibility<sup>21</sup>. Therefore, a comprehensive integration process can only start once asylum

is granted and refugees are able to enter the labour market. This is a severe problem for personal autonomy and development as well as economic independence.

### Good practice

#### Language courses for asylum seekers

The city of Vienna offered cost free German courses for asylum seekers from 2017 until summer of 2019 on a larger scale. This measure helps people in primary care to establish a daily structure as well as helps to better overcome the challenges of everyday life. Moreover, it fosters a quicker integration process after being granted asylum, as measures can build upon acquired German language skills and a first orientation in Austrian society. This is a particularly important measure as language courses by the federal state were severely cut and access to the labour market is not granted to asylum seekers in Austria.

### Civic space

Within a relatively short period of time, Austria's government seriously encroached fundamental freedoms and installed restrictive measures negatively affecting civil society, media, rule of law, citizens and third country nationals<sup>22</sup>. Particularly concerning are the increased attacks on civil society and freedom of press. In November 2018, the CIVICUS monitor downgraded Austria's rating from "open" to "narrowed"<sup>23</sup>. The decision was justified by a refusal to engage in structured dialogue with civil society as well as reducing funding for NGOs in many sectors. Furthermore, derogatory remarks about NGOs were made by then Chancellor Sebastian Kurz (ÖVP) accusing Doctors without Borders (MSF) of cooperating with people smugglers in their sea rescue missions in the Mediterranean<sup>24</sup>. The Minister of Sustainability and Agriculture, Elisabeth Köstinger (ÖVP) introduced amendments which will



significantly limit consultation possibilities of NGOs working on environmental protection in Austria<sup>25</sup>. Not only civil society organisations but also journalists and media have been attacked by the government. This included then Minister of Interior, Herbert Kickl (FPÖ), who instructed his Ministry officials to withhold information to certain media outlets which are critical of the government. Furthermore, increased pressure was put on the Austrian public broadcaster ORF. The ÖVP-FPÖ government engaged in attempted intimidation of one of Austria's most prominent journalists, Armin Wolf, and tried to restructure the independent broadcaster from within<sup>26</sup>. In the infamous "Ibiza videos" that caught then vice-Chancellor Heinz Christian Strache (FPÖ) in an attempt to engage in serious corruption, nepotism and attempts to breach the rule of law, he stated that he wished to install a media landscape like the one in Hungary. The publication of these videos and many other extremely problematic statements eventually led to the end of the coalition government. New elections were held on 29 September 2019.

## Comparison to Country Specific Recommendations

The Country Specific Recommendations for Austria for 2019 and 2020 are relatively short and highlight the necessity to invest in the sustainability of health, long-term care and pensions<sup>27</sup>. Raising the statutory retirement age is one of those recommendations. Further important changes such as the shift away from taxes or the support of full-time female employment through the improvement of childcare services are mentioned. These reflect certain adjustments but do not shed light on the severe attack that has been made on the Austrian welfare state the previous year. While it is said that "the levels of basic skills for disadvantaged groups, including people with a migrant background" should be raised, we firmly encourage the European Commission to use stronger wording and take more action on fundamental social and human rights.



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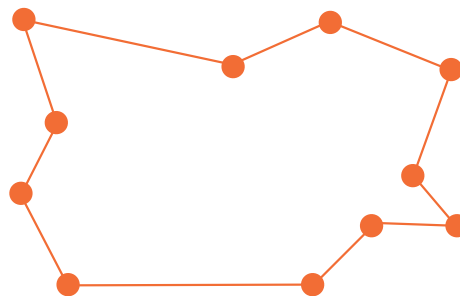
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# COUNTRY MONITOR



## BULGARIA

# Social Rights Monitor 2019

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The Bulgarian society is an extremely unequal one. While unemployment is under relative control, the Gini Index is the highest one in the EU. Moreover, the number of people at risk of poverty is exceptionally high. Major reasons for these worrying indicators are the underfunding of the welfare system, a regressive tax system and a prevalent corruption problem. The Bulgarian government must make real commitments to improve the effectiveness and increase the amount of public expenditure for social protection, health and education. The European Semester Country Report for Bulgaria finds that “key factors in perpetuating the cycle of disadvantage are unequal access to the healthcare system as well as failure to enrol in early childhood education and to benefit from efficient education services”.<sup>1</sup> The crisis in the Bulgarian health care system translates into the exodus of health professionals and a systemic underfunding of a dysfunctional health care system. Lastly, the situation for freedom of press and expression is extremely concerning. In the Reporters with Borders ranking for 2019, Bulgaria is in 111<sup>th</sup> place just between Ethiopia and Mali.<sup>2</sup> It has therefore the worst ranking in the EU and the entire Balkan region. The situation for civil society is similarly very challenging with little possibility to consult and be involved in civic dialogue. While the trend towards a more restricted space for press freedom and civil society is unfortunately a European trend, this shocking rating must press decision makers in Sofia as well as in Brussels to take serious action.



**Gini Index:** 39.6  
**Unemployment:** 5.2%  
**Gender equality index:** 58.8  
**Youth unemployment:** 12.7%  
**AROPE:** 32.8%  
**Social welfare spending (as % of GDP):** 12.5%  
**Tax on labour as share of total taxes:** 35.6%  
**In work poverty:** 9.9%  
**CIVICUS civic space monitor:** Narrowed

## Equal opportunities and fair working conditions

Bulgaria's flat-tax system of 10% on private income and businesses means that the tax system has very limited redistributive power and overall tax pressure is low. The majority of tax revenue stems from a relatively high VAT rate, which is disproportionately burdensome for low-incomes. This means that overall, the tax system is regressive.<sup>3</sup> The employment rate in Bulgaria seems satisfactory with 5.2% registered as unemployed in July 2018, decreasing to 4.5% in July 2019.<sup>4</sup> Men and women are similarly affected with 4.9% male and 4.1% female unemployment in summer 2019. The same statistics show that the level of youth unemployment is decreasing from 13.2% in July 2018 to 12.3% in July 2019. Our National Strategy Group for Bulgaria is concerned that while the government might be content with the numbers, a deeper analysis is necessary.

While youth unemployment is below the EU average (14.3%), Bulgaria has also a high level of NEETs (Not in Employment, Education or Training) compared to other countries in the EU. The rate of is particularly high for young Roma in Bulgaria, with girls even more affected.<sup>5</sup> Improved and increased active labour market policies must be provided for low-skilled youth. The EU Youth Guarantee report 2018

highlights that among the most effective measures are local mediators for youth and/or Roma as well as job fairs.<sup>6</sup> Furthermore, the lower percentage of youth unemployment is caused by the migration of many young Bulgarians and hidden, unregistered unemployment. A number from 2017 confirms that 17% of Bulgarians leave their country to study with many of them not returning home<sup>7</sup>.

## Working conditions

Our National Strategy Group highlights that the most pertinent problems on the labour market in Bulgaria are the lack of collective labour agreements in newly established companies, therefore blocking the establishment of trade unions, precarious working conditions such as the avoidance of permanent working conditions, informal work, lacking commitment to safety at work as well as undocumented overtime working hours. Bulgarian workers can have one fixed-term contract before an employer is obliged to offer them a permanent labour contract. The National Strategy Group reports that to avoid permanent contracts, employers have been known to have multiple legal entities to give workers more than one fixed-term contract whilst continuing to do the same work for the same company. Employers have furthermore been pushing the government to double the maximum legal amount of overtime from 150 to 300 hours per year. For some workers this could mean that they will not have any days off for long periods on end.

## Gender equality

Employers' organisations have furthermore spoken out in favour of reducing the duration of maternity leave, which can currently last up to 2 years. They want women to return to the labour market sooner, but this has proven difficult as the availability of childcare is limited and the costs are often prohibitively high. As a result, only 9.4 % of children below



the age of 4 are enrolled in early childhood education, compared to an EU average of 34%.<sup>8</sup> The National Strategy Group points out that it is common for young women to be discriminated against in the labour market for this reason. At the same time, nationalist movements are blaming young women who do not have children for being selfish and too focussed on their career.

### Good practice

#### The 2019 Disability Act

Since January 1, 2019 the new Disability Act requires employment for people with disabilities for Bulgarian companies exceeding 50 employees. For companies with over 100 employees the number increases proportionally in a number equal to two per cent of their total number of staff<sup>9</sup>. Our National Strategy Group assesses that this is a serious measure against discrimination and hopes it will encourage integration of persons with a disability in the workplace. If the employer decides that they are not in a position to employ a person with a disability, this results in a compensation payment to the state of Bulgaria amounting to 30% of the minimum wage of each vacancy. Furthermore, they highlight that the compensation payments should be spent on enabling a more inclusive environment for persons with a disability in Bulgaria. This legislative act was accepted after six months of protests in front of the Bulgarian Parliament by parents of children with a disability.<sup>10</sup>

### Social protection and inclusion

According to Eurostat, Bulgaria is the country with the biggest income inequality in the European Union.<sup>11</sup> The Social Scoreboard shows that in 2017, 39 % of the total population was at risk of poverty or social exclusion. Over the past ten years, the share of people in in-work poverty has furthermore increased, particularly for low-skilled workers and

people in temporary employment. Amongst Roma, the share of people at risk of poverty reaches 89%. This is exacerbated by a lack of integration policies for the Roma population.<sup>12</sup> Bulgaria's minister of Defence and leader of the nationalist VMRO party, Krasimir Karakachanov, has recently advocated cutting social benefits for Roma as a way to 'integrate' them.<sup>13</sup>

### Social protection

The social protection system is underfinanced and its redistribution capacity is limited. Many people are not covered by the social security system, including seasonal workers and the self-employed. The adequacy and coverage of social assistance are furthermore subpar. In 2016, only 6.3% of people living below the poverty threshold benefited from minimum income support. Over the past ten years, the level of social assistance benefits was increased twice, by a total of 37%. However, during the same period the national poverty line grew by 112%. As a result, the replacement rate of the minimum income schemes is only about 24% of the poverty threshold, which is by no means sufficient for leading a decent life.<sup>14</sup>

### Health care crisis

A sincere, swift and effective implementation of the National Health Strategy is urgently needed to ensure that people receive medical services that are available, accessible, of high quality and affordable. The Bulgarian health care system is in an extremely worrying condition. There exist significant obstacles to accessing healthcare in Bulgaria, and public expenditure on healthcare is far too little to improve the situation. Inefficient management and insolvent hospitals pose severe structural problems to the Bulgarian health care system which is described as being "close to collapse"<sup>15</sup>. A staggering number of 719.000 people, which is more than 10% of the population, are without health insurance. For the Roma



population the number is even more worrying: Less than half of Roma women have health coverage<sup>16</sup>. Furthermore, brain drain is a major problem for the Bulgarian health care system. Each year around 450 doctors and around 1,000 nurses leave Bulgaria in search for better job opportunities in Western Europe<sup>17</sup>. It is not only the remuneration that is insufficient for medical professionals but a dysfunctional health care system, bad working conditions and a lack of basic medical supplies act as strong push factors. According to our National Strategy Group, the situation in the countryside and rural Bulgaria is particularly bad with more stable conditions in Sofia, Plovdiv and Varna.

### Civic space

Civic space is a major area of concern for Bulgaria. Our National Strategy Group assesses freedom of expression in the country as very critical highlighting media monopolies, pressures on (anti-corruption) journalists and independent journalism in general. The most notorious example of the country's drastic problem with media diversity is embodied in the figure of Delyan Slavchev Peevski who owns two big Bulgarian newspapers (Telegraph and Monitor), the TV channel "Kanal 3" as well as other news websites and print media<sup>18</sup>.

The murder in 2018 of the Bulgarian investigative journalist Viktoria Marinova, who had been working on corruption files related to the misuse of EU funds, sparked international outcry on the state of press freedom in the country<sup>19</sup>. According to a 2019 Reporters without Borders report, Bulgaria ranks 111<sup>th</sup> in the world between Ethiopia (110<sup>th</sup>) and Mali (112<sup>th</sup>), making it by far the worst performer in the EU<sup>20</sup>. Reporters without Borders assess the situation so severe that "[t]hreats against reports have also increased in recent months, to the extent that journalism is dangerous in Bulgaria". Likewise, the

situation for civil society organisations is challenging in Bulgaria. Our National Strategy Group criticises increasing administrative burdens for NGOs that cumber the work of these organisations. Civic dialogue remains weak with only few and slow improvements made over the last few years. A positive example is the Public Council that was established under the National Assembly's Committee on Interaction with Non-Governmental Organisations and Citizen's Complaints in 2015<sup>21</sup>.

### Comparison to the Country Specific Recommendations

A lot more attention should be put on the recommendations for Bulgaria regarding the acute and drastic situation of the health care sector in Bulgaria. The recommendations only mention the reduction of out-of-pocket payments in this regard and the shortage of health professionals<sup>22</sup>. Furthermore, it is disappointing that not more emphasis is put on the worrying condition of income inequality in Bulgaria. Unfortunately, mostly labour market related issues, such the improvement of employability through reinforced skills, are mentioned in the report. They also highlight that the quality and inclusiveness of education and training for disadvantaged groups, particularly for Roma, must be improved. We urge the European Commission to put an increased focus on the fragile situation of social protection, poverty, access to education and health in the next Country Specific Recommendations that must reflect the very challenging situation in these sectors in Bulgaria.



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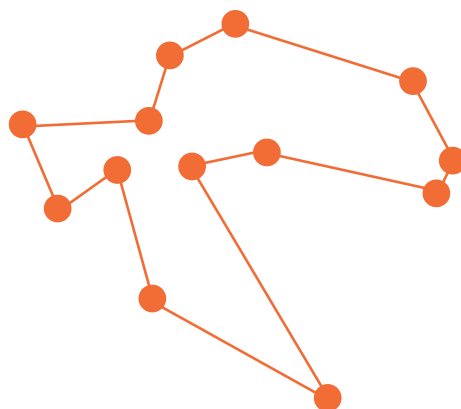


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# COUNTRY MONITOR



## CROATIA

# Social Rights Monitor 2019

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Thanks to favourable economic developments, unemployment in Croatia is in decline. However, at the same time precarious work has become increasingly common. Croatian workers face some of the most precarious working conditions in the EU, specifically in the form of seasonal work and (very) short-term contracts. Wages are furthermore low, which is one of the reasons that many working-age people leave the country to find work elsewhere. The government has implemented several measures to make it more attractive for employers to hire young Croatians and encourage them to stay in the country. Nevertheless, SOLIDAR's National Strategy Group warns that a holistic strategy against brain drain is missing. Although employment rates are up, wage growth has been slow compared to the rest of the EU and wages overall are low. Croatia is furthermore one of the only countries in which the gender pay gap is widening. Social transfers are not effective in combatting poverty, and demographic changes are increasingly posing a threat to the sustainability of the social protection system. As a side-effect of mass tourism, accessibility of affordable housing is decreasing in cities and coastal areas. Finally, civic space is under pressure from attacks to the freedom of the press and limitations to the freedom of assembly.





**Gini Index:** 29.7

**Unemployment:** 8.4%

**Gender equality index:** 55.6

**Youth unemployment:** 23.7%

**AROPE:** 24.9%

**Social welfare spending (as % of GDP):** 14.3%

**Tax on labour as share of total taxes:** 37%

**In work poverty:** 5.3%

**CIVICUS civic space monitor:** Narrowed

## Equal opportunities and fair working conditions

As a result of positive economic development, employment levels in the Croatian labour market have steadily improved.<sup>1</sup> Unemployment is down, and with that poverty has also decreased. Nevertheless, wage growth has been one of the slowest of the EU.<sup>2</sup> The National Strategy Group notes that about half of the working population earns less than the average wage of 6420 Kuna (roughly €864) a month. They also report that access to the labour market varies geographically; especially in rural areas and on island access to the labour market is more difficult. In recent years, there have been several reforms to the taxation system, including income taxes, corporate taxes and VAT. These include tax deductions for all non-employed members of a household and the cutting of employment benefits and occupational health benefits.

The prevalence of seasonal work, most notably in the tourism and agriculture sector, contributes to the precariousness of work in Croatia. Workers in these sectors can apply for assistance from the Croatian Employment Bureau to combat the seasonality of their employment, but more sustainable long-term measures are needed to prevent seasonality and to turn these jobs into year-long jobs. Besides seasonal work, short-term contacts also cause

precariousness in the labour market. About 1 in 5 workers have a short-term contract and 6.9% even have a contract of three months or less.<sup>3</sup> No less than 91 percent out of 178,000 Croatians who found a new job in 2017 signed a fixed-term contract.<sup>4</sup> As a result, Croatia has the largest share of precarious workers in the EU.

## Youth

Youth unemployment has dropped from 49.9% in 2013 to 23.4% in 2018.<sup>5</sup> However, this is not necessarily due to increased employment, which only increased by 11 percentage points.<sup>6</sup> The National Strategy Group concludes that the Youth Guarantee has not been effective. In order to boost youth employment, the Croatian government has introduced a number of measures to make it more attractive for employers to hire young workers. Income taxes for workers below the age of 25 have been scrapped, and those between 25 and 30 years of age pay only 50% of the normal rate.<sup>7</sup> This reduces the labour costs for employers and increases wages, which is expected to encourage young workers to stay in Croatia. The National Strategy Group points out that for similar reasons, the government has also introduced benefits for employers who offer a young person a permanent contract.

However, they also warn that a holistic approach to halting brain drain is missing. With 14% of Croatians between the ages of 20 and 64 living in another EU Member State, Croatia has one of the largest share of its working age population living abroad. The EU average is 3.8%.<sup>8</sup> The education system is not focussed on preparing students for the labour market and a strategy to facilitate the transition for school to work is lacking. Croatia furthermore performs below the EU average in terms of access to and quality of lifelong learning. The participation rate in adult education is steadily decreasing, at 2.3 % in 2017, compared to the EU average of 10.9 %. Especially for those who could benefit from it the most, in-



cluding low-qualified workers and the unemployed, participation in lifelong learning activities is low.<sup>9</sup>

### Good practice

#### Dual education system

Croatia invested €80 million in the development of a dual education system.<sup>10</sup> This offers young people with little or no professional experience a work-based learning opportunity. It combines classical learning in school, with practical learning on the work floor.<sup>11</sup> Students receive a monthly allowance during the entire programme for the time they spend with a company.<sup>12</sup> Critics of the system say that employers misuse the dual education system and that the allowance is too low.

## Social protection and inclusion

The number of people at risk of poverty and social exclusion has decreased since the economic crisis.<sup>13</sup> Nevertheless, at 24.8% the share of people living in poverty remains above the European average. Especially young people below the age of 18 and older people (65+) are at risk. The National Strategy Group reports that 71% of Croatians indicated to have had financial difficulties in 2018 and 62% worry about having insufficient income in old age. They furthermore find that the existing social policies are non-systemic and ineffective in reducing poverty. The national strategy on the eradication of poverty (2014-2020) does not have clearly defined targets and is considered to miss some key elements such as adapting the education system to the demands of the modern labour market. Also the extensive use of public employment schemes is criticised as their effectiveness has never been demonstrated. Negative demographic changes - that are the result of emigration and a low birth-rate - pose a risk to the sustainability of social welfare policies. The number of pensioners has grown steadily and in 2018 only

19% of them fulfilled the legal requirements in terms of age and duration of contributions. This is a threat to the financial sustainability of the pay-as-you-go pension system.<sup>14</sup> Plans to gradually increase the pensionable age from 65 to 67 have been retracted after trade unions protested them.<sup>15</sup>

## Housing

Tourism is a crucial source of income for Croatia, but its large scale is starting to result in several social problems. Besides the seasonality of employment, mass tourism has furthermore led to a shortage of housing in cities and touristic hot-spots. The National Strategy Group signals that one in four Croatians is not satisfied with their housing situation, but that more detailed data are lacking. Tourism is leading to gentrification of these areas and puts a pressure on the local infrastructure. Government policy is mainly focused on helping people buy property by means of subsidised mortgages. The National Strategy Group warns that this is resulting in an increase of property prices and subsequently in an increase of rents, especially in Zagreb and along the coast.<sup>16</sup>

## Gender equality

Croatia is one of the few countries in which the gender pay gap has widened in the past decade. Although it remains below the EU-average, the pay gap has increased from 5.7 in 2013 to 11.6 in 2017.<sup>17</sup> SOLIDAR's National Strategy Group denounces the fact that the National Policy for the Promotion of Gender Equality has not been renewed since the last one expired in 2016.<sup>18</sup> They furthermore criticise the prevalence of traditional gender roles that keep women economically dependent and condemn the lack of inclusive work-life-balance policies, which cause women to be subject to discrimination in the labour market. They highlight that only 2.5% of fathers make use of paternity leave. Croa-



tians experience some of the severest work-life-imbalance of all Europeans.<sup>19</sup> In an attempt to improve the decreasing birth-rate, for 2020, the government has announced that the maternity benefit will be increased from €540 to €757.<sup>20</sup>

### Healthcare

Access to healthcare in Croatia is good overall. However, in rural areas and on islands access to medical services is more limited and therefore the share of people with unmet care needs is higher.<sup>21</sup> As a result of high alcohol consumption and smoking, the number of preventable deaths is above the EU average for both men and women.<sup>22</sup> The National Strategy Group furthermore reports that since 2003, the range of services that are covered by the national healthcare system has been decreasing. They also stress that for migrants access to medical care is impaired because of the language barrier. Asylum seekers, including children, are only entitled to emergency care. This means they do not have access to pre- and post-natal care, vaccines and psychological care. For these types of non-emergency care they are fully dependent on NGOs.

### Civic space

Civic space in Croatia is narrowed, which is largely the result of attacks on the freedom of the press.<sup>23</sup> Reporters without Borders find that “Croatian journalists who investigate corruption, organised crime or war crimes are often subjected to harassment campaigns.” Defamation is a criminal offence and ‘humiliating’ media content has been criminalised since 2013.<sup>24</sup> The National Strategy Group reports that there are currently 1 163 libel and public defamation lawsuits pending against 90 journalists and media outlets. The national television broadcaster is also subject to strong political influence. The commercialisation of public spaces is posing a hindrance to the freedom of assembly. This is ex-

acerbated by the administrative hurdles of requesting permission for public assemblies. Another worrisome development the National Strategy Groups calls attention to is police officers requesting prosecution of protesters for disturbing public peace. They furthermore warn that civil society organisations are increasingly facing difficulties in terms of administrative demands and co-funding of projects. Project-based funding in itself is harming the advocacy capacities of organisations. Until 2016, Croatia had a ‘National Strategy for the Creation of a Supportive Environment for the Development of Civil Society’. Although the drafting process was started, no new strategy has been adopted since then.

#### Good practice - e-consultation

The Croatian government makes use of an e-consultation platform that allows citizens to actively take part in the policy making process.<sup>25</sup> The idea is that citizens have 30 days to express their views on newly proposed laws and by-laws. However in 2018 the e-consultations were open for only 20 on average. Over the years, an increasing number of public bodies have used the platform for public consultation.

