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From: The Social Protection Committee
To: Permanent Representatives Committee/Council
Subject: Key Social Challenges: Report drawn from the 2020 SPC Annual
Review of the Social Protection Performance Monitor (SPPM)

Delegations will find attached the "Report on key social challenges" drawn from the 2020 SPC Annual Review of the Social Protection Performance Monitor (SPPM) and developments in social protection policies.

The key messages which are drawn from this report are contained in doc. 11371/20.

*2020 SPC Annual Review of the Social Protection
Performance Monitor (SPPM) and developments in social
protection policies*

- *Report on key social challenges and key messages*

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Abbreviation	Full name
EU28	European Union (28 countries)
EU27/EU27_2007	European Union (27 countries) ¹
EA18/19	Euro area (18/19 countries)
BE	Belgium
BG	Bulgaria
CZ	Czechia
DK	Denmark
DE	Germany
EE	Estonia
IE	Ireland
EL	Greece
ES	Spain
FR	France
HR	Croatia
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom

¹ European Union 27 composition of countries as of 2007-2013

Acknowledgments

The present report has been prepared as part of the mandate given to the Social Protection Committee (SPC) by the Treaty on the Functioning of the European Union (TFEU) to monitor the social situation in the European Union and the development of social protection policies (art. 160 of the TFEU).

The report is prepared by the Secretariats of the Committee and its Indicators' Sub-Group. The Directorate-General for Employment, Social Affairs and Inclusion provided the SPPM dashboard calculations used in the report with the extensive assistance and data provision of Eurostat. The principal authors are Paul Minty and Georgi Karaghiozov, with specific support from Flaviana Teodosiu and Katalin Szatmari. The members of the SPC and its Indicators Sub-Group contributed extensively to the drafting of the report and its key messages. The report was approved by the SPC on September 2020. The Council of the European Union endorsed the key messages of the report on October 2020.

The list of SPC Members appears on the following link:

<http://ec.europa.eu/social/main.jsp?catId=758&langId=en>

The list of members of the SPC Indicators Sub-Group appears on the following link:

<http://ec.europa.eu/social/main.jsp?catId=830&langId=en>

Key messages

(Endorsed by the Council of the European Union on October 2020)

1. Delivering on its mandate as per article 160 of the TFEU the Social Protection Committee (SPC) has produced for the Council its annual review of the social situation in the EU and the policy developments in the Member States, based on the most recent data and information available. On this basis, the SPC highlights the following findings and common priorities, which should guide the preparatory work for the 2021 Annual Sustainable Growth Strategy.
2. Until the start of 2020, the EU had been benefiting from continued economic growth and record-high employment, which lead to widespread improvements in the social situation in Europe. The number of people at risk of poverty or social exclusion, while remaining above the poverty reduction target set in the Europe 2020 strategy, had continued to decline, approaching 7.2 million fewer people at risk in 2018 compared to 2008.
3. However, the period of steady economic growth and corresponding improvements in the social situation in most European countries came to an end in the spring of 2020, when the COVID-19 pandemic swept across Europe. The outbreak resulted in unprecedented disruptions in economic, employment and social conditions.
4. Member States put in place various containment measures to stop the spread of the virus and ultimately reduce the death toll resulting from the pandemic. They also took decisive action to protect employment, income and access to services through a variety of support measures.
5. The EU has been coordinating a common European response to the COVID-19 crisis and providing emergency funding to support the Member States through a number of financial instruments, such as the *Coronavirus Response Investment Initiatives* (CRII I & II) and the *Temporary Support to mitigate Unemployment Risks in an Emergency* (SURE). The activation of the General Escape Clause of the Stability and Growth Pact also allowed for exceptional budgetary flexibility, helping to mitigate the socio-economic impact of the crisis.
6. In the initial period following the COVID-19 outbreak in the EU, the recourse to emergency support measures that preserved the link with employment was massive. This prevented a sudden, substantial increase of 'classic' unemployment. However, in spite of the important government measures adopted to protect workers, the impact of the COVID-19 crisis on EU employment is very significant and in recent months there are now signs of a notable increase in the number of unemployed in many Member States. Despite the measures taken, the unemployment rate in the EU is forecast to rise from 6.7% in 2019 to 9% in 2020, before receding again to around 8% in 2021, with differences across sectors,

countries and regions. There is also a significant risk of widening economic and social **disparities** between and within the Member States.

7. Effectively containing the COVID-19 virus in Europe and around the world is a prerequisite for overcoming the crisis. Following the initial drop in confirmed new COVID-19 cases in Europe before the summer, Member States started to reduce containment measures and began focusing on actions to support the recovery from the crisis. The latest virus outbreaks indicate that continued vigilance is needed and that measures to address the longer-term socio-economic impacts of the pandemic may still need to be combined with targeted containment and support measures in the short term.
8. In this context, the Recovery Plan for Europe, as well as the reinforced 2021-2027 EU budget will play an important role in supporting the recovery, by providing funding to programmes to restart the economy and reverse the social impact of the pandemic,
9. Member States should continue pursuing their reform agendas, taking into account lessons learnt from the past and addressing gaps unveiled by the current crisis. Sustained efforts are required to stimulate economic growth, increase employment, address poverty and inequality challenges and enhance the resilience of social protection systems, thus underpinning well-being and social cohesion in the longer-term.

10. Against this background, the following policy guidance is to be considered:

- o The European Pillar of Social Rights should continue to guide Member States' reform efforts and its principles should continue to be systematically implemented. Member States should make use of the substantial EU funding made available to support the implementation of the related reforms. In that respect, the European Semester and the Social Open Method of Coordination remain effective coordination tools to ensure coherence in the reform agendas of the Member States.
- o Poverty and social exclusion remain key challenges in Europe, and are likely to worsen due to the current crisis. Even before the crisis hit, the positive developments of the preceding period were offset by certain areas of concern arising from uneven developments in the income distribution, including increasing depth of poverty, the rising risk of poverty for people living in (quasi-)jobless households and the limited progress towards the Europe 2020 target to reduce poverty and social exclusion. Policy reforms based on an active inclusion approach, which combine adequate income support, high quality social services and inclusive labour markets, continue to be necessary. Special focus is required to ensure improved coverage and take-up of benefit schemes through simplifying access to benefits and avoiding excessively restrictive eligibility criteria. It remains essential to ensure the adequacy of benefits, while incentives to take up work need to be maintained.

- o Measures to address the poverty and social exclusion of the most vulnerable are of utmost importance. Preventing and tackling child poverty and social exclusion as well

as promoting child well-being, including through the provision of early childhood education and care, education, housing, nutrition and healthcare, must remain a key priority of the Member States. The social inclusion of **person with disabilities** needs to be enhanced through providing more inclusive education, appropriate access to health care and active labour market policies adapted to their needs. Further efforts are required for the inclusion of **migrants and refugees**, which will require an integrated approach inter-linking training and skills enhancement with employment opportunities, as well as access to services, notably healthcare and housing. To address **housing exclusion and homelessness**, Member States should prioritize integrated approaches that combine prevention, rapid access to permanent housing and the provision of enabling support services.

- With the deterioration in the employment situation and the growing number of people who are unemployed or working in precarious jobs, more people are in need of social protection. Further policy reforms to improve the coverage, while maintaining or improving the adequacy of **social protection**, including for the self-employed and people in non-standard forms of employment, are needed.
- The adequacy and sustainability of **pension systems** for workers and the self-employed should be ensured, along with the provision of equal opportunities for women and men to acquire pension rights. Pension reforms should be supported by active ageing strategies and other measures that promote longer working lives and by policies that aim to reduce the gender pension gap.
- Strengthening the resilience, effectiveness and access of **health systems** should remain a primary focus of the Member States' efforts. Investment in health promotion and disease prevention, and in well-trained and adequately supported medical personnel, will be critical to make health and social care systems more resilient to health emergencies and improve the well-being of all.
- Access to adequate, affordable and quality **long-term care**, alongside (pre-emptive) measures to reduce the need for long-term care, should remain a priority, both in light of the ageing population in Europe and the deficiencies in the provision of care laid bare by the crisis. An affordable, needs-oriented system of social services is required to provide adequate care for the elderly and people with disabilities, as well as to support informal caregivers. The cooperation between social services and healthcare systems should be reinforced.
- **Measures beyond the social policy domain** should also aim at improving the social situation across the Union as a priority. Reforms need to take into account social and employment concerns and should be subject to distributional impact assessments to prevent adverse social effects. Member States should also maintain a constructive dialogue with **social partners, civil society representatives and other relevant stakeholders** when designing and implementing their reform agendas.

- To guide the reform efforts, the development of a successor to the Europe 2020 Strategy remains important, in particular in the aftermath of the COVID-19 crisis. Such a strategy should include clear and ambitious social and employment targets, based on the European Pillar of Social Rights and the experience acquired from the Europe 2020 strategy, also taking into account the 2019 joint EMCO and SPC assessment of Europe 2020 and the United Nations Sustainable Development Goals.

11. The European Commission is invited to take into account the above policy guidance in the preparatory work of the 2021 Annual Sustainable Growth Strategy.

I. Introduction

The present report has been prepared as part of the mandate given to the Social Protection Committee (SPC) by the Treaty on the Functioning of the European Union (TFEU) to monitor the social situation in the European Union and the development of social protection policies (art. 160 of TFEU).

The SPC is an advisory policy committee that provides a representative forum for multilateral social policy coordination, dialogue and cooperation at EU level. It brings together policy makers from all EU Member States and the Commission in an effort to identify, discuss and implement the policy mix that is most fitted to respond to the various challenges faced by Member States in the area of social policies. It uses the social open method of coordination as the main policy framework combining all major social policy strands - social inclusion, pensions, health and long-term care - and focuses its work within these strands.

The main objective of the 2020 SPC Annual Report is to deliver on the mandate of the Committee and, through its analysis, to provide input to the Council on identifying the main social policy priorities to recommend to the Commission in the context of the preparation of the 2021 Annual Sustainable Growth Strategy. On the basis of the Social Protection Performance Monitor (SPPM) and Member States' social reporting, the report aims at i) **monitoring the social situation**², especially the progress towards the Europe 2020 target on reducing poverty and social exclusion and highlighting the common *social trends to watch*, and ii) **identifying the key structural social challenges facing individual Member States as well as their good social outcomes, and reviewing the most recent social policy developments in Europe**. An overview will also be provided, based on available data, of the very latest evolution in developments in the social situation and social policies in the EU and its Member States in light of the COVID-19 crisis.

A separate annex to the report provides the SPPM country profiles for each Member State.

² The figures quoted in this report are based on data available around mid-June 2020, unless otherwise stated. This means that for EU-SILC based indicators the most recent data generally available for all Member States are for the 2018 survey and that is the reason why this reference year is generally used throughout the report for these indicators.

II. Progress on the Europe 2020 poverty and social exclusion target

In 2010, the EU Heads of States and Governments committed to lifting at least 20 million people out of being at risk of poverty or social exclusion³, in the context of the Europe 2020 strategy. This commitment stressed the equal importance of inclusive growth alongside economic objectives for the future of Europe, and it introduced a new monitoring and accountability scheme⁴. Within the framework of the Europe 2020 strategy, Member States set national poverty and social exclusion targets (Table 1). However, the individual poverty-reduction ambitions of the Member States sum to a figure lower than the EU level commitment to reduce poverty and social exclusion by 20 million and are not always based on the headline composite indicator, the at-risk-of-poverty-or-social-exclusion rate (AROPE).

The latest figures for the AROPE indicator generally point to a further improvement in the social situation over 2017-2018, reflecting the continuing improvement in the economy and the labour market at that time, and with significant falls in the at-risk-of-poverty-or-social-exclusion rate observed in around half the Member States. Overall, this resulted in a fall of around 3 million between 2017 and 2018 in the EU population at risk of poverty or social exclusion (Figure 1⁵). Underlying the fall in the overall figure were continued strong reductions in the population experiencing severe material deprivation (down around 3.4 million) and in the number of people living in (quasi-)jobless households (down 3 million), but in contrast 2018 saw a rise of 0.7 million in the population at risk of poverty.

Nevertheless, with regard to the Europe 2020 target of lifting at least 20 million people from the risk of poverty or social exclusion by 2020, progress remains rather limited. In 2018, the number of people living at risk of poverty or social exclusion in the EU28 was only down by around 7.2 million compared to 2008⁶ (or 1.9 % of the population), with a total of 110 million people. The improvement has mainly been driven by strong falls in severe material deprivation, while the population at risk of poverty has actually increased.

Furthermore, the overall trend masks persistent divergence between Member States. Significantly higher AROPE rates compared to 2008 are still observed in some countries most affected by the economic crisis (EL and ES). For just under half of the Member States, the AROPE rate in 2018 was

³ The EU poverty and social exclusion target is based on a combination of three indicators – the at-risk-of-poverty rate, the severe material deprivation rate, and the share of people living in (quasi-)jobless (i.e. very low work intensity) households. It considers people who find themselves in any of these three categories and, while very broad, it reflects the multiple facets of poverty and social exclusion across Europe. This definition extends the customary concept of income poverty to cover the non-monetary dimension of poverty and labour market exclusion. The target is expressed in absolute terms without taking into account the change in the size of the population since 2008.

⁴ COM (2010) 758 final

⁵ Note that figures here refer to the EU27 aggregate, since time series for the EU28 aggregate is not available back to 2005.

⁶ The reference year, due to data availability, for the target adopted in 2010

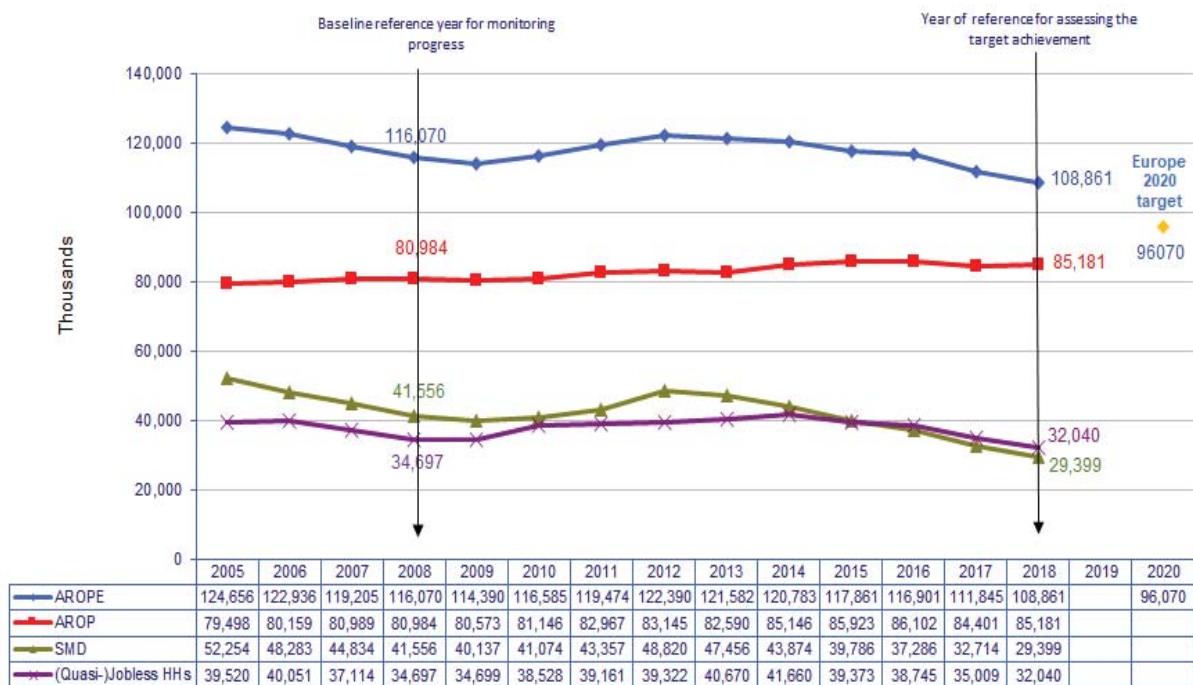
not significantly different to the 2008 figure, while in a third of countries, mainly eastern European Member States, it was substantially lower, most notably in HU, LV, PL and RO (Table 2).

Table 1. Europe 2020 poverty and social exclusion target - national targets

	National 2020 target for the reduction of poverty or social exclusion (in number of persons)
EU28	20,000,000
BE	380,000
BG	260,000 persons living in monetary poverty*
CZ	100,000
DK	Reduction of the number of persons living in households with very low work intensity by 22,000 by 2020*
DE	Reduce the number of long-term unemployed by 320,000 by 2020*
EE	Reduction of the at risk of poverty rate after social transfers to 15%, equivalent to an absolute decrease by 36,248 persons*
IE	Reduce the number of person in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation) by at least 200,000*
EL	450,000
ES	1,400,000-1,500,000
FR	1,900,000
HR	Reduction of the number of persons at risk of poverty or social exclusion to 1,220,000 by 2020
IT	2,200,000
CY	27,000 (or decrease the percentage from 23.3% in 2008 to 19.3% by 2020)
LV	Reduce the number of persons at the risk of poverty and/or of those living in households with low work intensity by 121 thousand or 21 % until 2020*
LT	170,000 (and the total number of people at risk of poverty or social exclusion must not exceed 814,000 by 2020)
LU	6,000
HU	450,000
MT	6,560
NL	Reduce the number of people aged 0-64 living in a jobless household by 100,000 by 2020*
AT	235,000
PL	1,500,000
PT	200,000
RO	580,000
SI	40,000
SK	170,000
FI	140,000 (Reduce to 770,000 by 2020 the number of persons living at risk of poverty or social exclusion)
SE	Reduction of the % of women and men aged 20-64 who are not in the labour force (except full-time students), the long-term unemployed or those on long-term sick leave to well under 14%*
UK	Nine national indicators (2 statutory and 7 non-statutory) underlying measures to track progress in tackling the disadvantages that affect outcomes for children and families*

Source: National Reform Programmes. Notes: * denotes countries that have expressed their national target in relation to an indicator different to the EU headline target indicator (AROPE). For some of these Member States (BG, DK, EE, LV) it is expressed in terms of one or more of the components of AROPE, but for the others (DE, IE, NL (age range differs), SE and UK (target not yet defined)) the target is neither in terms of the AROPE nor the standard definition of one or more of its components.

Figure 1. Evolution of the Europe 2020 poverty and social exclusion indicator and its components, EU27_(2007)⁷ (figures in 1000s), 2005-2018



Source: Eurostat (EU-SILC)

Note: AROPE - at-risk-of-poverty-or-social-exclusion rate; AROP - at-risk-of-poverty rate; (Quasi-)jobless HHs - share of population living in (quasi)-jobless households (i.e. very low work intensity (VLWI) households); SMD - severe material deprivation rate. For the at-risk-of-poverty rate, the income reference year is the calendar year prior to the survey year except for the UK (survey year) and Ireland (12 months preceding the survey). Similarly, the (quasi-)jobless households rate refers to the previous calendar year while for the severe material deprivation rate the current survey year.