### Comparison to Country Specific Recommendations

The Country Specific Recommendations for Croatia address many of the same issues that our National Strategy Group has also highlighted. These include the low effectiveness of the social protection schemes and the need for the education system to better facilitate the transition to the labour market. They also acknowledge the importance of improving access to the labour market and encouraging genuine social dialogue. However, Civil Society Organisations besides the social partners are not mentioned and there is a lack of attention on issues concerning gender equality, low wages, precarious work, and brain drain.



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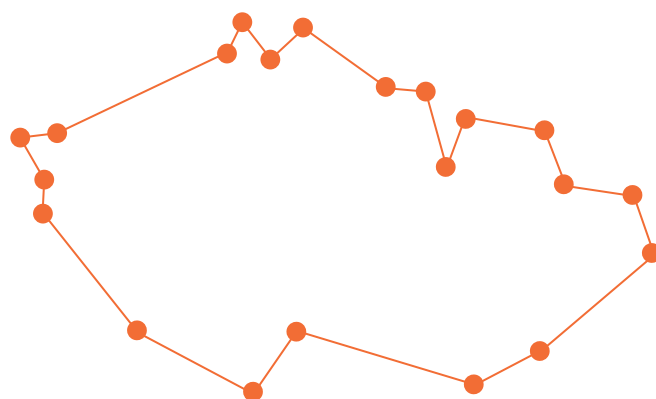


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# COUNTRY MONITOR



## CZECHIA

# Social Rights Monitor 2019

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Czechia is currently enjoying near full-employment as a result of strong economic growth. However, there has also been a rise in in-work-poverty and a relative increase in taxation on labour compared to capital. The tightness of the labour market has led to higher wages and an increase of the minimum wage. However, wages still remain relatively low overall and women suffer a 22% gender pay gap. The education system is struggling to keep up with the skill-set needed for the current labour market and reinforces existing socio-economic disparities. In addition, Czechia is facing a severe housing crisis, with prices rising quickly and becoming the least affordable in Europe. This issue, and the effect it has on the income-debt ratio of households is neglected in the Country Specific Recommendations. Social services are structurally underfinanced and the pension system, although it has recently become more adequate, is not financially sustainable in the long term. Finally, there are concerns regarding the civic space in Czechia, which has up until now been classified as 'open'. Civil Society Organisations struggle with long-term advocacy strategies, as their funding is largely dependent of projects. Furthermore, the freedom of the press is under pressure, since increasingly more press outlets are concentrated in the hands of a few rich businessmen, including the Prime Minister.





**Gini Index:** 24.0

**Unemployment:** 2.2%

**Gender equality index:** 55.7

**Youth unemployment:** 6.7%

**AROPE:** 12.2%

**Social welfare spending (as % of GDP):** 12.0%

**Tax on labour as share of total taxes:** 50.6%

**In work poverty:** 3.4%

**CIVICUS civic space monitor:** Open

## Equal opportunities and fair working conditions

The Czech economy is experiencing strong economic growth, which at an activity rate of 79.9% has resulted in near full-employment.<sup>1</sup> Unemployment is at an all-time low and with 2.2% is the lowest of the EU. In fact, a shortage on the labour market is looming.<sup>2</sup> As a result of the tight labour market, wages have increased significantly<sup>3</sup> and over the past decade the minimum wage has been raised from €311 in 2010 to €519 today.<sup>4</sup> Nevertheless, incomes in Czechia remain relatively low compared to those in other EU countries.<sup>5</sup> Like in many other European countries, there has been a rise in in-work-poverty and taxation on labour relative to capital has increased.

Also youth unemployment has dropped below pre-crisis levels, and our National Strategy Group reports that, although at first work is often precarious, young people generally find it easy to find a job after they leave school. However, they also warn that because wages are low, many young people cannot afford to live on their own, hence the number of young people living with their parents is rising.

## Gender equality

Labour participation of Czech women is well above the European average.<sup>6</sup> Nevertheless, Czechia has the second largest gender pay gap of the EU: 22%.<sup>7</sup> This can be partially explained by the long, but inflexible, parental leave provisions, which result in women having long career breaks.<sup>8</sup> In addition, a lack of accessible good-quality child care facilities makes it difficult for women to return to work after having a child. In 2017, only 3.9% of children below the age of three were enrolled in formal child care, compared to a 17% EU average.<sup>9</sup> More possibilities for part-time work might make it easier to find a work-life-balance, however this is currently disadvantageous as part-time workers do not have the same rights and entitlements. Women remain the main caregivers for children and older relatives and our National Strategy Group points out that reforms aimed at improving work-life balance are mainly geared towards women. The gender employment and pay gap also results in women being entitled to lower pensions later in life.<sup>10</sup>

## Education

Compared to other countries, Czechia has relatively few early school leavers (6.2%), but this number has recently been increasing and exceeded the target of 5.5%.<sup>11</sup> In line with the Country Report, our National Strategy Group expresses doubt about the Czech educational system's ability to keep up with the demands of the current labour market. It is expected that a different skill set, with more focus on digital and robotics skills will be needed in the future. A step in the right direction is the website Infoabsolvent.cz, which provides career guidance and information on employment prospects, by compiling up-to-date data from both the labour market and the education sector.





Furthermore, there is a persistent problem of socio-economic segregation in schools, leading to very low levels of upward mobility through education. A student's socio-economic background has a very strong influence on their school performance and future employability.<sup>12</sup> 71% of students graduate with the same level of qualification as their parents and only 17% of students outperform their parents academically.<sup>13</sup> Finally, the teaching profession - that offers low wages and low job prestige - is not very attractive in Czechia, leading to a shortage of well-qualified staff.<sup>14</sup>

## Social protection and inclusion

Although Czechia shows an overall low level of inequality, with a Gini index that is amongst the lowest of Europe, regional inequalities play an increasingly important role. Especially in terms of income, opportunity and access to jobs and services, there are large disparities between regions.<sup>15</sup> The National Strategy Group criticises the decrease in the number of people at risk of poverty and social exclusion, as these numbers do not take into account debt and real wages. Over the past decade, the income-debt-ratio for households has increased<sup>16</sup> and the NSG points out that household debt puts a significant pressure on incomes. Furthermore, the gap between nominal and real wages has widened over the past two years.<sup>17</sup>

The NSG furthermore reports that social policy in Czechia is structurally underfinanced; government spending on social protection is well below the EU average.<sup>18</sup> Over the past years, pensions have become more adequate, however, with the current demographic trends, this system is not financially sustainable on the long term.<sup>19</sup> They also warn that health care is becoming less accessible, especially in rural areas. In the future, a lack of qualified staff could pose problems, as many health care workers

will retire over the next years<sup>20</sup>, and a large share of skilled staff chooses to work in other EU countries where the working conditions are more favourable.

## Housing

One of the most pressing issues in Czechia at the moment is the housing situation. Prices for housing have risen by 23% since the beginning of 2015; the fastest growth in the EU.<sup>21</sup> Compared to household incomes, this has resulted in Czech housing being the least affordable in a study performed by Deloitte<sup>A</sup>, especially in big cities such as Prague and Brno. A standard house in Czechia costs about 11.3 times the average gross annual salary; 59% more than the average of the countries included in the study.<sup>22</sup> The numbers of newly built housing remain low. The National Strategy Group fears that a new Building Act, which intends to speed up construction, will lead to lower quality housing, especially outside the urban centres.

### Good practice

#### Rapid Re-housing Brno

The Rapid Re-housing project in Brno is an initiative by a local CSO and the municipality of Brno to provide stable housing for homeless families that often live in shelters or hostels. It is a randomised trial to find out what the effects of a 'housing first' approach are. The project started in 2016 and offered a municipality-owned flat to 50 families without a permanent residence. After one year, 48 of the 50 of the families still lived in the flat that they were offered. They reported improved (mental) health for both parents and children and better behaviour of their children.<sup>23</sup>

A Note that not all EU Member States were included in this study.



## Civic space

The National Strategy Group reports that there is a lack of advocacy from the side of Civil Society Organisations, mainly because most of them do not have a stable source of financing. They often operate based on projects, which makes it difficult to develop a long-term strategy.

CSOs furthermore indicate that they feel unsupported by the social partners.

### Good practice

#### Iniciativa Sester

Iniciativa Sester is an initiative by (mostly female) nurses of public hospitals to organise themselves in an informal way to demand better working conditions and higher wages. Although they are not an official trade union, they have managed to gain a significant amount of influence in some cities and have successfully negotiated with hospital management.

At 11.7%, Trade Union density in Czechia is low.<sup>24</sup> The NSG warns that in some of the most precarious sectors, e.g. hospitality, there is no representation at all and that some employers actively try to suppress the formation of a trade union by their employees. The freedom of press is under threat as a small number of rich businessmen have been buying up press outlets to reinforce their influence on public opinion. One of these is Prime Minister Andrej Babiš, who currently owns Czechia's two most important newspapers and a radio station. Reporters Without Borders declares that: "three Czech investigative journalists reported that police have tried to intimidate them in connection with their coverage of matters linked to Babiš."<sup>25</sup> President Miloš Zeman has in the past also expressed hostile sentiments towards journalists, appearing in a 2017 press conference with a fake Kalashnikov with the inscription 'for journalists'.<sup>26</sup>

## Comparison to Country Specific Recommendations

The Country Specific Recommendations address some of the most pressing issues that the Czech Republic is currently facing, including the tightness of the labour market, the lower economic activity of women and the adequacy of the education system. However, the recommendations also disregard some major issues. Although there is a strong focus on the gender employment gap, the gender pay gap is not addressed with the same consideration. In addition, the inequalities between regions, the relatively low wages and the exacerbating housing crisis are not mentioned.



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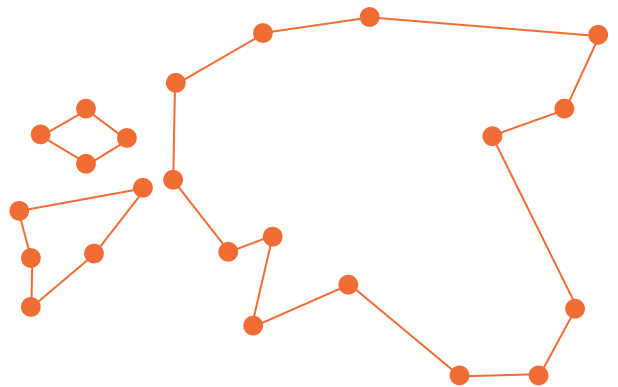


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# COUNTRY MONITOR



## ESTONIA

# Social Rights Monitor 2019

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Estonia struggles with a higher than average share of people at risk of poverty and social exclusion. In-work-poverty is also a growing problem. The situation is especially dire for the elderly and for women, whose risk of poverty is up to twice as high as that of the general population. Social spending is low and the social transfer system is not able to effectively protect people from falling into poverty. The quality and accessibility of social services furthermore varies significantly between regions. At 25.6%, the gender pay gap is the highest of the EU and is largely unexplainable by objective causes. Especially childcare and long-term care responsibilities cause women to leave the formal labour market. Increased wage transparency is hoped to contribute to closing the pay gap more quickly. Workers in Estonia are amongst the highest risk groups for precarious work in the forms of (bogus) self-employment, short-time contracts, zero-hours contracts and undeclared work. Young people are particularly vulnerable to this. The education system furthermore struggles to provide them with the relevant skills they will need in the labour market. Finally, due to the costs, distance and waiting times for healthcare, 16.8% of Estonians have unmet medical needs. Spending on healthcare is among the lowest of the EU. A more central role for primary care intends to improve the accessibility and effectiveness of the healthcare system.



**Gini Index:** 30.6

**Unemployment:** 5.4%

**Gender equality index:** 59.8

**Youth unemployment:** 11.9%

**AROPE:** 24.4%

**Social welfare spending (as % of GDP):** 13%

**Tax on labour as share of total taxes:** 50.6%

**In work poverty:** 9.3%

**CIVICUS civic space monitor:** Open

## Equal opportunities and fair working conditions

Estonia's tax system is characterised by high indirect taxes (over 41%), including on consumption, use of natural resources and pollution, which are known to have regressive effects.<sup>1</sup> The income tax is based on a flat tax of 20%, with a decreasing share of the income exempted as the total income gets higher.<sup>2</sup> The National Strategy Group reports that although this system is progressive, it is difficult to adjust and improve the progressiveness.

Over the past five years, Estonia has seen a 25% increase in (reported) occupational incidents. A number of amendments to the occupational health and safety law is intended to promote a culture of safety amongst employers and employees.<sup>3</sup> Despite the prevalence of standard work, workers in Estonia are amongst the highest risk groups for precarious work.<sup>4</sup> Self-employed workers, working under 'service contracts', do not enjoy the same working conditions as traditional employees. They have no rights to holidays or unemployment insurance and face a significantly higher risk of poverty; 23.5% of self-employed are at risk of poverty compared to 7.8% of wage employees.<sup>5</sup> Besides, (bogus) self-employment, short-time contracts (less than 3 months), zero-hours contracts and undeclared work are the main contributing factors to the insecure working conditions in the Estonian labour market.<sup>6</sup>

## Youth

Especially young people are prone to precarious work as it takes them a while to find a job with an indefinite contract. They furthermore often rely on recommendations from relatives or other acquaintances for their first job, the National Strategy Group reports. Although young people in Estonia enjoy high quality education that provides them with a solid set of basic and digital skills, the National Strategy Group has found the especially those with basic or general secondary education feel like their professional skills are not sufficient to find employment after graduating. The number of early school leavers is close to the EU average, but has increased from 10.9% in 2016 to 11.3% in 2018.<sup>7</sup> For the future, there is a looming shortage of qualified teachers, as close to 50% of teachers are currently aged 50 years or more.<sup>8</sup>

### Good practice 'My first job'

In order to promote youth employment, the unemployment insurance fund has started the 'My first job' programme, aimed at helping young people gain work experience. The fund pays an employer who hires an unemployed 16-29 year old with little professional experience up to 50% of their wages for a maximum duration of one year. The employer must offer the young worker with an indefinite contract or a fixed-term contract of at least a year and is encouraged to also provide them with training.<sup>9</sup> There is a similar programme named 'My first job in Estonia', that besides wage subsidies also offers employers who hire refugees compensation of the cost of obtaining qualifications, Estonian language training and work-related translation services.<sup>10</sup>





## Gender equality

Although there have been positive developments, women in Estonia still earn on average 25.6% less than men. This is the highest gender pay gap in the EU.<sup>11</sup> Only a small part of this gap can be explained because women tend to be overrepresented in sectors where wages are lower and are more likely to work part-time. Parenthood has an exceptionally high effect on women's employment in Estonia; only 16.2 % of women with a child under the age of one are employed, versus 92.6 % of men.<sup>12</sup> The National Strategy Group indicates that there is a strong need for more and also more flexible childcare. Better long-term care provisions would also alleviate the burden on women who care for sick and/or elderly family members. At 20%, inactivity due to care responsibilities is relatively high in Estonia compared to the EU average of 16.5 %.<sup>13</sup>

### Good practice

#### Wage transparency

The previous government made plans to introduce transparency requirements to reduce the gender pay gap in the public sector.<sup>14</sup> This would involve gender-based analyses performed by the labour inspection to determine whether there were unexplained differences between the wages of men and women. Its purpose was to identify the causes of the pay gap and, if necessary, to draw up an action plan to close it. Failure to do so could result in a penalty payment of up to €9600. The law would furthermore have mandated the employer to inform employees of the equal treatment of men and women in the organisation and about the measures taken to promote equality at least once every two years. It is still uncertain whether the new government will continue these efforts. The effects of the measures will also be limited because they only apply to the public sector.<sup>15</sup>

## Social protection and inclusion

Although overall Estonia scores well on the Social Scoreboard, at 24.4% the share of people at risk of poverty and social exclusion is above the EU average. The number of people at risk has increased since before the economic crisis.<sup>16</sup> Some groups, such as women and the elderly, face especially high risks. In 2017, 42% of people aged 65 or older were at risk of poverty and elderly women were almost twice as vulnerable to poverty as the general population (48.7 %).<sup>17</sup> In-work-poverty, though fluctuating, has also seen an overall increase over the past decade.<sup>18</sup>

### Social protection

Estonia's social safety net has improved in terms of adequacy and coverage, however social transfers remain relatively ineffective at preventing people from falling into poverty.<sup>19</sup> Unemployment benefits are contribution based and thus exclude those who are not part of an unemployment insurance scheme. The National Strategy Group warns that self-employed persons, members of the boards of directors and councils of companies, elected representatives such as judges are not insured against unemployment and are not allowed to make voluntary contributions, leaving them unprotected. The replacement rate of unemployment benefits is 50% of the previously earned income for the first 100 days and is then lowered to 40%, which leaves many vulnerable in the face of poverty.<sup>20</sup>

The 2018 amendment of the State Pension Insurance Act intends to improve the sustainability and adequacy of pensions by introducing a supplement for people who live alone or have raised children. However, these changes are not expected to significantly improve the living conditions of pensioners. Recent reforms have led to greater regional





disparities in terms of the quality, availability and accessibility of social services, including housing, homecare and childcare.<sup>21</sup> Estonia's working age population has been in decline since 2005.<sup>22</sup> This has put pressure both on the labour market and on the financing of social security and healthcare.

### Healthcare

Estonia has the highest share of self-reported unmet medical care needs of the EU. In 2018, 16.8% of the population did not get the medical attention they needed due to financial reasons, waiting times or distance.<sup>23</sup> As a result, Estonians are expected to only enjoy 57.2 healthy life years; 7 years less than the European average.<sup>24</sup> Government spending on healthcare per inhabitant is amongst the lowest of the EU.<sup>25</sup> A combination of an ageing population and increasingly expensive new treatments are threatening the financial sustainability of the healthcare system.

In order to strengthen the primary care system and alleviate the pressure on specialist care, in 2019, an agreement was signed between the Ministry of Health and Labour, the Estonian Society of Family Physicians, the Health Board and the Estonian Health Insurance Fund. This agreement aims to ensure that every person in Estonia has the opportunity to register with a GP. In order to achieve this, a mentoring programme for underperforming GP practices is introduced and an extra €19 million a year are pledged inter alia to boost doctors' wages.<sup>26</sup>

### Civic space

Civic Space in Estonia is classified by CIVICUS as 'open'.<sup>27</sup> This is corroborated by the National Strategy Group who report that the freedom of association and assembly are generally well protected. Volunteering is gaining in popularity, with an increase in the proportion of volunteers from 31% to 49%

between 2014 and 2019.<sup>28</sup> However, the Strategy Group also notes that civil society is not actively involved in the decision making process of the government, as they are usually only consulted after a decision has already been made. In addition, trade union membership and collective bargaining coverage are both low.<sup>29</sup> Reporters without Borders finds that although the freedom of press is guaranteed, ownership of the press is increasingly becoming concentrated. The small number and low popularity of Estonian Russian-language media outlets furthermore mean that the Russian minority in Estonia (roughly one fourth of the population) relies mainly on the powerful media outlets from Russia.<sup>30</sup>

### Comparison Country Specific Recommendations

The Country Specific Recommendations for Estonia cover many of the points also brought forward by the National Strategy Group, such as the challenges of demographic ageing, the large gender pay gap and the ineffectiveness of social transfers. However, it also neglects some important issues including the regressive aspects of the taxation system, the increasingly precarious working conditions and the growing problem of in-work-poverty.



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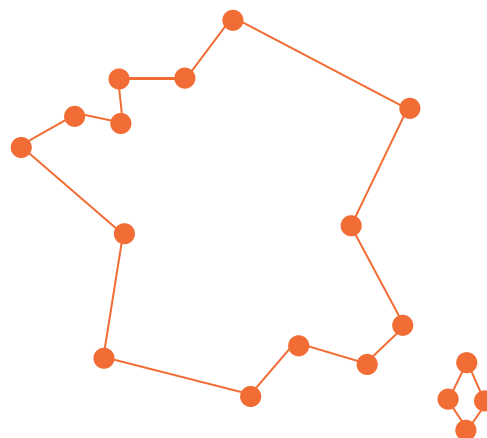
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# COUNTRY MONITOR



## FRANCE

# Social Rights Monitor 2019

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For the past year, France's civic space has been dominated by the *Gilets Jaunes* (Yellow Vests) protests. In response to the protests, new legislations that have narrowed civic space have been introduced. The tax reforms that sparked the protests have largely been reversed. Nevertheless, recent tax reforms in France have overall been in favour of the very wealthy. All the while, despite a relatively effective social protection system, inequalities and material deprivation have increased compared to pre-crisis levels, especially for vulnerable groups in society. France is faced with large regional and local disparities in terms of employment, quality of education and living standards. People from poor neighbourhoods and those with a migration background face discrimination in the labour market. Precarious work continues to be an issue and working conditions have become more flexible. A recent reform to the unemployment benefit scheme for self-employed workers promises to protect them better in case of loss of employment. A drastic reform to the pension system is still in development, including consultation with citizens, but several professions have already expressed their grievances about the outcomes for their future pensions. In the Country Specific Recommendations for France these issues of increasing inequalities and regional disparities are insufficiently addressed.