Table 2. At-risk-of-poverty-or-social-exclusion rate (in %), evolution (in pp) 2017-2018 and 2008-2018

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2018	21.8	21.8	21.5	21.6	20.0	32.8	12.2	17.0	18.7	24.4	21.1	31.8	26.1	17.4	24.8	27.3
2017-2018 change in pp	-0.6	-0.6	-0.6	-0.5	-0.6	-6.1	0.0	-0.2	-0.3	1.0	-1.6	-3.0	-0.5	0.4	-1.6	-1.6
2008-2018 change in pp	n.a.	-1.9	-0.1	-0.1	-0.8	n.a.	-3.1	n.a.	-1.4	n.a.	-2.6	3.7	2.3	-1.1	n.a.	1.8
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2018	23.9	28.4	28.3	21.9	19.6	19.0	16.7	17.5	18.9	21.6	32.5	16.2	16.3	16.5	18.0	23.1
2017-2018 change in pp	-1.3	0.2	-1.3	0.4	-6.0	-0.3	-0.3	-0.6	-0.6	-1.7	-3.2	-0.9	0.0	0.8	0.3	1.1
2008-2018 change in pp	0.6	-5.8	0.0	n.a.	-8.6	-1.1	1.8	-3.1	-11.6	-4.4	-11.7	-2.3	-4.3	-0.9	1.3	-0.1

Source: Eurostat (EU-SILC)

Note: i) Only significant (for the definition of this see table 12) changes have been highlighted in green/red (positive/negative changes). "—" refers to stable performance (i.e. insignificant change), "n.a." refers to data not (yet) being available; ii) For BG, major break in the time series in 2014 for the material deprivation indicators, so for SMD and AROPE "n.a." shown for the period compared to 2008. Also a break in 2016 for EU-SILC based indicators, but comparison of changes are still valid; iii) For DK, breaks in series for the period since 2008 which mainly affect indicators related to

⁷ Note figures here refer to EU27 aggregate for the composition of EU countries as of 2007-2013, since time series for the EU28 aggregate is not available back to 2005.

incomes and to a lesser degree variables highly correlated with incomes ("n.a." shown for the period compared to 2008 for these); iv) For EE, major break in series in 2014 for variables in EU-SILC due to implementation of a new methodology based on the use of administrative files. Hence "n.a." shown for the period compared to 2008; v) For HR, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; vi) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for long-term comparison versus 2008); vii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; viii) For UK, changes in the EU-SILC survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer-term trend must therefore be particularly cautious;

III. Overview of developments in the social situation in the European Union

This section provides, following a scene setting on the main economic and labour market developments up to and including last year, a review of the latest trends from the SPPM dashboard. It is mainly based on the June 2020 update of the Social Protection Performance Monitor (SPPM) dashboard, a tool that uses a set of key EU social indicators for monitoring developments in the social situation in the European Union. The latest update of the SPPM dashboard is based on the complete set of 2018 EU-SILC data and the 2019 Labour Force Survey data.

In addition, a summary of the very latest developments following the Covid-19 outbreak is provided based on available data and information.

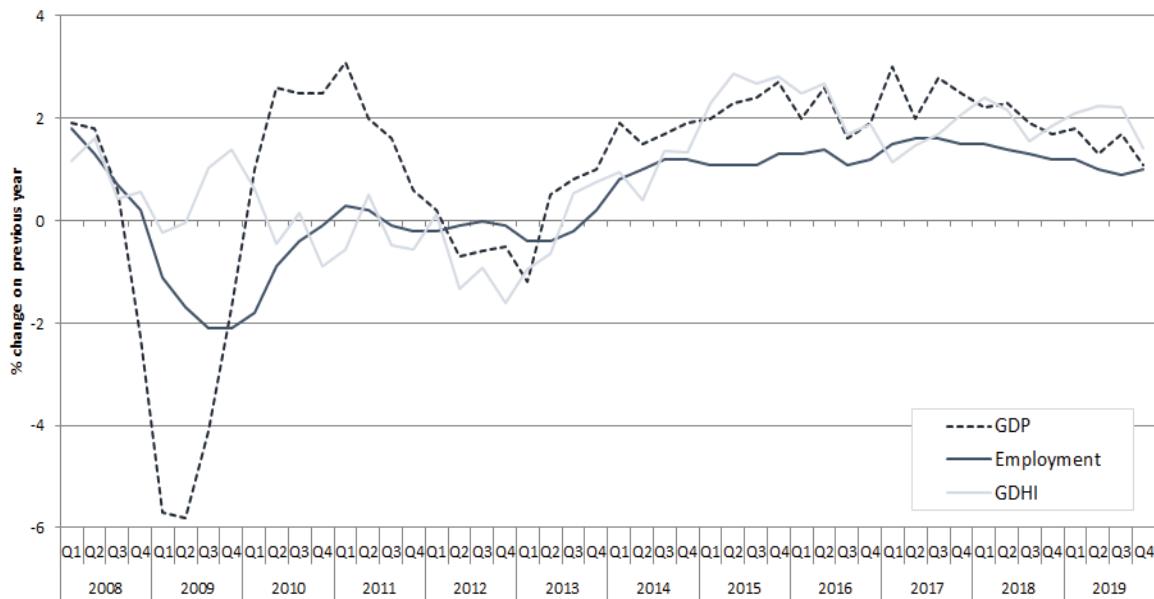
Development in the social situation up to the end of 2019

Until recently, the EU had been recovering from many of the negative effects of the financial and economic crisis that hit the EU in 2008-2009, around the start of the Europe 2020 strategy. During 2019, the EU economy continued to expand, although less dynamically than in the preceding years, and employment in the EU, which had been growing strongly over recent years, kept increasing at a moderate rate over 2019, reaching the highest level ever recorded with 241.5 million people in work in the third quarter of 2019 (Figure 2). Even though large differences remained between EU countries, unemployment was decreasing, and the unemployment rate in the EU returned to below pre-crisis levels. Youth unemployment in particular was falling steadily. Nevertheless, in some Member States (Greece, Italy and Spain) unemployment rates had not fully recovered and were still above 10%, with the situation of young people remaining a challenge in several countries.

With employment having risen strongly, in general the financial situation of EU households, as reflected in gross household disposable income (GHD) was improving and this led to widespread improvements in many of the other social indicators. However, certain challenges remained, especially in relation to developments in indicators based on the shape of the distribution of household incomes and in particular with regard to relative income poverty. These challenges concern increases in the depth of poverty and in the risk of poverty for people living in (quasi-)poverty.

jobless households, as well as the limited overall progress towards the Europe 2020 target to reduce poverty and social exclusion.

Figure 2: Real GDP, GDHI and employment growth in the EU28, 2008-2019



Source: Eurostat, National Accounts (DG EMPL calculations for GDHI), data not seasonally adjusted.

Note: GDHI EU aggregate for Member States for which data are available, GDP for EU28. Nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure.

Main recent trends

The latest update of the Social Protection Performance Monitor dashboard⁸, which is mainly based on 2018 EU-SILC data⁹ and 2019 LFS data, points to widespread positive developments in the social situation at that time. Annual changes¹⁰ provided signs of a broad improvement in the social situation, with most indicators mainly flagging up positive changes across Member States (

Figure 3). In particular, strong positive developments in the social situation could be observed in the following areas:

- rises in **real gross household disposable income** in 22 MS along with significant reductions in the **severe material deprivation rate** in 14 MS and in the **material and social deprivation rate** in 11 MS. There were also significant declines in the **housing cost overburden rate** in 13 MS. All these reflect that household incomes and financial conditions of EU households

⁸ The SPPM dashboard is a tool which uses a set of key EU social indicators for monitoring developments in the social situation in the European Union (for details on the methodology see the appendix "SPPM dashboard methodology")

⁹ For preliminary analysis of the partially available EU-SILC 2019 data see the later section entitled "Latest indications from available 2019 EU-SILC data".

¹⁰ Generally 2017-2018, but for the LTU rate, early school leavers, youth unemployment ratio, NEETs, and ER (55-64) the change refers to the period 2018-2019.

further improved, benefitting from continued economic growth and improved labour markets;

- a reduction in **the risk of poverty or social exclusion for the overall population** in 13 MS, driven mainly by falls in **severe material deprivation** (down in 14 MS) and in the share of the population living in **(quasi-)jobless households** (down in 18 MS). During the reference period there were also significant declines in **income inequality** in 12 MS.
- reductions in the share of **children at risk of poverty or social exclusion** in 12 MS and in the share of **early school leavers** in 13 MS;
- further **reductions in long term unemployment** (in 11 MS), reflecting continued improvements in the labour market;
- further improvements in the **labour market participation of older workers** (as evidenced by increases in the employment rate for 55-64 year olds in 21 MS);

Nevertheless, there were some areas of concern arising from developments in the income distribution, namely:

- further rises in the **at-risk-of-poverty rates for people residing in (quasi-)jobless households** (Table 3) in many Member States (12), pointing to reductions in the adequacy of social benefits for especially vulnerable households.
- increases in the **depth of poverty** (with the relative median poverty risk gap higher in 10 MS compared to the previous year);
- continuing signs of a decline in the **relative income of the elderly** (i.e. those aged 65 or older), with significant falls in the median relative income ratio of the elderly in 14 countries and rises in the at-risk-of-poverty or social exclusion rate of the elderly in 11. This decline in the income situation of the elderly is a reversal of the general trend observed in the years following the crisis, but reflects to a large extent the continuing change in the relative income situation of the working age population as the labour market and incomes from work improve.

Table 3: At-risk-of-poverty rate for the population living in (quasi-)jobless households (in %), evolutions 2017-2018

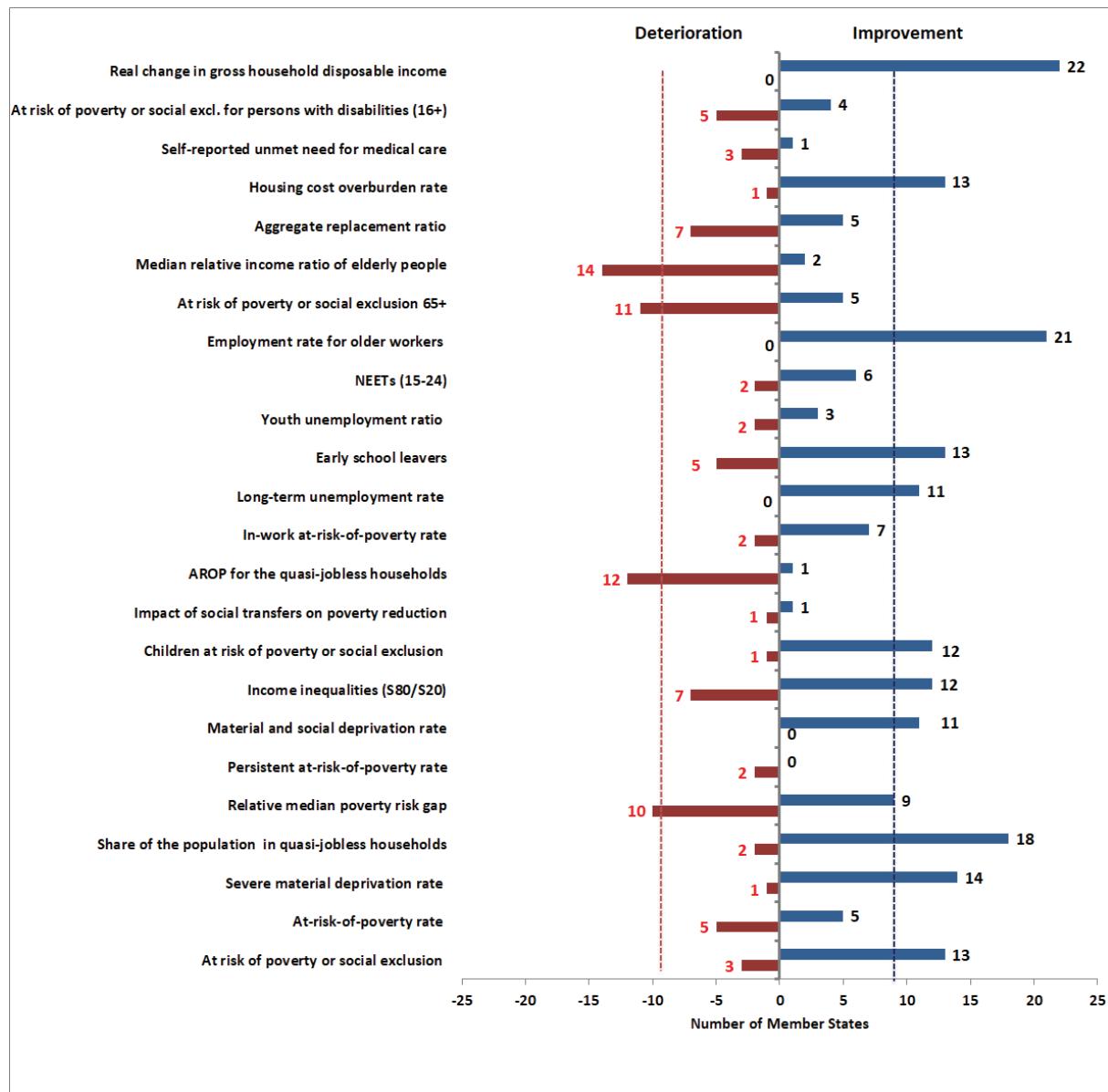
	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2018	62.4	62.3	62.4	62.6	71.8	75.0	61.7	58.0	68.5	80.4	58.4	53.1	63.0	60.8	70.7	58.5
2017-2018 change in pp	~	~	~	~	2.7	~	~	7.6	~	8.5	~	~	-2.7	~	3.0	2.7
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2018	57.4	77.0	80.2	49.0	59.8	75.9	56.8	60.0	60.3	64.9	73.4	64.4	77.9	54.8	82.3	55.4
2017-2018 change in pp	9.6	~	~	~	16.7	5.3	~	~	~	6.6	14.4	~	~	~	5.2	3.7

Source: Eurostat (EU-SILC)

Note: i) Only significant changes have been highlighted in green/red (positive/negative changes). "~~" refers to stable performance (i.e. insignificant change). "n.a." refers to data not (yet) being available. Eurostat calculations on statistical significance of net change have been

used where available, combined with checks for substantive significance. ii) For the at-risk-of-poverty rate, the income reference year is the calendar year prior to the survey year except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, (quasi-)jobless households (i.e. very low work intensity) refers to the household situation in the previous calendar year.

Figure 3: Areas of deterioration (social trends to watch) and improvement for the period 2017-2018*



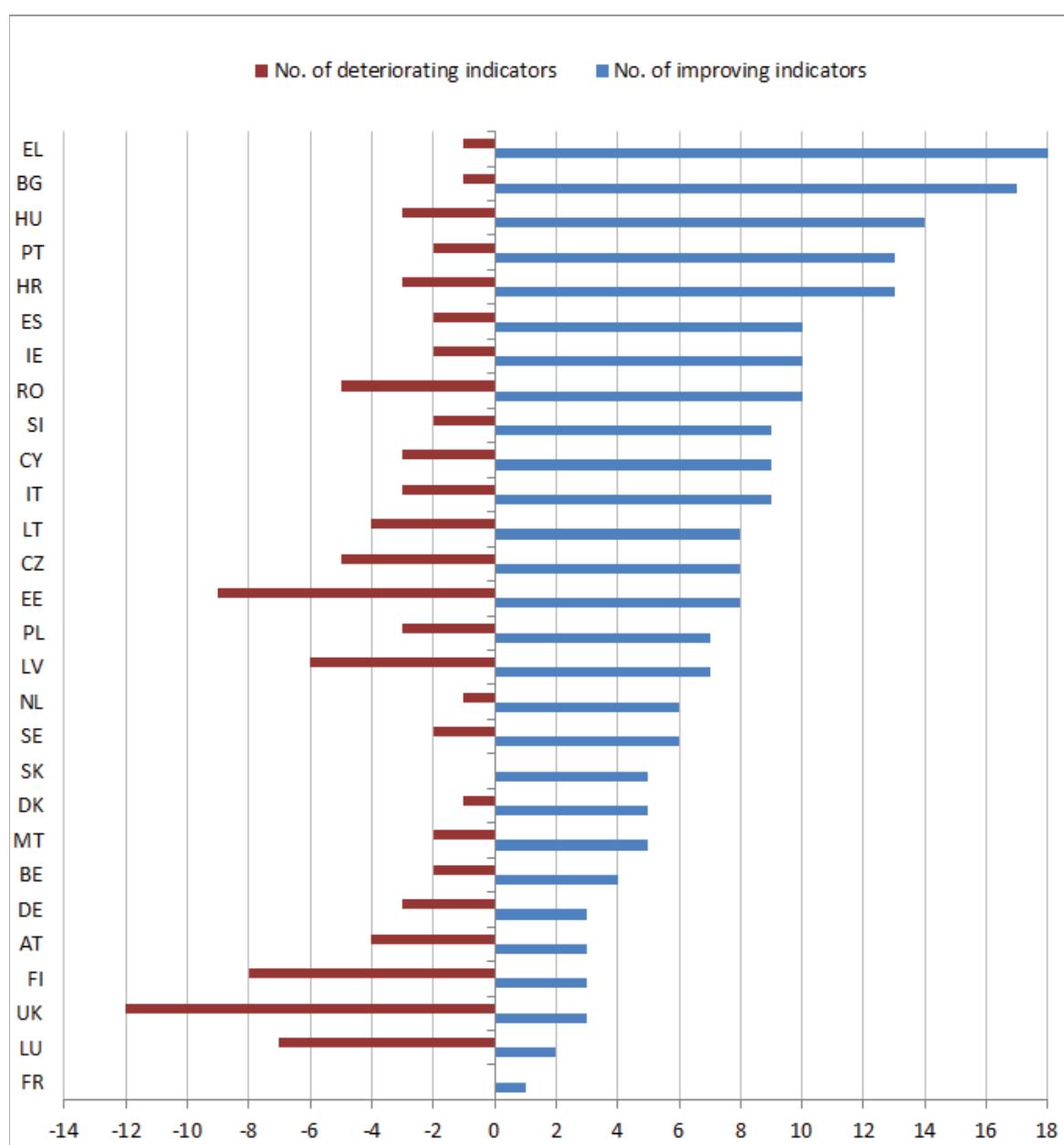
Source: Social Protection Performance Monitor

* For EU-SILC based indicators the changes refer to 2017-2018 (although for income and household work intensity indicators the changes generally actually refer to 2016-2017). For LFS-based indicators (LTU rate, early school leavers, youth unemployment ratio, NEETs (15-24), ER (55-64)) the changes refer to the period 2018-2019.

Figure 4 highlights per country the number of significant improvements or deteriorations that have taken place in the social indicators in the SPPM dashboard over the most recent period. The Member States with the highest number of significant positive recent changes are Bulgaria, Croatia, Greece, Hungary and Portugal, all recording improvements on 12 or more indicators and

generally with very few indicators showing a deterioration. In contrast, improvements in Austria, Finland, France, Germany, Luxembourg and the UK were much more limited, with significant improvements only registered on three indicators or less and with some (FI, LU and UK) showing a large number of deteriorating indicators. These results should be considered alongside the longer term situation of Member States with regard to the number of indicators that show a deterioration or improvement compared to 2008 (Figure 6) and with the absolute level of the indicator values – where they started from a comparably favourable level the chance of further improvement is more unlikely.

Figure 4. Number of SPPM key social indicators per Member State with a statistically significant improvement or deterioration from 2017 to 2018*



Source: Social Protection Performance Monitor

Note: Bars refer to the number of SPPM indicators which have registered a statistically and substantively significant deterioration or improvement between 2017 and 2018. *For EU-SILC based indicators for income and household work intensity, changes actually refer to 2016-2017. For some indicators (LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64)) the changes refer to the period 2018-2019.

Main longer-term trends

Looking at the longer-term developments since 2008 and the beginning of the Europe 2020 strategy, the overall picture in 2019 was more positive as a whole across indicators, especially those relating to the labour market situation and the living standards of the overall population (Figure 5).

The dashboard shows there have been a large number of Member States that recorded significant improvements compared to 2008, notably in the employment of older workers (with the employment rate for the age group 55-64 up in 27 MS) and in the relative income and living conditions of the elderly (with the at-risk-of-poverty-or-social-exclusion rate of those aged 65 and over down in 16 MS, alongside improvements in the aggregate replacement ratio and the median relative income ratio of elderly people in 13 MS). However, this trend should be interpreted with caution, as it does not necessarily show an improvement in absolute terms. As pension income remained stable during the economic crisis while the working age population suffered from substantial income loss, the relative, but not necessarily the absolute, position of the elderly improved. With the improvement in the labour market and the income of people of working age picking up, this trend is now reversing.

Other areas which saw an improvement include an increasing number of healthy life years among the population aged over 65 in many countries, and significant decreases in the number of early school leavers in Europe (with reductions in 19 MS). Overall, there were also significant improvements compared to 2008 in real gross household disposable income in many Member States (19), which fed through to reductions in the severe material deprivation rate, the housing cost overburden rate and the risk of poverty or social exclusion in around a third of MS.