**Gini Index:** 29.3  
**Unemployment:** 9.1%  
**Gender equality index:** 74.6  
**Youth unemployment:** 20.7%  
**AROPE:** 17.1%  
**Social welfare spending (as % of GDP):** 24.3%  
**Tax on labour as share of total taxes:** 51.2%  
**In work poverty:** 7.4%  
**CIVICUS civic space monitor:** Narrowed

## Equal opportunities and fair working conditions

In recent years, France has seen a number of significant reforms to its taxation system that have had or will have great impact on the distribution of wealth. At the beginning of his mandate, President Macron reduced the so-called wealth tax, in an attempt to prevent wealthy people from leaving the country to avoid taxes.<sup>1</sup> In 2018, an increase in the tax on fuel was announced, sparking massive country-wide protests by the Yellow Vests. In the response to the protests, several new tax reforms were introduced, including reducing the taxation rate for the lowest two income brackets intended to relieve the tax burden on especially low-income households.<sup>2</sup> In practice, the poorest 10 per cent of households, many of whom rely on social benefits, will hardly benefit from this reform, as it is mainly geared towards employees. The planned increase in fuel taxes that started the Yellow Vest movement was eventually abandoned and extra fuel subsidies were promised instead.<sup>3</sup>

### Precarious work

Over the past years, France has seen a sharp rise in various forms of precarious working conditions. Whereas employment protection has traditionally

been strong, now 85% of new employment contracts are temporary in nature. On top of that, the transition rate from temporary to permanent contracts is amongst the lowest in the EU. Since 2018, open-ended contracts have also become more flexible due to new labour *ordonnances*.<sup>4</sup> Of the roughly 18% of workers that work part-time<sup>5</sup>, 43.2% do so involuntarily; they would prefer to work more hours, but are not offered these hours by their employer. The labour market is faced with labour market slack - people available to work but not actively seeking, those looking for work but not immediately available and involuntary part-timers - and labour shortages due to skills mismatches at the same time. The number of self-employed workers has also increased, rising from 5.2% of total employment in 2008 to 6.8% in 2017 and amounting to 20% of total job created since 2000.<sup>6</sup>

### Equal opportunities

Opportunities in terms of education, labour market participation and access to healthcare in France vary strongly between regions and even neighbourhoods. Both long-term unemployment and youth unemployment are higher in the northeast and Mediterranean areas. Though this has since slightly improved, in 2016, unemployment in poor neighbourhoods was more than twice as high as in the surrounding areas (25.3% vs 9.9%). In line with this, experiments by the national ombudsman found that living in a poor neighbourhood negatively impacts employment opportunities.<sup>7</sup>

Furthermore, in poorer neighbourhoods, education outcomes at all levels are lower and drop-out rates are higher. Teachers in these areas are often less experienced and the high frequency of absences for both students and teachers means that contact hours are fewer.<sup>8</sup> In addition, automation and digitalisation will impact different regions of the country in different ways. This implies that a tailored approach



to reskilling will likely be necessary.<sup>9</sup> Although overall access to healthcare is good, regional disparity in health services has led to the formation of 'medical deserts'. Especially in rural areas, major towns in the Paris region and northern France doctors are scarce.<sup>10</sup>

### Good practice Education reforms

In order to address the inequalities in the education system, the French government has introduced a number of reforms. From September 2019 onwards, the compulsory age for education is lowered to 3 years old, to encourage participation in early childhood education, especially for children from disadvantaged and migrant backgrounds. At the same time, class sizes will be halved in all disadvantaged schools, which is expected to have long-term positive effects on economic growth and create 120.000 jobs. In secondary education, measures to decrease early-school-leaving and to make the skills learned more relevant for the labour market were launched in 2018. There are furthermore plans to make the apprenticeship system more effective and relevant.<sup>11</sup>

People with a migration background face additional challenges. Especially migrants with a non-EU background tend to be concentrated in poor neighbourhoods. In these neighbourhoods, the share of non-EU migrants is on average 30%, compared to 10% in the country as a whole. In 2017, at 55.6%, the employment rate of non-EU born in France was furthermore one of the lowest of the EU.<sup>12</sup> This can be partially explained due to discrimination during the recruitment process. Experiments found that candidates with an Arab sounding name and those who live in disadvantaged neighbourhoods were much less likely to be invited for a job interview than other candidates with the exact same CV.<sup>13</sup>

## Social protection and inclusion

In general, France has relatively low levels of social exclusion (17.1% in 2017).<sup>14</sup> However, although the social protection system is one of the most effective at reducing poverty and social spending is the highest of the EU, inequalities have risen and material deprivation has increased compared to pre-crisis levels. Poverty is an especially pressing issue for vulnerable groups in society. For example, in 2017, 32.6 % of single parents with dependent children and 20.9% of youths aged 18-24 lived in poverty.<sup>15</sup> In 2018, President Macron announced a national strategy against poverty with specific attention for children and youths. For adults, the strategy has a strong focus on combatting poverty through employment.<sup>16</sup>

### Social protection

In recent years, a number of profound changes have been introduced to various social protection benefits, often with the underlying objective to make the system less complicated, more egalitarian and more focussed on activation. Since 2018, self-employed workers are covered by the same social security scheme as traditional employees, although with different conditions.<sup>17</sup> In June 2019, the President announced a reform to the unemployment scheme that will make the eligibility requirements for receiving unemployment benefits stricter. It also reduces the amount of the benefit after six months of unemployment.<sup>18</sup> There are furthermore plans to reform the pension system, which currently comprises of 42 different contribution- and benefit-based schemes, and turn it into a single point-based scheme.<sup>19</sup> The reform also includes changes to encourage people to continue working after the legal retirement age of 62.<sup>20</sup> This has led to protest from workers in several sectors who fear they will be worse off under the new system.<sup>21</sup> Trade unions have voiced concerns about the effect these reforms will have on the



social protection system's ability to prevent people from falling into poverty.

### Good practice

#### Citizens' consultation on pension reform

In 2018, in preparation of the planned pension reforms, the French government launched a citizens' consultation platform, through which citizens could express their opinions and concerns regarding the proposed changes to the pension system. People were invited to answer eleven questions on an online platform, ranging from what rights should be granted to spouses in the event of a death, to how confidence in France's retirement system can be strengthened.<sup>22</sup> Although the government promised to carefully consider the most frequently expressed concerns, several groups in society have been sceptical about the results of the citizens' consultation. Further consultations will be held at the end of 2019.

### Civic space

For the past year, much of France's civic space has been occupied by the *Gilets Jaunes*, a grassroots movement that started protesting against a rise in fuel prices and high costs of living in October 2018. The protests, which regularly ended in riots and confrontations with the police, quickly spread all over France and also crossed the borders to other countries. In some instances, police reacted to the protests with excessive violence, harming the freedom of assembly.<sup>23</sup> In April 2019, the anti-riots act came into effect, which put significant restrictions on the freedom of assembly, among other things by making it a criminal offence for protestors to conceal their face at a demonstration. This is one of the reasons French civic space is currently classified as 'narrowed'.<sup>24</sup> Reporters without Borders warns that the protests have also led to a significant limitation of the freedom of the press. During the

peak of the Yellow Vests protests, journalists were prevented from doing their work and attacked by both the police and protesters. Dissatisfied with how they were being portrayed in the media, some protesters blocked printing presses in order to prevent the distribution of newspapers.<sup>25</sup>

SOLIDAR's National Strategy Group furthermore reports that civil society organisations in France are facing difficulties because they increasingly receive financing on a project basis, which does not cover their operating costs. This is an obstacle to their meaningful and continuous engagement in policy making and advocacy work.

### Comparison to Country Specific Recommendations

The country specific recommendations for France have a heavy focus on promoting innovation and simplifying the tax system. However, they do also address the issues concerning equal opportunities and the challenges especially migrants face in the labour market. They furthermore mention some of the issues that are plaguing the labour market in general, such as skills mismatches and difficult access for young people. Nevertheless, there is little attention on the regional disparities that underlie these challenges in the labour market, including limited access to social services and quality education in some regions and neighbourhoods, but also discrimination.





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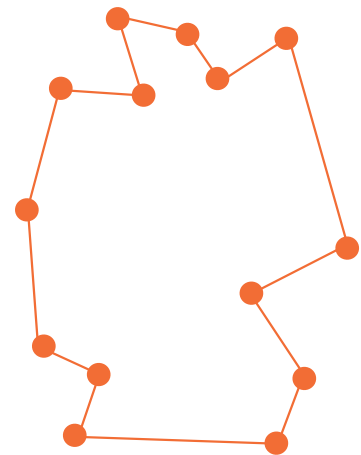
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# COUNTRY MONITOR



## GERMANY

# Social Rights Monitor 2019

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Germany finds itself in an economically stable situation, at least from the surface. With a budget surplus of 1.7% in 2018, Germany sees its surplus increasing and therefore has ample space to boost public investment. What dwells beyond the numbers highlights the fact that major reforms and improvements must be made when it comes to public investments into education, social protection and infrastructure, research, digitalisation, sustainable transport and affordable housing. The desire for conservative public accounting must not be bigger than valuable investments into education, social mobility and fair labour conditions. The minimum wage was one of the most prominent policies in the area of social and employment law in recent years in Germany. While it counteracted the stagnation of wages since its introduction in 2015, there are still severe concerns regarding the circumvention of the minimum wage in sectors such as construction, hospitality or cleaning. Furthermore, due to several reasons, the minimum wage did not have the hoped effect of efficiently lowering poverty rates and social exclusion. The low unemployment rates in Germany are a positive sign, however, the potential and opportunities of under-represented groups such as women and people with a migrant background must be significantly enhanced and supported. Pressured by an increasing right-wing rhetoric, the coalition government of the conservative party CDU and the social democrats SPD pushed through a controversial migration package in 2018. Amongst other things, it included the federal introduction of mass reception centres *Ankerzentren* as well as eased regulations to deport asylum seekers.



**Gini Index:** 29.1

**Unemployment:** 3.4%

**Gender equality index:** 66.9

**Youth unemployment:** 6.2%

**AROPE:** 19%

**Social welfare spending (as % of GDP):** 19.4%

**Tax on labour as share of total taxes:** 56.9%

**In work poverty:** 9.1%

**CIVICUS civic space monitor:** Open

## Equal opportunities and fair working conditions

Significantly aided by economic growth, unemployment levels in Germany fell to 3.2% by the end of 2018 and to 6.2% for youth. While the figures for employment are mostly gratifying, real wage growth has been very limited to around 1%<sup>1</sup>. The section on minimum income shows that it takes many efforts to counteract this tendency. This is particularly of concern for low-income earners that are faced with too heavy tax burdens. Indirect tax such as the VAT which is set at 19% (reduced rate at 7%) in Germany hits low-income households the hardest, as they have to spend a higher amount of their income on taxes<sup>2</sup>. Moreover, concerns in the labour market relate to under-represented groups such as women or people with a migrant background, including refugees, who see their talents and potentials under-used<sup>3</sup>. Demographic change will further strain public finances, highlighting the fact that the German pension system must be made more sustainable and adequate for the future.

### Minimum wage

The German minimum wage was decided in July 2014 and introduced in January 2015 at a level of €8.50 per hour. It was adjusted to €9.19 in 2019. 2 million employees and workers benefit from this

enhancement in Germany<sup>4</sup>. The minimum wage applies to all full-aged employees and workers. Exceptions are made for long-term unemployed after starting work in the first six months as well as apprentices, compulsory internships and internships under three months. The minimum wage, when well implemented and adjusted to living costs, is an important tool to fight wage stagnation prevalent in many European countries.

Findings show that the minimum wage in Germany has not reduced the number of total jobs as was feared by some but, at the same time, only marginally helped people out of poverty and did not improve levels of inequality as hoped<sup>5</sup>. There are a few reasons why this is the case. Firstly, the minimum wage regulation is still too heavily circumvented, particularly in sectors such as construction, hospitality or cleaning. Within those sectors, particularly affected were people with 'mini-jobs' (max. €450 per month), employees of small firms and foreigners<sup>6</sup>. Furthermore, a 73% of minimum wage receivers live in high-income households, among students, pupils or pensioners. Three quarters of people in poverty in Germany are not in employment, which is why the minimum wage does not improve their situation and has a very limited effect on the 'at risk of poverty' numbers<sup>7</sup>. Therefore, the minimum wage remains an important tool in fighting stagnating and extremely low, to effectively fight poverty more and other social inclusion measures need to be taken.

## Social protection and inclusion

### Lacking social mobility

Despite overall economic wealth in Germany, major deficiencies persist in equality of opportunity and a robust persistence of intergenerational inequality. A study conducted by the OECD claims that it takes a child from a poor family background six generations or 180 years to reach the average national income<sup>8</sup>. Children from poor families therefore have



a very hard time climbing the social ladder, particularly when compared to other EU countries such as Denmark where it takes two generations and the United States where it takes five<sup>9</sup>. Those who have succeeded in climbing the social ladder mostly owe this to their own persistence, family support, individual supporters, and often coincidences. This emerges from the study “Pathways to Success”, for which more than 70 newcomers from Turkish families in the Ruhr area, Berlin and Frankfurt am Main were interviewed, including lawyers, teachers, independent entrepreneurs and senior executives<sup>10</sup>. Our National Strategy Group highlights some positive policy developments in the realm of social protection and inclusion such as BAföG-Reform (Federal Training Assistance Act), Starke-Familien-Gesetz (Strong Families Act) or the Gute-KiTa-Gesetz (Good Daycare Centre Act).

### Migration and reception of asylum seekers

At the forefront of the migration debate were the so-called *anchor centres* (Ankerzentren) that are specific reception centres for asylum seekers in Germany. The Bavarian CSU, sister party of the federal CDU, enforced this demand in the coalition agreement between the CDU and SPD. Up to 1.500 people are to be accommodated in these centres with an “obligation to stay” until a decision on their status has been made<sup>11</sup>. Various civil society actors and other commentators raised severe concerns about these anchor centres calling the expression euphemistic and veiling<sup>12</sup>. The German NGO Pro Asyl is concerned that “a permanent isolation in massing housing is catastrophic for those affected<sup>13</sup>”. The persistent, cramped coexistence of so many people leads to conflicts and burdens people with flight experiences and a very unclear life perspective. They are often also worried about relatives in crisis areas. Despite heavy criticism, the Bundestag under the coalition government of CDU and SPD approved the anchor centres as part of the migration package in June 2018. It provides, besides the anchor centres,

also that people who are to be deported, can be taken more easily in custody and detention. Another concern is the controversial “Orderly Return Law”<sup>14</sup>.

### Good practice

#### Project Soul Talk

Soul Talk started in 2017 as a joint project of Doctors Without Borders and the St. Josef Hospital in Schweinfurt. It is a low-threshold offer for psychosocial care of refugees, implementing a concept that MSF has developed for crisis regions. People who themselves have a refugee background and speak the same languages as the refugees are trained to be psychosocial counsellors. Soul Talk does not replace any therapy: “It’s more about prevention, and the refugees should be supported so far in their difficult life situation that they do not suffer from chronic mental illness.<sup>15</sup>” Counsellors always work closely with two psychologists and participate regularly in further education. Doctors Without Borders hopes to find imitators for the model project in Germany.

### Civic space

Germany faces a rise of growing right-wing extremism most visibly with the continuous election successes<sup>16</sup> for the far-right party “Alternative für Deutschland” (AfD) established in 2013. Since 2017, the AfD is the third biggest party in the German Bundestag and openly cooperates with the far-right and Islamophobic group Pegida (Patriotic Europeans Against the Islamisation of the Occident). Our National Strategy Group is particularly concerned that this development has shaped the public narrative and discourse. While progressive forces can be mobilised as a response to this trend, criticism remains that rather than putting their own issues forward civil society and progressive parties react to a right-wing agenda as can also be witnessed with the introduction of the migration package of 2018<sup>17</sup>.



According to CIVICUS Monitor, Germany's civic space can be considered "open" with issues such as climate justice and sustainability, digital rights and anti-surveillance demands taking an important role<sup>18</sup>. Nevertheless, the situation for civil society should always be judged based on the standards in the region rather than a global or European average. An example for this is the incidence of the non-governmental organisation Attac which lost its recognition of "general interest" in 2019. Attac is an international movement that seeks alternatives in the globalisation process by putting people and nature before profit and has become known for demanding a financial transaction tax and by protests against the European Central Bank<sup>19</sup>. This ruling from the Federal Court of Justice, which might seem like a legal formality, has severe financial consequences for the organisation<sup>20</sup>. Most German NGOs have this "general interest" label, and thus have easier access to public facilities and their donors can deduct their gifts from tax. The justification was based, in essence, on the fact that Attac was "too political", claiming that their activities were going beyond political education and campaigning. However, such an interpretation of "general interest" puts at risk the work of many other organisations that might feel intimidated by this ruling<sup>21</sup>.

## Comparison to Country Specific Recommendations

The Country Specific Recommendations for Germany<sup>22</sup> commence with the proposition to put more emphasis on private and public investment, particularly in the areas of education R&D, digitalisation, broadband, sustainable transport and affordable housing. It is notable that even the European Commission is concerned that more investment must be made on the regional and municipal level with the aim to further these areas. This is opposed to purely insisting on a budgetary break-even point, the "black zero" as referred to in German. In terms of labour market

policies, it is recommended to shift tax burden away from labour, reduce the level of involuntary part-time employment as well as strengthen higher wage growth. The sustainability of the pension system is furthermore an important concern that the European Commission raises as well as educational outcomes and skills of disadvantaged groups that must be significantly strengthened. The recommendations for Germany reflect that, while being an economically strong country, significant improvements must be made in terms of redistribution policies and the strengthening of returns to labour rather than to capital.



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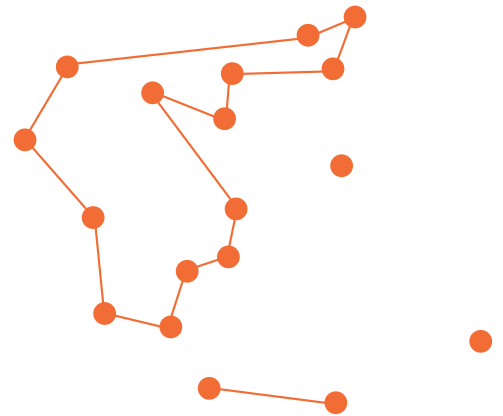


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# COUNTRY MONITOR



## GREECE

# Social Rights Monitor 2019

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In recent years, the Greek economy has started to recover, from the 2008 economic crisis, but unemployment (19.3%), youth unemployment (39.9%), and the share of people at risk of poverty (31.8%) are still well above pre-crisis levels. The new jobs that are being created are not quality jobs, as they tend to be less secure and part-time. Austerity measures resulted in extreme cuts in social schemes that diminished the effectiveness of social transfers in preventing people from falling into poverty. Currently, reforms such as the introduction of the Social Solidarity Income and reinstating the universality of the healthcare system are positively affecting social inclusion. Wages, including the minimum wage, that were lowered in response to the crisis have also started to recover. However the involvement of social partners in wage setting has been limited. Greece is dealing with big streams of migration, both inward and outward. Since 2010, 710.000 Greeks have left the country to find better employment opportunities elsewhere, whilst at the same time net migration is positive due to the instream of refugees. The integration of migrants remains a challenge. It is worrisome that although the social effects of policy reforms are briefly mentioned in the Country Specific Recommendations, they are not at the core of any of the recommendations.



**Gini Index:** 32.3

**Unemployment:** 19.3%

**Gender equality index:** 51.2

**Youth unemployment:** 39.9%

**AROPE:** 31.8%

**Social welfare spending (as % of GDP):** 19.4%

**Tax on labour as share of total taxes:** 41.4%

**In work poverty:** 11%

**CIVICUS civic space monitor:** Narrowed

## Equal opportunities and fair working conditions

Greece's economy has been recovering from the economic crisis, which is also reflected in increasing employment rates and decreasing unemployment. Unemployment has decreased from 27.9% in 2013 to 18.5% at the end of November 2018. Youth unemployment has also dropped from 60% in 2013, to 39.1% at the end of 2018. Nevertheless, unemployment remains well above the pre-crisis level. Not everyone is benefitting from the more favourable economic circumstances equally. In recent years, the gender employment gap has widened; currently only 48 % of women are employed, compared to 67.7% of men.<sup>1</sup>

Since the crisis, Greece has been implementing a wide range of austerity measures, with the predominant goal of reducing the public deficit and debt and increasing international competitiveness. These measures have had adverse effects on the working conditions in the Greek labour market.

### Working conditions

As part of the austerity measures, employment protection was reduced severely, in an attempt to improve the competitiveness of Greek labour. This

has led to a strong increase in precarious work and a decrease in standard work contracts. Although the share of part-time work remains low compared to the EU average, it has doubled from 5% before the crisis to about 10% in 2017. A large majority of part-time workers, 70%, would prefer to work more hour but are unable to find a full-time job.

In response to the economic crisis, wages in the public sector were reduced drastically and the government lowered the minimum wage, which had previously been set by the social partners, by 22%. In the private sector, wages also decreased as a result of a limitation to sectoral collective bargaining agreements.<sup>2</sup> Overall, the average monthly wage decreased from €1020.51 in 2012 to €873.90 in 2017.<sup>3</sup> In recent years, wages have slowly started to recover. In 2019, the minimum wage was increased by 10.9% and the provision that allowed for workers below the age of 25 to be paid less than the minimum wage was eliminated.

### Education

The number of early school leavers has been declining steadily for the past three decades and even halved since 2014.<sup>4</sup> An increasing number of young Greeks graduate with a diploma in tertiary education<sup>5</sup>, but the enrolment in vocational training remains low.<sup>6</sup> The National Strategy Group warns that the Greek education system is not focussed on teaching students skills that they can use in the labour market, but rather on equipping them with vast amounts of knowledge. They furthermore report that there is no formal attention on the school-to-work transition. This has led to Greece being one of the lowest performers in the European Skills Index and resulted in a serious skills mismatch in the labour market.<sup>7</sup> There is an especially large share of over-qualified graduates.<sup>8</sup> At the same time, graduates show a low level of basic skills and especially digital skills are lacking.<sup>9</sup> In the Programme for Interna-



tional Student Assessment (PISA) Greece is one of the lowest scoring countries of Europe.<sup>10</sup> There is a strong need for lifelong learning opportunities to allow people to update their skills to those required in the labour market.<sup>11</sup>

## Social protection and inclusion

Greece has a history of having a large share of the population at risk of poverty and social exclusion. During the economic crisis and its aftermath, this deteriorated and has only recently started to improve, although statistics from Eurostat and the Hellenic Statistical Authority are not in complete agreement here. The median disposable income dropped by 35 % between 2009 and 2016, causing a sharp increase in absolute poverty.<sup>12</sup> Eurostat reports that in 2018, 31.8% of the Greek population was at risk of poverty.<sup>13</sup> As a result of the increasingly precariousness of work and a strong decrease in average monthly wages<sup>14</sup>, the level of in-work-poverty has been fluctuating, but now seems to be in decline since 2016.<sup>15</sup> Income inequality is relatively high compared to European averages, but has decreased over the past two years.<sup>16</sup>

### Social protection

The impact of social transfers on poverty reduction is lower in Greece than in any other EU country.<sup>17</sup> However, in recent years, a number of reforms have been introduced to increase the effectiveness of social protection schemes. In 2018, the family benefit scheme was reformed to better target child poverty and a new means-tested housing benefit will be introduced in 2019. Since the crisis, there has also been an overhaul of the pension system, with the intention of improving intergenerational fairness and fiscal sustainability.<sup>18</sup> Reforms to the unemployment benefit for freelancers ensure that under certain conditions they can also claim unemployment bene-

fits. However, they need to be able to prove that they were self-employed and paid their social insurance contributions for a significantly longer period than traditional employees. The duration of the benefit they receive is furthermore shorter.<sup>19</sup> The National Strategy Group reports that in an attempt to encourage employers to hire more young people, an option to pay reduced pension benefits for workers under 25 has been introduced. It is not yet clear how effective this measure is and how it will impact these young workers' future pensions.