Nevertheless, there remain some areas where indicators show the situation as being still noticeably worse compared to 2008 despite the improvements of recent years, namely:

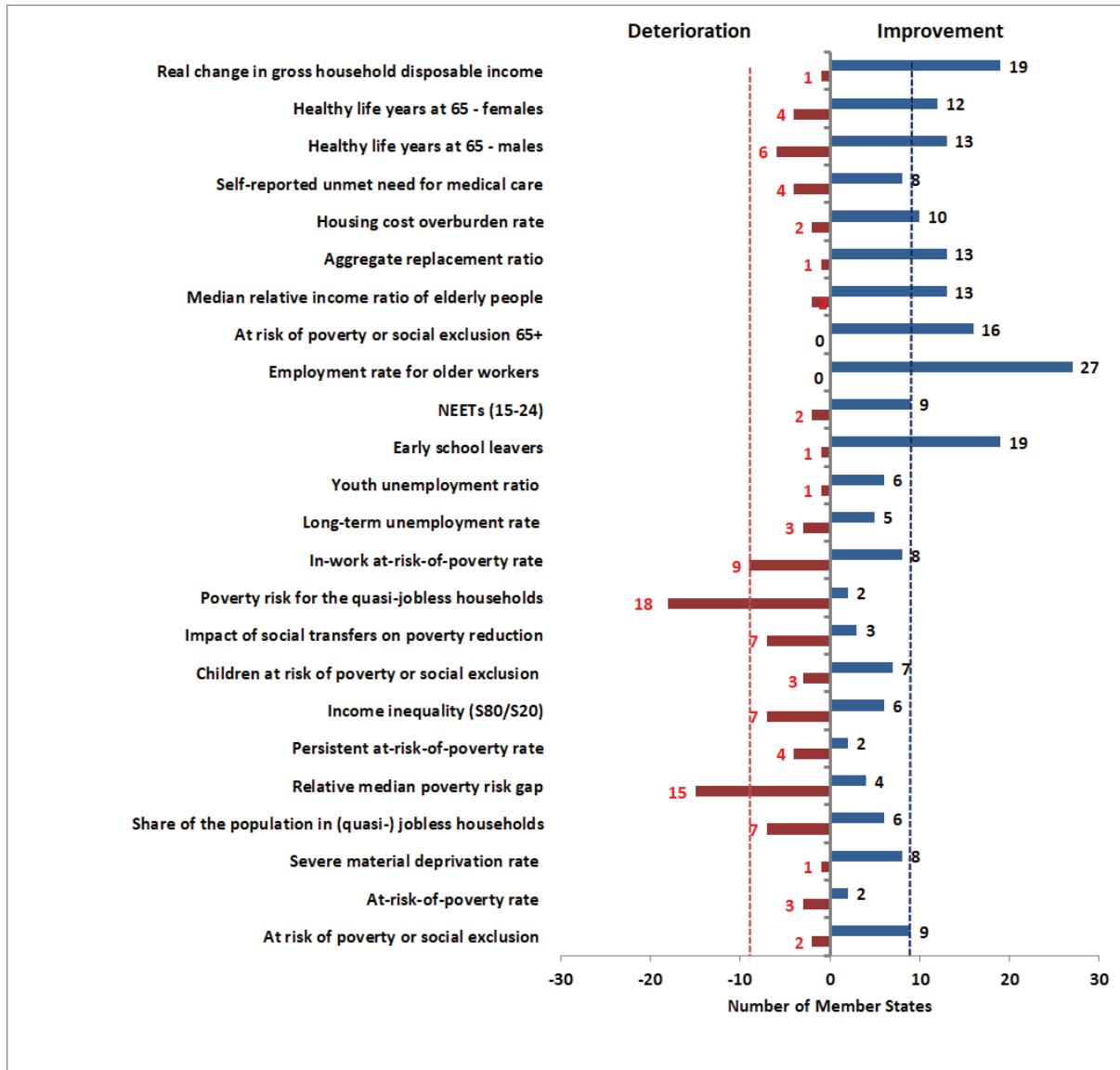
- rises in the **poverty risk for people living in (quasi-)jobless households** (in two thirds of MS);
- a worsening in the **depth of poverty** (with the poverty risk gap higher in 15 MS);
- increases in the **risk of in-work poverty** (in 9 MS).

Other areas where outcomes compared to 2008 remain noticeably worse in several Member States concerned rises in **income inequality** (in 7 MS) and in the **share of the population living in (quasi-)jobless households** (in 7 MS), and declines in the **impact of social transfers on poverty reduction** (in 7 MS).

Figure 6 shows the number of indicators in the SPPM dashboard for which a given country registered a significant deterioration or improvement over the period 2008 to 2018/19. For most Member States, there is a significantly higher number of indicators showing positive developments than negative ones, most notably in Latvia, Poland and Portugal. On the other hand, Member States such as Cyprus, Greece and Spain, as well as Sweden, still recorded many indicators showing a deterioration compared to 2008, although also with several indicators showing an

improvement. This highlights strong divergence across countries in the extent to which they were affected by the crisis and the degree to which they recovered subsequently.

Figure 5. Areas of deterioration (Social trends to watch) and improvement for the period 2008-2018*

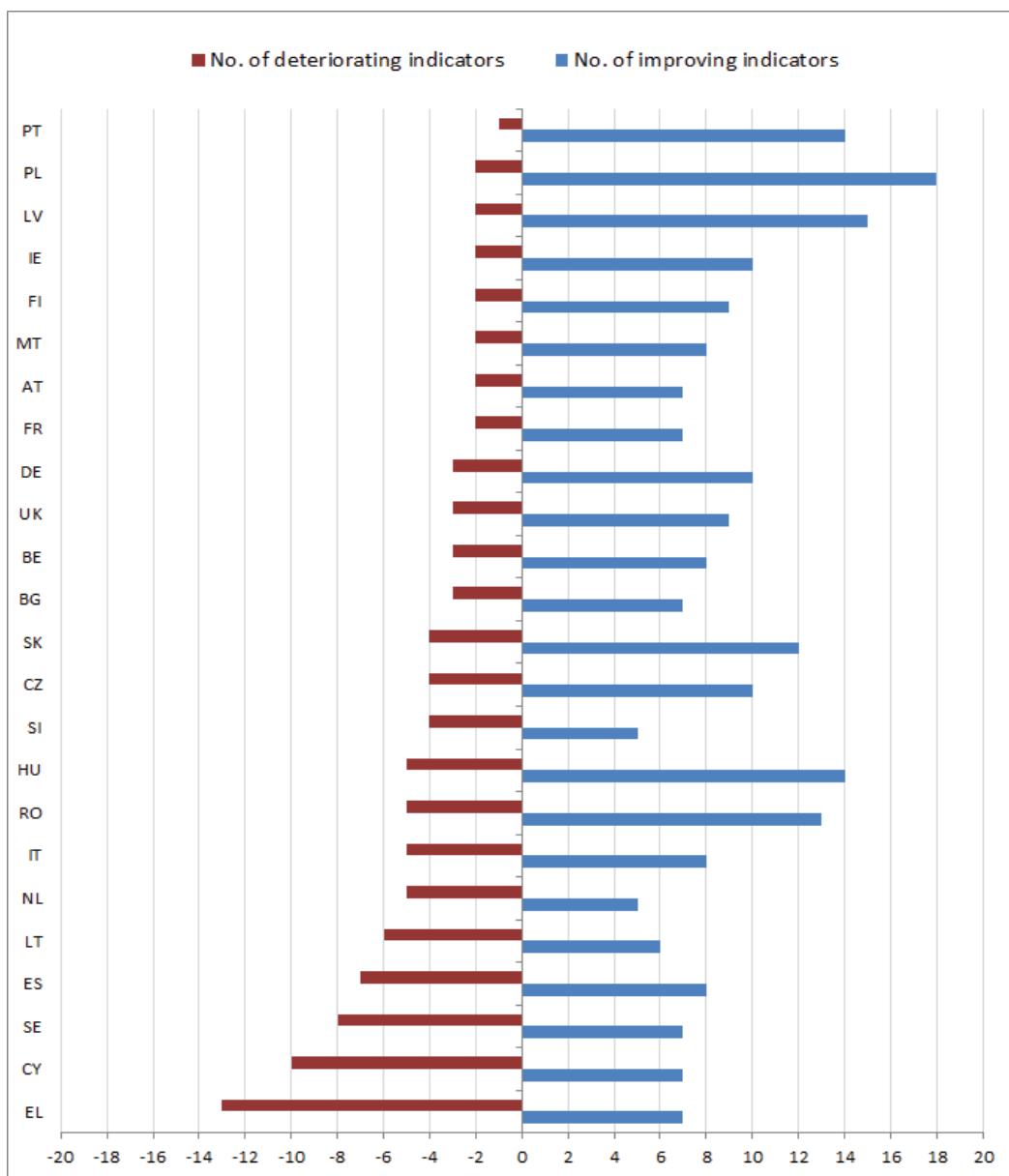


Source: Social Protection Performance Monitor

Note: i) For AT, break in series in 2011 for persistent poverty risk (so trend in this indicator not considered for the period compared to 2008); ii) For BE, major break in 2011 in the self-reported unmet need for medical examination (so trend for this not considered for the period compared to 2008); iii) For BG, major break in the time series in 2014 for the material deprivation indicators, so for SMD and AROPE trends not considered for the period compared to 2008; iv) For DK, breaks in series for the period since 2008 which mainly affect indicators related to incomes and to a lesser degree variables highly correlated with incomes (so trends in these not considered for the period compared to 2008 for these); v) For EE, major break in series in 2014 for variables in EU-SILC due to implementation of a new methodology based on the use of administrative files. Hence changes not considered for the period compared to 2008 for these; vi) For HR, no EU-SILC data published by Eurostat before 2010; vii) For LU, major break in series in 2016 for EU-SILC based indicators. Hence changes not considered for the period compared to 2008 for these; viii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; ix) For RO, breaks in series in 2010 for LFS-based indicators, so changes 2010-2019 used for longer term change; x) For SI, break in time series in Healthy Life Years indicator (change of question in 2010) which affects the comparison of change since 2008; xi) For UK, changes in the survey vehicle

*and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer-term trend must therefore be particularly cautious; xii) *For some indicators (LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64)) the changes refer to the period 2008-2019.*

Figure 6. Number of SPPM social indicators per Member State with a significant deterioration or improvement between 2008 and 2018*



Source: Social Protection Performance Monitor

Note: i) For AT, break in series in 2011 for persistent poverty risk (so trend not considered for the period compared to 2008); ii) For BE, major break in 2011 in the self-reported unmet need for medical examination (so trend not considered for the period compared to 2008); iii) For BG, major break in the time series in 2014 for the material deprivation indicators, so for SMD and AROPE trends not considered for the period compared to 2008; iv) For DK, breaks in series for the period since 2008 which mainly affect indicators related to incomes and to a lesser degree variables highly correlated with incomes, so changes since 2008 not shown; v) For EE, major break in series for EU-SILC variables, so longer-term changes for EE not shown; vi) For HR, no EU-SILC data published by Eurostat before 2010, so changes since 2008 not shown.; vii) For LU, major break in series in 2016 for EU-SILC based indicators, so changes since 2008 not shown; viii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; ix) For RO, breaks in series in 2010 for LFS-based indicators, so changes 2010-2019 shown for longer term change in these; x) For SI, break in time series in Healthy Life Years indicator (change of question in 2010) which affects the comparison of change since 2008; xi) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer-term trend must therefore be particularly cautious; xii) The bars refer to the number of SPPM indicators which have registered a statistically and substantively significant deterioration or improvement between

2008 and 2017. *For LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64) changes refer to 2008-2019.

SPPM Results (June 2020)

Dimensions	EU28	EU27	EA18	EA9	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	LT	LV	CY	IT	MT	HU	UZ	AT	PL	PT	RO	SI	SK	FI	SE	UK	
2018	24.2	24.2	29.5	23.5	23.0	33.7	13.2	15.1	17.3	17.9	24.1	35.3	26.5	22.9	23.7	30.6	25.5	22.5	28.0	23.5	23.6	22.8	35.2	21.6	37.2	21.9	38.1	13.1	23.8	15.0	20.6	28.9	
2017-2018 change in pp	-	-	-	-	-	-2.9	-1.0	-	-	-	-	-2.9	-1.8	-	-2.1	-1.5	-	-	-3.6	-	-2.8	-	-1.4	-	-	-2.3	-	-2.0	-	-	-1.5		
2008-2018 change in pp	n.a.	n.a.	n.a.	n.a.	n.a.	-5.4	n.a.	-2.8	n.a.	n.a.	4.5	n.a.	-4.6	n.a.	-4.0	-3.9	n.a.	-9.6	n.a.	-3.5	-3.7	-7.6	-13.6	n.a.	n.a.	n.a.	n.a.	n.a.	3.3	n.a.			
At-risk-of-poverty or social exclusion rate of children (% of people aged 0-17)																																	
Impact of social transfers (excl. pensions) on poverty reduction (%)																																	
2018	32.9	31.3	32.1	31.7	35.2	25.4	38.5	47.5	35.3	26.5	51.8	20.3	22.9	44.4	21.6	25.6	19.1	22.9	33.5	48.5	20.6	43.2	40.3	23.5	16.1	43.2	31.1	53.7	43.3	36.1			
2017-2018 change in pp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-5.7		
2008-2018 change in pp	n.a.	n.a.	n.a.	n.a.	n.a.	10.4	n.a.	-16.5	n.a.	n.a.	n.a.	n.a.	5.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
At-risk-of-poverty rate for the population living in (quasi-) jobless households																																	
2018	62.4	62.3	62.4	62.6	71.8	75.0	61.7	58.0	68.5	90.4	58.4	53.1	65.0	60.8	20.7	58.5	57.4	77.0	90.2	49.0	59.3	75.9	56.8	80.0	60.3	54.9	77.4	54.4	77.9	54.3	82.3	55.4	
2017-2018 change in pp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2008-2018 change in pp	n.a.	n.a.	n.a.	n.a.	n.a.	2.7	n.a.	-7.6	n.a.	n.a.	n.a.	n.a.	3.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.2	3.7	
In-work at-risk-of-poverty rate (in %)																																	
2018	9.4	9.4	9.2	9.2	5.1	30.3	3.5	5.1	9.0	9.5	4.8	10.9	19.0	21.1	1.2	12.3	7.4	8.2	8.3	13.5	9.5	6.4	6.1	8.0	9.7	9.6	15.0	6.0	3.1	7.1	10.4		
2017-2018 change in pp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2008-2018 change in pp	n.a.	n.a.	n.a.	n.a.	n.a.	2.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.4	2.4	
Long-term unemployment rate (in %)																																	
2019	2.5	n.a.	n.a.	3.3	2.3	2.1	0.6	1.2	0.9	1.6	1.2	12.2	5.3	3.1	1.4	5.6	2.1	2.4	1.9	1.3	1.1	1.1	1.0	1.1	0.7	2.8	1.7	1.9	3.0	1.2	0.9	0.9	
2018-2019 change in pp	-	n.a.	n.a.	-0.5	-0.6	-0.6	n.a.	n.a.	n.a.	n.a.	-0.5	-1.4	-1.1	n.a.	-1.0	-0.6	-0.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-1.0	-1.0	-	-	
2008-2019 change in pp	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-0.6	-0.6							
Early school leavers (in %)																																	
2019	10.3	n.a.	n.a.	10.6	8.4	33.9	6.7	9.9	10.3	9.5	5.1	4.1	17.3	8.2	1.0	13.5	9.2	8.7	4.0	7.2	11.5	16.7	7.5	5.2	10.6	15.3	4.6	8.3	7.3	6.5	10.9		
2018-2019 change in pp	-	n.a.	n.a.	-	-	1.2	0.5	-0.5	n.a.	-1.5	n.a.	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5		
2008-2019 change in pp	-4.4	n.a.	n.a.	-5.7	-3.6	n.a.	n.a.	n.a.	n.a.	-2.8	n.a.	-4.2	-5.6	-10.3	-14.4	-3.6	n.a.	-5.1	-4.5	-5.6	-3.5	-5.2	n.a.	-10.5	-3.9	-2.4	n.a.	-24.3	-4.0	n.a.	-3.2	-2.5	-6.0
Youth unemployment ratio (15-24)																																	
2019	5.0	n.a.	n.a.	6.3	4.4	2.1	1.7	5.1	3.0	4.9	5.9	7.9	10.7	2.3	1.5	7.6	6.4	4.5	4.4	5.9	3.7	5.1	4.7	4.8	3.5	6.3	5.0	2.9	4.8	9.3	11.1	6.3	
2018-2019 change in pp	-	n.a.	n.a.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-1.7
2008-2019 change in pp	-	n.a.	n.a.	-	-	-3.7	-	-	-	-	-2.5	-	-2.7	-	-	-	-3.0	-	-3.2	-	-2.6	-	-	-	-	-	-	-	-	-	-	-2.9	-
NEETS (15-24)																																	
2019	10.1	n.a.	n.a.	10.2	9.3	33.7	5.7	7.7	5.7	5.0	10.1	12.5	12.1	10.6	11.6	16.1	13.7	7.9	6.6	5.6	11.0	6.0	4.3	7.1	6.1	6.0	14.7	7.0	10.3	6.2	5.5	10.5	
2018-2019 change in pp	-	n.a.	n.a.	-	-	-1.3	-	-	-	-	-2.9	n.a.	-1.6	n.a.	-1.8	-1.1	n.a.	n.a.	0.6	n.a.	0.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-1.7		
2008-2019 change in pp	-	n.a.	n.a.	-	-	-3.7	-	-	-	-	-2.5	-	-2.7	-	-	-	-2.2	-	-4.0	-	-3.9	-	-	-	-	-	-	-	-	-	-2.3	-	
Employment rate of older workers (55-64) in %																																	
2019	60.0	n.a.	n.a.	60.0	52.1	84.1	66.7	71.3	72.7	72.5	61.8	62.2	59.8	59.0	0.9	54.3	61.1	67.3	65.1	43.1	56.7	51.6	69.7	54.5	49.5	50.4	47.8	48.5	57.0	66.3	77.7	66.3	
2018-2019 change in pp	1.1	n.a.	n.a.	1.2	1.6	3.7	1.3	2.1	1.3	3.6	1.4	2.1	1.6	1.1	n.a.	n.a.	2.6	2.3	1.4	2.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.0	
2008-2019 change in pp	14.7	n.a.	n.a.	15.8	17.6	35.4	19.1	19.3	19.0	10.2	8.0	-	8.3	14.8	6.8	20.0	6.3	15.4	9.0	25.3	21.5	39.7	15.7	17.9	5.7	7.1	15.8	17.6	10.3	8.3	8.3		
Active ageing																																	

Dimensions	EU28		EU17 [2009]		EU18		EU19		EU20		EU21		EU22		EU23		EU24		EU25		EU26		EU27		EU28		EU29		EU30		EU31		EU32		EU33		EU34		EU35		EU36		EU37		EU38		EU39		EU40		EU41		EU42		EU43		EU44		EU45		EU46		EU47		EU48		EU49		EU50		EU51		EU52		EU53		EU54		EU55		EU56		EU57		EU58		EU59		EU60		EU61		EU62		EU63		EU64		EU65		EU66		EU67		EU68		EU69		EU70		EU71		EU72		EU73		EU74		EU75		EU76		EU77		EU78		EU79		EU80		EU81		EU82		EU83		EU84		EU85		EU86		EU87		EU88		EU89		EU90		EU91		EU92		EU93		EU94		EU95		EU96		EU97		EU98		EU99		EU100		EU101		EU102		EU103		EU104		EU105		EU106		EU107		EU108		EU109		EU110		EU111		EU112		EU113		EU114		EU115		EU116		EU117		EU118		EU119		EU120		EU121		EU122		EU123		EU124		EU125		EU126		EU127		EU128		EU129		EU130		EU131		EU132		EU133		EU134		EU135		EU136		EU137		EU138		EU139		EU140		EU141		EU142		EU143		EU144		EU145		EU146		EU147		EU148		EU149		EU150		EU151		EU152		EU153		EU154		EU155		EU156		EU157		EU158		EU159		EU160		EU161		EU162		EU163		EU164		EU165		EU166		EU167		EU168		EU169		EU170		EU171		EU172		EU173		EU174		EU175		EU176		EU177		EU178		EU179		EU180		EU181		EU182		EU183		EU184		EU185		EU186		EU187		EU188		EU189		EU190		EU191		EU192		EU193		EU194		EU195		EU196		EU197		EU198		EU199		EU200		EU201		EU202		EU203		EU204		EU205		EU206		EU207		EU208		EU209		EU210		EU211		EU212		EU213		EU214		EU215		EU216		EU217		EU218		EU219		EU220		EU221		EU222		EU223		EU224		EU225		EU226		EU227		EU228		EU229		EU230		EU231		EU232		EU233		EU234		EU235		EU236		EU237		EU238		EU239		EU240		EU241		EU242		EU243		EU244		EU245		EU246		EU247		EU248		EU249		EU250		EU251		EU252		EU253		EU254		EU255		EU256		EU257		EU258		EU259		EU260		EU261		EU262		EU263		EU264		EU265		EU266		EU267		EU268		EU269		EU270		EU271		EU272		EU273		EU274		EU275		EU276		EU277		EU278		EU279		EU280		EU281		EU282		EU283		EU284		EU285		EU286		EU287		EU288		EU289		EU290		EU291		EU292		EU293		EU294		EU295		EU296		EU297		EU298		EU299		EU300		EU301		EU302		EU303		EU304		EU305		EU306		EU307		EU308		EU309		EU310		EU311		EU312		EU313		EU314		EU315		EU316		EU317		EU318		EU319		EU320		EU321		EU322		EU323		EU324		EU325		EU326		EU327		EU328		EU329		EU330		EU331		EU332		EU333		EU334		EU335		EU336		EU337		EU338		EU339		EU340		EU341		EU342		EU343		EU344		EU345		EU346		EU347		EU348		EU349		EU350		EU351		EU352		EU353		EU354		EU355		EU356		EU357		EU358		EU359		EU360		EU361		EU362		EU363		EU364		EU365		EU366		EU367		EU368		EU369		EU370		EU371		EU372		EU373		EU374		EU375		EU376		EU377		EU378		EU379		EU380		EU381		EU382		EU383		EU384		EU385		EU386		EU387		EU388		EU389		EU390		EU391		EU392		EU393		EU394		EU395		EU396		EU397		EU398		EU399		EU400		EU401		EU402		EU403		EU404		EU405		EU406		EU407		EU408		EU409		EU410		EU411		EU412		EU413		EU414		EU415		EU416		EU417		EU418		EU419		EU420		EU421		EU422		EU423		EU424		EU425		EU426		EU427		EU428		EU429		EU430		EU431		EU432		EU433		EU434		EU435		EU436		EU437		EU438		EU439		EU440		EU441		EU442		EU443		EU444		EU445		EU446		EU447		EU448		EU449		EU450		EU451		EU452		EU453		EU454		EU455		EU456		EU457		EU458		EU459		EU460		EU461		EU462		EU463		EU464		EU465		EU466		EU467		EU468		EU469		EU470		EU471		EU472		EU473		EU474		EU475		EU476		EU477		EU478		EU479		EU480		EU481		EU482		EU483		EU484		EU485		EU486		EU487		EU488		EU489		EU490		EU491		EU492		EU493		EU494		EU495		EU496		EU497		EU498		EU499		EU500		EU501		EU502		EU503		EU504		EU505		EU506		EU507		EU508		EU509		EU510		EU511		EU512		EU513		EU514		EU515		EU516		EU517		EU518		EU519		EU520		EU521		EU522		EU523		EU524		EU525		EU526		EU527		EU528		EU529		EU530		EU531		EU532		EU533		EU534		EU535		EU536		EU537		EU538		EU539		EU540		EU541		EU542		EU543		EU544		EU545		EU546		EU547		EU548		EU549		EU550		EU551		EU552		EU553		EU554		EU555		EU556		EU557		EU558		EU559		EU560		EU561		EU562		EU563		EU564		EU565		EU566		EU567		EU568		EU569		EU570		EU571		EU572		EU573		EU574		EU575		EU576		EU577		EU578		EU579		EU580		EU581		EU582		EU583		EU584		EU585		EU586		EU587		EU588		EU589		EU590		EU591		EU592		EU593		EU594		EU595		EU596		EU597		EU598		EU599		EU600		EU601		EU602		EU603		EU604		EU605		EU606		EU607		EU608		EU609		EU610		EU611		EU612		EU613		EU614		EU615		EU616		EU617		EU618		EU619		EU620		EU621		EU622		EU623		EU624		EU625		EU626		EU627		EU628		EU629		EU630		EU631		EU632		EU633		EU634		EU635		EU636		EU637		EU638		EU639		EU640		EU641		EU642		EU643		EU644		EU645		EU646		EU647		EU648		EU649		EU650		EU651		EU652		EU653		EU654		EU655		EU656		EU657		EU658		EU659		EU660		EU661		EU662		EU663		EU664		EU665		EU666		EU667		EU668		EU669		EU670		EU671		EU672		EU673		EU674		EU675		EU676		EU677		EU678		EU679		EU680		EU681		EU682		EU683		EU684		EU685		EU686		EU687		EU688		EU689		EU690		EU691		EU692		EU693		EU694		EU695		EU696		EU697		EU698		EU699		EU700		EU701		EU702		EU703		EU704		EU705		EU706		EU707		EU708		EU709		EU710		EU711		EU712		EU713		EU714		EU715		EU716		EU717		EU718		EU719		EU720		EU721		EU722		EU723		EU724		EU725		EU726		EU727		EU728		EU729		EU730		EU731		EU732		EU733		EU734		EU735		EU736		EU737		EU738		EU739		EU740		EU741		EU742		EU743		EU744		EU745		EU746		EU747		EU748		EU749		EU750		EU751		EU752		EU753		EU754		EU755		EU756		EU757		EU758		EU759		EU760		EU761		EU762		EU763		EU764		EU765		EU766		EU767		EU768		EU769		EU770		EU771		EU772		EU773		EU774		EU775		EU776		EU777		EU778		EU779		EU780		EU781		EU782		EU783		EU784		EU785		EU786		EU787		EU788		EU789		EU790		EU791		EU792		EU793		EU794		EU795		EU796		EU797		EU798		EU799		EU800		EU801		EU802		EU803		EU804		EU805		EU806		EU807		EU808		EU809		EU810		EU811		EU812		EU813		EU814		EU815		EU816		EU817		EU818		EU819		EU820		EU821		EU822		EU823		EU824		EU825		EU826		EU827		EU828		EU829		EU830		EU831		EU832		EU833		EU834		EU835		EU836		EU837		EU838		EU839		EU840		EU841		EU842		EU843		EU844		EU845		EU846		EU847		EU848		EU849		EU850		EU851		EU852		EU853		EU854		EU855		EU856		EU857		EU858		EU859		EU860		EU861		EU862		EU863		EU864		EU865		EU866		EU867		EU868		EU869		EU870		EU871		EU872		EU873		EU874		EU875		EU876		EU877		EU878		EU879		EU880		EU881		EU882		EU883		EU884		EU885		EU886		EU887		EU888		EU889		EU890		EU891		EU892		EU893		EU894		EU895		EU896		EU897		EU898		EU899		EU900		EU901		EU902		EU903		EU904		EU905		EU906		EU907		EU908		EU909		EU910		EU911		EU912		EU913		EU914		EU915		EU916		EU917		EU918		EU919		EU920		EU921		EU922		EU923		EU924		EU925		EU926		EU927		EU928		EU929		EU930		EU931		EU932		EU933		EU934		EU935		EU936		EU937		EU938		EU939		EU940		EU941		EU942		EU943		EU944		EU945		EU946		EU947		EU948		EU949		EU95	

Note: i) Only significant changes have been highlighted in green/red (positive/negative changes). "~~" refers to stable performance (i.e. insignificant change), "n.a." refers to data not (yet) being available. See table at end of document for full details of significance tests; ii) The method used to estimate the statistical significance of the net changes, based on regression and developed by Net-SILC2 (an EU funded network consisting of a group of institutions and researchers conducting analysis using EU-SILC) is still under improvement; iii) For AT, break in series in 2011 for persistent poverty risk ("n.a." shown for the period compared to 2008); iv) For BE, major break in 2011 in the self-reported unmet need for medical examination ("n.a." shown for the period compared to 2008); v) For BG, major break in the time series in 2014 for the material deprivation indicators, so for SMD and AROPE (and population breakdowns) "n.a." shown for the period compared to 2008. Also a break in 2016 for EU-SILC based indicators, but comparison of changes are still valid; vi) For DK, breaks in series for the period since 2008 which mainly affect indicators related to incomes and to a lesser degree variables highly correlated with incomes ("n.a." shown for the period compared to 2008 for these); vii) For EE, major break in series in 2014 for variables in EU-SILC due to implementation of a new methodology based on the use of administrative files. Hence "n.a." shown for the period compared to 2008; viii) For HR, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; ix) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for long-term comparison versus 2008); x) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; xi) For RO, breaks in series in 2010 for LFS-based indicators, so changes 2010-2019 shown for longer term change; xii) For SI, break in time series in Healthy Life Years indicator (change of question in 2010) which affects the comparison of change since 2008, and for the self-reported unmet need for medical care, where the change in the indicator is attributable to a minor change of question wording, better training of interviewers and sensitisation of general public to the issue of waiting lists due to wide media debate; xiii) For UK, changes in the EU-SILC survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer-term trend must therefore be particularly cautious;

Latest indications from available 2019 EU-SILC data and Eurostat flash estimates

Around half (13) of the Member States have already reported the results of the 2019 EU-SILC survey¹¹, while all except ES, IE, IT and LU, and also the UK, have provided data or early estimates for the severe material deprivation (SMD) indicator. This section presents the findings based on this most recent data, although incomplete and with no estimates for the EU aggregate yet available. The table below (Table 4) shows the available figures for the changes in the EU-SILC based SPPM indicators between 2018 and 2019 surveys, highlighting where changes are significant¹².

The results (

11 This refers to the situation on 7th July 2020, at which time 13 Member States (AT, BG, CZ, DK, EL, FI, HU, LV, MT, PL, RO, SI and SE) had reported 2019 SILC data for the SILC-based indicators included in the SPPM. For the SMD indicator, all EU28 Member States except 5 (ES, IE, IT, LU and UK) had provided early data or estimates.

12 The estimates of significance used are the statistical significance and substantive significance ones employed to investigate the changes 2017-2018.

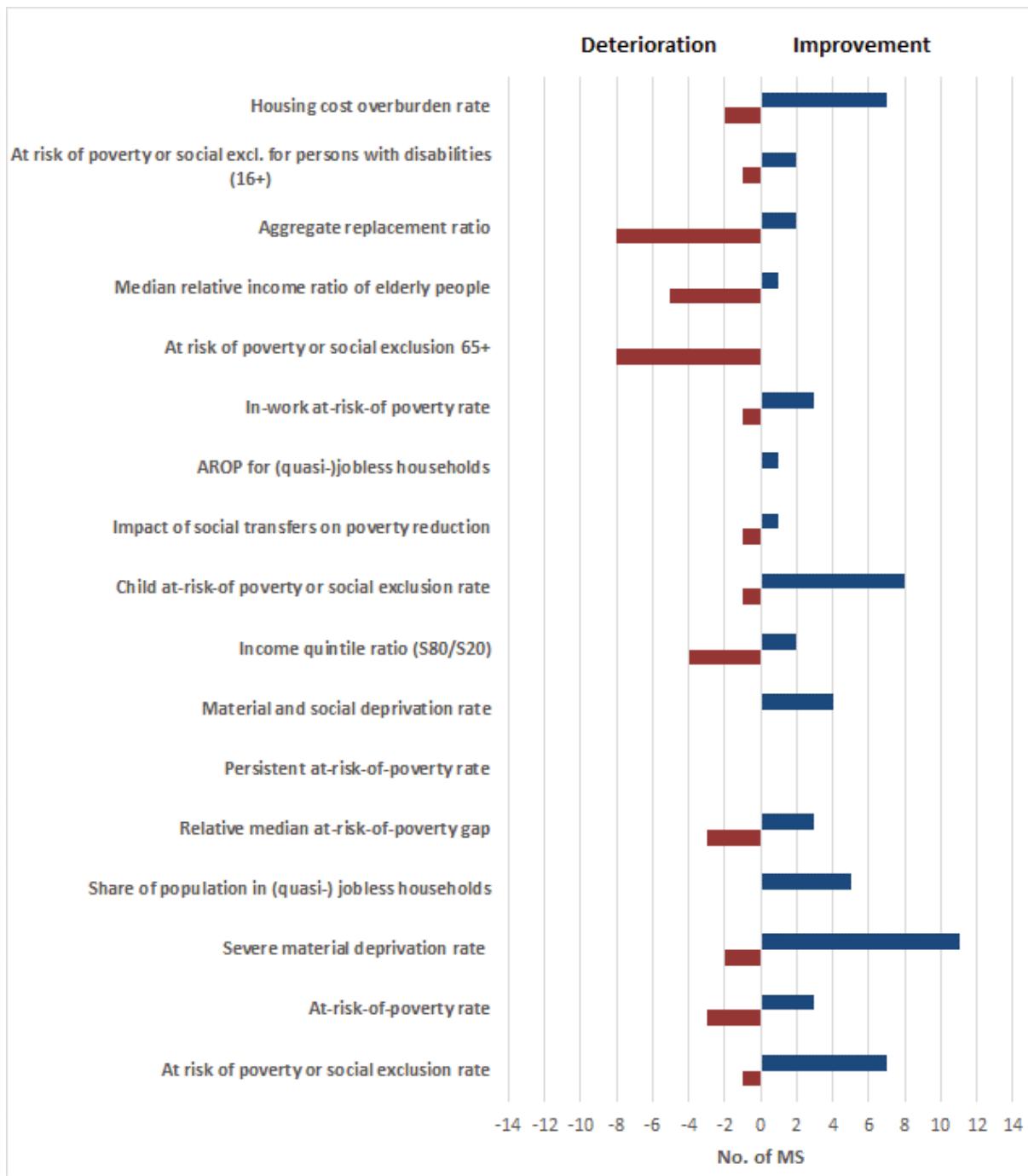
Figure 7) indicate significant improvements in the at-risk-of-poverty-or-social-exclusion rates in several countries (7), while figures for the severe material deprivation rate show further significant improvements in around half (11) of the Member States over the latest period. The risk of poverty or social exclusion among children also shows significant improvement in 8 of the countries that have so far reported their data. In addition, the housing cost overburden rate has fallen in 7 of the reporting countries. In contrast to these positive developments, there are signs of further declines in the relative income situation of the elderly, with significant deterioration in at-risk-of-poverty-or-social-exclusion rates and in aggregate replacement ratios in several (8) countries.

Looking beyond the data currently available from EU-SILC, Eurostat publishes flash estimates on expected annual changes in income and poverty and these may be used to complement the above results by providing a general indication on the expected change in certain indicators¹³ for those countries where 2019 EU-SILC results are not yet available. The flash estimates for 2018 incomes¹⁴ (corresponding to the 2019 SILC survey year) indicate that, in complement to the EU-SILC results, a statistically significant decrease in the risk of poverty is also expected in PT, while significant rises are expected in FR and the UK. For the inequality indicator (S80/S20), significant improvement is expected in IT. For the remaining countries where SILC figures are still missing, no significant changes are expected in these two indicators, nor for the in-work poverty rate. However, significant improvements are expected in the at-risk-of-poverty threshold in many of the MS for which 2019 EU-SILC data is still missing, reflecting overall increases in disposable incomes.

13 The flash estimates use a magnitude-direction scale, which gives a general message on the expected change, and estimates are currently produced for the at-risk-of-poverty rate (and some breakdowns including in-work poverty), the at-risk-of-poverty threshold for a single person household, and the income quantile ratio (S80/S20).

14 <https://ec.europa.eu/eurostat/documents/7894008/8256843/Flash-estimate-of-income-inequalities-and-poverty-indicators-experimental-results-2018.pdf>

Figure 7. Overview of the number of Member States showing an improvement or deterioration on EU-SILC based SPPM indicators between 2018 and 2019



Source: Social Protection Performance Monitor using available 2019 EU-SILC results.

Note: Figures available for 13 Member States for all indicators except SMD, where 23 countries have provided data. The chart shows the number of Member States with a significant improvement on a given indicator in blue, and those with a significant deterioration in red.

Table 4: Dashboard of changes 2018-2019 for available EU-SILC based figures

	2018-2019 change	EU28	EU27_2007	EU28	EA9	BE	BG	CZ	DK	DE	EE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2018-2019 change in pp																																
2018-2019 change in pp																																
At-risk-of-poverty threshold for a single person household [levels in pps, changes as real change in national currency in %]																																
2018-2019 change in %																																
2018-2019 change in pp																																
At-risk-of-poverty rate [in %]																																
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At-risk-of-poverty rate [in %]																																
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At-risk-of-poverty rate [in %]																																

used; ii) The method used to estimate the statistical significance of the net changes, based on regression and developed by Net-SILCZ (an EU funded network consisting of a group of institutions and researchers conducting analysis using EU-SILC) is still under improvement; iii) SMD figures for BE, DE, EE, FR, HR, CY, LT, NL, PT and SK are provisional;

Development in the social situation in 2020, following the COVID-19 outbreak

This section provides an overview of the very latest evolution in the social situation in the EU¹⁵ and its Member States in 2020, in light of the COVID-19 crisis, based on the currently available data. It uses a range of more timely sources to provide an initial overview of how the social situation is developing, with preference here given to timeliness and relevance of data/indicators rather than their precision, together with some initial estimates of the impact of the pandemic on household incomes and poverty.

Economic, employment and household income developments

The COVID-19 pandemic that struck Europe in the beginning of 2020 presents an unprecedented challenge across the European Union, and indeed across much of the world, and has led to a major economic shock that is already having a significant negative impact. The health crisis and the necessary containment measures adopted to fight the pandemic have taken a toll on the EU economy, with GDP falling by 3.2% in the first quarter of 2020 compared to the previous quarter, and by 2.4% compared to a year earlier, while employment growth declined sharply (Figure 8).

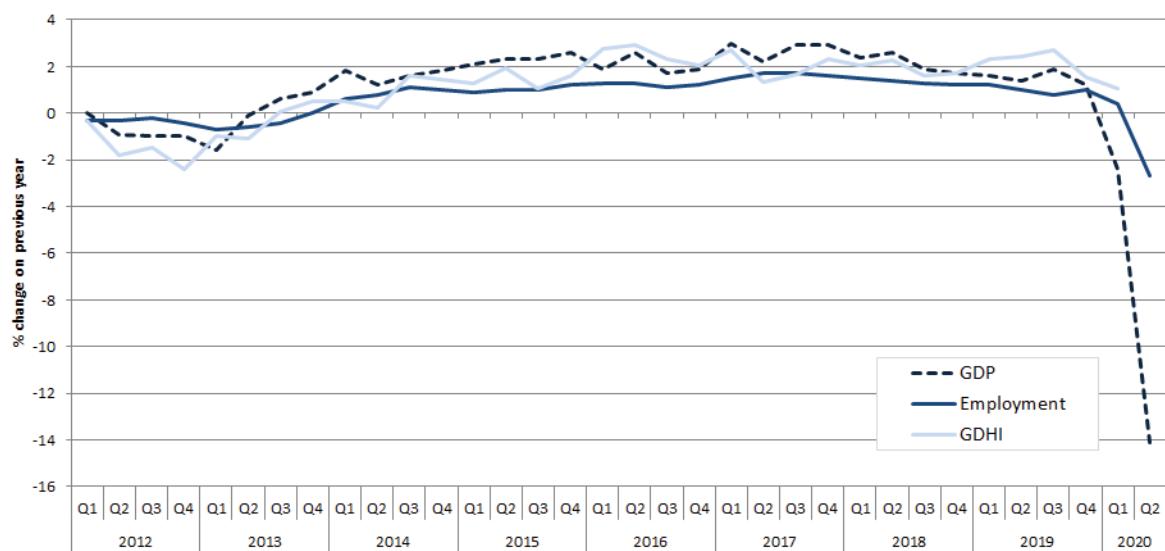
Latest data indicate a further decline in EU GDP in the second quarter of 2020 of 11.7% on the previous quarter and 14.1% compared to a year earlier. These declines in GDP are the sharpest observed since the time series started in 1995. The number of employed persons in the EU decreased by 2.6%, to 203.6 million, compared with the first quarter (and 2.7% compared with a year earlier). This corresponds to a loss of 5.5 million jobs compared with the previous quarter.