### Good practice

#### Social Solidarity Income (SSI/SIA)

Since 2017, Greece has started implementing its first nation-wide minimum income scheme, called the Social Solidarity Income (SSI). It consists of a means-tested cash benefit that is tied to both social services and activation policies. 320.000 households, comprising of 650.000 individuals have received the benefit so far. The amount of the benefit depends on household composition. Because of the strict means-test, the SSI is not able to lift households entirely out of poverty, but it has contributed to closing the poverty gap and reducing inequality.<sup>20</sup>

### Migration

Greece is facing issues with both inward and outward migration. Since 2010, 710.000 Greeks have left the country, most of them to escape unemployment. A further 40.1% of the population indicates that they would consider moving abroad for better employment opportunities elsewhere. This number is even higher in the age group of 18 to 34-year-olds, where 72.3% are considering emigration.<sup>21</sup> Especially high-skilled individuals take the decision to move away, leading to a depletion of skills in the Greek labour market.<sup>22</sup>



Since 2016, net migration has become positive again, mostly as a result of the large inflow of refugees.<sup>23</sup> The integration of immigrants remains a challenge and the activity rate for non-EU born immigrants has been in decline.<sup>24</sup> Our National Strategy Group reports that policies aimed at the integration of migrants consist of training vouchers, and access to housing and social assistance. The national integration strategy, which was adopted in 2018 focuses on these same issues, with the aim of enabling migrants to effectively leave the reception system.<sup>25</sup>

### Good practice

#### The Greece Cash Alliance

Since 2017, Greece has started implementing its first nation-wide minimum income scheme, called the Social Solidarity Income (SSI). It consists of a means-tested cash benefit that is tied to both social services and activation policies. 320.000 households, comprising of 650.000 individuals have received the benefit so far. The amount of the benefit depends on household composition. Because of the strict means-test, the SSI is not able to lift households entirely out of poverty, but it has contributed to closing the poverty gap and reducing inequality.<sup>26</sup>

### Healthcare

During the economic crisis, many Greeks lost their healthcare coverage because it was tied to their employment or they could no longer afford to make insurance contributions. In 2016, universal coverage was reintroduced, giving all citizens access to primary care. A year later, the establishment of local health teams for primary care (TOMYs) was started.<sup>27</sup> TOMYs consist of multidisciplinary teams that offer not only diagnostic care and treatment, but also disease prevention and health monitoring. They are furthermore expected to improve the efficiency

of healthcare by acting as gatekeepers and referring to specialists only if necessary. The goal is to eventually have every citizen registered to a local TOMY.<sup>28</sup>

The National Strategy Group indicates that the language barrier and financial costs pose significant obstacles for migrants, especially refugees, to access healthcare. Greek healthcare is marked by an exceptionally high share of out-of-pocket spending; more than twice the EU average.<sup>29</sup> Newly arrived migrants often lack the financial means to cover these out-of-pocket costs, even though they tend to have a high need for both physical and mental care.

### Civic space

Civic space in Greece is classified by CIVICUS as 'narrowed'.<sup>30</sup> The National Strategy Group reports that although Civil Society Organisations are invited to take part in civil dialogue and open consultations, they are not actively involved in the policy making process and follow-up activities. In the post-crisis years, many of the policy areas there we previously subject to collective bargaining agreements, such as setting the minimum wage, were claimed by the government. Since 2019, the role of the social partners is being promoted again, although so far it seems to be more consultative in nature.<sup>31</sup> Trade unions represented 20.2% of the working population in 2016.<sup>32</sup>

Many CSOs are active to help the large influx of refugees. The National Strategy Group reports that most young people volunteer not because of the intrinsic value of volunteering, but to gain experience that might benefit them in the labour market. At the same time, they indicate that hate speech, racism and anti-human rights sentiments are increasingly common, especially amongst young Greeks.



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## Comparison to Country Specific Recommendations

The country specific recommendations for Greece have a strong focus on restoring macroeconomic balance, with recommendations for investments that intend to improve the competitiveness of Greece's economy. There seems to be little regard for the social impact these policies will have. There is, for example, no mention of (minimum) wages or the high risk of poverty. Although attention on social inclusion is recommended, it is not at the core of any of the recommended investments.



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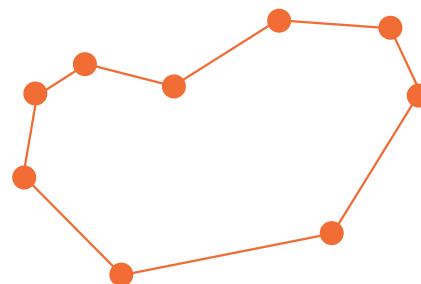


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# COUNTRY MONITOR



## HUNGARY

# Social Rights Monitor 2019

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Hungary is enjoying strong economic growth and very low unemployment levels. As a result, the number of people at risk of poverty and social exclusion has decreased and there is currently a shortage of skilled workers on the labour market. Unfortunately, not everyone is benefiting from this, as income inequalities are on the rise. In an attempt to combat the shortage of skilled workers, a number of flexibilisation measures, including what is known as the 'Slavery Act', have been introduced, leading to a deterioration of working conditions. The Hungarian education system is not able to keep up with the demands of the labour market and preserves already existing social divides between people of different socio-economic backgrounds and most notably between Roma and non-Roma. The integration of both Roma and migrants remains an issue. The government has recently ceased all programmes aimed at integrating immigrants and made it illegal for CSOs to assist refugees. This was part of a reform package that also restricts the freedom of assembly and has drastically limited civic space in Hungary.



**Gini Index:** 28.7

**Unemployment:** 3.7%

**Gender equality index:** 51.9

**Youth unemployment:** 10.2%

**AROPE:** 19.6%

**Social welfare spending (as % of GDP):** 14%

**Tax on labour as share of total taxes:** 45.3%

**In work poverty:** 8.4%

**CIVICUS civic space monitor:** Obstructed

## Equal opportunities and fair working conditions

Our National Strategy Group reports that occupational health and safety standards are regularly ignored by employers and working rights in Hungary are rapidly deteriorating, both as a result of legislative reforms and increased precariousness. A widespread form of precarious work in Hungary is undeclared work, which includes both fully undeclared work (black) and partially undeclared work, which is formal work for which the wages are supplemented 'under the table' (grey). It is estimated that up to 17 per cent of the workforce does undeclared work. The National Strategy Group warns that, although the labour inspection has been making efforts to decrease undeclared work, the enforcement of existing labour law is seriously lacking.

### Working conditions

The most striking example of undermining labour rights are the recent changes to the labour code, which are commonly referred to as the 'Slavery Act'. This act allows for employees to work up to 400 hours of overtime a year, equivalent to a full extra day per week. It furthermore extends the reference period over which the average working time is calculated to three years and gives the employer the pow-

er to unilaterally start using the extended reference period system. The adoption of this law sparked large protests all over Hungary. Nevertheless, it has been implemented in 2019, supposedly in an attempt to compensate foreign investors for the lack of skilled workers and the increasing wages.<sup>1</sup>

In terms of work-life-balance, Hungary has in place a generous maternity leave system that entitles a new mother to up to three years of (partially) paid leave.<sup>2</sup> However, because provisions for new fathers are far more limited, and good quality formal child care facilities are scarce, this also leads to gender inequality on the labour market. Hungary has the biggest adjusted gender pay gap of the EU<sup>3</sup> and a gender employment gap that is higher than the EU average.<sup>4</sup> Our National Strategy Group reports that the gender pay gap may even widen further in the near future.

### Education

Hungary's education system does not sufficiently facilitate social mobility. A student's socioeconomic background has a stronger influence on their school results in Hungary than in any other EU Member State. This distinction is also visible between students who go to vocational grammar schools (*szakgimnázium*) and those who go to vocational secondary schools (*szakközépiskola*). Drop-out rates are more than twice as high in vocational secondary schools and employment prospects and future earnings are lower, perpetuating the same socioeconomic inequalities over generations.<sup>5</sup>

Overall, the education system is underfinanced and does not produce enough high-skilled people for the labour market, which is desperate for more skilled workforce. At the same time, many young, highly-educated Hungarians leave the country to find work abroad, making the lack of skilled workforce even more pressing.<sup>6</sup> If recent graduates do



find work in Hungary, this is often under precarious conditions. In relation to this, our National Strategy Group has recently identified a new trend; companies are increasingly making use of skilled workers from Asia, most notably from Mongolia and Vietnam. This is causing social dumping, as these immigrant workers are willing to work for lower salaries and under worse labour conditions.

### Social protection and inclusion

Thanks to strong economic growth and a rise in employment, Hungary has seen a decline in the number of people at risk of poverty and social exclusion.<sup>7</sup> However, due to low wages and precarious work, in-work-poverty has been on the rise.<sup>8</sup> The National Strategy Group reports that many social programmes with the objective of poverty alleviation have been abandoned over the past years, and there has been a re-focus on work-related benefits geared towards (middle-class) families. Unemployment benefits remain inadequate, covering less than half of the unemployed population, for only three months with a replacement rate that is far below the poverty threshold.<sup>9</sup> Income inequality in Hungary is increasing<sup>10</sup>, at least partially because the flat income tax puts pressure on the lowest incomes.

Although Hungary was one of the first European countries to surpass its renewable energy goals for 2020, since 2013 the share of renewable energy has actually been in decline.<sup>11</sup> The National Strategy Group points out that energy poverty also remains a problem, with many people still heating their homes with wood and the prices of firewood tripling since the beginning of the decade. Wood is considered biomass, and therefore a renewable fuel, but burning wood is causing high levels of air pollution, both in urban and rural areas, leading to health issues including lung cancer and respiratory diseases.<sup>12</sup>

### Integration of migrants and Roma

Refugees are facing significant problems integrating into Hungarian society. Since 2018, the government has stopped all formal integration policies for refugees, leaving legislation granting equal rights as nationals as the only protection. Informally, state authorities cooperate with various Civil Society Organisations, who assist refugees with housing, finding work, language courses and access to social security and health care.<sup>13</sup> Especially housing poses a significant problem, as there is a severe lack of social housing in Hungary.<sup>14</sup> In contrast to finding housing, refugees tend to find work relatively quickly, mainly thanks to the fast-growing economy.<sup>15</sup>

#### Good practice CSOs helping migrants

As the Hungarian government has stopped all formal state assistance for refugees, Civil Society Organisations have stepped up. They cooperate with the state in an informal way to help migrants integrate into Hungarian society by assisting them in finding work, housing and medical care. They are also providing language courses and helping migrants get access to the social security they are legally entitled to.

Although it is formally illegal, both Roma adults and children also face severe discrimination. Our National Strategy Group for Hungary reports that for children and youth, this is apparent mainly from the education system that in practice segregates Roma (and other disadvantaged) students from others. The state allows church schools to refuse Roma pupils and a large number of Roma children unnecessarily end up in special needs schools.<sup>16</sup> Consequently, 80% of Hungarian Roma of working age have not completed eight years of primary educa-



tion, compared to 20% of non-Roma Hungarians.<sup>17</sup> Since the compulsory school age was dropped from 18 to 16 in 2012, participation of 17- and 18-year-old Roma in secondary education has declined sharply.<sup>18</sup>

Roma adults face very limited possibilities for upward social mobility. In 2018, 67.8 % of Roma were at risk of poverty or social exclusion<sup>19</sup>, almost four times as many as non-Roma Hungarians.<sup>20</sup> Although employment rates for Roma are on the rise, Roma are still overrepresented amongst the unemployed.<sup>21</sup> Only 30 per cent of Roma women are formally employed, compared to 59 per cent of non-Roma women.<sup>22</sup> A third of Roma who are employed work in the Public Work Scheme, which has been known to be ineffective at helping people back into the primary labour market. The wages for those in the Public Work Scheme have decreased significantly over the last years; in 2018 they constituted only 59.1 % of the minimum wage, exacerbating in-work-poverty.<sup>23</sup>

## Civic space

Civic space in Hungary is restricted; CIVICUS classifies it as obstructed<sup>24</sup> and Hungary has become the first EU country to no longer be considered 'free' in the Freedom House index.<sup>25</sup> In 2018, freedom of association was drastically limited by the 'Stop Soros' bills, which curtail Civil Society Organisations' funding and freedom to operate. They specifically target CSOs working with migrants and 'facilitating illegal immigration', which includes activities such as assisting with submitting asylum claims, distributing leaflets about asylum and organising a network. The bills also introduce a new 25% tax for CSOs financing 'acts that support immigration'.<sup>26</sup> Our National Strategy Group warns that the government furthermore provides funding for organisations that favour its policies and stigmatises other organisa-

tions, which becomes evident also from the name of the aforementioned bills. These developments are all the more worrying because Civil Society Organisations have stepped in and taken responsibility for a wide range of social services that are usually provided by the state.

In addition, a bill constraining the freedom of peaceful assembly was passed in 2018. It states that protests must not violate private life and peace of mind<sup>27</sup> and widens the set of conditions that can constitute a police ban.<sup>28</sup> The freedom of press has also been limited, with many press outlets being taken over by the government or friends of the government. Hungary currently has over 500 press outlets that have links to the governing party.<sup>29</sup>

Our Nation Strategy Group reports that there is no meaningful civil dialogue with CSOs and that the platforms which had been at the basis of such dialogue have disappeared. Trade union density in Hungary is low, with only 9% of the workforce belonging to a union.<sup>30</sup> The NSG deems the National Consultations that are organised occasionally manipulated to produce outcomes that favour the government.

## Comparison to Country Specific Recommendations

The country specific recommendations for Hungary focus on improving social inclusion and investing in research and innovation. Although the recommendations also mention the state of the judiciary in Hungary and the issues with corruption, both the recommendations and the Country Report fail to address the limitations the current government has put on civic space and the freedom of the press. The acceptance and integration of refugees into Hungarian society is also ignored, despite skilled migrants being a possible solution to Hungary's lack of skilled



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labour force. Finally, the Country Report claims that there has been an increase in the use of renewable energy in Hungary, whereas data from Eurostat clearly show that the share of renewable energy sources has in fact been in decline since 2013.<sup>31</sup>



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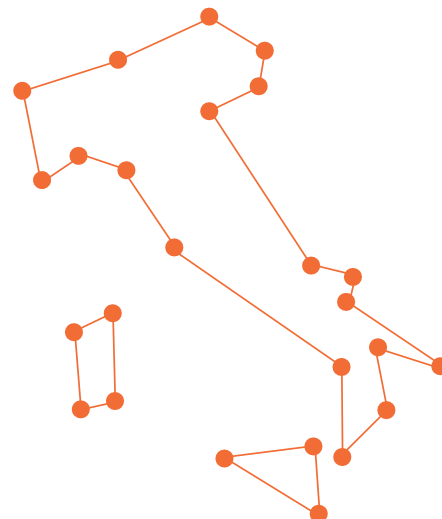
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# COUNTRY MONITOR



## ITALY

# Social Rights Monitor 2019

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Italy has been one of the countries most hit by the crisis and has not yet recovered. Italy's GDP is still below the pre-crisis level, with great levels of inequalities and regional discrepancies. The National Strategy Group in Italy considers the current public policies that address fighting and reducing inequalities insufficient to address the disparities present in the country both at national and regional level. The tax on income and general taxation paid annually by people has risen in the recent years but there have been insufficient measures adopted to create redistribution, and Italy is failing to tackle tax evasion. In recent years, individuals and families have lost income, and due to several reforms of the labour market, job security and working conditions have worsened coupled with reduced access to social protection and spending on social services. Employment rates have risen but the labour market remains segmented, with great regional disparities and an increase in temporary contracts and involuntary part-time employment. Inactivity affects mostly women, young people and migrants. Moreover, Italy presents the second highest youth unemployment rate in Europe, and the highest for number of NEETs. Income inequality and risk of poverty are high with wide regional and territorial differences. The former government introduced two new policies aimed at the security of the country, including measures that threaten the work of NGOs and human rights defenders, criminalising solidarity as well as eliminating the residence permit for humanitarian reasons.



**Gini Index:** 33.4  
**Unemployment:** 10.6%  
**Gender equality index:** 63.0  
**Youth unemployment:** 32.2%  
**AROPE:** 27.3%  
**Social welfare spending (as % of GDP):** 20.9%  
**Tax on labour as share of total taxes:** 49.2%  
**In work poverty:** 12.2%  
**CIVICUS civic space monitor:** Narrowed

## Equal opportunities and fair working conditions

Italy has been one of the countries hit hardest by the crisis and has not yet recovered, with its GDP still below the pre-crisis level. Macroeconomic imbalances remain crucial to be addressed, in particular the country's high public debt ratio and the necessity of reforms<sup>1</sup>. Moreover, the National Strategy Group has indicated that measures taken in the last years to foster productivity and growth have come at the expense of rising inequalities that have intensified in the past ten years. In 2018 the wealth of the 21 richest Italian billionaires listed by Forbes was equal to all the assets held by the poorest 20% of the population. The Gini index of 33.4 in 2018 placed Italy among the most unequal countries in Europe and confirmed an increasing trend in inequalities.

The National Strategy Group in Italy considers the current public policies that address fighting and reducing inequalities insufficient to address the disparities present in the country both at national and regional level. The tax on income as well as other taxation paid annually by people has risen in recent years but there have been insufficient measures adopted to create redistribution of wealth. In fact, the former government proposed a measure called

flat tax which had the aim of reducing and simplifying taxes and reducing as well the progressivity in taxation as regulated by the Italian Constitution, but the measure was never realised due to the fall of the government in August 2019. As pointed out by the Country Report 2019, Italy has made limited progress in tackling tax evasion and fighting corruption, which has been calculated just on income and revenues to be around 107.5 billion Euros without considering the revenues generated by illegal activity<sup>2</sup>.

Income losses in Italy also reflect the weak protection for those affected by labour market problems. With above-average unemployment, Italy spends around one third less on working-age transfers (such as unemployment benefits or family transfers) than on average in the EU. Spending on services, including active employment support such as training or job-search assistance, is around half of that in the EU<sup>3</sup>.

The national strategy group identified that the policy introduced in 2014 with the Law Decree 66/2014<sup>4</sup>, which created an addition of a personal income tax credit of 80 Euros monthly to the pay slip of incomes lower than 26.600 EUR, provided some positive effect, while the reform of the labour market of 2014 and 2015 (Job Act) did not have the expected benefits for the creation of new employment.

### Youth unemployment and emigration

In January 2019, the proportion of Italy's youth not in work rose to 33 per cent from 32.8 per cent in December and 32.6 per cent in January 2018. The country now has the second highest unemployment rate in the EU, after Greece. Differences in employment levels are also big between different areas of the country, with youth unemployment varying from 18.9% in the northeast (Bolzano, Trento, Friuli Venezia Giulia, Veneto, Emilia Romagna) to 49.4% in the Islands (Sicilia and Sardegna) and 47.9% in the



South (Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria).

Italy also had the highest rate of NEET young people (20-34 years) in neither employment nor education across the Eurozone with 28.9%<sup>5</sup>. Italy<sup>6</sup> has not introduced specific measures to counter this phenomenon. However, in 2013 the Youth Guarantee, a programme implemented with the support of EU funds, was introduced. The Youth Guarantee is aimed at young people between 15 and 29 who do not study or work. The program offers a job, an apprenticeship contract or an internship or a further course of study or training based on work and professional needs. Support for entrepreneurship is also envisaged. Also in 2018 some incentives were introduced for companies that employ young people participating in the program.

Some experiments have been carried out on the relationship between school and employment, but with a negative result as they were dictated more by the needs of the market than by improvement of training, and thus they did not create a synergic network between the interventions to support training success and the orientation and activation measures in the labour market. In this regard, a national plan on the certification of acquired skills is lacking in order to enhance soft skills and a lifelong learning approach - with adequate investments - as a strategic resource in a constantly changing labour market. Early school leaving is higher among men (20%) than women (10%) making a targeted gender approach necessary. Having said that, the trend of better success at school for women does not bridge the employment gap, in which we see higher unemployment among women also among the NEETs.

In Italy the rate of early school leaving is high and has increased in the recent years, with numbers higher than the EU average<sup>7</sup>. The National Strategy Group found as reasons high standardisation and

difficulties in managing differences among students. The Group also highlights that educational failure and educational poverty remain a real and unresolved social emergency that needs the development of an organic national plan and Currently, the Italian spending on education is equal to 4% of GDP compared to the 4.9% European average. Structured interventions are needed on the starting conditions of poverty and educational poverty, linked to fragile family contexts and deprived territories in particular in the south of the country.

In the last 10 years Italy has been affected by a large emigration of the young population with an estimated 500.000 people leaving the country, of which 250.000 are people between 15 and 34 years<sup>8</sup>. A study has shown that this has cost the country around 16 billion Euros, around 1 percentage point of the GDP<sup>9</sup>. This has a big impact for Italy also because of the low overall level of people that have attained tertiary education. At only 27.8% of the population, it sees Italy in the penultimate place among the EU member states, far from reaching the Europe 2020 target. From 2013 to 2017 there was a 41% increase in the number of graduates who left Italy, without considering South-North mobility of the country, another very important factor in Italy (200.000 young graduates are estimated to have transferred from South to North from 2000 to date) due to serious and chronic disparities in opportunities. The negative demographic balance is mitigated only by the presence of migrants.

Another factor seen at the roots of Italian emigration is that the young generation no longer expected to improve their quality of life compared to that of their parents as social mobility is practically blocked. Growing inequalities and reduced social mobility for young people contribute also to the reduction of participation in democratic life and a growing dissatisfaction in institutions and interest toward extremist right wing or populist parties<sup>10</sup>.



**Good practice****COOPSTARTUP<sup>11</sup>**

This is an experimental project promoted by COOPfond and Legacoop in 2013, to support the creation of cooperatives among young people, in the field of technological and social innovation to foster youth entrepreneurship and employment.

### Regional differences, working in precarious conditions and in-work poverty

The labour market in Italy, as well as showing a high rate of unemployment<sup>12</sup>, shows a very stagnant job market and lack of safety nets for people between jobs, while recent reforms in favour of boosting competitiveness have created in the opinion of the National Strategy Group more precarious conditions reducing traditional protections. The employment rate remains well below the EU average particularly for women, young people and migrants. Also, as outlined by the country profile<sup>13</sup>, regional employment gaps remain substantial and the job growth has been driven by temporary contracts and bogus self-employment. Moreover, Italy suffers from high levels of undeclared work, as well as in-work poverty and precariousness. Undeclared work is widespread, especially in the southern regions and affects in particular vulnerable groups, such as women, migrants and young people. According to data of the national institute of statistics, the unobserved economy in 2016 was worth 210 billion Euros or around 12.4 % of the GDP.

In-work poverty has been increasing due to a block on wages, spreading of involuntary part-time employment affecting mostly women and increasing fixed term contracts. The National Strategy Group has highlighted that in the years following the crisis the country has not adopted a real industrial strategy, so that the production base has changed and the work has shifted towards segments with low

added value (in particular in the service sector), created a job market with an influx of jobs with low qualifications, low wages, increasing job insecurity and loss of purchasing power also with the reduction of wages, reduction of social safety nets due to suspension or reduction of working hours as a result of corporate or business crises.

Between 2014 and 2015, the Italian Government issued several legislative measures to reform the labour law (the so-called “Jobs Act”). The other major reform of the labour market before had been implemented by law no. 92 of 2012 under the Monti government. The main changes concerned the contract of salaried employment, social safety nets and dismissal regulations. Concerning individual dismissals, in the case of dismissals due to economic hardship (e.g. economic dismissals) the reinstatement in the workplace, provided for before the reform, was substituted by a severance pay, based on the age of the worker and the years of service.

With regard to collective dismissals, they are allowed by law under certain conditions, due to organisational reasons (cutbacks, company changes or termination of activities) within companies with more than 15 employees, as long as the information and consultation procedure with trade union representatives is complied with. Before Labour Minister Fornero’s reform, irregularities in the procedure allowed for the annulment of dismissals and the reinstatement in the workplace. With the “Fornero Reform”, however, the wrong procedure can be remedied in the framework of a trade union agreement, without reversing the dismissals. Fornero’s law introduced also two new social safety nets (the so-called ASPI and mini-ASPI), which refer to the economic benefits provided for employees who involuntarily lose their jobs.

In 2014, the Renzi Government introduced the so-called Jobs Act, with the main purpose of bringing greater flexibility to the labour market through



favourable measures for companies and increasing employment. Before the enabling act of 10 December 2014, the decree law no. 34 of 30 March 2014, the so-called “Poletti Decree”, passed into law on 16 May 2014, adopted in order to modify fixed-term and apprenticeship contracts that removed the need to justify the ending date of temporary contracts by technical, organisational or productive requirements. With this reform the temporary employment has been substantially liberalised.

In 2015, the following decrees of the enabling law no. 183 of 2014 were adopted. The legislative decrees nos. 22 and 23 of 4 March 2014 concerning social safety nets and the introduction of so-called “permanent contracts at increasing protections”. In the first case, the measure introduced to the Italian legal system new social benefits to cope with involuntary unemployment: among the most important provisions, it covered workers with project-based contracts. The second legislative measure identified the permanent employment contract as the privileged type of contract, from the date of entry into force of the decree, with the possibility of tax relief for companies. These measures have not given positive results and have introduced ways for companies to more easily lay off workers.

Two additional decrees (numbers 80 and 81 of 15 June 2015) were adopted. They addressed the reconciliation of family care, work and private life for working mothers, by extending to self-employed women the opportunity to take advantage of parental leave, and by introducing measures of temporary job leave for women who have been victims of violence; the second addressed the regulation of tasks, by recognising the employer more bargaining power in unilaterally amend contract conditions. Decree no. 81/2015 abrogated the project-based employment contracts, introduced by the Biagi Reform.

Finally, the last four legislative decrees nos. 148, 149, 150, 151 of 14 September 2015 completed

the reform of the Jobs Act. Innovations have been introduced in terms of workers’ health and safety protection at the workplace and risk assessment, by stipulating penalties for employers who fail to comply with their obligations prescribed by the Consolidated Law on Safety (Testo Unico sulla sicurezza); the introduction of arrangements for employee remote control through the use of electronic equipment only for organisational purposes and to safeguard workers’ safety and company’s assets (after agreement with trade union representatives). Even the matter of voluntary resignation has been addressed in order to face the practice of so-called blank resignations, by providing a more complex procedure for guaranteeing the authenticity of such statements.

Finally, with Law 96 (dated 09/08/19), the so-called “Dignity Decree”, partially stricter rules have been defined for temporary labour recruitment or for the extension of an existing fixed-term contract. The rules are ineffective since the legal reasons for which it is possible to assume or extend fixed-term contracts take effect only after the first contract.

With the labour market reform (L. 10/12/2014, called the Jobs Act) a strong reduction of workers’ rights has been implemented in order to reduce labour costs for companies, such as: failure to pay right to reinstatement in the event of unlawful dismissal; simplification in the resolution of labour relations for the benefit of businesses; increased controls on the work of workers during the service; a simplification on occupational safety measures; less support for employment in the event of a company crisis with suspension or reduction of working hours; a strong reduction in coverage times and in the value of the allowance to support unemployment. The National Strategy Group strongly affirmed that the *Jobs Act* represented a very strong attack on workers’ rights in the name of flexibility and savings on labour costs.





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Subsequently, with the entry into force of the decree Law No. 55 14/06/2019, the so-called *Sblocca Cantieri*, action was taken in the field of the Code of Public procurements, worsening terms of prevention, of combating corruption or implementation of the principles of fair competition and transparency, consequently putting workers' protections at fundamental risk.

The worsening of the labour conditions also comes at the cost of workers' safety, and Italy has seen a rising number of accidents and deaths in the workplace: 599 workers died in 181 days in the first half of 2019<sup>14</sup> with an increase of 2% compared to 2018.

### Gender equality

Gender inequality is a serious problem in the labour market, but the government does not consider it to be a priority as a comprehensive strategy to promote women's participation is missing. Women in Italy remain one of the most exposed and disadvantaged category as they are still mostly responsible for caring responsibilities of children and elderly people in the family. Only 28.6% of children under three years of age are in formal early child school education. This is also aggravated by an insufficient parental leave, which covers only 30% of the salary. Though paternity leave in 2018<sup>15</sup> was increased by a day from 4 to 5, it remains under the EU average and the 10 days regulated by the work-life balance directive.

There have been measures, for instance Decree no. 80 (15-06- 2015), on the issue work-life balance on which a substantially positive judgment was given even if conditions of inequality between women and men both in access to the labour market and to its permanence are still very strong. Moreover, there is a sharp disparity in access to the labour market and a wide gender pay gap<sup>16</sup>.

### Integration of migrants

The integration of migrants in the labour market is not organised with dedicated policies. Migrants, asylum seekers, minorities and vulnerable groups are generally less likely to experience upward social mobility and the employment rates of people of foreign origins are low. Almost 50% of foreign workers continue to carry out the same type of profession of their first job, 23.5% pass through a lower professional group than the initial one, while only 29.7% access a higher professional group than that of departure. These data confirm a sort of "segregation" of migrant workers in the labour market in some professions with marked differences between women and men. Moreover, migrants are generally employed in the undeclared and underpaid work and in these cases their working conditions do not have any guarantee. The Italian legislation presented some limitations, such as the absence of a specific entry permit for migrants in search of employment, but guaranteed – at least in formal terms – regular jobs and the application of collective labour contracts. It also favoured, albeit indirectly, the possibility of regularization. The absence of such regular inflows, the pool of people who find themselves without regular residence papers together with the phenomenon of trafficking, determines in several sectors a greater risk of irregular work with the impossibility for workers to avoid blackmail and exploitation. Among the reasons for the lack of integration, the failure of recognition of qualifications obtained abroad must be mentioned.

The previous Government lead by the 5 Stars Movement and Lega Nord introduced the Decree n 113 of 4<sup>th</sup> October 2018 (so-called Salvini Decree) that modified the SPRAR system (Protection system for asylum seekers, refugees and unaccompanied foreign minors active since 2002) and SIPROIMI system (Protection system for holders of interna-





tional protection and for unaccompanied foreign minors), eliminating the residence permit for humanitarian reasons.

Therefore, only holders of international protection and unaccompanied foreign minors can be accepted in SIPROIMI projects (managed by Local Authorities and Civil Society Organisations with information, accompaniment, assistance and guidance throughout the construction of individual socio-economic integration paths). Asylum seekers will no longer be able to participate, as in the past, in SIPROIMI projects but will be welcomed in CARA centres where integration activities are not foreseen.

The extraordinary reception system (CAS) was also modified, changing its organisational standards and reducing the economic resources destined for it. The Decree has also doubled the period of detention in the CPR and hotspots. Moreover, the so-called Security Decree introduced closure of the harbours and penalisation of the rescue at sea with economic sanctions. This measure and the narrative of criminalisation and blaming of migrants has contributed to fuelling a crescendo of racist and discriminatory accidents across the country.

### Good practice

#### ARCI project Idee da coltivare

The Arci Project “Idee da coltivare”<sup>17</sup> (Ideas to be cultivated) is aimed at supporting migrants’ start-ups in agriculture and services. It aims at supporting studying Italian and receiving support to start their own enterprise with access to start-up funds. The project is co-financed by the AMIF fund.

## Social protection and inclusion

### Living conditions

In urban contexts the widening of poverty has exacerbated the inequalities in the ways of living and using infrastructures and services, accentuating differences in urban quality, in housing and in local services.

With the reduction of public investments in social housing, public spaces and, more generally, in the field of assistance, the discomfort is exacerbated especially in the periphery of big metropolises which have grown almost entirely of poor quality building destined only as places of residence lacking services and parks.

The Italian welfare system remains strongly fragmented and under-funded both at the level of national public policies (housing welfare, public housing) and at a horizontal - local level<sup>18</sup>.

On the one hand the resources available for the provision of services and financing the welfare system have been reduced in spite of the growing needs; on the other hand services to the individual have decreased. The GDP expense for social protection is equal to its 29.3% and from 2014 and 2017 it has had a 1% decrease<sup>19</sup>. Data from the Institute of national statistics ISTAT<sup>20</sup> shows that Italy is characterised by low social mobility as other countries. The data available on educational qualifications, employment status and salaries show a high percentage of people who maintain a correlation with the economic and social situation of the family of origin, giving rise to a high persistence both in the low part and in the high part confirmed also by the income indicators. Early school leaving, dualism in the labour market and the functioning of social protection networks are elements that tend to reinforce this immobility.



## Poverty

Although the absolute poverty<sup>21</sup> is stable the gaps between the rich and the poor have widened and there are more people in extreme poverty. Lower income groups do not appear to have benefited from the sluggish economic recovery of recent years<sup>22</sup>.

Nationally, the proportion of families living in extreme poverty has nearly doubled to 6.9% in 2017, with the worst figures 10.3% being recorded in southern Italy. Average net wealth per capita has declined to €87.451 from €88.625 in 2014. 20.3% of the population, about 12,235,000<sup>23</sup> people are at risk of poverty. Taking into account the data of the national body for statistics in 2017 in Italy there were 1 million and 778.000 families living in absolute poverty (6.9% of families and 8.4% of individuals) while the relative poverty has also grown compared to 2016 with 3 million and 171.000 families living in relative poverty.

Italy adopted measures to combat absolute poverty in 2017 called “*Reddito di Inclusione*”<sup>24</sup> (Rel) (Income for inclusion) financed through the “Fondo per la lotta alla povertà e all’esclusione sociale” (Fund for combatting poverty and social exclusion). The initial endowment of 500 million euros was progressively increased up to 2.5 billion euros and also included resources for strengthening services. The measure consisted in the provision of monthly economic benefit and in the development of personalised plans to find employment and fight social exclusion, in collaboration with local authorities. The National strategy group considered that the measure has been insufficient for the needs of the country to eradicate extreme poverty due to the limited budget. In 2019 with the decree n 4 of 28<sup>th</sup> January it was replaced by the “*Reddito di Cittadinanza*”<sup>25</sup> (Citizenship income) that aggregated all the resources of the Fund to combat poverty and social exclusion, regardless the name is not a minimum income sys-

tem but with conditionality<sup>26</sup> among which to have an income lower than 9.360 euros per year, having lived in Italy for two years and having an Italian citizenship also accepting the job offers regardless the location.

## Climate change

The main Italian Policy to tackle climate change is the “Piano nazionale integrato per l’energia e il clima (PNIEC)<sup>27</sup>” (Integrated national plan for energy and climate) presented in January 2019 to respond to put in place measures to respond to the commitments taken. The plan has received criticism from climate NGOs such as Legambiente that have affirmed that it is not ambitious enough and answers only to the minimum requirements on climate and energy, setting lower targets compared to other member states (Italian plan 30%; EU 32%), looking to replace coal with gas, and relying on gas import with the plan to build a gas pipe<sup>28</sup>.

## Health

In the period 2010-2019, €37 billion was taken from the National Health System, of which about €25 billion in 2010-2015 for the sum of various financial measures. Only 9 regions out of 21 fulfil LEAs (Essential Levels of Assistance: services that the National Health Service SSN is required to provide to all citizens, free of charge or against payment of a participation fee, with the public resources collected through the general taxation).

In 2017 Italy had a health care expenditure of €204.034 million in total, of which €154.920 million in health care costs, €41,888.5 million in health care social spending and €7,225.5 million in tax expenditure. Healthcare expenditure includes €113.131 million of public spending and €41.789 million of private expenditure, of which €35.989 million from the families (out-of-pocket) and € 5.800 million of



intermediate expenditure. In percentage terms in 2017, 27% of health spending is private mainly (86.1%) supported by families<sup>29</sup>.

A study has predicted that due to the effect of the aging population, in 2028 it is expected that the number of chronic patients will rise to over 25 million (one million more than 2018), while the multi-chronic will be around 14 million (in 2018 they are around 12.5 million)<sup>30</sup>. Moreover, in the Italian regulations there are numerous obstacles and impediments for the access of foreign citizens to territorial health services (especially when not in possession of a permanent status if migrants or refugees), also because of the non-homogeneity and discretion of application of the same rules in the various regions, to the point that a monitoring lead by civil society organisations was started on the access to the National Health Service by foreigners<sup>31</sup>. Furthermore, the recent safety regulations (Safety Decrees)<sup>32</sup> risk creating further obstacles to the use of the fundamental right to health protection.

## Civic space

The civic space in Italy for the CIVICUS monitor is narrowed. Freedom of Speech is constitutionally recognised from the Article 21 of the Constitution and the freedom of Association by Article 18 and covers all forms of association including organisations, trade unions, employers, political parties and / or associations related to them. The Italian Third Sector has been subject of a system reform (D.Lgs. 3 rd July 2017, no 117) in 2017 and according to data from the “Survey of non-profit institutions” by Istat in 2018 non-profit institutions were about 350.000<sup>33</sup>.

The National Strategy Group states that the recent reforms set out by il decreto sicurezza bis<sup>34</sup> (security decree) threaten freedom of assembly. Article 23 reintroduced the crime of road blocking referring to gatherings or occasional meetings of people who meet to protest. It seems a clear limitation of the right to demonstrate for example in front of factories, schools etc. Article 7, instead, introduces an aggravating circumstance for crimes of violence, threat and resistance to a public official when the alleged crime occurs during a public demonstration. According to Amnesty International, the measure has the clear purpose of limiting the spaces of freedom of those who want to claim their own rights and those of the community, for example during a protest march. The position of Italy according to the 2018 report prepared by Reporters without Borders saw an improvement, moving from the 52nd to the 46th place<sup>35</sup>. However, it indicates that threats from the mafia and extremist groups against journalists are growing (43 under around-the-clock police protection) especially towards those who work in Rome and in the South and above all for having investigated the organised crime. It also shows that Italian journalists receive pressure from policy-makers to self-censor<sup>36</sup>. Also recent measures have cut public funding to the press, with 20 % cuts in 2019 to cutting funds completely in 2022<sup>37</sup>.

The Decreto sicurezza bis also introduced a series of hardline measures that abolish key forms of protection for migrants and make it easier for them to be deported, suspending the refugee application process of those who are considered socially dangerous as well as introducing sanctions for the rescue of people at sea, criminalising solidarity and threatening the work of NGOs and human rights defenders.



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## Comparison to Country Specific Recommendations

The Country Specific Recommendations for Italy for 2019 focus on the Italian economic imbalances, highlighting the necessity to reduce the net primary government expenditure in order to lower the debt ratio, reduce taxation on work, reduce tax evasion and implement the pension reform. However we encourage the European Commission to put a focus on redistribution and tackling of inequalities and regional disparities that are wide spread in Italy as well as fostering social inclusion improving access and availability to affordable social services. Like the National Strategy Group, the European Commission focuses on the importance to foster women's and young people's participation in the labour market providing quality childcare and long term care facilities and improve educational outcomes. While the Country Specific Recommendations state that Italy needs to tackle undeclared work, the National Strategy Group highlights the necessity to also combat in-work poverty and precarious working conditions such as temporary contracts, involuntary part-time work and bogus self-employment.



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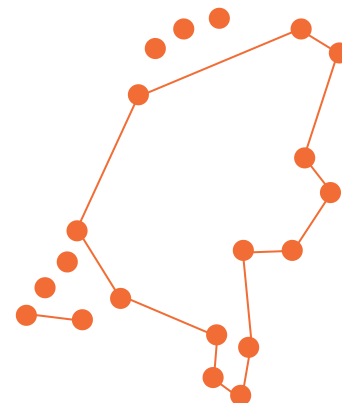


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# COUNTRY MONITOR



## THE NETHERLANDS

# Social Rights Monitor 2019

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Civic space in the Netherlands is open, with Civil Society Organisations being widely consulted. However, SOLIDAR's National Strategy Group warns that implementation of CSOs' inputs is insufficient. The Dutch economy has fully recovered since the crisis; unemployment rates are below the pre-crisis level and there is even tightness on the labour market. However, this has not been reflected in wage-growth. Working conditions have also had a significant set-back, not in the least because of a rise in precarious work and (bogus) self-employment. As a result, an increasing number of people are at risk of poverty, social exclusion and in-work-poverty. The decentralisation of care for youths, the elderly and those in need of long-term care has caused disparities between municipalities in the quality of care. In addition, the costs for health care that households have to pay out-of-pocket have increased and are causing people to avoid treatment. Young people are left especially vulnerable, as they face relatively high unemployment rates and are more prone to be in precarious work. Although the 2019 reform of the pension system will eventually make the contribution system more generationally fair, the 'gap' this will leave in the short-term will likely need to be closed with contributions by the younger generations.





**Gini Index:** 27.0  
**Unemployment:** 3.8%  
**Gender equality index:** 72.1  
**Youth unemployment:** 7.2%  
**AROPE:** 16.8%  
**Social welfare spending (as % of GDP):** 15.9%  
**Tax on labour as share of total taxes:** 51.4%  
**In work poverty:** 6.1%  
**CIVICUS civic space monitor:** Open

## Equal opportunities and fair working conditions

The tightness on the Dutch labour market is not reflected in wage growth. Wages have been lagging behind and growing at a slower rate than the economy. Collective agreements have resulted in higher wages for some sectors and the Prime Minister has called for employers to raise wages<sup>1</sup>, but until now no concrete, overarching measures have been implemented.

Generous tax benefits for house owners and an under-developed middle segment on the rental market have encouraged people to take on a mortgage to buy a house. This has led to a concentration of wealth in property and created a strong debt-bias for households that leaves them vulnerable to economic shocks. A faster reduction of tax benefits for house owners has been announced for 2020, but our National Strategy Group expects that this will not be enough.

### Precariousness

Although the recovery of the labour market has led to the highest ever level of employment in the Netherlands, the nature of employment has changed significantly. There has been a drastic increase in precarious work contracts, with 1,1 million workers

(12,3%) currently practicing as lone self-employed (*Zelfstandige Zonder Personeel – ZZP'er*).<sup>2</sup> Many of these positions concern false self-employment where an employer prefers to contract 'self-employed' ZZP'ers instead of offering them a contract. This also includes many people working in the platform economy. In 2019, a number of court cases against food-delivery platform Deliveroo determined that their delivery workers cannot be considered self-employed and have a right to an employment contract and pension contributions. Deliveroo is currently appealing against these decisions.<sup>3</sup>

The increase in precarious work has led to the detriment of working conditions. Precarious workers run a higher risk of poverty, with 8.6% of ZZP'ers at risk of poverty compared to 1.6% of employees with traditional contracts.<sup>4</sup> They are also often underinsured against risks such as illness, unemployment and old age, as insurance is voluntary and the full costs need to be borne by the self-employed.<sup>5</sup> This does not only make them vulnerable in the face of social risks, but on the long-term, their lack of contributions also undermines the sustainability of the social protection system as a whole.

Part-time work is another form of precariousness that is prevalent in the Netherlands; close to half of Dutch employees do not work a full-time week.<sup>6</sup> As around 70% of part-time workers are women<sup>7</sup>, this harms the advancement of gender equality on the labour market and women's economic independence. Although unemployment numbers are currently low, the group of workers who are underemployed because they have a part-time job, but would prefer to work more hours (368.000 workers) is not included in these statistics.<sup>8</sup>

### Youth

At 7.2%, youth unemployment in the Netherlands is low, both historically and compared to other European countries. However, it is still significantly higher



than the unemployment rate of the Dutch population as a whole and has not fully recovered after the crisis.<sup>9</sup> Our National Strategy Group furthermore points out that young workers are more likely to be in a precarious work situation, as after leaving the education system, it often takes them a while to find a job with an open-ended contract.

The transition from school to work poses challenges for some groups, especially for more vulnerable and low-skilled students. Job requirements evolve more rapidly than the education system can keep up with, causing the link between education paths and employability to be relatively weak. The National Strategy Group warns that a lack of resources in some regions also means that prevention of early school leavers is inadequate, resulting in young people entering the labour market without a starter's qualification. This affects male students more strongly than female students.<sup>10</sup>

### Good practice

#### Gender equality in the labour market

With their latest collective agreement, Dutch municipalities have closed the gender pay gap for their staff. In 2018, for the first time women earned slightly more than men. For all age categories, women now earn the same as their male colleagues with a similar work and education background. One contributing factor was a rapid increase of women in managerial positions, from 22% in 2016 to 40% in 2017.<sup>11</sup>

From mid-2019 until the end of 2020, the Technical University of Eindhoven opens all new vacancies for scientific staff in the first place only for women. If after 6 months no suitable candidate is found, the position will also be made available for men. TU/e does this in an effort to address the gender imbalance amongst professors. The university, just like the STEM field in general, has been struggling with gender balance for a long time. Currently, only 12.6% of professors in Eindhoven are female.<sup>12</sup>

## Social protection and inclusion

The number of people at risk of poverty and social exclusion has increased over the last ten years.<sup>13</sup> In-work-poverty is also on the rise and affects mainly self-employed workers.<sup>14</sup> This is amplified by the fact that policies to mitigate climate change tend to have a disproportionately high impact on low-income households.<sup>15</sup>

The introduction of the participatory society (*participatie samenleving*), which focusses on individual responsibility and less involvement of the state, has led to the decentralisation of youth care, long-term care and care for the elderly.<sup>16</sup> This has resulted in disparities between municipalities in terms of access, quality and waiting times for these types of care. The affordability of healthcare is also an issue for many people. Despite the state compensating the lowest incomes for the cost of their health insurance, the deductible of €385 causes some to refuse or avoid healthcare altogether.<sup>17</sup> The National Strategy Group furthermore identifies insufficient information on how the Dutch healthcare system works and a lack of interpreters and culturally-sensitive care as factors that inhibit the accessibility of care for migrants.

Although the pension system of the Netherlands is very inclusive and effective at preventing poverty in old age, the way contributions are invested poses the risk of creating intergenerational unfairness. The 2019 *Pensioenakkoord*, agreed between the government and the social partners, aims to correct this in the long-term.<sup>18</sup> However the short-term effects might still put a large share of the burden on younger generations, because the reform also includes a slower increase of the pensionable age and leaves it up to employers and employees to close the 'gap' in contributions.<sup>19</sup>



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## Civic space

Fundamental freedoms, such as the freedom of association, peaceful assembly and free speech, are well protected in the Netherlands and are not currently at risk of violation. In its civic space monitor, CIVICUS classifies Dutch civic space as 'open'.<sup>20</sup> Civil Society Organisations are widely consulted in social dialogue, however the effects of this consultation are often rather limited. CSOs generally have fewer resources available than other lobby groups, such as the private sector. As a result their input is not always sufficiently implemented.

## Comparison to Country Specific Recommendations

The country report and recommendations for the Netherlands reflect many of the same points that have been pointed out by our National Strategy Group, such as issues with precarious work and bogus self-employment, inter-generational unfairness of the pension system, increased risk of poverty and social exclusion and slow wage growth. They neglect to mention, however, that all of these issues have an exceptionally powerful impact on youths. The issues with the transition from school to work, that especially vulnerable young people face, are not addressed in the report either. Finally, there is also no attention for the increasing out-of-pocket costs of healthcare for households, which is leading to care-avoiding behaviour.