Commission forecasts project a rebound in the second half of the year. Consequently, the annual decline in GDP is expected to be 8.3% in 2020, before recovering partially with 5.8% growth in 2021.

Even though short-time work schemes have slowed down significantly the reduction in employment, the Commission predicts a 4.4% decline of total employment in 2020. The number of unemployed rose slightly to 14.3 million by April, corresponding to an unemployment rate of 6.7%, but consumers' expectations for unemployment over the next 12 months are for a major increase (Figure 9). Indeed, since April the unemployment rate has risen more strongly, reaching 7.1% by June, with underlying unemployment at around 15 million. The social consequences will depend both on the duration of the pandemic and on the measures being taken by national authorities and at European level to counter its effects.

¹⁵ In this section the focus is on the EU27 composition of Member States (ie. without the UK), the UK having left the EU in early 2020.

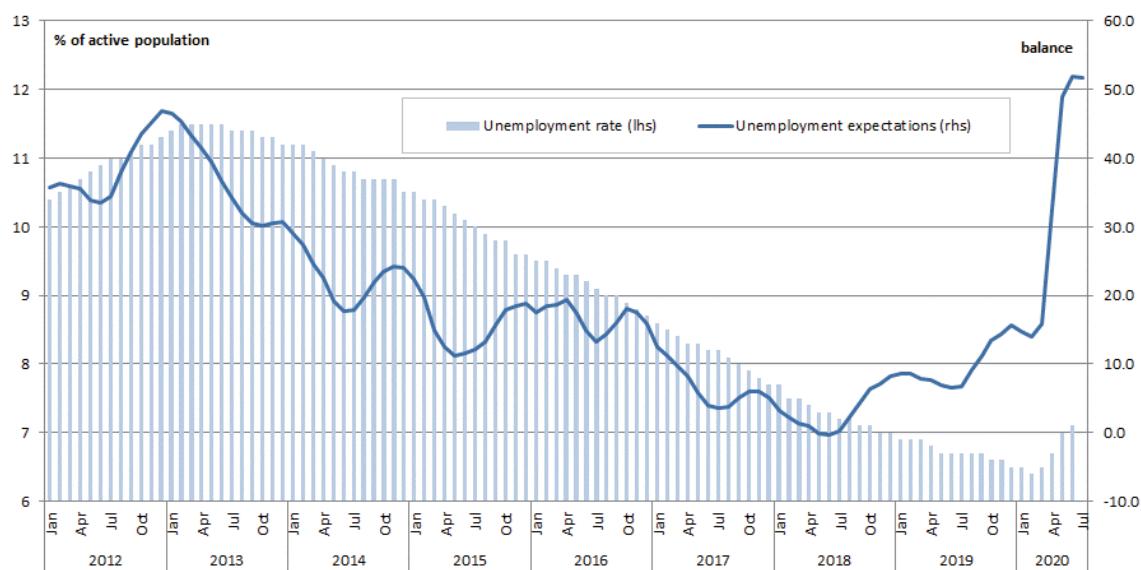
Figure 8: Real GDP, GDHI and employment growth (% change on previous year) in the EU27 (2020 composition), 2008-2020



Source: Eurostat, National Accounts [namq_10_gdp, namq_10_pe, nasq_10_nf_tr], EMPL calculations. Data not seasonally adjusted

Notes: DG EMPL calculations for GDHI. The nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure.

Figure 9: Unemployment rate versus unemployment expectations - EU



Source: Eurostat, series on unemployment; European Commission, Business and Consumer Surveys [une_rt_m, ei_bsco_m]. Data seasonally adjusted

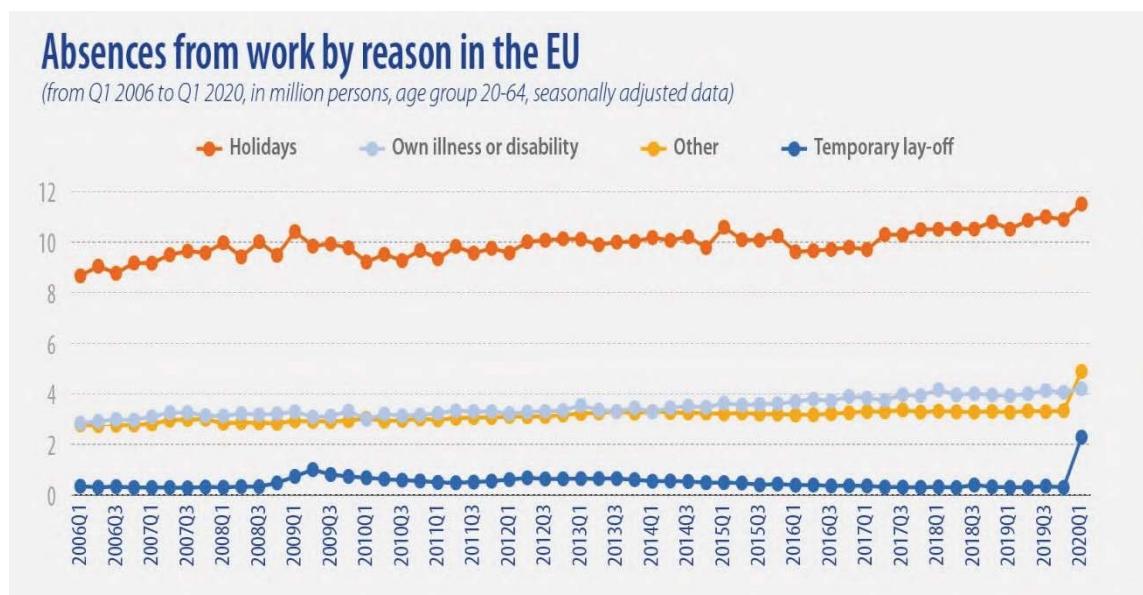
Notes: Unemployment expectations: consumers' expectations for unemployment in the country over next 12 months, moving average over past 3 months. The right scale is the balance between the share of respondents who expect higher unemployment and those who expect a lower one.

A recent publication by Eurostat¹⁶ highlights that the ILO definitions of employment and unemployment do not, in the current situation, adequately describe all the developments taking place in the labour market. In this first phase of the COVID-19 crisis, active policy measures to mitigate employment losses led to absences from work rather than dismissals. Moreover, since individuals could not search for work or were not available due to the enforced containment measures, they were not counted as unemployed according to the ILO definition. To account for this, it has been necessary to publish a set of additional seasonally adjusted quarterly indicators which help to capture the most recent movements on the labour market.

In the first quarter 2020, a total of 22.9 million persons were absent from work in the EU, an increase of 4.3 million compared to the fourth quarter 2019. This increase is to a large extent due to a sharp increase in temporary lay-offs, which rose from 0.3 million persons to 2.3 million persons (Figure 10).

Among the Member States for which data are available, the highest rates of absences from work in the first quarter 2020 were observed in France (18.1%), Sweden (16.2%) and Austria (15.0%) and the lowest rates in Romania (2.5%), Malta (3.3%), and Bulgaria (4.4%). In comparison to the fourth quarter 2019, all Member States except Finland experienced a rise in overall absences from work. Absences due to temporary lay-offs rose in all Member States for which data is available, and increased more than tenfold in France, Cyprus and Spain.

Figure 10: Trends in absences from work by reason in the EU, 2006 to 2020q1



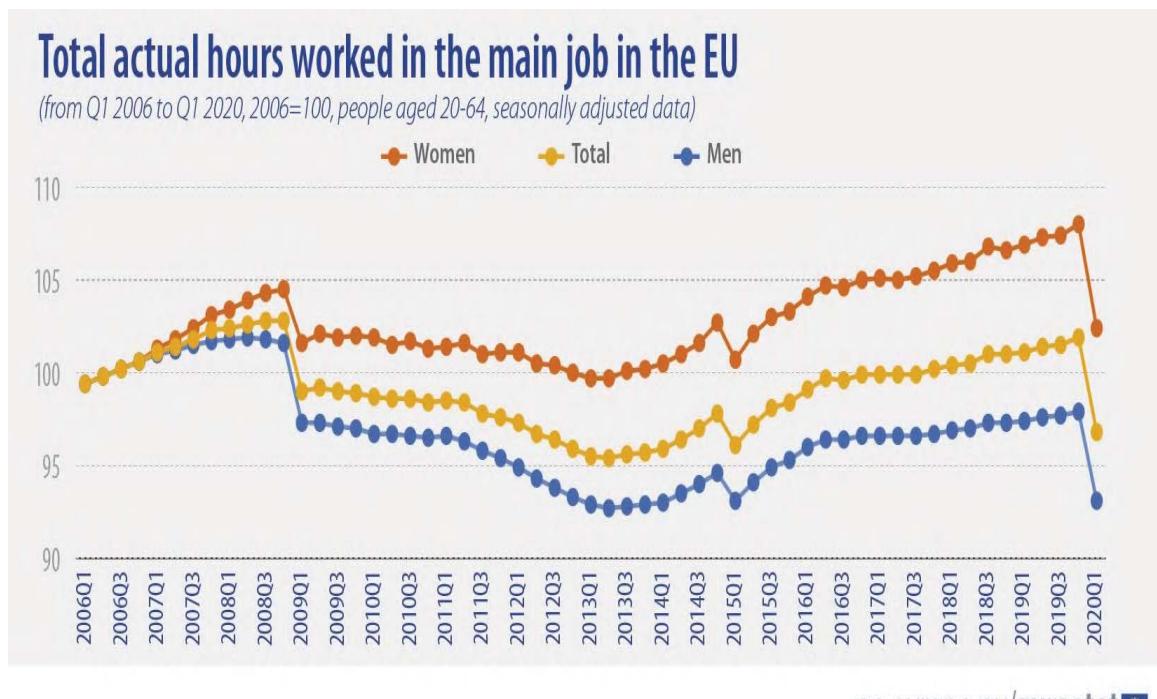
Source: Eurostat, newsrelease, 110/2020

¹⁶ Eurostat news release 110/2020 of 8 July 2020

Overall there was a sharp fall of total hours worked in the first quarter of 2020 (Figure 11). Total actual hours worked have dropped sharply in the EU between the fourth quarter 2019 and the first quarter 2020. The levels of total actual hours worked are influenced by the total number of persons working, as well as the number of hours worked by each of these persons. For women, the index of hours worked dropped from 108 to 102 index points between the fourth quarter 2019 and the first quarter 2020, compared to a drop of 98 to 93 for men. In the first quarter 2020, total actual hours worked were nevertheless above the level of 2006 for women but lower for men.

All Member States for which data are available experienced a drop in total actual hours worked between the fourth quarter 2019 and the first quarter 2020 except Finland (+0.2%). The highest overall falls were observed in Italy (-9.7%), Slovakia (-8.7%), and Austria (-7.9%).

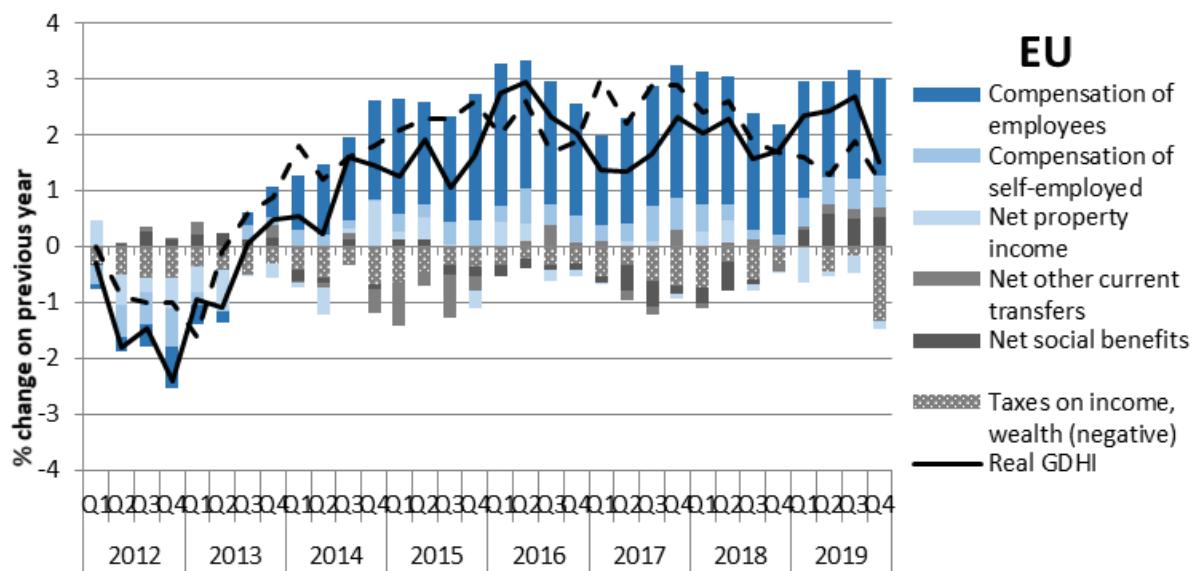
Figure 11: Trends in hours worked in the EU 2006 to 2020q1



Source: Eurostat, news release, 110/2020

Growth in average household incomes, as measured through gross household disposable income (GHDI), weakened already in the fourth quarter of 2019 mainly due to the effect of taxes on income and on wealth (Figure 12). In the last four quarters, net social benefits increased for the fourth time in a row. The impact of COVID-19 crisis is still not reflected in available data, but the spring 2020 Commission forecast projects a decrease of real GHDI by around 1.5% in 2020. Aggregate labour income is expected to decrease in 2020 due to deferred decisions about hiring new employees, the reduction of hours or staff numbers, effects that are expected to be only partially mitigated by public measures.

Figure 12: Real GDP growth, real GHDI growth and its main components - EU



Source: Eurostat, National Accounts [nasq_10_nf_tr and namq_10_gdp]. Data non-seasonally adjusted. DG EMPL calculations.

Notes: The nominal GHDI is converted into real GHDI by deflating with the deflator (price index) of household final consumption expenditure. The real GHDI growth for the EU is DG EMPL estimation, and it includes Member States for which quarterly data based on the ESA2010 are available (which account for 95% of EU GHDI). It is a weighted average of real GHDI growth in Member States.

Financial distress among consumers based on EU consumer surveys

A “financial distress” indicator derived from harmonised EU consumer surveys (see Box 1) is one of the most timely indicators available and well suited to signal changes in the financial situation of households by broadly defined income groups (income quartiles).

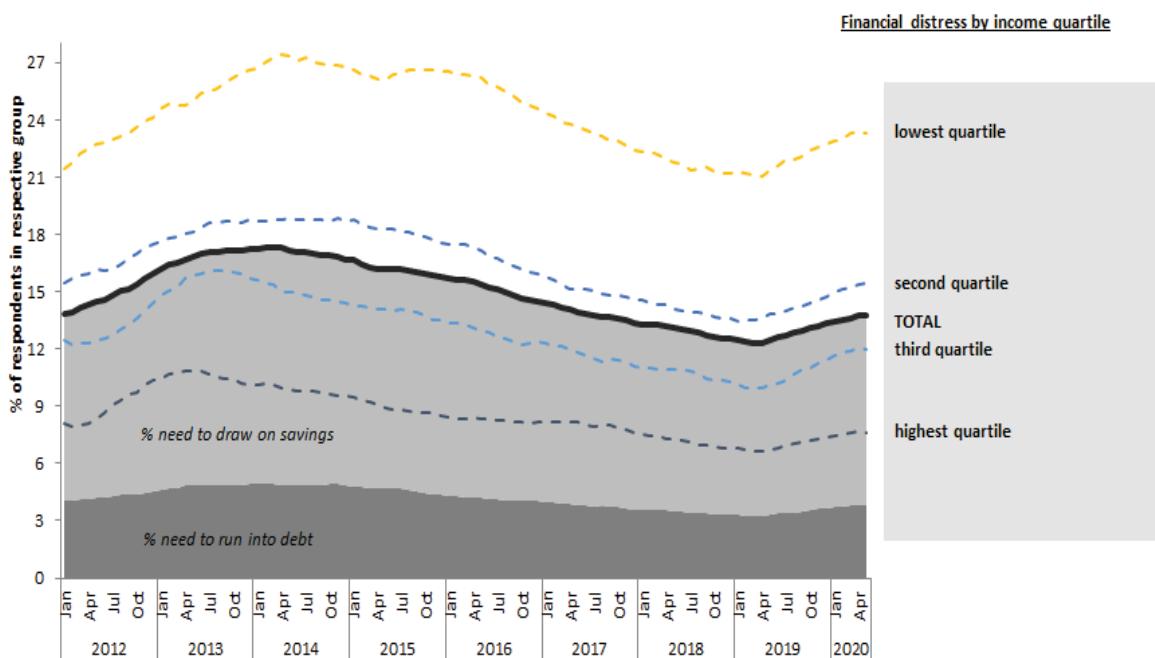
Box 1: Financial distress indicator

The Commission collects monthly information on consumer sentiment as part of the programme of joint harmonised EU business and consumer surveys. These very timely surveys include a question on household financial situations, which has been used to derive a “financial distress” indicator. The indicator focuses on households declaring that they had to “draw on their savings or go into debt in order to meet current expenditure”. Breakdowns are provided by household income quartile. The “financial distress” indicator provides a timely indication of trends in the share of the population whose households are facing financial difficulties, and how households in the different income quartiles have been affected by the crisis. While subjective, it can provide a timely indication of the deterioration/improvement in the financial situation of households, and help to signal expected notable developments in the main indicators derived from EU-SILC. Still, both its subjective nature and the limited information on sampling and data-collection issues require some caution in the interpretation of the results

The latest data available indicate that the share of people reporting financial distress slowly increased over 2019 and into 2020 (Figure 13). In May 2020, 13.7% of the population – an increase of 1.3pp compared to the same month one year before – declared the need to draw on savings (9.9%; +0.8pp) or to run into debt (3.8%; +0.5pp). No strong effect of the COVID-19 crisis was detected in the April and May 2020 data, perhaps reflecting the efforts to maintain people in employment and support household incomes. However, financial distress increased more noticeably for those on low incomes. In May 2020, it reached 23.3% (+2.0pp) for the lowest quartile of incomes, in contrast with 7.6% (+1.0pp) for the wealthiest quartile. Increases were also recorded for the second and third quartiles of the population (respectively at 15.4% (+1.6pp) and 12.0% (+1.9pp)).

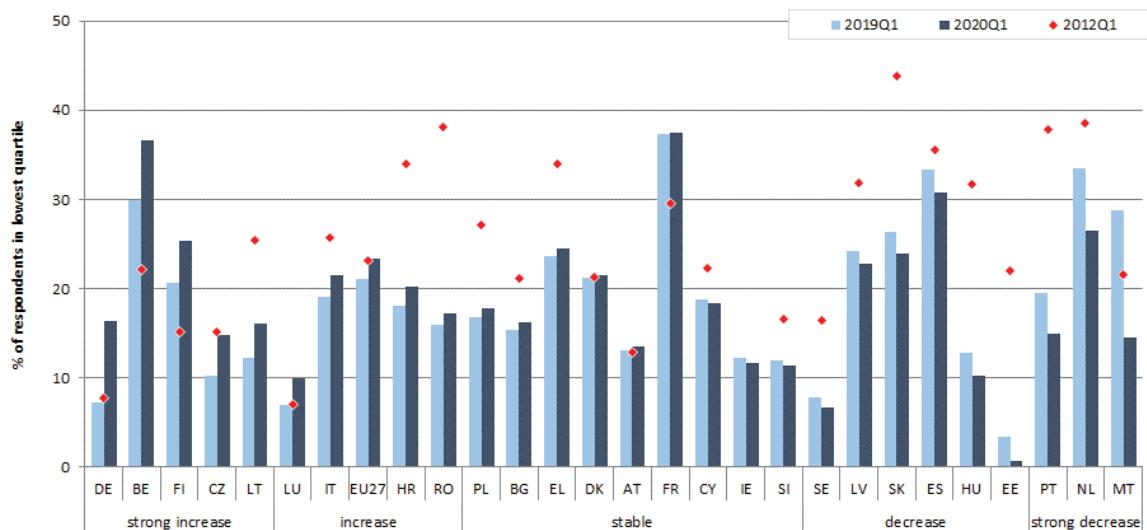
Reported financial distress has increased for the lowest income quartile in several Member States, but a large diversity in levels and trends persists (Figure 14). In the first quarter of 2020, and on a yearly basis, financial distress increased in several countries and especially in Germany (+9.1pp; at 16.4%), Belgium (+6.6pp; at 36.6%), Finland (+4.8pp; at 25.4%), Czechia (+4.6pp; at 14.9%) and Lithuania (+3.9pp; at 16.1%). France was the country with the highest overall share of people on low incomes suffering financial distress (37.4%; +0.1pp), followed by Belgium (36.6%; +6.6pp) and Spain (30.8%; -2.5pp). The strongest decreases were recorded in Malta (-14.4pp; at 14.5%), the Netherlands (-7.0pp; at 26.5%) and Portugal (-4.6pp; at 15.0%). Estonia remains at very low levels (0.7%; -2.8pp), while Sweden and Luxembourg are the only other countries to record a share of financial distress for the lowest income quartile below 10%.

Figure 13: Reported financial distress by income quartile – 2012 to May 2020, EU



Source: European Commission, Business and Consumer Surveys. 12-months moving average (DG EMPL calculations)
Notes: Reported financial distress by income quartile, and components of reported financial distress (share of adults reporting necessity to draw on savings and share of adults reporting need to run into debt)

Figure 14: Reported financial distress in lowest income quartile - Member States, 2020Q1



Source: European Commission, Business and Consumer Surveys.3-months moving average (DG EMPL calculations)

Trends in social expenditure and the take-up of selected social benefits

Since the financial crisis of 2008, the SPC¹⁷ has been collecting data on the number of social benefit recipients for different social schemes (generally unemployment, social assistance and disability benefits). From this data, it is possible to get an idea of how the COVID-19 crisis is putting pressure on social security systems across the EU.

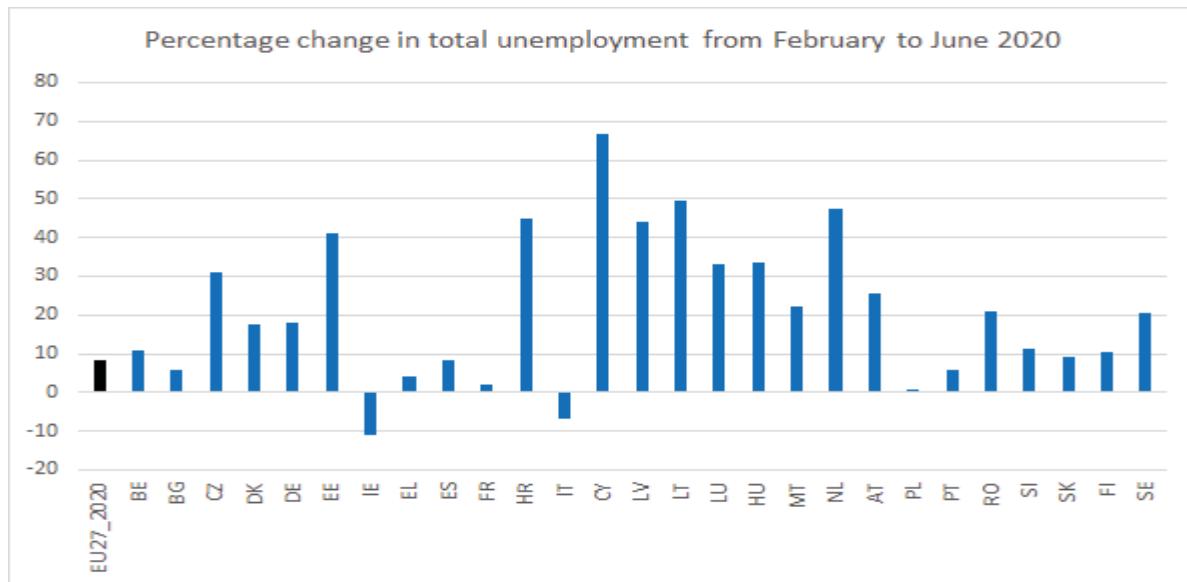
The latest figures, generally covering up to May/June/July for around two-thirds of Member States and up to March/April 2020 for others, suggest the following main recent developments identified from the administrative data:

- In the initial period following the COVID-19 outbreak in the EU the recourse to emergency support measures which preserved the link with employment was massive and this prevented a sudden, substantial increase of 'classic' unemployment. However, in spite of the important government measures adopted to protect workers the impact of the COVID-19 crisis on EU employment is very significant and in recent months there are now signs of a notable increase in the number of unemployed in many Member States (Figure 15), and in many an (often sharp) uptick in unemployment benefit recipients (in AT, BG, CZ, DE, DK, EE, ES, FI, HR, LT, LV, MT, NL, RO, SI, SK and SE). Among those countries for which more recent data are available, the relative rise in unemployment benefit recipients since February 2020 has been especially strong (a more than 50% increase) in AT, EE, ES, HU, MT and SK (Table 5).

¹⁷ Although this information needs to be assessed with due caution (as it does not offer cross-country comparability due to the diversity of concepts and underlying definitions used) the numbers of beneficiaries are available every month in most Member States, and help to observe trends and the timing of the impact of crises.)

- In contrast, as yet there is not much to signal in terms of changing trends in the number of recipients of social assistance benefits and disability benefits, with as yet generally no immediate, clear signs of a rise in recipient levels based on the available figures;

Figure 15: Rise in unemployment levels (ILO definition) since the crisis



Source: Eurostat, monthly unemployment figures

Table 5: Change in unemployment benefit recipient numbers from February to latest month of data available in 2020

	Absolute change (1000s)	Relative change (%)	Latest month of data in 2020
CZ	5.0	5.6	July
DK	23.5	25.2	June
DE	530	11.6	July
EE	7.5	60.0	June
IE	17.0	10.0	July
ES	1979	98.8	June
HR	0.1	0.3	July
LV	13.0	35.1	June
LT	17.8	26.6	June
HU	59	80.8	May
MT	2.0	205.1	June
NL	93.0	45.4	June
AT	159	52.3	April
PL	26.8	17.4	May
PT	43.9	24.7	July
RO	22.0	38.6	June
SI	5.9	24.5	June
SK	28.1	68.8	July
FI	78	23.7	March
SE	27.6	11.4	May

Source: SPC data collection on social benefits recipients

Trends in Member States regarding the number of benefit recipients can be found in the related chart in the country profiles produced as a separate annex to this SPC annual report.

Trends in the number of recipients of special crisis support measures

In most EU countries, social protection schemes protect individuals and companies against situations of temporary loss of activity due to extraordinary circumstances. Many countries have decided to put in place extraordinary income support measures or to significantly modify/expand existing ones. These programmes are normally outside the scope of the regular ISG data collection, but information on them enable a fuller account of the reach of COVID-response measures, and so information has been collected via the SPC-ISG and EMCO-IG on the following sorts of measures:

- the take up of short time work schemes¹⁸ or similar measures such as temporary unemployment schemes (e.g. furlough, or temporary layoff from work) where a link to the job is maintained;
- other main emergency measures aim to support the self-employed and households (e.g. extraordinary payments as income support, sickness benefits schemes to protect workers and self-employed in quarantine or self-isolation for a limited period of time, "caring benefits" (i.e. earnings replacement paid to people who need to suspend earnings activities to take care of a child or a sick relative), etc.

The information and figures collected via the EMCO and SPC are presented in Table 6 (for short time work schemes or similar measures) and in the remaining tables (Tables 9 to 11) in an appendix to this report. It should be noted that the figures present information on the developments in the emergency benefits situation in Member States and are not fully comparable across countries, and for this reason the focus should be on the evolution in numbers of the recipients within countries, rather than on the levels.

Regarding short time work schemes or similar measures such as partial unemployment schemes, temporary unemployment schemes, furlough etc., where a link to the job is maintained, for those Member States for which figures are available there were a total of around 16.3 million people receiving benefits under such schemes in March 2020, massively up from 0.6 million in February. The number of persons receiving support continued to increase in April, reaching 26.7 million people, before reducing slightly to 24.2 million in May.

Beyond the support to employees, many Member States have implemented specific schemes to support the self-employed (Table 9 in appendix). For those countries for which data has been provided, there were some 5.5 to 6 million self-employed people receiving income support in April, with 3.3 million in Italy alone.

¹⁸ Those receiving benefits compensating for the loss of wage or salary due to formal short-time working arrangements, and/or intermittent work schedules and where the employer/employee relationship continues.

Further, exceptional income support schemes have also been a feature of the COVID-19 crisis. This has included extraordinary payments under sickness benefits schemes to protect workers and self-employed in quarantine or self-isolation for a limited period of time and "caring benefits" (i.e. earnings replacement paid to people who need to suspend earnings activities to take care of a child or a sick relative). Such measures have been particularly significant in CZ, IE, LU, SK and SE (Table 10).

There are also a range of further schemes providing income support to households and individuals and the numbers receiving support under such schemes. In terms of size, these are generally less significant than the schemes previously mentioned, although in FR, IE, IT, LT, PL and SI the numbers of households or individuals that have been supported by these particular schemes remains substantial (Table 11).

Table 6: Number of recipients of benefits under short time work schemes or similar support measures

	BE	DE	EE	IE	ES	FR	HR	IT	LV	HU	AT	PL	SI	SK	FI	SE
Change Temporary To full working hours	Short time work Temporary partial working hours	Temporary partial working hours														
Scheme name	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours	Temporary partial working hours
Year / Month	2018/1	1	131,936	22,520	476	50,331	—	—	—	110,470	98,331	3095	4,562	16,530	8,116	
	2	145,724	23,337	461	50,317	—	—	—	186,683	100,947	3,123	4,373	16,942	8,053		
	3	137,221	25,637	390	94,466	—	—	—	193,071	103,276	3,160	3,616	15,339	7,899		
	4	74,949	13,215	313	43,127	—	—	—	106,342	102,216	3,245	3,206	1,262	7,537		
	5	57,793	11,631	331	46,917	—	—	—	125,637	99,433	3,158	3,125	3,244	7,043		
	6	63,724	15,666	281	45,988	—	—	—	95,179	123,410	292	3,046	9,425	6,523		
	7	59,713	13,954	281	45,145	—	—	—	60,593	116,335	477	2,238	5,4	6,128		
	8	80,103	24,697	287	43,594	—	—	—	39,220	111,277	461	2,388	5,769	5,973		
	9	67,745	14,138	768	42,124	—	—	—	55,046	112,118	571	3,311	1,41	6,687		
	10	93,166	37,443	796	41,653	—	—	—	168,169	109,542	691	3,008	55	8,128		
	11	90,012	42,090	826	41,259	—	—	—	150,827	106,542	665	1,796	73	6,132		
	12	19,243	25,689	866	41,252	—	—	—	114,426	103,351	589	1,659	66	15,375		
	13	154,864	41,568	460	41,240	918	3,126	—	149,732	102,795	138	2,150	158	15,974	6,054	
	14	120,124	23,621	484	41,264	822	3,125	—	119,490	100,134	176	4,057	123	16,110	5,965	
	15	135,387	32,375	466	42,259	820	3,089	—	105,409	104,433	176	4,072	1,325	11,380	5,685	
	16	88,287	40,170	388	39,883	913	3,034	—	144,838	106,338	2,526	2,172	353	5,754		
	17	83,392	44,886	376	33,926	984	2,963	—	146,772	104,116	2,216	1,830	412	5,286		
	18	76,305	42,570	334	33,115	10,113	2,931	—	55,054	82,511	3,118	1,729	590	5,259		
	19	65,349	46,627	36	31,596	1,333	2,958	—	64,683	80,939	381	3,702	629	11,380	4,569	
	20	67,988	51,248	326	36,379	1,237	2,927	—	50,913	77,339	293	3,397	695	7,367	4,970	
	21	75,370	75,249	304	36,111	982	2,927	—	89,849	81,817	898	3,399	711	8,337		
	22	19,222	101,747	402	35,549	732	2,897	—	150,136	85,451	1,119	4,163	573	10,249	5,724	
	23	92,777	115,193	466	35,526	860	2,961	—	205,973	84,663	4,055	3,460	588	14,216	6,019	
	24	119,961	97,298	480	36,816	1,006	2,872	—	138,591	79,351	3,518	1,112	490	21,594	6,015	
	25	125,099	133,198	385	35,355	918	2,233	—	84,127	83,887	3,213	1,111	948	18,367	6,049	
	26	130,910	134,464	416	36,606	973	234	—	71,543	94,711	9,668	6,557	1,064	6,105		
	27	93,636	245,974	350	51,366	10,057	3,125	—	50,646	101,525	89,481	1,167,691	504,408	119,604	65,706	
	28	149,717	6,012,85	121,490	287,646	36,297	21,0794	282,251	511	97,489	143,370	4,410	1,717	274,921	181,599	
	29	6,699,264	51,130	365	35,615	35,516	23,17360	34,671	4,152	819	789,682	48,995	1,151,371	99,430	23,231	
	30	51,039	457	365,521	36,656	14,5730	35,946	4,070	264	51,389	4,466,213	5,2076	4,935	116,951	15,951	
	31	451	451	37,222	—	—	—	—	—	—	—	—	—	15,942	16,930	

Source: Data on recipients of crisis support measures collected via the SPC-1SG and EMCO-1G.

Notes: Figures show the number of persons receiving benefits compensating for the loss of wage or salary due to formal short-time working arrangements, and/or intermittent work schedules and where the employer/employee relationship continue. Cells highlighted in yellow indicate preliminary data, those in green estimates. * For SE, the July figure includes data until 11th August - no separate data for July available.

Early estimates of the impact of the pandemic on household incomes and poverty

A recent study by the Joint Research Centre of the European Commission¹⁹ has explored the impact of the pandemic on household incomes and the cushioning effect of fiscal policy measures in the Great Lockdown. Preliminary results suggest that the impact of the COVID-19 pandemic on households is likely to be high. The study finds that, based on simulations using the EUROMOD model, households' disposable income would fall by -5.9% on average in the EU in 2020 as a result of the COVID-19 pandemic and in the absence of policy measures. Policy interventions would substantially cushion this fall, limiting it to -3.6% based on a scenario in the Commission Spring 2020 forecast. Despite this, the Great Lockdown is likely to lead to unprecedented income losses.

The study finds that the impact of the Great Lockdown before policy interventions is likely to be regressive, with the poorest households being the most severely hit. However, discretionary policy measures such as income subsidies or tax rebates, especially support to workers' income (e.g. short-term work schemes and direct support to self-employed) are found to counteract the regressive effects of the recession, resulting in a quite homogenous impact along the income distribution of about -4%.

The COVID crisis is, in the absence of policy responses, expected to trigger a substantial increase in income inequality, as measured by an increase in the Gini index of 1.1 pp on average for the EU. Policy measures are able to counteract the inequality increasing effect of the COVID pandemic, as income inequality in the scenario including policy measures is estimated to fall by -0.2 pp. In comparison in the Great Recession, income inequality measured by the Gini index was slightly reduced on average for the EU from 2008 to 2009 by -0.1 pp.

Figure 16 below shows the impact on inequality in various EU countries with policy responses measured by absolute changes in the Gini index. Some countries are expected to experience an increase in income inequality, while in other countries income inequality could fall. Among countries with an estimated increase in income inequality are Malta, Estonia, Spain, Slovakia and Netherlands.

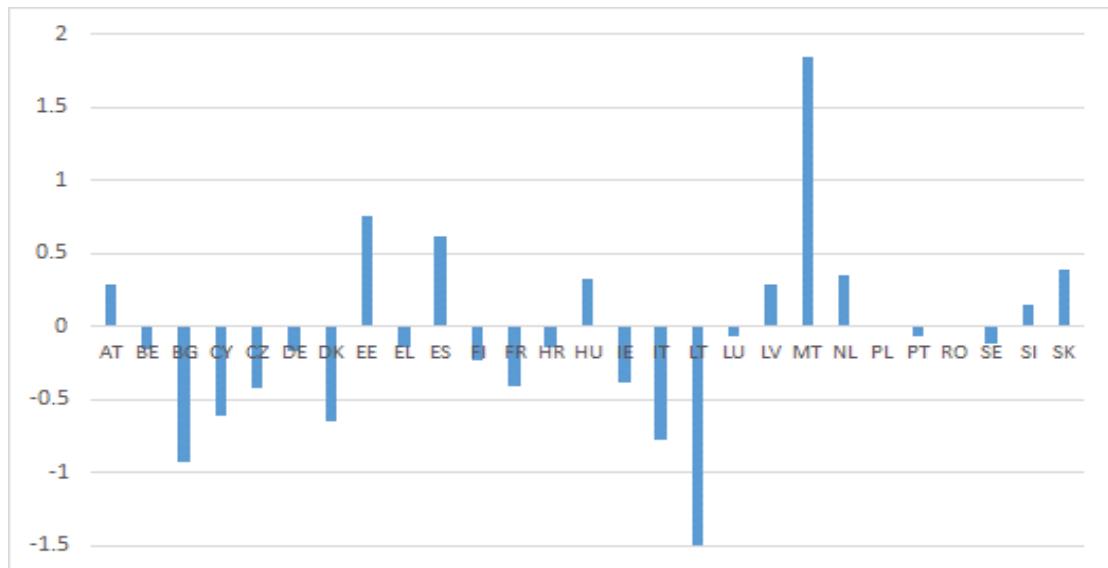
Poverty is, despite policy measures, estimated to increase by 0.1pp on average in the EU when using the non-anchored at-risk-of-poverty rate (AROP). In this case, the poverty line drops substantially due to the income shock of the COVID crisis. Countries with an increase in poverty rates include Hungary, Slovakia, Spain, Sweden, Lithuania and Czechia (Figure 17). The change in AROP measured this way is the same as experienced between 2008 and 2009 as a result of the financial crisis.

The poverty rate anchored to its pre-crisis level is estimated to increase substantially by 1.7pp on average in the EU under the policy response scenario, and by 4.8% under the no policy response

¹⁹ <https://ec.europa.eu/jrc/sites/jrsh/files/jrc121598.pdf>

scenario. The anchored poverty line might be more informative of changes in incomes, since this methodology leaves constant (in prices) the level of the poverty threshold.