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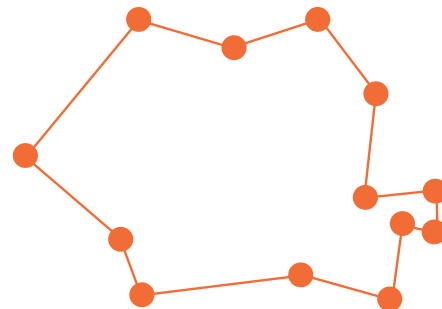


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# COUNTRY MONITOR



## ROMANIA

# Social Rights Monitor 2019

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Civic space in Romania is under severe pressure. Freedom of assembly and association have both been limited by new laws making it more difficult for civil society organisation to receive donations and organise public gatherings. The collective bargaining system has largely collapsed as collective bargaining at the national level has been banned. Social dialogue has also been limited as the government has an increasingly large influence on the Economic and Social Council. These developments pose a threat to working conditions and social conditions in general. Romania is furthermore faced with very high poverty and in-work-poverty rates. The social security system, which is underfunded, is unable to effectively combat poverty and social exclusion. This is aggravated by a recent tax reform that puts almost the full responsibility for paying social contributions on the employee. Low wages have led many skilled workers to emigrate, which in combination with strong economic growth is resulting in shortages in the labour market. Recent increases in wages for the public sector have contributed to Romania having the lowest gender pay gap of the EU. In contrast, the gender employment gap is above average, largely due to inadequate provisions for childcare. Government spending on education in general is low and the education system insufficiently facilitates social mobility and the transition into the labour market. Finally, access to health-care is also unequal - especially for the Roma minority - and suffers from a lack of funding.



**Gini Index:** 35.1

**Unemployment:** 4.2%

**Gender equality index:** 54.5

**Youth unemployment:** 16.2%

**AROPE:** 32.5%

**Social welfare spending (as % of GDP):** 11.7%

**Tax on labour as share of total taxes:** 43.0%

**In work poverty:** 15.3%

**CIVICUS civic space monitor:** Narrowed

## Equal opportunities and fair working conditions

In 2018, the Romanian government introduced a drastic reform to the tax and social security system. The flat-rate income tax was lowered from 16% to 10% and the social security contributions were also slightly decreased. At the same time, the responsibility for paying the social contributions was almost completely transferred to the employee, putting an extra burden on their wages.<sup>1</sup> Our National Strategy Group furthermore reports that workers with part-time contracts now pay healthcare and pension contributions at the rate of the full-time minimum wage. This has forced many to give up their job as in some cases the contributions have become higher than the salary.

Like other countries in the region, Romania is currently experiencing strong economic growth and low unemployment.<sup>2</sup> In combination with emigration, this has led to shortages in the labour market. The government makes ad hoc decisions to increase the minimum wage without an objective indexation mechanism or consulting social partners. This has resulted in around 40% of the Romanian workforce currently working for the minimum wage. Informal work is another contributor to the precariousness of work; 22% of the Romanian economy is estimated to be informal.<sup>3</sup> Working conditions in general are under threat as the social dialogue system has

recently collapsed (more about this later on in the report).

## Education

Access to education in Romania is very unequal; especially Roma and young people in rural areas struggle to access quality education. In rural areas 38% of schools still have outside lavatories without sewage or running water, compared to 7% in urban areas.<sup>4</sup> With a spending of 2.8% of GDP in 2017, Romania is the lowest spender on education in the EU.<sup>5</sup> Further investments, of up 6% of GDP, have been postponed until at least 2022.<sup>6</sup> This is reflected in poor outcomes and a low level of basic skills, which is further aggravated by a high number of early school leavers. At 16.4%, Romania has one of the highest early school leaving rates in the EU.<sup>7</sup> Drop-out rates are especially high for Roma (77%) and young people living in rural areas (27.1%). The school system is furthermore insufficiently able to compensate the social economic circumstances in which children grow up. Both our National Strategy Group and employers point out that the teaching methods used are often out-dated, meaning that recent graduates do not have the skills needed in the job market.<sup>8</sup>

### Good practice

#### Combating youth unemployment

Romania has introduced a number of policy measures to reduce youth unemployment. With the help of the European 'Youth Employment Initiative', the government has introduced grants for internships and to stimulate employers to hire new graduates. To improve internal mobility in the country, bonuses are available for young people who work more than 50km from home of who move for a job. To give early-school-leavers a second chance, a free evaluation system that formally recognises skills learned outside the traditional education system has been set up.<sup>9</sup>





## Migration

Romania is faced with large scale outward migration, largely motivated by limited social mobility and better working and living conditions abroad. Since the 1990s, 23% of the Romanian workforce has left the country to find employment elsewhere.<sup>10</sup> Especially after entering the labour market, young Romanians seem to become less optimistic about their future in Romania. In 2018, 30% of young people indicated that they wanted to leave Romania for another EU country, also often citing poverty as one of the main reasons. Although still high, this number has improved significantly since 2014, when 60% of young Romanians were considering emigration.<sup>11</sup> Immigration is not enough to counteract the adverse demographic trends, even though the National Strategy Group reports that 30.000 work permits will be issued in 2019, mainly to workers from low-wage countries in Asia.

Over the past years, the government has implemented several policies to slow down the emigration of certain categories of workers. In an attempt to encourage educated workers to stay in the country, in January 2019, the minimum wage for jobs that require higher education was raised to 2350 RON, 300 RON above the national minimum wage. For construction workers, the government has introduced a minimum wage of 3000 RON, which is exempt from most taxes and social security contributions for a period of 10 years.<sup>12</sup>

## Gender equality

At 3.5%, Romania has the lowest gender pay gap of Europe.<sup>13</sup> Our National Strategy Group reports that this is largely the result of a 2017 law that increased the wages in the public sector, including for teachers, medical staff and social services, which are dominated by women. In contrast, Romania has one of the largest gender employment

gaps of the EU (18.3 percentage point), which has increased by 4 points over the last decade.<sup>14</sup> Low enrolment in early childhood education and nurseries are an important contributing factor here. Although the government has expanded the child raising leave in order to encourage men to take on more responsibility for raising their children and for women to return to the labour market, there are no incentives for men to actually take up their leave and entitlements cannot be transferred from one parent to another.<sup>15</sup>

## Social protection and inclusion

Romania is characterised by high poverty rates. It has the second highest share of people at risk of poverty and social exclusion (32.5%)<sup>16</sup>, and the highest rate of in-work-poverty (15.3%) in the EU.<sup>17</sup> At 16.8%, it also has the second highest rate of people facing severe material deprivation in the EU.<sup>18</sup> Social spending levels are among the lowest of the EU<sup>19</sup>, and as a result the effect of social transfers on poverty reduction is very limited.<sup>20</sup> Plans to combine existing social benefits into one minimum income scheme to more effectively tackle poverty have been postponed to 2021. Poverty also has a strong tendency to be transferred from one generation to the next, as socioeconomic background has a large impact on children's educational outcomes.<sup>21</sup>

## Healthcare

Although spending has recently increased, in terms of healthcare, Romania is the lowest spender of the EU, spending only €983 annually per capita; the EU average is €2.773.<sup>22</sup> The healthcare sector is faced with increasingly serious staffing problems, aggravated by the mass emigration of qualified professionals. The World Bank estimated that in 2013, more than a fifth of Romanian doctors were working abroad.<sup>23</sup> As a result of these challenges, the health of the Romanian people suffers; the amenable mortality rate in



Romania is 2.5 times higher than the EU average.<sup>24</sup> Access to healthcare is furthermore unequal. The National Strategy Group reports that people who are not in possession of identity documents or elderly who do not receive a pension, do not have access to health services or free medicines. As a result, around 60% of elderly do not have access to free medicine and need to cover these costs out-of-pocket. Marginalised groups, such as Roma, face an even greater barrier in accessing medical care. 42% of Roma say they do not seek medical care when they need it and over 80% of the Roma who avoid health services say they do so because of a lack of health insurance and financial means.<sup>25</sup>

## Civic space

Civic space in Romania is 'narrowed' according to the CIVICUS Civic Space Monitor.<sup>26</sup> New legislation introducing extra checks and a registry for donations to non-profit organisations is threatening the financing of civil society organisations. The National Strategy Groups warns that this new legislation is an attempt by the government to limit the influence of organisations financed by foreign donors, similar to the actions of the Hungarian government against the Open Society Foundations, founded by Soros.

In 2018, the freedom of assembly has been limited by a new piece of legislation requiring that public meetings, including protests, be announced in advance. Activists worry that this will put an extra responsibility on them to vouch for the behaviour of all attendants of a demonstration. Furthermore, there have been reports from activists in Bucharest of the government offering the use of public spaces to NGOs without any planned activities, just to make it impossible to organise a protest in these areas.<sup>27</sup>

Reporters without Borders warns that the media landscape in Romania is becoming increasingly more politicised and (self-) censorship is wide-

spread. The financing mechanisms of media outlets are, furthermore, far from transparent. Authorities put pressure on journalists to reveal their sources and to silence criticism of the government. Reporters without Borders has even found that government agents posing as journalists have recently started infiltrating news organisations.<sup>28</sup>

## Social dialogue and collective bargaining

The National Strategy Group warns that the collective bargaining system has all but collapsed, posing a threat to all working conditions covered by collective bargaining agreements, including wages, occupational health and safety and social security provisions. In 2011, collective bargaining at the national level was abolished and the extension of sectoral level agreements was limited. At the same time, more emphasis was put on branch and company level collective bargaining, requiring 50% +1 of a company's employees to be member of a trade union in order to start collective bargaining. This left about 1.2 million employees working in 450,000 companies uncovered. Overall, collective bargaining coverage declined from close to 100% in 2010, to 35% in 2013.<sup>29</sup>

In 2013, the Economic and Social Council (CES) was transformed from a structure for social dialogue, to one of civil dialogue, which acts as an advisory to the parliament and government. It consists of 45 members; 15 representing employers, 15 representing trade unions and 15 representing civil society. This last group is appointed by the Prime Minister. In October 2018 the government, by decision of the Prime Minister, replaced almost all civil society representatives without warning. The organizations that represented the civil society in the Economic and Social Council pointed out that the change of the 13 members came after CES did not approve several bills, ordinances and government decisions.<sup>30</sup>



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## Comparison to Country Specific Recommendations

The Country Specific Recommendations for Romania mention some of the main points also addressed by the National Strategy Group, such as the need to improve the quality and inclusiveness of the education system, increase the coverage and quality of social services, improve the accessibility of health-care and reform the minimum income scheme. They also mention that the ‘functioning’ of social dialogue needs to be improved, but neglect the fact that the government has been taking deliberate steps to limit the influence of the social partners, and trade unions in particular. Furthermore, the tax reform that has put the full responsibility for social security contributions onto the employee is not mentioned in the recommendations at all. Although the excessive poverty rates - that are at the core of many of the inequalities in Romanian society - are briefly mentioned, they are not a core part of the recommendations. Finally, whereas the education, healthcare and social services system are all severely underfunded, the recommendations focus on investments in infrastructure and energy instead.



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# COUNTRY MONITOR



## SLOVAKIA

# Social Rights Monitor 2019

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Slovakia is characterised by strong regional inequalities, including in terms of employment, education and social mobility and inclusion. The west of the country outperforms the east in virtually all aspects. Similar to other countries in the area, Slovakia is experiencing a period of very low unemployment and even a looming shortage on the labour market. However, long-term unemployment remains a problem, mainly due to skills mismatches and a lack of basic skills. The education system does not facilitate upward social mobility or lifelong learning and there is a worrying trend of increasingly more early school leavers. Due to limited access to formal childcare, the gender employment gap for young women is growing. The integration of Roma, in both education and the labour market, continues to be a challenge. Furthermore, because of the low coverage rate and low benefits, the social protection system is unable to effectively protect people from poverty and social exclusion. Finally, freedom of speech is under pressure as a result of politicians' continuous attacks on the media.



**Gini Index:** 23.2

**Unemployment:** 6.5%

**Gender equality index:** 54.1

**Youth unemployment:** 14.9%

**AROPE:** 16.3%

**Social welfare spending (as % of GDP):** 14.5%

**Tax on labour as share of total taxes:** 53.9%

**In work poverty:** 6.3%

**CIVICUS civic space monitor:** Narrowed

## Equal opportunities and fair working conditions

Economic growth has led to an increase in employment<sup>1</sup> and an all-time-low level of unemployment for Slovakia.<sup>2</sup> Currently, a shortage on the labour market is even looming<sup>3</sup>, which has caused a rise in wages.<sup>4</sup> However, despite the implementation of an action plan, long-term unemployment remains an unresolved issue. Skills mismatches and a lack of digital and technological skills are the main cause of long-term unemployment. This problem might become even more pressing in the future, as two-thirds of jobs in Slovakia are likely to be automated or will change drastically due to automatization. A lack of lifelong learning opportunities further aggravates the situation.<sup>5</sup>

Youth unemployment has significantly decreased to 14.9%<sup>6</sup>, however our National Strategy Group indicates that this is not reflected in young people's expectations for the future. They report that young Slovaks have low expectations for the future and many are moving abroad for better education and employment opportunities. This outflow of labour force is only partially compensated by the influx of third country nationals, mainly from Ukraine and Serbia, coming to Slovakia to find work.<sup>7</sup>

## Education

Educational outcomes in Slovakia are low and not showing improvement. There are large regional disparities, with the regions in the south-east performing significantly worse than the rest of the country. Public spending on education is low compared to the EU average, and has been decreasing as a percentage of GDP. This is also reflected in the low salaries for teachers, which makes the profession unattractive for skilled workers entering the labour market.<sup>8</sup>

The education system furthermore does not facilitate social mobility.<sup>9</sup> Students from an advantaged background are much more likely to attain tertiary education than those with a less favourable socioeconomic background.<sup>10</sup> Integration of Roma children through education has proven difficult, as 62% of Roma children attend a school where all or most other students are also Roma.<sup>11</sup> Although the rate of early school leavers is lower than the EU-average, it has increased from 4.9% in 2009 to 8.6% in 2018.<sup>12</sup> Again, regional disparities are high here, with a drop-out rate of 4.7% in the west and 14.7% in the east of Slovakia.<sup>13</sup> Roma students are overrepresented in this group, as it is estimated that 58% of Roma leave school early.<sup>14</sup> A new reform plan (2018-2027) intends to improve the quality and inclusiveness of the education system, however, so far its effects have been limited.<sup>15</sup>

## Gender equality

Like most other countries, Slovakia is facing a gender employment gap, which at 19% is higher than the EU average. In 2017, at 19.8%, the gender pay gap was also larger than the EU average.<sup>16</sup> However, unlike in most other countries, instead of closing, the employment gap is widening for women between the ages on 25 and 34. This is largely caused





by the low enrolment in early childcare and limited availability of childcare facilities, which prevents women of childbearing age from returning to work.<sup>17</sup> The National Strategy Group reports that in terms of work-life balance policies, Slovakia does not go far beyond the provisions stipulated by EU legislation.<sup>18</sup>

### Good practice

#### Childcare reforms

The education reform plan intends to increase women's participation in the labour market and has created 1800 new childcare places in 2018. Furthermore, a new legislative framework on childcare provides unemployed parents with access to childcare, giving them more opportunity to return to work. The government is also in the process of building and renovating 500 childcare facilities mainly aimed at providing access to childcare for marginalised groups such as Roma. Finally, they have also announced that in 2020 the age of compulsory education will be lowered to 5 years old.

## Social protection and inclusion

Slovakia has the smallest income inequality of Europe, with a GINI coefficient of 23.2 in 2017.<sup>19</sup> However, this number hides large regional differences. Slovakia's wealth is largely concentrated in the west of the country in the region surrounding the capital. The east of the country is significantly poorer and faces many socioeconomic challenges.<sup>20</sup> The National Strategy Group reports that poverty eradication does not seem to be a systematic objective of the Slovak government.

### Social protection and healthcare

The impact of social transfers on poverty reduction is below average and has deteriorated since 2014.<sup>21</sup> The minimum income constitutes of an average

benefit of €134.62 per month, which is far from sufficient to cover basic needs. Furthermore, in 2017, 70% of the people at risk of poverty did not have access to the minimum income scheme. Despite some loosening in 2018, unemployment benefits are also limited by strict eligibility requirements<sup>22</sup>, resulting in less than 20% of the short-term unemployed being covered.<sup>23</sup> There are concerns about the long-term sustainability of the healthcare and social protection system. The old-age dependency ratio continues to rise<sup>24</sup>, increasing the costs of healthcare and pensions. The dependency ratio is even expected to triple by 2060, which endangers the financial sustainability.<sup>25</sup> Healthcare providers struggle to find well-qualified staff, especially in rural areas. Currently, a large share of the staff is over 50 years old, and thus set to retire soon.<sup>26</sup>

### Integration

Integration of minority groups, most notably Roma, remains a challenge. As mentioned previously, the participation and performance of Roma children in education is below average. This is one of the reasons why in the labour market, Roma are underrepresented in formally paid work. FRA estimates that only 25% of working-age Roma are in paid work. For women these numbers are even lower.<sup>27</sup> Slovakia's strategy for integrating Roma focusses on changing the general public's attitude towards Roma. For this strategy, the government cooperates with Civil Society Organisations, churches, the media, academic institutions and Roma communities.<sup>28</sup>

### Civic space

Civic space in Slovakia is classified as narrowed.<sup>29</sup> The National Strategy Group reports that there is no real culture of volunteering in modern Slovakia, as these activities are commonly associated with the socialism of the past. Freedom house warns



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that whilst civil liberties are generally well-protected, large scale political corruption is a threat to the democratic process and freedom of speech. In 2018, a journalist who was working on uncovering the alleged links between Prime Minister Fico and the Italian mafia was murdered, along with his fiancée, in their house.<sup>30</sup> This sparked mass demonstrations against the government, eventually leading to the Prime Minister stepping down. As the leader of Smer-SD, Fico continues to publicly attack the media, calling them ‘anti-Slovak’ amongst many other insults. Media that were previously owned by large international media companies are increasingly falling into the hands and influence of local businessmen. Furthermore, politicians continue to use the harsh penalties for defamation to intimidate journalists.<sup>31</sup>

## Comparison to Country Specific Recommendations

The Country Specific Recommendations for Slovakia address many of the challenges also brought forward by our National Strategy Group. For example, the need for better quality education that equips students with a solid foundation of basic skills and allows workers to adapt to the changing demands of the labour market. They also mention the lack of sufficient formal childcare and the need for integrating Roma and combatting corruption. However, there seems to be insufficient attention on the large regional inequalities in the country. Furthermore, there is no mention of the low coverage of the social protection system and the inadequate benefits that are unable to keep people from falling into poverty.

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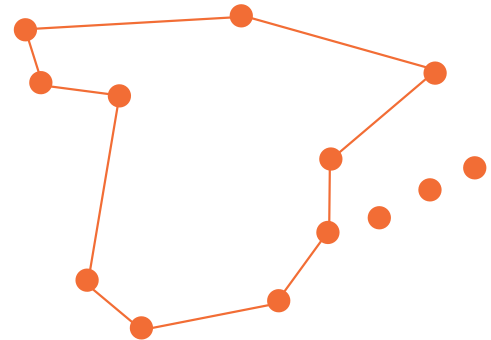
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# COUNTRY MONITOR



## SPAIN

# Social Rights Monitor 2019

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Spain, after being one of the most affected countries by the socio-economic crisis of 2008, in recent years has seen a sustained recovery. Though employment levels are growing, it is still one of the countries most affected by high levels of inequalities. Social exclusion and wage levels remain lower than pre crisis levels. The groups most affected are young people, women and migrants.

The recent labour reform law has also created stagnation in salary wages, precarious working conditions and high levels of in-work poverty. The worsening of living conditions has affected in particular women, young people and migrants.

The country report and recommendations for Spain reflect many of the same points that have been highlighted by SOLIDAR Spanish National Strategy Group, such as the increasing of precarious working conditions, increased inequalities, social exclusion and slow wage growth. Spain needs to reform the pension and tax system and introduce regulation to limit the excessive use of temporary jobs. Moreover, they point out that Spain faces specific territorial cohesion challenges. The CSR and country report for 2019 neglects to mention, however, that the crisis, the precarious situation and lowering living standards have pushed a big number of highly qualified workers to migrate outside the country. Finally, Spain has been classified as a country with a narrow civic space due to the adoption of the Law 4/2015, of 30 March that limits and regulates freedom of association and expression on the basis of concerns for the protection of citizens' security.



**Gini Index:** 33.2  
**Unemployment:** 15.3%  
**Employment rate:** 67%  
**Gender equality index:** 70.1  
**Youth unemployment:** 34.4%  
**AROPE:** 26.1%  
**Social welfare spending (as % of GDP):** 16.6%  
**Tax on labour as share of total taxes:** 48.3%  
**In work poverty:** 12.9%  
**CIVICUS civic space monitor:** Narrowed

### Equal opportunities and fair working conditions

Spain, after being one of the most affected countries by the socio-economic crisis of 2008, in recent years has seen a sustained recovery. In 2018 the employment rate was at 67 per cent; although showing an improvement it is still low and under the EU average. The unemployment rate is 15.3 and affects especially women, young people and migrants. Moreover, Spain still shows a high level of inequalities, and wages levels remain lower than pre crisis levels. Spain is ranked as one of the most unequal countries in Europe with a GINI index of 33.2 with increasing rates of inequalities and social exclusion.

The Spanish National Strategic group, led by the organisation *Movimiento Por la Paz* (MPDL), has highlighted that the tax system needs a reform, and the changes that have been adopted in the last years, in particular by the PP Government of Rajoy in 2015, have generated higher levels of inequalities. For example, there is a need to reform the taxation on rent and on companies by making it progressive, taxing the richest percentile and redistributing equally addressing social policies to fight social exclusion. Currently, Spain's public expenditure is 41.5% of the GDP, four points below the European average (45.6%). Insufficient tax collection is present in different

fields, as seen in data annually published by the Tax Agency (*Agencia Tributaria*)<sup>1</sup>. For example, in the case of the corporate income tax, only half of the level of income previous to the financial crisis has been recovered<sup>2</sup>. This situation is due to a set of exemptions and fiscal incentives that generate gaps in the tax collection as well as the presence in the country of several IT corporations that do not pay taxes.

The crisis and the lowering of living standards have forced a big number of the young qualified population to migrate to other European countries to look for better living conditions. Between 2007 and 2017 around 87,000 highly qualified workers have migrated to another EU country<sup>3</sup>. The National Strategic Group for Spain has highlighted that the crisis and the changes in the types of work have created an increase in the mismatch between the qualifications and labour market demand. As a result of the economic crisis 41.2 per cent of the population is working in jobs that require lower skills levels than the ones acquired in education. Data shows that young people in employment mainly work in precarious conditions, with temporary jobs with low-skilled contracts, high-rotation and temporality.

The National Strategic Group has underlined that another important aspect that has to be taken into account is the regional difference, the south-north divide in terms of employment rate, with the lowest rates in Extremadura (42.23%) and Andalucia (43.81%) showing more than a 10 percent difference with the Madrid area (55.21%).