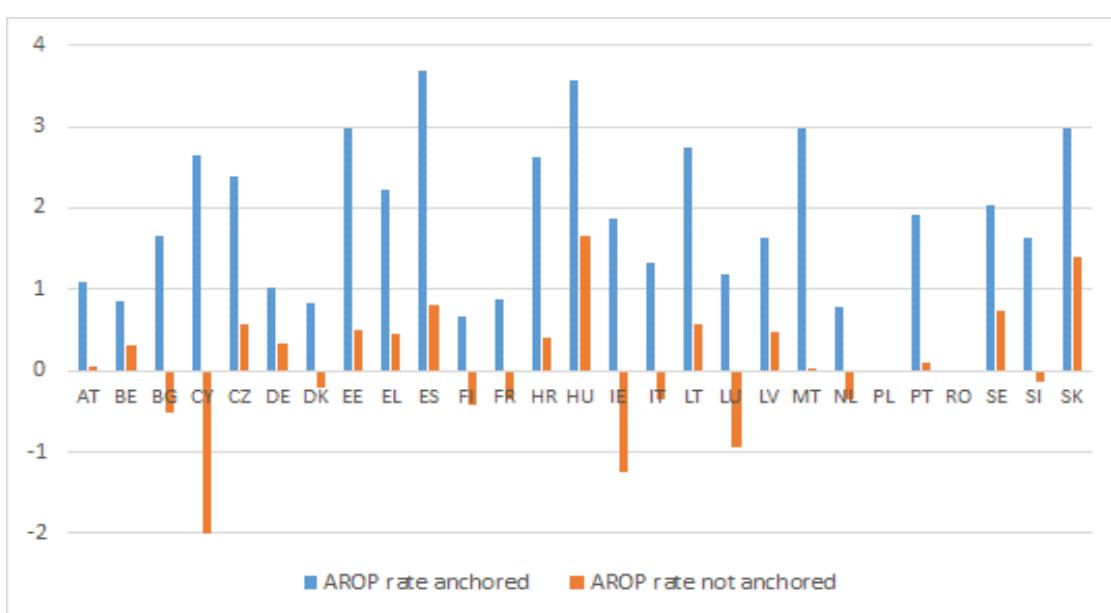
Figure 16: Impact of the COVID-19 crisis on inequality in EU countries, with policy response (absolute changes in the Gini index in pp.)



Source: JRC

When the poverty rates are anchored to their 2019 values, poverty is expected to rise in all countries analysed. Countries with an estimated strong increase in anchored poverty rates include Spain, Hungary, Malta, Estonia and Slovakia.

Figure 17: Impact of the COVID-19 crisis on poverty (AROP rate in pp) with policy changes in EU countries



Source: JRC

Automatic stabilisers i.e., the automatic fall in taxes and increases in social benefits resulting from the adverse shock in market incomes, is estimated to absorb, on average in the EU, 49% of the drop in households market income following the immediate impacts of the COVID-19 crisis. This proportion is estimated to be significantly larger in countries with progressive tax systems and more comprehensive social benefits.

IV. Key social challenges and good social outcomes in EU Member States

This section presents the findings concerning the main social challenges and good social outcomes in the EU Member States²⁰. The assessment is based on a qualitative and quantitative analysis of both the levels for the indicators in question together with the changes over a three-year reference period, mainly based on the Joint Assessment Framework²¹ (for further details on the methodology see the dedicated appendix to this report). Further analysis was conducted to complement these results with other relevant findings, emerging from national sources, policy documents, reports or studies.

The SPPM analysis of Member States' key social challenges and good social outcomes, considering trends from 2015 to 2018, continues to point to a heterogeneous performance of social protection systems across the European Union.

The main findings and recommendations in a nutshell:

- In line with the overall improvement of the economic and social situation in the EU prior to the Covid-19 crisis, less than a third of the Member States (8) face structural challenges related to the headline indicator of the *at-risk-of-poverty or social exclusion rate* for the different age categories. However, a more nuanced assessment reveals that two thirds of the Member States (18) have one or several structural challenges related either the headline indicator or one of its subcomponents.
- Overall, 25 Member States have one or several structural challenges related to the effectiveness of social protection for the different age categories. In particular, the *effectiveness of social benefits for the working age population* and the *income replacement aspects for the elderly* represent a challenge for more than half of the Member States.
- While the high-level outcomes point to some progress in reducing poverty and social exclusion, challenges concerning the *depth and persistence of poverty*, combined with a *low impact of social transfers in reducing poverty*, were identified in 12 Member States. This suggests that, in some Members States, transfers are insufficient to prevent and protect against poverty and social exclusion throughout all stages of an individual's life, calling for *further improvements in the adequacy of income support*.
- On the other hand, a third of the Member States (9) show good social outcomes in this area, which points to continued significant heterogeneity between countries in terms of *effectiveness and efficiency of social protection systems*.

²⁰ For further details on the assessment methodology see the appendix "SPPM methodology used for the identification of Member States' key social challenges and good social outcomes".

²¹ <http://ec.europa.eu/social/BlobServlet?docId=14727&langId=en>

- The poverty situation of the working age population does not flag particular challenges as this group is mainly covered by the indicators for the total population. However, more than half of the Member States (15) have challenges concerning the effectiveness of benefits available for the working age population, accompanied by low effectiveness of social services in a few countries (4). These outcomes suggest that further policy reforms are needed based on an integrated implementation of the active inclusion approach, combining adequate income support, high quality social services and inclusive labour markets. However, in the area of inclusive labour markets, more countries registered good performance (8) than challenges (4). This suggests that the *adequacy of cash benefits and access to in-kind benefits and services are the two strands of active inclusion to further improve upon*, while Member States focused on reform steps for activation of benefit recipients.
- Poverty and social exclusion of persons in vulnerable situations, such as persons with disabilities, ethnic minorities, migrants and refugees is a key challenge in 22 Member States. Concerning *persons with disabilities*²², this calls for further efforts to enhance their social inclusion through inclusive education, appropriate access to health care and active labour market policies adapted to their needs. Further social inclusion of *migrants and refugees* will require an integrated approach inter-linking training and skills enhancement with employment opportunities, as well as access to services, notably healthcare and housing.
- *Lack of equal opportunities for children from disadvantaged backgrounds* was identified as a key social challenge in 7 Member States. This points to the need to *enhance access to key welfare and the provision of targeted social services for the most vulnerable children*, including early childhood education and care, education, housing, nutrition and healthcare.
- The *housing situation* is a key challenge for 15 Member States, in particular for households at risk of poverty. Policies, such as social housing and affordable rental housing programmes, targeted housing allowances, as well as the energy-efficient renovation of existing housing stocks remain valid policy responses to address the problem. Investment

²² The notion of persons with disabilities is anchored in the UN Convention on the Rights of Persons with Disabilities (UNCRPD), the treaty that is legally binding for all EU Member States and the EU. In accordance with the UNCRPD, persons with disabilities have long-term physical, mental, intellectual or sensory impairments, which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others. In EU statistics, disability is measured through a concept of general activity limitation: “*Limitation in activities people usually do because of health problems for at least the past six months*” which is currently used in European Health Interview Survey (EHIS) and EU statistics on income and living conditions (EU-SILC). The indicator is based on data collected by the Global Activity Limitation Instrument (GALI): “*For at least the past 6 months, to what extent have you been limited because of a health problem in activities people usually do? Would you say you have been ... “severely limited / limited but not severely or / not limited at all?”*”. The same variable is used in all Member States. This is not to be confused with the national or regional definitions used to assess disabilities for the purposes of the determination of the disability status or in relation to the access to benefits which follows, in general, a more restrictive approach.

should be channelled to improve the quality of housing, while putting in place measures to ensure affordability. *Integrated approaches that combine prevention, rapid access to permanent housing and the provision of enabling support services* should be prioritized to address the most extreme forms of housing exclusion and homelessness.

- Furthermore, in some EU countries (4), gaps in accessing social protection exist. Further policy reforms to *improve coverage of social protection*, including for the self-employed and people in non-standard forms of employment, are needed.
- As for the elderly, in a context of continued economic growth and rising employment, the *relative income situation of older people compared to the working-age population weakened*. At the same time, the material deprivation indicators among older people continued to improve. Significant cross-country differences remain. In some Member States, older people are still exposed to very high risks of poverty and social exclusion. Some Member States still need to *improve the adequacy and sustainability of their pension systems* in the long run.
- Cost-effectiveness and access to healthcare appear as key challenges in 22 Member States. This suggests a need to further improve *access to and effectiveness of preventive and curative healthcare* to ensure a healthy and active population. *Inequalities in access to healthcare and inequalities in health status*, in particular between regions and socio-economic groups, persist and should be reduced. Policy efforts should continue to promote healthy lifestyles, disease prevention, and reinforced primary and ambulatory care. Coordinated and integrated forms of healthcare provision and skilled, resilient and an adequately staffed workforce are other important areas where improvement should be sought.
- The provision or design of long-term care is a key challenge in 11 Member States. The need for long-term care is growing and therefore *access to adequate, affordable and quality long-term care* should be improved.

Details about specific findings in different areas and for specific age groups are presented in what follows, and are summarised in Table 7.

Preventing poverty and social exclusion through inclusive labour markets, adequate and sustainable social protection and high quality services

For the general population across the Union, the at-risk-of-poverty or social exclusion rate (AROPE) appears to be a key challenge in 5 Member States, with good outcomes registered in 1 Member State. An analysis of the subcomponents of this indicator shows that the at-risk-of poverty rate is a key challenge in 5 Member States, severe material deprivation in 4 Member States, and the share of (quasi-) jobless households in 6 Member States. Good social outcomes were identified as follows: at-risk-of poverty in 2 Member States and (quasi-) jobless households in 2 Member States. Material and social deprivation appears as a key challenge in 6 Member States.

Inequality²³ appears as a key challenge in 4 Member States, while 5 Member States have good social outcomes. The effectiveness of social benefits²⁴ is a key social challenge for 12 Member States whilst 9 Member States have good social outcomes.

The housing situation²⁵ is a key challenge in 9 Member States. In addition, 6 Member States have been identified as having a challenge concerning provision of affordable or social housing.

Looking at the risk of poverty and social exclusion of persons in vulnerable situations, the analysis shows that this is a particular challenge in 3 Member States. For persons with disabilities, this is a challenge in 11 Member States, Roma inclusion features as a challenge in 3 Member States, while poverty and social exclusion is a challenge for migrants and refugees in 10 Member States.

The regional dimension of poverty and social exclusion is flagged as a key social challenge for 5 Member States.

Breaking the intergenerational transmission of poverty – tackling child poverty

For children, the at-risk-of-poverty or social exclusion rate appears to be a key challenge in 1 Member State, with 4 displaying good social outcomes in this regard. An analysis of the subcomponents of this indicator shows that monetary poverty of children is a key challenge in 2 Member States, severe material deprivation of children in 1 Member State, and the share of children living in (quasi-) jobless households in 1 Member State. Good social outcomes were identified as follows: monetary (relative) poverty in 2 Member States and (quasi-) jobless households in 1 Member State. Concerning material and social deprivation of children, 1 Member State has good social outcomes in this area.

As regards the effectiveness of social benefits for children²⁶, the analysis identifies key social challenges for 9 Member States and good social outcomes for 6 of them.

As concerns the housing situation for children²⁷, good outcomes have been identified in 2 Member States.

Lack of equal opportunities for children from disadvantaged backgrounds was identified as a key social challenge for 7 Member States.

²³ As reflected by the following indicators: income inequality S80/S20, interquintile income share ratio S80/S50, interquintile income share ratio S50/S20

²⁴ Assessed by analysing the impact of social transfers (including and excluding pensions) in reducing poverty, the at-risk-of-poverty rate for people living in (quasi-) jobless households, the poverty gap, and the persistent at-risk-of-poverty rate

²⁵ As reflected by the housing cost overburden and housing deprivation indicators

²⁶ Assessed by analysing the impact of social transfers (including and excluding pensions)] in reducing child poverty, the at-risk-of-poverty rate for children living in households with various work intensities ($0.2 < WI \leq 0.55$, $0.55 < WI \leq 1$), and the poverty gap

²⁷ As reflected by the housing cost overburden and housing deprivation indicators

Active inclusion - tackling poverty in working age

Specifically for the working age population, the at-risk-of-poverty or social exclusion rate (AROPE) appears to be a key challenge in 1 Member State, with good outcomes registered in 2 Member States. An analysis of the subcomponents of this indicator shows that severe material deprivation is a key challenge in 1 and the share of (quasi-) jobless households is a key challenge in 3 Member States. Good social outcomes were identified as follows: monetary (relative) poverty in 1 Member State, severe material deprivation in 1 Member State, and (quasi-) jobless households in 3 Member States.

As regards the effectiveness of social benefits for the working age population²⁸, the analysis identifies key social challenges for 15 Member States and good social outcomes for 6 of them. Effectiveness of social services proves to be a challenge for 5 Member States.

The inclusiveness of labour markets²⁹ proves to be a key challenge in 4 Member States, while 8 Member States record good outcomes in this regard.

The housing situation of the working age population³⁰ appears as a challenge in 1 Member State.

Gaps in access to social protection were observed in 4 Member States.

Elderly poverty/adequate income and living conditions of the elderly

The at-risk-of-poverty or social exclusion rate of older people is a key challenge in 3 Member States, with good outcomes registered in 1. Monetary poverty was a challenge in 3 Member States.

The effectiveness of social protection in old age is examined from both the perspective of poverty prevention³¹ and that of income replacement³². As concerns the former, challenges have been identified for 2 Member States. As concerns the latter, challenges have been identified for 15 Member States. Good outcomes concerning poverty prevention are registered in 4 Member States, while for income replacement in 4 Member States. In addition to these JAF-based findings, further, pension adequacy challenges were identified in 3 Member States.

The housing situation of the elderly³³ presents a key challenge in 3 Member States.

²⁸ Assessed by analysing the impact of social transfers (including and excluding pensions) in reducing working age poverty risk, the poverty gap, at-risk-of-poverty rate for population living in (quasi-)jobless households, and the adequacy, coverage and take-up of social assistance

²⁹ As reflected by the following indicators: in work poverty, long-term unemployment, and the at-risk-of-poverty rate for population living in low-work intensity households

³⁰ As reflected by the housing cost overburden and housing deprivation indicators

³¹ Looking at the impact of social transfers (including pensions) on reducing old-age poverty risk and at the poverty gap

³² Looking at the aggregate replacement ratio (excluding other social benefits) and at the median relative income

³³ As reflected by the housing cost overburden and housing deprivation indicators

Health and long-term care

The health status of the population³⁴ proves to be a key challenge in 17 Member States, while 7 Member States display good results. There are indications that the effectiveness of curative or preventive health care³⁵ represents a challenge for 6 Member States. As concerns access to health care³⁶, challenges have been identified for 12 Member States.

Challenges related to the cost-effectiveness of health systems were found in 10 Member States.

The insufficient provision of long-term care services or sub-optimal design of the long-term care system has been identified as a key challenge in 11 Member States.

³⁴ Assessed based on the following indicators: life expectancy at birth and 65, healthy life years at birth and 65, child mortality

³⁵ Assessed based on the following indicators: potential years of life lost, treatable mortality standardized rate, preventable mortality standardized rate, vaccination coverage rates for children

³⁶ Assessed based on the following indicators: self-reported unmet need for medical care [total and by reason: cost, waiting time, distance], self-reported unmet need for medical care – income quintile gap [q1-q5 by the three reasons: cost + waiting time + distance]

Table 7: Synthesis table of key social challenges and good social outcomes, 2015-2018³⁷

Social policy area	Subcategory	EU-27 (c)	EU-27 (g)	AT	BE	BG	CZ	CY	DE	DK	EE	EL	ES	FI	FR	HU	HR	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK
	1.1 At-risk-of-poverty-or-social-exclusion rate (AROPE) and material and social deprivation rate for the general population	5	1	c	g					c			c	c	c															
	AROPE																													
	1.1.1 At-risk-of-poverty	5	2	c					c																					
	1.1.2 Severe material deprivation	4	n/a	c																										
	1.1.3 (Quasi-)jobless households (V LW)	6	2	c	g	c	c	c	c	c			c																	
	Material and social deprivation																													
	1.1.4 Material and social deprivation rate	6	n/a							c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c			
	Inequality for the general population (Income Inequality S80/S20, Interquartile income share ratio S80/S50, Interquintile income share)	4	5	c	g																									
	Effectiveness of social benefits for the general population (Impact of social transfers [other than pensions] in reducing poverty, Impact of social transfers [including pensions] in reducing poverty, At-risk of poverty rate for people living in (quasi-)jobless households, Poverty gap, Persistent at-risk-of-poverty rate)	12	9	c	c	c	g			c/g	c																			
1. Preventing poverty and social exclusion through inclusive labour markets, adequate and sustainable social protection and high quality services	1.4 Housing situation for the general population (Housing cost overburden, Housing deprivation)	9	n/a			c	c	c				c																		
	1.5 Poverty and social exclusion of persons in vulnerable situations	3	n/a		c																									
	1.5.1 Poverty and social exclusion of persons with disabilities	11	n/a	c	c	c	c					c																		
	1.5.2 Poverty and social exclusion of Roma	3	n/a	c																										
	1.5.3 Poverty and social exclusion of migrants and refugees	10	n/a	c	c																									
	1.6 Regional dimension of poverty and social exclusion	5	n/a	c	c																									
	1.7 Affordable/ social housing	6	n/a	c								c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c			

³⁷ "C" stands for challenge; "g" stands for good social outcome.

Social policy area	Subcategory	EU-27 (c)	EU-27 (g)	AT	BE	BG	CZ	CY	DE	DK	EE	EL	ES	FI	FR	HU	HR	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK
	2.1 At-risk-of-poverty-or-social-exclusion rate (AROPE) and material and social deprivation rate for children	1	4																											
	AROPE																													
	2.1.1 At-risk-of-poverty	2	2	c																										
	2.1.2 Severe material deprivation	1	n/a																											
	2.1.3 (Quasi-)jobless households (V LW)	1	1	c																										
	Material and social deprivation																													
	2.1.4 Material and social deprivation rate	n/a	n/a																											
	Effectiveness of social protection for children (Impact of social transfers [excluding pensions] in reducing child poverty, Impact of social transfers [including pensions] in reducing child poverty, At-risk-of-poverty rate for children living in households at work (0.2<WI<=0.55 and 0.55<WI<=1], Poverty gap)	9	6	c	g	g	g	g	c	c	c	c	c	g																
	2.2 Housing situation for children (Housing cost overburden, Housing deprivation)	n/a	2												g															
	2.3																													
	2.4 Equal opportunities for children from disadvantaged backgrounds	7	n/a	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c			
	3.1 At-risk-of-poverty-or-social-exclusion rate (AROPE) and material and social deprivation rate for the working age population																													
	AROPE																													
	3.1.1 At-risk-of-poverty	n/a	1																											
	3.1.2 Severe material deprivation	1	1																											
	3.1.3 (Quasi-)jobless households (V LW)	3	3	c											g															
	Material and social deprivation																													
	3.1.4 Material and social deprivation rate	n/a	n/a																											
	Effectiveness of social benefits for the working age population (Impact of social transfers [excluding pensions] in reducing working age poverty risk, Impact of social transfers [including pensions] in reducing working age poverty risk, Poverty gap, At-risk-of-poverty rate for population living in (quasi-)jobless households, Adequacy, coverage and take-up of social assistance)	15	6	g	c	g	g	c	c	c	c	c	c	g	c	c	c	c	c	c	c	c	c	c	c	c	c			
	3.3 Effectiveness of social services	5	n/a	c											c															
	3.4 Inclusive labour markets (in work poverty, Long-term unemployment, At-risk-of-poverty rate for population living in low-work intensity households)	4	8	g	c	g	g	g	c	g	g	c	g	g	c	g	g	c	c	c	c	c	c	c	c	c	c			
	3.5 Housing situation for the working age population (Housing cost overburden, Housing deprivation)	1	n/a																											
	3.6 Gaps in access to social protection	4	n/a																											

Social policy area	Subcategory	EU-27 (c)	EU-27 (B)	AT	BE	BG	CZ	CY	DE	DK	EE	EL	ES	FI	FR	HU	HR	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK
	4.1. At-risk-of-poverty-or-social-exclusion rate (AROPE) and material and social deprivation rate in old age	3	1																											
	AROPE																													
	4.1.1 At-risk-of-poverty	3	n/a																											
	4.1.2 Severe material deprivation	n/a	n/a																											
	Material and social deprivation																													
	3.1.4 Material and social deprivation rate	n/a	n/a																											
	Effectiveness of social protection in old age																													
	4.2. Poverty prevention [Impact of social transfers [including pensions] on reducing old-age poverty risk; poverty gap]	2	4																											
	4.2.2. Income replacement (Aggregate replacement ratio [excluding other social benefits]; Median relative income)	15	4	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c			
	4.3. Equal pension rules	n/a	n/a																											
	4.4. Pension adequacy	3	n/a																											
	4.5. Housing situation for the elderly (Housing deprivation, Housing cost overburden)	3	n/a																											
	5.1. Health status (Life expectancy at birth and 65; Healthy life years at birth and 65; Child mortality)	17	7	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c			
	Effectiveness of curative or preventive health care (Potential years of life lost, treatable mortality standardised rate, preventable mortality standardised rate, Vaccination coverage rates for children)	6	n/a																											
	5.2. Access to health care Self-reported unmet need for medical care (total and by reason: cost, waiting time, distance), Self-reported unmet need for medical care – income quintile gap (1-5 by the three reasons: cost + waiting time + distance)	12	n/a	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c			
	5.4. Cost-effectiveness of health systems	10	n/a																											
	5.5. Long-term care	11	n/a	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c			

V. Main recent social policy developments in EU Member States

With more than 25 million confirmed cases in 190 countries and close to 850,000 lost lives³⁸ by late May 2020, the COVID-19 outbreak has swept across the world. Europe became the focal point of the pandemic in early March, when the disease spread rapidly across the continent.