Moreover, in recent years Spain had three labour market reforms touching on employment protection legislation, collective bargaining and labour flexibility. They were passed in 2010, 2011 and 2012. In 2013 the PP right-wing government of Rajoy passed an additional reform of part-time work dramatically increasing the flexibility of this type of employment<sup>4</sup>. These reforms, as highlighted by the National





Strategic Group, have created, among other consequences, internal devaluation with the stagnation of wages. In 2011, the INE salary structure survey<sup>5</sup> showed an average salary of 25,999.87 euros per year; in 2015, the remuneration was almost 800 euros less, after having hit bottom just the previous year.

The amendments approved in 2012 touched on three important aspects of the collective bargaining system. First, priority is now given to company level collective agreements over sectoral collective agreements on a number of matters, such as salary, hours, time schedules, shift work, etc. This has generated an increase in collective agreements at company level. A company can also decide to opt out of the applicable collective agreement as long as it reaches an agreement with the employee representatives. Finally, the collective agreement can now be extended automatically beyond the expiry date for only a year, in the absence of an agreement to the contrary. According to the Supreme Court, after that year of extension, if no agreement is reached, the working conditions set by the expired collective agreement become a part of the individual contracts of the employees affected and can be modified following a procedure of substantial modification of working conditions. These reforms have created new employment and the subsequent raising of employment rate, at the cost of the quality of employment and raising levels of precariousness and short term contracts, as also shown in the European Commission Country report<sup>6</sup>.

Moreover, social policies are delocalised and are to a large extent administrated by the autonomous communities that regulate different social investment incrementing regional differences. For example, in the case of fighting poverty the Basque Country and Navarre have concrete policy actions while others have fragmented interventions; in the Basque Country 16 of every 100 workers with temporary employment have to resort to social benefits,

according to the Report of the Economic and Social Council of Euskadi 2016. In other Autonomous Communities, these complementary benefits do not exist, as generally the minimum income system is aimed exclusively at unemployed people.

In 2019 the government with the Real Decreto 1462/2018<sup>7</sup> introduced a reform of the minimum wage, from 735.90 to 900 Euros per month with the aim to tackle in work poverty. This has increased the minimum wage by 22.3%. The National Strategic Group affirmed that the increase in wages has been necessary to recover a part of the purchasing power lost during the internal devaluation and inflation. It is especially key to coping with the increase in the cost of living in general also caused by the higher tax burden through an increase in indirect taxes.

### Gender equality and fighting gender based violence

Gender inequality is still a problem in the labour market, but the government considers it a priority and plans to implement policies to tackle it. Women are one of the categories that are most affected by unemployment and precarious working conditions. The gender pay gap is still high and for the gender equality index Spain in 2017 scored 70.1.3, showing an increment because of the gender balance in the Government and Parliament as a result of the last elections<sup>8</sup>. In 2007 Spain passed the law on gender equality<sup>9</sup> that among other norms introduced a measure to counter the glass ceiling, namely organisations with more than 250 employees are required to have gender balance on the board. In March 2019 the government extended the time for parental leave that will reach 16 weeks in 2021<sup>10</sup>. Moreover, organisations have the obligation to disclose the salary broken down by gender and positions, with the obligation for companies with more than 50 employees to provide explanations when the average gender pay gap is higher than 25%<sup>11</sup>.

In 2004 Spain introduced the Organic Law 1/2004,





of December 28<sup>12</sup> “Comprehensive Protection Measures against Gender-Based Violence” to fight gender based violence and provide support to women survivors of gender-based violence, guaranteeing a series of labour and social security rights. In recent years these rights have been developed and expanded, with the latest modification being the approval of an enabling degree that proves the situation of a victim of gender-based violence without the need to file a complaint to access socio-labour benefits. The internship contract and the training contract include gender-based violence as a situation that interrupts the calculation of the duration of the employment contract. The recruitment of women who accredit gender-based violence will be rewarded with social security fees.

With the aim of continuing to achieve equal opportunities between women and men on 1<sup>st</sup> March 2019, Royal Decree-Law 6/2019<sup>13</sup> was adopted, introducing urgent measures to ensure equal treatment and opportunities between women and men in employment and the occupation that modifies the labour standards by establishing, on the one hand, modification of terminology in the regulations by establishing the benefit for birth and care of the child, rather than maternity benefit, or co-responsibility in the care of the infant, rather than paternity, with the aim of generalising care to different family units and all their members. It also establishes the obligation for companies with more than 50 workers to develop and implement an “Equality Plan” (previously for companies of more than 250 workers). This application will be carried out gradually. The Equality Plan is a tool to promote the recognition and monitoring of the implementation of measures that promote equal opportunities in general and conciliation, in particular. It is regulated as a serious infringement not to comply with the obligations established by Organic Law 3/2007<sup>14</sup> for the effective equality of women and men, the Workers’ Statute or the collective agreement of application.

### Good practice

#### ‘Equality in The Enterprise’

The Institute of Women and Equal Opportunities of the Ministry of Health Social Services and Equality launched the initiative Network of Companies with the “Equality in The Enterprise” (*Igualdad en la Empresa*)<sup>15</sup> Red DIE, to facilitate the exchange of good practices and experiences in equal opportunities between women and men in the workplace. In order to receive the badge and join the initiative companies need to improve their internal gender policies such as flexible working times to facilitate work life balance; spatial flexibility (remote working); social benefits for families, such as childcare provision, transport, health insurance.

The Spanish Confederation of Small and Medium-sized Enterprises (CEPYME) has developed the Guide to Good Practices for the Elimination of the Gender Pay Gap, the result of the Equal Project for the analysis of the gender pay gap in the Spanish SMEs<sup>16</sup>.

### Integration of migrants, asylum seekers, minorities and vulnerable

The National Strategic Group has underlined that migrants, asylum seekers, minorities and vulnerable groups are generally less likely than locals to experience upward social mobility, and also locals do not experience it frequently.

Policies to integrate migrants are being made through the Autonomous Communities and social action entities. Specifically, with the *Programa Operativo de Inclusión Social y de la Economía Social* (POISES)<sup>17</sup> program of the European Social Fund, work is being done to improve socio-labour integration. In the years that have followed the economic crisis there have been several cuts to the integra-



tion plans for migrants. As precariousness and poverty have grown, the most affected groups of populations have been migrants, women and young people. More specifically migrants also experience structural discrimination in the labour market, difficulties in accessing affordable housing, difficulties in recognition of previous qualifications, barriers to access public health services, greater difficulties in educational inclusion and fewer opportunities to access studies, and institutional racism.

In September 2015<sup>18</sup>, the Spanish government made a commitment to the EU to gradually welcome 1,449 resettled people over the course of two years, and 15,888 relocated from the Mediterranean area. As of February 2017, the total number of relocated and resettled in Spain was 1,143 people, which represents a compliance of 6.5% of the commitments made. On the other hand, in 2016, 22,107 people directly applied for international protection in Spain. This is the highest figure registered since the approval of the first Asylum Law in 1984. For the first time, Venezuela was the country of origin of the largest number of applicants, ahead of Syria. In 2016, Spain provided some form of international protection to 6,855 people, the vast majority coming from Syria. Spain received more asylum requests in 2017 than irregular immigrants (31,667 compared to 28,700). In 2017, the government granted international protection to 40% fewer asylum seekers than in 2016, with a total of 13,350 cases of which only 4,080 (35%), compared to the 6,855 that obtained the approval the previous year. More than 10,000 Venezuelan people who took this step in 2017 represent an increase of 161% compared to those who did it in 2016. Colombian people represent another 8%. Syrians represented the second nationality with the highest number of applications (14% of the total).

The growing numbers of asylum seekers and refugees have made it essential to continue strengthening the capacities and resources of the system

of reception and integration of refugees in Spain, in order to respond to the multiple needs presented by the applicants of international protection when they arrive in Spain. The National Strategic Group for Spain sees the Strategic Plan for Citizenship and Integration (PECI) 2007-2010<sup>19</sup> as a good example of joint political work between public administrations, academia and the third sector of social action. The current Government is discussing the approval of a new Integration programme.

The State Fund for the Integration of Immigrants has been endowed with 70 million euros for the year 2019 (by Royal Decree-Law 8/2019, of 8 March, on urgent social protection measures and the fight against job insecurity in the working day), as an instrument to resume and strengthen collaboration with the Autonomous Communities and City Councils, within a common programmatic framework.

The Government in 2019 has adopted a National Reform programme to provide measures for facilitating access to the labour market for migrants<sup>20</sup>. The new reform programme contains a specific point for migration management and talent attraction, stating that the Government is committed to reinforce the circular recruitment system at origin in the framework of a well-managed migration policy, in line with the Agenda 2030, the Global Compact for Migration. This has only in the first half of 2019 already facilitated 19,000 recruitments in the country of origin. The Government's Agenda for Change also foresees the simplification of procedures for recruiting highly qualified workers and foreign entrepreneurs in order to facilitate the engagement of high-knowledge companies in Spain.

In 2018 the Royal Decree Law 7/2018, of 27 July<sup>21</sup> reintroduced universal access to the national health system modifying the Royal Decree law 12/2012 of 20 April<sup>22</sup>, which severely restricted access to the right to health for irregular migrants, limiting it only to urgent cases.



## Social protection and inclusion

While in recent years the Spanish economy has experienced a period of economic growth and recovery in employment, it has not been enough to reverse poverty generated during the crisis and create wellbeing for a majority of the society. While the unemployment rate has decreased, and the average income has recovered, the standard poverty (income below 60% of median income) rate stays practically at the same levels.

Also the crisis has led to the intensification of inequality for the National Strategic group it has been caused by a weak and unjust system of redistribution (social and fiscal policies) as well as the changes in the labour market that have increased the difficulties to encounter stable employment, low wages and limited availability of social safety nets.

Since the 2008 economic crisis the poverty rate has risen by over 3% to 26.8% of the population. In 2017 70% of Spanish households had seen no benefit from the economic recovery. Currently, there are still 3.2 million households that live in risk of social exclusion, 628.000 more than in 2007, with 1.5 million living in extreme poverty, compared to 914.00 in 2007<sup>23</sup>.

In 2018 levels of social integration show progress, with the number of people living in a more precarious situation decreasing, and the population living in complete social integration has risen from 34.1% of 2013 to 48.4% of 2018, showing that still half of the population in Spain lives in a situation of economic precariousness. Looking at the population living in extreme exclusion the number went from 22.7% in 2013 to 8.8% in 2018. However, since the 2008 economic crisis the levels of social exclusion have just reached those of the pre-crisis only for the number of people living not at risk of social exclusion but have been incremented for the people living in extreme poverty. In 2017 the proportion of people

at risk of poverty lowered but remains high. This vulnerability is concentrated, in addition, in certain demographic categories. The problem affects especially the younger population, women and migrant populations from the community (social exclusion rate triples to the community), as well as children. The situation of older people has also worsened in the past few years because of the weakness of the public pension system.

Public spending on family benefits, which is half of the EU average, remains poorly targeted at low income families. Moreover, Spain faces specific territorial cohesion challenges, depopulation and ageing in rural areas. Inequality has its reflection both among populations living in different regions in Spain, between those who live in cities and in the countryside (with extreme lack of services and loss of population), and within cities. The most vulnerable, as well as limited financial resources suffer from less access to education, health, and the reduction of public services in cities, to services such as cleaning or mobility, affecting their well-being directly.

The National Strategic Group has recommended, in order to reduce poverty, that Spain introduces a universal benefit per dependent child, complementary to salaries. This measure would reduce, in part, the precariousness generated by the low levels of income. Regarding this the European Commission has indicated in its Country Report 2019: "The national systems of unemployment assistance are fragmented and there are gaps in the coverage of many systems of minimum guaranteed income of the autonomous communities. There have been few improvements in support for families, especially those most in need."

On the 22<sup>nd</sup> March 2019 the Council of Ministers adopted the National Strategy of Prevention and Fight against Poverty and Social Exclusion 2019-2023<sup>24</sup> which seeks to provide adequate coverage



to the needs of citizens and especially vulnerable groups in situations of poverty or exclusion. The Strategy is built around four strategic goals, which will be specified in annual operational plans: combating poverty, especially of the most vulnerable people such as children and adolescents; social investment in people; system of sanitary, educational and social public services, universal and of quality; and effectiveness and efficiency of policies.

To address the challenge of child poverty, the High Commissioner for the Fight against Child Poverty was created, which ensures the coordination of efforts and resources at all levels of the administration. The Spanish government since 2018<sup>25</sup> has instituted the VECA program “School Holidays, continue learning”. This program made it possible to expand the budget activities of the central administration (15 million euros) with summer activities to support the school canteen and educational leisure for children in vulnerable situations, also with the aim to guarantee access to food for children in vulnerable situations. The High Commissioner for the Fight against Child Poverty works in collaboration with the private sector to ensure the maximum impact of the actions and improve coordination.

The Royal Decree-Law 8/2019<sup>26</sup> of urgent social protection measures and the fight against precarious work in the working day has increased the family economic allowances for dependent children up to 341 euros per year in general (1.3 million children at risk of poverty affected), and increases to 588 euros for families in a situation of severe poverty (630,000 affected children). With this measure, the Government hopes to remove 80,000 children from situations of risk of severe poverty.

Along with these cross-cutting measures, the implementation of specific strategies for certain vulnerable groups has continued, such as the National Strategy for the Social Inclusion of the Roma Population 2012-2020<sup>27</sup>, in the mid-term evaluation

of which there have been significant improvements in some of the indicators, especially in the area of housing and education, and the National Comprehensive Strategy for the Homeless 2015-2020<sup>28</sup>, the mid-term evaluation of which will be carried out in 2019.

### Environment and quality of life

Spain faces a serious overall environmental situation, with depletion of natural resources, loss of biodiversity, as well as general degradation of the environment. But one of the main problems is climate change and its consequences, being one of the most vulnerable countries in the EU to climate impacts, given its geographical and climatic position.

In Spain, CO2 emissions saw an increase of 17.9% in 2017<sup>29</sup> compared to 1990, while 11% of the population suffers from energy poverty<sup>30</sup>. In Spain only 17.3% of primary energy comes from renewable energy sources and 72.9% of the energy consumed is imported from abroad.

In 2018, the Pedro Sanchez government created the Ministry for the Ecological transition<sup>31</sup> to concentrate the main policies to address climate change, its consequences and challenges. The Spanish National Group stated that, although progress has been sought by the current government on issues such as the energy model and climate change, with the adoption of the draft Climate Change and Energy Transition Act (LCCTE)<sup>32</sup>, these have been sometimes because of a lack of ambition in the proposals and, mainly, because of the lack of political strength of the government itself that had a very marginal majority with a very fragmented parliament. In addition, the decentralisation of the Spanish state itself, with many powers transferred to the Autonomous Communities (with governments of various signs), together with the refusal and rejection by certain political groups (which even deny the exist-



ence of Climate Change), makes it difficult to establish a common and coherent policy in all territories.

## Civic space

The Civicus Civic Space Monitor assesses Spain as narrowed. In the country freedom of association is protected and respected, but in 2015 Spain adopted the Law 4/2015, of 30 March<sup>33</sup>, on the protection of citizen security, also known as ‘Gag Law’. The Spanish National Strategic Group is concerned on how this law undermines freedom of association, the right to strike, assembly and freedom of speech. The Act jeopardises these rights by limiting their exercise through training to authorities for the restriction of transit on public roads, the use of camcorders, the possibility of limiting meetings and demonstrations or their dissolution, based on security of citizens. Another controversial aspect is the creation of a “central register of offences against public security” in the Ministry of the Interior, as well as other similar records of regional character, in those Autonomous Communities who wish to and who have a body’s own police. This record has the purpose to “appreciate recidivism in the Commission of violations typified in this law”, adding to the already existing “central registry of convicts and rebel” (regulated by the Ministry of Justice), for criminal records, and to the history police, in charge of the national police, Civil Guard and regional police.

This new measure limits the right to organise and freedom of assembly and expression, in this regard, the Council of Europe, in November 2018<sup>34</sup>, urged Spain to guarantee these rights and freedoms in the Citizens’ Security Act.

In Spain in 2018 the 5.6% of the population is involved in formal or informal voluntary activities<sup>35</sup>. 62% are women aged 25 - 34, with a high level of education.

## Comparison to Country Specific Recommendations

The country report and recommendations for Spain reflect many of the same points that have been highlighted by SOLIDAR Spanish National Strategy Group, such as the increase of precarious working conditions as well as a slow wage growth, the increasing of inequalities and social exclusion affecting mainly women, young people and migrants. They both highlight the need to reform the pension and tax system and regulate the use of temporary jobs. Moreover, they point out that Spain faces specific territorial cohesion challenges, such as depopulation, ageing and difficulties to access services in rural areas, on the one hand, and demographic pressure in some urban areas, on the other. The CSR and country report for 2019 neglects to mention, however, that the crisis, the precarious situation and lowering living standards have pushed a big number of highly qualified workers to migrate outside the country. Moreover, the Spanish National Strategic Group highlights that Spain, with 12.9% in 2018, is among the countries with the highest in-work poverty rates in Europe, partly due to the increase in precarious forms of employment, with the explosion of temporary contracts, false self-employed and platform workers. Finally, as indicated in the CSR, the National Strategic Group recommends among other things to strengthen employment and social services and improve support to families and adopt a tax reform to address the increasing of inequalities.





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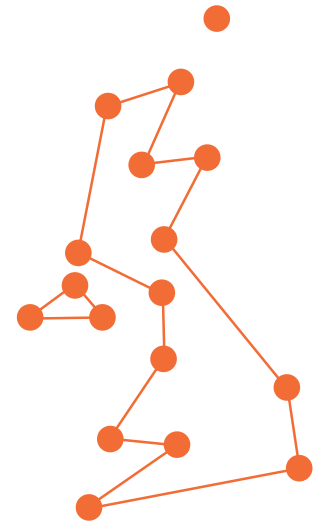
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# COUNTRY MONITOR



## THE UNITED KINGDOM

# Social Rights Monitor 2019

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The United Kingdom employment rate has been steadily growing in the past years returning to the pre-crisis level however challenges persist in form of underemployment, slow wage growth, low quality jobs, poor working conditions with raising level of precariousness, inequalities and in work poverty. Moreover, the UK is currently facing uncertainties, and in case of a no deal Brexit<sup>1</sup> its economy, living conditions and living standards are most likely to decrease in the next five years. The country shows low labour productivity and investment and there is a need to invest more in infrastructure and housing. In terms of integration of third country nationals, the UK does not have a national strategy on integration. The Civicus monitor classifies the UK as narrowed in terms of civic space, and in the recent years there have been changes that have partly restricted civic space.



**Gini Index:** 33.1 (2017)

**Gender equality index:** 72.2

**Employment rate:** 78.7%

**Youth unemployment:** 11.3%

**AROPE:** 22% (2017)

**Social welfare spending (as % of GDP):** 15.2%

**Tax on labour as share of total taxes:** 38.1%

**In work poverty:** 8.9%

**CIVICUS civic space monitor:** Narrowed

## Equal opportunities and fair working conditions

In the UK the employment rate in 2018 is 78.7%, whereas the youth employment rate (age 15-24) is at 50.6%. In recent years the employment rate has steadily grown showing that the country is returning to pre-crisis levels<sup>2</sup>. As underlined also in the European Commission Country Report of the European Semester 2019, the employment level in the country is high and unemployment rates have been generally falling for the last five years, if regional differences are not considered, but challenges persist in the form of underemployment, low quality jobs, poor contract conditions and disadvantages for women and people with disabilities<sup>3</sup>. Concerns are also raised by the increase of zero-hour contracts, platform jobs and other forms of precarious work. Data<sup>4</sup> from the UK Office for National Statistics shows that the number of employment contracts without a minimum number of guaranteed hours increased to 1.8m in the year 2018 to November, up from 1.7m in 2016. The UK National Strategic Group has highlighted that these forms of work, as well as a lack of trade union membership<sup>5</sup>, have created a generalised precariousness in the country. Over the past three decades there has been a dramatic flexibilization of the labour market through a combination of deregulation, the normalisation of atypical

working patterns and an explosion in self-employment. This has contributed to the increase of precarious working conditions in a number of sectors, in particular in the 'gig economy', and for people working in hospitality, online retailing, childcare and care sectors generally. A report made by the trade union SIPTU exploring precarious work in a range of sectors highlights that these types of workers face issues such as uncertain hours, no holiday pay, lack of trade union representation and short term contracts<sup>6</sup>.

The precariousness of work affects mainly young people. According to a research published by CIPD<sup>7</sup>, a higher proportion of gig workers are aged 18-29, with nearly four in ten falling into this category.

Moreover, there is a lack of government support for transition from education to employment, which is left to good practices promoted from schools/universities and non-governmental organisations.

### Good practice ProjectScotland

In Scotland, the Government and some local authorities fund ProjectScotland<sup>8</sup>, an organisation that provides full time volunteering opportunities over a period of three months for young people furthest from the labour market. As part of the volunteering experience they also have access to a mentor and results show that after the volunteering experience they are more likely to access the labour market.

In the UK (Westminster Government) context, there have been no specific new policies or resources introduced in the recent years to tackle youth unemployment, in particular to support NEETS, and there is a particular under-resourcing for young people with special educational needs (SEN). Several studies have shown that young people from certain



race, ethnicity and disability groups face barriers to progressing in the labour market<sup>9</sup>. In Scotland, a report from the government has indicated that a significant number of young people are locked in low-paid work<sup>10</sup>. In Scotland, the flagship “No one left behind” policy laid out the need for person-centred approaches. However, the UK National Strategic Group has underlined that the funds made available to the third sector for the delivery of this initiative are sparse.

A practice used in the UK to support the transition from education to employment as well as supporting early school leavers are apprenticeships<sup>11</sup>. However, data has shown that the government will miss the target of creating 3 million new apprenticeships between 2017 and 2020<sup>12</sup>. According to Department for Education statistics, there were only 285,000 apprenticeship starts between August 2018 and March 2019, compared with 362,400 in 2016/17 and 346,300 in 2015/16. Moreover, the government’s apprenticeships programme has been widely criticised, as evidence shown that apprenticeship funds were being used to pay for professional training or management courses employers would otherwise have paid for themselves.

In Scotland, in February 2015 the Government has launched the “*National Improvement Framework, Curriculum for Excellence and Getting it Right for Every Child*”<sup>13</sup>, to achieve equity in education, focusing in providing support for literacy, numeracy, health and wellbeing in specific areas of Scotland to close the poverty-related attainment gap. The £750 million Attainment Scotland Fund is a targeted initiative focused on supporting pupils in the local authorities of Scotland with the highest concentrations of deprivation. As part of this fund the Government has set the *Pupil Equity Funding* (PEF) that is allocated directly to schools and targeted at closing the poverty related attainment gap.

### Worsening living conditions, housing crisis and fear of no-deal Brexit

The National Strategic Group has indicated that the UK is currently facing uncertainties, and in case of a no deal Brexit<sup>14</sup> its economy, living conditions and living standards are most likely to decrease in the next five years. Moreover, as highlighted also in the European Commission country profile, labour productivity and investment are low and the UK faces a need to invest more in infrastructure and housing. Social welfare spending in 2017 represented only 15.2 per cent of GDP with an increase from 2008 to 2017 of 0.3 per cent. The UK National Strategic Group has also called to pay attention to a lack of social housing. The number of social housing for rent fell from a peak of around five million in the early 1980s to just under four million in the mid-2000s, but it has been slowly rising since. In 2017 over four million homes were rented from councils or housing associations. Of these, 1.6 million were council homes and 2.4 million were from housing associations. This has mainly been driven by an increase in housing association homes. The proportion of all social housing provided by councils has generally been falling since the 1980s. Having said that, the number is still insufficient. A report<sup>15</sup> by the housing charity Shelter says that solving the housing crisis in England alone would require building 3 million new social homes in a major 20-year housebuilding programme, which would offer a social home to millions who fail to qualify under the current system. This would include:

- 1.27 million homes for those with the greatest housing need – homeless households, those living with a disability or long-term illness, or living in very poor conditions.
- 1.17 million homes for ‘trapped renters’ - younger families who cannot afford to buy and face a lifetime in expensive and insecure private renting.
- 690,000 homes for older private renters – people over 55 struggling with high housing costs and insecurity beyond retirement.



In the current situation young people have no chance of ever buying a home, private renters on lower incomes spend an average of 67% of their earnings on rent, and almost 280,000 people in England are homeless.

Moreover, private consumption has been constrained by weak real disposable income, a low household saving ratio and a rise of household debt.

While unemployment has dropped to the lowest levels since the mid-1970s, average pay remains below the financial crisis peak, after inflation<sup>16</sup>. A report by the Joseph Rowntree Foundation (JRF)<sup>17</sup> shows that over the past five years more than 500,000 working people in Britain have been swept into working poverty. This means that one in eight workers are now classified as working poor. Nearly all of the increase comes as growing numbers of working parents find it harder to earn enough money to pay for food, clothing and accommodation due to weak wage growth, an erosion of welfare support and tax credits and the rising cost of living. In addition to this the Social Metric Commission<sup>18</sup> has estimated that in the UK in 2016/2017 there were 14.2 million people living in poverty, including 4.5 million children and 8.4 million working-age adults. A notable change is that far fewer pensioners are defined as living in poverty – 1.4 million. Poverty rates fell in the years after 2010, as the UK recovered from the financial crisis, but are now showing clear signs of rising again.

### Gender Pay Gap

Since spring 2017<sup>19</sup>, employers with 250 or more employees in England, Wales and Scotland are legally required to report annually on the gender pay gap within their organisation. The new measure has exposed some organisations that have been forced to reconsider their salary policies including the BBC<sup>20</sup>.

Figures submitted by 10,428 employers show that the median pay gap in 2018 was 11.9 per cent, compared to 11.8 per cent last year<sup>21</sup>. There are still no sectors in the UK economy where women are paid the same as men.

In 2017 with the introduction of this new policy the government has produced guidance on how to produce an action plan to narrow the gender pay gap, “*Reducing the gender pay gap and improving gender equality in organisations: Evidence-based actions for employers.*”<sup>22</sup>. The new measure only shows the top of the iceberg as it applies only to organisations with 250 employees.

### Integration of migrants, asylum seekers, minorities and vulnerable groups in your country

In terms of integration of third country nationals, the UK does not have a national strategy on integration. Since the Localism Act<sup>23</sup> of 2011, the country has moved away from a top-down approach and encourages local authorities and devolved administrations to determine their own priorities. Wales for example set up its first Refugee Inclusion Strategy<sup>24</sup> in 2008, Scotland published a 4-year strategy *The New Scots: Integrating Refugees into Scotland’s Communities*<sup>25</sup>, while Northern Ireland does not have any integration strategy. In 2017, the All Party Parliamentary Group on Social Integration published a report<sup>26</sup> calling on the government to establish a national government strategy for the integration of immigrants and on local governments to set up integration action plans. In 2018, the Ministry for Housing, Communities and Local Government published the Integrated Communities Strategy Green Paper<sup>27</sup> followed by a public consultation. The Green Paper sets out the programme of actions the Government proposes to take across government departments and levels. These include: supporting new migrants and resident communities; boosting English language and increasing economic opportunities for all.



Where relevant, integration dovetails with outcomes of other government strategies such as the Public Health Outcomes framework and the 'UK Digital Strategy'<sup>28</sup> and is complemented by the Indicators of Integration framework<sup>29</sup>.

In the UK the responsibility for migrant integration is shared among the Home Office; the Ministry for Housing, Communities and Local Government (former Department for Communities and Local Government); the Department for Education; and local Authorities and Devolved Administrations.

According to the Office for National Statistics, in January 2017 there were 2,465,098 non-EU foreigners living in the United Kingdom, representing 4% of the total population. Most came from India, Pakistan and the US.

There are more than 150 programmes<sup>30</sup> across the UK that are available to assist refugees.

Non-profit organisations and local authorities can apply for financing through several funds. The EU's Asylum, Migration and Integration Fund (AMIF) is the most important one in terms of budget. Coordinated by the Home Office, the national allocation for the UK under AMIF is € 370,000,000 euros. 20% of this amount is allocated to integration. National integration priorities include language learning, basic life skills and increased employability.

In addition, national and private funds are made available for service providers and other stakeholders to carry out projects aiming for a better integration of the migrant population.

Launched in November 2016, the Government's Controlling Immigration Fund<sup>31</sup> accepts applications from Local Authorities, including for activities to build community cohesion and to encourage integration.

The National Strategic Group highlighted that there are no incentives for employers to employ migrants,

as there is with young people (for example a SERI or ERI fund is available to employers of young people between 16-24 and in Scotland SCVO CJS for the same age range). In 2018 the number of asylum applications in the UK was 27,044, one per cent lower than the previous year. The UK issued 14,308 grants of asylum and alternative forms of protection and resettlement, down 12 per cent compared with 16,215 in the previous year.

### Good practice

#### Partnership approach to migrants

A good practice example is the partnership approach to migrants coming into the country, with Council teams (Social, Housing Employability), Police, the NHS, the Refugee Council and local employers working in partnership with a common goal of employment within migrant populations. This usually takes the form of an 8 week course on employability which encompasses: ESOL (English for Speakers of Other Languages) lessons aimed at non-native English speakers; Traveling around your city; What is employment and who are your local employers; CV and interview skills; IT for work; Volunteering; What is a payslip and tax in the UK; How do you sign off benefits; How can your benefits be affected by not signing off when working.

Glasgow City Council has proposed to introduce a pilot scheme, currently under revision of the Home Office, to allow asylum seekers in Glasgow to work from six months after their asylum claim, thus enabling them to work while awaiting the decision on their asylum claim.

### Social protection and inclusion

While there is a well-developed welfare system in the UK, austerity measures begun in 2008 have meant that there have been severe reductions.



Since the Spending Review in 2010 the UK Government has undertaken extensive reform to the welfare system, cutting the social security budget by reducing or removing a wide range of welfare benefits, figures suggest up to 25% reductions in welfare benefits for the poorest families. Since 2010 the reductions already set in motion have resulted in cuts to British social welfare programs exceeding £27bn a year – equivalent to £690 a year for every working-age person in the country, according to a report from the Centre for Regional Economic and Social Research at Sheffield Hallam University<sup>32</sup>. The study underlines also that the new reforms impact unevenly across the country. Older industrial areas, less prosperous seaside towns, some London boroughs and a number of other towns are hit the hardest. By contrast, much of southern England and London escape partly<sup>33</sup>.

In addition, access to unemployment benefit has been severely restricted particularly for people with disabilities<sup>34</sup>. Research suggests that the reforms will disproportionately affect disabled people through reductions in income and services, while the transition from Disability Living Allowance to the Personal Independence Payment could result in a reduced income for many disabled people.

The Welfare Reform and Work Act 2016 reduced the benefit cap to £20,000, except for £23,000 in Greater London. The Act froze most working-age benefits for four years while the Welfare Benefits Up-rating Act 2013 limited increases in benefit levels to 1% a year for three years, below inflation level. The Institute for Fiscal Studies has estimated that the cumulative effect of these limits and the freeze will be an 8% cut in real terms between 2012 and 2019<sup>35</sup>. Some of the greatest cuts have been in disability benefits – Personal Independence Payments (PIP) and Employment and Support Allowance (ESA) – which together have shrunk by nearly £5bn, or by 10%, since 2010 according to the Guardian newspaper<sup>36</sup>.

Furthermore, in England, the Educational Maintenance Allowance (EMA) was cut in 2010. It is still however available in Wales, Scotland and Northern Ireland. In England, young people aged 16-19 can get a “16-19 Bursary Fund” to help with their studying costs.

In 2010 the UK Government brought in a reform of the welfare system, the Universal Credit, with the aim to simplify the social security system. The new system aims at replacing and combining six means-tested benefits: income-based Employment and Support Allowance, income-based Jobseeker’s Allowance, and Income Support; Housing Benefit; and Working Tax Credit and Child Tax Credit<sup>37</sup>. The reform was set out in the Welfare Reform Act 2012, and has been applied since 2013 starting from new claimants and then rolled out across the country. The UK National Strategic Group, led by the charity Volunteering Matters, stated that when introduced the Universal Credit system should have been a policy which reduced inequality, by providing a basket of benefits which while means tested should have provided benefits across the board. However, the National Strategic Group has underlined that way in which it has been implemented has meant that it has not had the impact promised. A 2018 report from the Trussell Trust shows that the number of people using food banks has increased disproportionately in areas where Universal Credit has been rolled out<sup>38</sup>.

The National Strategic Group has identified the problem in the fact that the reform is modelled on a ‘workfare’ with sanctions. This reform also introduces additional gender inequalities because the calculation is at household level and the payment is made to one member of the family.

In April 2016 the UK introduced the National Living Wage, which employers are required to pay to any staff aged 25 or older, initially set at £7.20 – a rise of





50p relative to the current National Minimum Wage (NMW) rate, that continued to apply for those aged below 25<sup>39</sup>.

London's Living Wage is the same as the national average, despite the **cost of living** in London being significantly higher than in many other parts of the UK. This has led to criticism that the UK Living Wage (NLW) still isn't high enough, especially for workers in London, as well as in southeast England.

The Living Wage Foundation calculates what it considers the 'real' cost of living each year; it also partners with a group of businesses who agree to pay what they consider the UK's and London's 'Real Living Wage', although it is paid on a voluntary basis.

The Organisation for Economic Co-operation and Development (OECD's) employment protection index is a widely used indicator for labour market flexibility. According to this index, the UK has much lighter protections in place for individuals in the labour market relative to countries such as France or Germany. The UK's regulation of temporary work is also less strict than in countries such as France and Spain.

Moreover, access to public services has been limited by austerity with non-statutory services such as youth work completely cut in some local authorities.

## Civic space

The CIVICUS monitor classifies the UK as narrowed in terms of civic space, and in the recent years there have been changes that have partly restricted civic space. A recent regulatory change is the Lobbying Act<sup>40</sup> which requires charities to register with the

Electoral Commission if they spend more than £20K influencing voters in the months prior to a general election. This regulation, as shown in the last snap general election, has had a significant chilling effect on legitimate charity sector campaigning in the pre-election period. A number of charities have altered or reduced campaigning activities before the election as a result of the Act<sup>41</sup>.

The UK's Charity Commission has made changes to the Annual Return by invoking anti-terrorism measures, now making it compulsory for UK charities to declare the overseas funding they receive<sup>42</sup>. However, in spite of these changes the UK remains a free and open society and while such restrictions will curb some potentially valuable work, they will not impede civil society's ability to function altogether.

## Volunteering

The UK has a long history of voluntarism. Every year NCVO<sup>43</sup> produces an almanac of statistics about voluntary activity. Nearly four in ten (38%) people volunteered formally (i.e. with a group, club or organisation) at least once in 2017/18. This gives an estimate of 20.1 million people who formally volunteered during the year. Over one in five (22%) people formally volunteered regularly (at least once a month), around 11.9 million people. Informal volunteering includes a wider range of activities and is defined as giving unpaid help to someone who is not a relative. In 2017/18, 53% of people informally volunteered at least once, and 27% of people took part in informal volunteering regularly. The sector is very well developed and supported by the work of several charities such as Volunteering Matters whose volunteering programmes work across four strategic pillars: young people, older people, people with disabilities, families.





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## Comparison to Country Specific Recommendations

The Country Report and the recommendations for the UK reflect several of the same points as highlighted by the SOLIDAR UK National Strategic Group, such as underemployment, precariousness of working conditions, increased risk of in work poverty, social exclusion, slow wage growth and the urgency of investment in particular for the provision of affordable housing. The country specific recommendations for 2019 include expenditure but at the same time ‘focus on investment-related economic policy on research and innovation, housing, training and improving skills, sustainable transport and low carbon and energy transition, taking into account regional diversity’.



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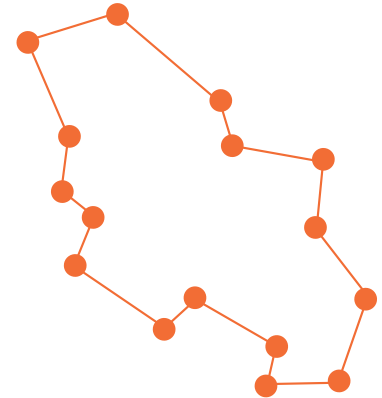


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# COUNTRY MONITOR



## SERBIA

# Social Rights Monitor 2019

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Serbia faces substantial inequality and poverty rates with significant regional differences especially when compared to EU countries. The high income distribution inequality in Serbia is to be attributed to a low distributive power of taxes, social transfers and a difficult labour market situation<sup>1</sup>. Furthermore, Serbia is confronted with severe labour market challenges particularly for young and vulnerable people. Brain drain of qualified Serbs and youth unemployment therefore persists as some of the most severe challenges to Serbia's social and economic stability. The European Commission Serbia 2019 Report finds that although budget allocations slightly increased for active labour market measures, there remains very little coverage for training measures for the unemployed<sup>2</sup>. Moreover, it is highlighted that the improvement of the adequacy of social benefits for people living below the poverty threshold is imperative. Similarly, our National Strategy Group finds that the issue of informal, undeclared work very pertinent in Serbia poses major threats to labour rights and economic challenges.

Threatened civic space and dialogue as well as inadequate conditions for civil society are some of the most acute restrictions for an open and democratic development of the country. Freedom of press, journalists and activists are routinely attacked and harassed. Amongst other issues, such as the question of Kosovo, Serbia's lacking commitment to principles of rule of law, freedom of press and expression must be a major concern for the European Union regarding the accession negotiations that commenced in 2014<sup>3</sup>.



**Gini Index:** 37.8

**Unemployment:** 12.8%

**Gender equality index:** 55.8 (2015)

**Youth unemployment:** 29.7%

**AROPE:** 36.7%

**Social welfare spending (as % of GDP):** 20.3%

**Tax on labour as share of total taxes:** N/A

**In work poverty:** 10.8%

**CIVICUS civic space monitor:** Narrowed

### Equal opportunities and fair working conditions

With a Gini coefficient of 37.8 and at risk-of-poverty rate of 36.7%, Serbia has one of the most unequal and impoverished population of Europe. As the EU-Serbia Civil Society Joint Consultative Committee of the EESC finds this stark inequality and level of poverty is by a large part caused by highly regressive tax and benefit systems<sup>4</sup>. Our National Strategy Group is concerned that most changes in labour laws are in favour of employers or foreign investors rather than workers and employees. Having one of the lowest corporate income tax rates in Europe at only 15%, and increased VAT from 18% to 20% (in 2012)<sup>5</sup>, the Serbian authorities are relying on fiscal consolidation measures, including reforms of state-owned enterprises and private sector led job creation. The Economic Reform Programme of Serbia (2018-2020) finds that there is insufficient funding for active labour market policy measures made available by the Serbian government. Particularly youth and women must be more targeted and supported<sup>6</sup>. We strongly highlight that Serbian authorities must work towards a restructuring of its tax system, one that is based on progressivity and direct taxation. This is necessary to provide the financial basis for an improved and sufficient social protection system.

Furthermore, our National Strategy Group puts forward that while numerous laws are dealing with inequality issues, most of them are out of date, lack coherence in policy development and overlap with other policy frameworks. They highlight that policies dealing with labour rights hardly mention precarious and informal employment but have a lot of provisions that reduce the rights of workers to decent work. As the Serbian economy is very prone to informality, this poses increased risk to the infringement of labour rights. The informal employment sector was estimated at around 20% in Serbia in 2017 largely due to the situation in the agricultural sector<sup>7</sup>. Apart from macroeconomic considerations, informal work makes the evasion of regulations, increased risk of safety and security standards, unregulated working times and underpayment a serious labour rights concern and adds to the problem of precarious working conditions.

#### Good practice

##### Agreement of Social Partners on better work for young people

The *Agreement of Social Partners on Better Conditions for Employment and Decent Work for Young People* came out as a peak of the efforts by project partners to improve the employability of young people in Serbia. Signatory parties were two representative trade unions in Serbia, the Serbian Employers Association, supported by SOLIDAR members IDC in Serbia and FIC from Denmark. The agreement was achieved as a result of the work of the project partners who highlighted the need to strengthen the role of social and civic partners in order to jointly contribute to better opportunities for employment of young people in Serbia. The key points of this agreement are to improve social inclusion by involving social and civic actors in all stages of the creation and the implementation of policies regarding youth employment at the national and local level.



The social and civic partners agreed to actively participate in the creation of active employment policy measures, promotion of legal work while giving full contribution to the further development of social dialogue.

### Youth and brain drain

Serbia experiences massive brain drain, a phenomenon that describes the emigration of highly educated people abroad. A study conducted by the Friedrich Ebert Foundation found that three quarters of young people living in Serbia want or intend to emigrate<sup>8</sup>. A higher quality of life abroad and a better standard of living are some of the biggest pushing factors for young Serbs to leave the country. With 29.7% in 2018, young people in Serbia suffer from one of the highest youth unemployment rates in Europe<sup>9</sup>. Being faced with this difficult economic situation, diminished access to the labour market and socio-economic vulnerability, the option or desire to leave the country seems like an intuitive reaction to improve one's economic situation.

However, it is not only the economic conditions that act as a push factor for migration in Serbia. A more general pessimistic view of the future of the country contributes to a trend to seek opportunities abroad. What is worrying is that also nepotism and corruption seems to be a core factor for the emigration of the youth. They consider that more than qualifications, experience and adequate training, personal relationships play a big factor in finding work. At the same time, not all of the young people leaving Serbia want to stay abroad forever. The FES study finds that one fifth plans to stay only a maximum of two years, whereas another fifth intends to stay for a lifetime. Among the most desirable destinations are Germany and other European countries such as Austria or Switzerland.

## Social protection and inclusion

Social protection in Serbia is provided through social insurance and various cash and in-kind benefits within the system of social, child and veteran protection. Over the past years, the expenditures on social protection amounted to roughly 20% of the Serbian GDP<sup>10</sup>. The biggest share of these social protection expenditures is spent on pensions. Most vulnerable people in Serbia are children up to the age of 14, youth, rural population, uneducated households, unemployed households and inactive households. The Commission Report for Serbia highlights that the coverage and adequacy of cash benefits to provide for essential needs is insufficient. Furthermore, even when services are in place there are widespread concern about their quality and their management. As a result, 7.2% of the Serbian population were considered to be living in absolute poverty in 2017<sup>11</sup>.

### Good practice

#### Strategy for the Social Inclusion of Roma

The Strategy for the Social Inclusion of Roma (2016 – 2025)<sup>12</sup> represents a good practice in the area of policy development in Serbia according to our National Strategic Group. It is a comprehensive document envisaging different affirmative measures for men and women from the Roma community affected by consequences of long-standing multiple discrimination and social exclusion. The strategy deals with the elimination of social inequality and poverty of Roma in Serbia through political, economic, social and financial systems. The strategy is furthermore in line with EU framework for National Roma Integration strategies and development process involved all relevant actors including CSOs.





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## Regional inequalities in Serbia

Indicators show that poverty rates are reflected in a stark urban and rural divide, a trend that can also be observed in other countries. Our National Strategy Group highlights that the at-risk-of-poverty rate varies greatly within Serbia, ranging from 4.8% in Novi Beograd, in the Belgrade region, up to 66.1% in Tutin, in the region of Šumadija and Western Serbia<sup>13</sup>. This situation of wealth and income deprivation has far-reaching consequences and must be regarded in a multifaceted manner, from an economic, social but also demographic angle. Joksimović and Golić find that there exist, on the one hand, regions with ‘maximum population density, high incomes and a high share of highly educated population’, and ‘deserted regions with minimal income, old population and the problem of total depopulation’ on the other hand<sup>14</sup>. As one might expect, these indicators of inequality do not remain in the realm of economic distribution but also translate into adverse outcomes for health care, education, social and political inclusion. As a way to combat regional inequalities, the report highlights the importance of decentralisation and with it a new territorial organisation that empowers local and regional levels for self-governance and more budgetary independence<sup>15</sup>.

## Civic space

The areas of rule of law, fundamental rights and good governance are some of the most pressing issues for Serbia. This has to be particularly be seen in light of a very challenging situation for civil society, minority groups, free media and journalists. Our National Strategy Group finds that “the overall environment is not conducive to the exercise of freedom of expression. Cases of threats, intimidation and violence against journalists are still a concern.” Similarly, the EU-Serbia Civil Society Joint Consultative Committee of the EESC expresses concerns

about the lack of progress in the area of freedom of expression. The committee highlights, amongst other issues, that the independence of the Regulatory Authority of Electronic Media must be strengthened, as well as other independent regulatory bodies and associations, and to ensure the implementation of their decisions<sup>16</sup>.

Societal and institutional transformation is urgently needed to ensure an enabling environment for civil society organisations operating in Serbia. This includes inclusive and structured dialogue between social partners, an empowered civil society and the Serbian government. According to our National Strategy Group, CSOs in Serbia experience prejudice and disapproval and the public image of CSOs and the level of citizens’ trust in them is rather poor. This is due to inadequate media coverage of their activities, a lot of pressure and false accusations coming from various far-right groups. As a way to counteract this tendency, our National Strategy Group suggests to increase transparency of CSOs to better educate media and the general public on the main areas of their activities as well as the organisational and financial functioning of these organisations. In line with that, the 2019 European Commission progress report<sup>17</sup> highlights that no progress was made towards establishing an enabling environment for the development and financing of civil society. Moreover, criteria for public financial support for CSOs need to be better defined and implemented to ensure overall transparency, especially at local level. A “National Strategy for the Enabling Environment for the Development for Civil Society in the Republic of Serbia” was proposed several times over the last four years but was never adopted. Serious commitments have to be made to ensure systematic cooperation between government and civil society as well as the respect and compliance with all forms of freedom of expression and press freedom.





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SOLIDAR is a European Network of membership based Civil Society organisations who gather several millions of citizens throughout Europe and worldwide. SOLIDAR voices the values of its member organisations to the EU and international institutions across the three main policy sectors: social affairs, lifelong learning and international cooperation.



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