The outbreak of the COVID-19 in Europe disrupted heavily the Member States' long-term reform agendas, as governments focused their efforts on containing the pandemic and mitigating the most immediate socio-economic impacts of the crisis. Sub-section 5.1, provides some horizontal conclusions drawn from the SPC multilateral surveillance and reviews to assess the progress made by the Member States to address the 2019 Country Specific Recommendations. Sub-section 5.2 contains an overview of the measures taken at national and EU levels in the wake of the COVID-19 crisis (between March and July 2020), based on information collected by the Croatian Presidency of the Council of the EU and the SPC Members.

5.1 Member States' reform efforts prior to the COVID-19 crisis

As part of its treaty-based mandate, the Social Protection Committee systematically monitors the Member States' reform activities. One of the key instruments used in this task is multilateral surveillance, which entails peer reviewing Member States' reform implementation in the context of the European Semester. During the 2020 Semester cycle, the SPC conducted 57 reviews evaluating Member States' efforts until April 2020. The reviews were organised thematically, which allowed drawing horizontal conclusions for each of the policy areas under SPC competence.

The SPC recognized the significant investments and various measures implemented by the Member States in response to the 2019 Country Specific Recommendations. At the same time, the extent of the remaining challenges in each policy area in the reviewed Member States indicates that there is further scope for improvement in the performance of the social protection and social inclusion, pensions, healthcare and long-term care systems, in line with the principles and rights of the European Pillar of Social Rights.

Reforms in the areas of social protection and social inclusion

The 2020 SPC multilateral reviews have demonstrated that reducing poverty and fighting social exclusion remain key challenges for all Member States. In spite of the progress achieved, with 7 million fewer people at risk of poverty or social exclusion in 2018 than in 2008, the decrease is likely to remain considerably below the Europe 2020 Strategy target to reduce poverty and social exclusion by 20 million.

³⁸ World Health Organization, data as of 01/09/2020

In 2019, the Council issued 25 recommendations, concerning 19 Member States for further reforms in the area of social protection and social inclusion. Similar to past years, there was a strong emphasis on improving the coverage and adequacy of social benefits and ensuring an effective link with activation, in particular toward sustainable integration into the labour market. Seven Member States received benefits-related CSRs. Six further recommendations on the integrated provision of public employment and social services, as well as five recommendations on the provision of long-term care and early childhood education and care in the context of labour market participation of women, were reviewed jointly with EMCO. Three Member States received CSRs on the provision of affordable and/or social housing and one on social protection for the self-employed.

The reviews have shown that most Member States with CSRs have been pursuing such reforms, but with varying degrees of success. Structural challenges persist and further reforms in the area of social protection and social inclusion remain key to promoting social cohesion, improving social outcomes, and reducing poverty and income inequality.

The reviewed countries took steps to reinforce their income support schemes. However, further efforts are needed to improve the coverage and adequacy of minimum income and unemployment benefits, as well as the effectiveness of social benefits in reducing poverty. In other cases, improving the redistributive impact of the system to address income inequality is yet to be achieved. Further steps are being taken to improve the coverage and quality of social services and to promote effective (re-)integration of beneficiaries into the society and labour market.

The reviews have shown that additional efforts to reduce the regional and urban-rural differences in the provision of social services and income support are required. An integrated active inclusion approach to tackle poverty and social exclusion through its inter-related strands - adequate income support, inclusive labour markets and access to quality services - is yet to be implemented fully in a number of Member States. In particular, the integration of cash benefits with needs-based quality service provision remains key to tackle social exclusion.

Social protection systems are also being modernised in line with the rise in new forms of work and to increase the social protection coverage for those in atypical employment. However, challenges still remain, as self-employed and non-standard workers tend to face greater economic uncertainty with more limited access to social protection. Efforts to improve the effectiveness and transparency of the social security systems, by setting up a wide range of measures and digital tools to promote greater accessibility for citizens, businesses and public administrations and to reduce non-take up are also ongoing.

To promote the well-being of children and increase the labour market participation of women, Member States are providing increased financial support to families with children, increasing the availability of quality and affordable early childhood education and care facilities and widening leave conditions for both men and women. Nonetheless, lack of access to quality and affordable

child, and long-term care, services remains an obstacle to women's employment and the wellbeing of children and dependent adults.

Measures to improve housing conditions, by increasing the supply of affordable and social housing, developing financial assistance mechanisms and supporting the renovation of existing housing stock remain high on reform agendas. However, the demand for affordable and social housing still outstrips the supply and housing conditions for certain households need to be improved in a number of countries.

Reforms in the area of pensions

Pensions are a key source of old-age income and play a critical role in addressing the economic well-being of older people. At the same time, spending on pensions represents the largest component of social protection systems. Pensions have therefore featured prominently in the European Semester from its beginning. The focus of most Council Recommendations is on the fiscal sustainability of pensions systems. Adequacy concerns are flagged in some CSRs, often alongside the sustainability aspect. In the 2019 Semester, 15 Member States received a pension CSR; among these, 14 highlighted sustainability and five highlighted adequacy or fairness issues.

The reviews carried out by SPC show that – given their complexity and the need to involve social partners in the negotiation process - pension reforms are usually implemented in the context of multiannual cycles. A number of Member States continue to implement reforms aimed at containing long-term pension expenditure, by raising pensionable ages to reflect longevity gains, phasing out early retirement pathways and adjusting pension benefits to demographic change. Some reforms also target the role of supplementary pensions in old-age income provision. Projections³⁹ show that past reforms, on average, have helped to stabilise long-term pension expenditure but will result in lower adequacy.

Despite the measures taken, additional efforts will be needed to address the challenges confronted by the pension systems in the reviewed Member States. Although the duration of working life is increasing, not keeping up with the projected life expectancy gains could raise concerns about the long-term sustainability of pension systems and the adequacy of benefits. What is more, raising retirement ages also implies implementing supporting measures, as well as access to high-quality health and social services, that will facilitate older workers remaining longer in work. Workers in non-standard employment and self-employment remain under-protected, undermining both the adequacy and the contribution base of pension systems. Lower income earners in general, as well as women also have less access to supplementary pension schemes. Reversal of necessary pension reforms, which was observed in a few of the reviewed countries, should be avoided.

Reforms in the area of healthcare

³⁹ SPC-EC: *The 2018 Pension Adequacy Report*, Publications Office of the European Union, Luxembourg.

Member States have committed to ensure the effectiveness and sustainability of their healthcare systems and to provide universal access to affordable and high quality healthcare. These are necessary to ensure a healthy and active population, and to promote productivity and economic growth in view of the ageing population in Europe. The recent COVID-19 disease outbreak, which put health systems and public health authorities under extreme pressure, underlined the importance of accessible, resilient, efficient and well-staffed systems.

In the spring of 2020, 17 recommendations in the area of healthcare were reviewed. Sustainability concerns drove eight recommendations; six reflected issues of accessibility, quality and cost-effectiveness; and three called for further investments in curative care, health promotion and disease prevention.

The multilateral review of CSRs implementation showed that the majority of Member States with Council recommendations introduced new measures or strengthened a number of already existing ones, according to the long-term priorities defined in the context of multiannual National Health Strategies. These include reforms in the financial management and the governance of the health system in an effort to improve its performance and accountability, improvements in the efficiency of procurement systems and increased use of generic medicines. Reinforcing primary care, as well as health promotion and disease prevention, play a key role in addressing the challenges at hand. Additional measures to confront the shortage of health professionals and address their uneven distribution in rural areas, to reduce waiting times, to reinforce digital health solutions, to curb informal payments and to provide additional funding, including for the most vulnerable, and better access to the diagnosis and treatment of specific diseases, are among the measures to improve the access and quality of healthcare.

Reforms in the area of long-term care

Driven by population ageing and the need to address the needs of a growing number of older people for quality care, Member States are also making reform efforts to ensure adequate and sustainable long-term care systems. In 2019, eight Member States received CSRs with an increased focus on provision and accessibility, in line with the European Pillar of Social Rights.

The reported measures include testing new solutions for the integrated delivery of long-term care in the home environment, for streamlining care for people with chronic diseases, as well as putting in place unified mechanisms for accessing patients' care needs.

Concerns regarding the provision of formal long-term care services to meet growing needs in light of the ageing population across Europe remain valid. In view of the pressure on the sustainability and functioning of long-term care systems, the SPC recognises the need for an increasingly proactive policy approach, seeking simultaneously to reinforce prevention and foster an efficient, cost-effective care provision, without compromising its quality, accessibility and conditions for independent living.

5.2 Member States' social and employment policy response to challenges posed by the COVID-19 crisis

To reduce the spread of the COVID-19 virus and protect the health and life of their citizens, governments responded to the start of the pandemic in Europe in early March by implementing containment measures with various degrees of restrictions – these included school and workplace closures, limitations on travel and gatherings, and in some cases strict lock-downs, with people allowed to exit their homes only under certain conditions. The containment measures seemed to have helped many countries to keep their outbreaks from accelerating, but the COVID-19 crisis has emphasised pre-existing gaps and brought new and unprecedented challenges, which will have significant and long-lasting effects on the economy, labour markets and social protection and inclusion systems in Europe and the world.

Governments across the EU reacted swiftly to the challenges posed by the crisis with measures to protect employment, income and access to services. An overview of the measures taken in the wake of the crisis is provided in Table 8.

As the COVID-19 pandemic spread across Europe, significant public resources have been dedicated to ensure that hospitals and health care professionals are able to provide intensive care to all who need urgent medical attention.

Governments provided exceptional financial aid for expanding hospital capacity, procuring medical and protective equipment and providing additional payments to frontline staff. Emergency childcare services were organised systemically important professions, such as healthcare, and law-enforcement. Civilian or retired personnel were also called into service. The provision of health information, telemedicine and use of digital health solutions was also stepped up in the wake of the pandemic, to ensure the continuity of health service provision.

Despite the measures taken, organisations representing the service providers, have indicated that ensuring continuity of service provision and access for the most vulnerable has been increasingly difficult during the pandemic, with health, social and care systems being under extreme pressure. Elevated need for protective equipment, inadequate working conditions, reduced staffing levels and lack of volunteers were among the immediate challenges during the first months of the pandemic. In the medium term, it is also expected that the demand for support will increase, due to the release of many patients currently being cared for in hospitals, or to persons residing in institutions being sent back home, resulting in additional pressure on the health sector and on families.

Table 8: Overview of the measures taken by EU Member States in the wake of the Covid-19 crisis

Crisis support measure	AT	BE	BG	CY	CZ	DE	DK	EE	EL	ES	FI	FR	HR	HU	IE	IT	LT	LU	MT	NL	PL	PT	RO	SE	SI	SK		
Immediate measures to limit the spread of the virus (e.g. social distancing and preventive measures at work, provisions for teleworking and remote studying; restricted movement and close-downs)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Measures to mitigate the impact on the healthcare sector (e.g. exceptional aid, expanding hospital capacity and existing services in nursing care, calling civilian or retired personnel into service; additional payment for frontline staff; emergency childcare for systematically important professions; increased use of telemedicine)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Support to businesses (e.g. emergency funding and crisis guarantee funds to provide subsidies and access to loans; deferral of taxes & contributions)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Lay-off prevention measures (e.g. subsidized short-time work; wage subsidies; deferral of payment of social security contributions and taxes; additional flexibility for temporary contracts)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Improved access to unemployment protection, including through:																												
- Simplification of admin procedures, digitalization	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
- Suspension certain eligibility criteria or conditionality	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
- Extension of eligibility to new categories of workers	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Improved adequacy of unemployment benefits, including through																												
- Increased amount in unemployment assistance, special unemployment payment/subsidy	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
- Extension of period for benefit receipt	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Social inclusion measures, including assistance for the most vulnerable:																												
- Increased benefit level or introduction of supplementary (incl. one-off) benefits, or targeted transfers to specific groups	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
- Extended coverage and improved access, including through simplification and digitalization of procedures.	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
- Direct support with household expenses, suspension of loans, guaranteed utilities supply, eviction protection	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
- Support to carers (extra care/parental allowances, special care leaves, access to counselling services)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
- Measures for the elderly (e.g. continued care, assisted living provisions, delivery of food or medical supplies)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
- In kind benefits (meal vouchers, distribution of aid packages provision of free meals for schoolchildren)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Support and care for the Homeless (e.g. distribution of aid packages, mental aid support, expansion of shelters)	x	x														x		x		x		x		x		x		x

Many Member States created emergency crisis guarantee funds and committed to provide support and liquidity to companies and sectors facing disruptions due to the pandemic. **Liquidity support measures** in the form of emergency funding, public guarantee schemes, deferred tax and/or social contribution payments have been established in all Member States. Labour market measures, such as short-time work schemes and other **measures intended to prevent lay-offs**, were also rolled out on an unprecedented scale. In an effort to protect workers and enable a quick resumption of economic activity once the lock-down period ends, guidance for organisational measures (teleworking and increased use of digital technologies; the use of personal protective measures at work) were established in the vast majority of EU countries.

Despite those measures, as the virus spread, a number of companies had to close, or reduce their operations significantly, resulting in many workers being put on temporary unemployment, thus losing (or facing a reduction) in their main source of income. Those who already were without work faced a protracted period of difficulty and the risk of running out of entitlements. Moreover, while in the large majority of European Countries *the insurance function* of social protection works well for workers with stable employment histories, those with unstable or shorter work history (such youth, the self-employed or other non-standard workers) are often significantly less well protected.

Governments across Europe reacted by providing **emergency measures to compensate the loss of income**, as well as to provide relief for payments in housing, mortgages and other household expenses. Several Member States suspended payments of consumer and entrepreneurial loans for a period of time and introduced new low- or interest-free loans to both individuals, as well as small and medium enterprises. In several cases, the new loans are being granted with a certain period of payment suspension. Access to unemployment protection and sickness benefit schemes was also extended to cover **more categories of workers**. Administrative procedures have been simplified and certain eligibility criteria or conditions have been suspended. In many instances, the period for benefit receipt has been extended and/or the amount of assistance increased. Provisions were also made for the extension or renewal of temporary and fixed term contracts. Some Governments granted access to pension plan savings.

At the same time, *the social assistance function* of social protection systems – to reduce poverty by providing resources, either cash or in-kind, to individuals or households with no other means of adequate support – has been put under severe stress. The pandemic has affected severely the **most vulnerable** –the elderly, persons with disabilities, the long-term unemployed, precarious workers or low-income families and individuals, persons experiencing homelessness, Roma and undocumented migrants. For many such persons, access to benefits and services – including primary healthcare and public health information - is often restricted making them more exposed to health risks. Informal workers, including those taking care of the sick or disabled dependents, also remain beyond the scope of most income-support schemes. In addition, as school and childcare facilities were closed as part of the virus confinement measures, many children from low-income families were deprived of free school meals.

To protect the most vulnerable, many governments have taken steps to **scale up** their non-insurance based **social benefit programmes** by making them more widely accessible, and/or more generous. Some countries temporarily waived means testing to expand the coverage to recipients who own some assets, but nevertheless face difficulties in the current situation. Waiting periods to qualify for support were also reduced and application processes simplified. Some countries have suspended job search and other activation requirements. Several countries targeted informal carers by granting extra care allowances and initiating mental health support actions (e.g. telephone hotlines). Provisions for special care leave extensions and allowances, including special leaves for parents with continued payment of wages, were rolled out in a number of countries.

In-kind benefits, such as meal vouchers and guaranteed supply of utilities, were also widely used to support those in need. Efforts to maintain access to services, which has been severely disrupted during the COVID-19 lock-down, have focused on digitalisation of service delivery. In a number of Member States, mortgages were suspended and evictions were banned for the duration of the crisis. Temporary suspensions of consumer or entrepreneurial loans and access to new interest-free loans were also made available. These helped provide much-needed liquidity to those persons and families who needed support to cover current expenses, but own illiquid assets, which make them ineligible to receive cash-benefits. A number of Member States also stepped up their support and care services for the homeless. Measures included expansion of shelters, conversion of night- into day shelters, and distribution of aid packages (food and hygiene products).

The measures taken by the public authorities to help the most vulnerable have been complemented by actions taken by Social Partners and Civil Society Organisations, whose national and local members have been at the forefront of fighting the economic and social consequences of the COVID-19 emergency. Food banks and charitable organisations have been recovering surplus food to assist people in need. Local NGOs and associations were reaching out to migrants, homeless people and Roma to provide reliable information and immediate support. Social and care providers and social economy actors have stepped up their efforts to ensure access and delivery of supplies (grocery, medicines, etc.) and services (including psychological support) to the elderly and people with disabilities or chronic illness. Some further information on the actions of the Social Partners and Civil Society Organisations is included as an annex to this report (Annex 2).

In addition to the national measures and actions, the EU has been coordinating a common European response to reinforce public health sectors and mitigate the socio-economic impact of the crisis. The activation of the General Escape Clause of the Stability and Growth Pact will allow Member States to pursue fiscal policies in line with the need to adequately respond to the crisis. The Coronavirus Response Investment Initiative: CRII (in force since 1 April) and CRII Plus (in force since 24 April) provided flexibility for cohesion policy funds. The new instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) will provide financial assistance to Member States to support short-time work schemes and similar measures to help Member States protect jobs and thus employees and self-employed against the risk of unemployment and loss of income.

In addition to preventing long-lasting economic and social damage, the actions taken at European and national levels also intend to support recovery efforts.

The European Semester Country Specific Recommendations, issued in the spring of 2020, have been successfully adapted to remain relevant under the current crisis. At the same time, the reforms promoted under the previous semester cycle (2019) continue to be essential to address important medium-term structural challenges but which may have to be further adapted in view of the crisis.

The comprehensive Recovery plan, with its new Recovery and Resilience Facility, presented by the European Commission on 27 May aims to harness the full potential of the EU budget to mobilise investment and frontload financial support in the crucial first years of recovery. The proposal consists of a reinforced financial framework for 2021-2027 (amounting to 1.1 Trillion Euro, or 7¾ % of EU GDP) and an emergency 750-Billion Euro European Recovery instrument that would temporarily boost the EU budget with new financing raised on the financial markets. The funds raised will be channelled through EU programmes to underpin the immediate measures needed to protect livelihoods and support the massive recovery and rebuilding efforts needed to get the economy back on its feet and foster sustainable and resilient growth. On 21 July, the European Council agreed a position on the Commission's proposal for a European Recovery Plan. Based on that position, the EU Council Presidency will start negotiations with the Parliament as soon as the Parliament has adopted its position.

VI. Summaries and policy conclusions from the thematic and peer reviews undertaken recently.

Mutual learning and sharing of best practices are important mechanisms to identify and promote effective social policies under the social open method of coordination⁴⁰. In that respect, *in-depth thematic reviews* and *peer reviews* are key SPC tools that provide Member States with an opportunity to engage in multilateral discussions on measures that successfully tackle specific policy challenges in the areas of social protection and social inclusion.

This Chapter provides an overview of the most recent SPC Thematic Reviews (subsection 6.1), an overview of the SPC peer reviews (subsection 6.2) and some additional mutual learning activities (subsection 6.3)

6.1 SPC Thematic Reviews

In the course of 2018 and 2019, the SPC undertook 5 in-depth thematic reviews on different policy challenges within the remit of its work.

The SPC typically dedicates half a day for a thematic review. A steering note and a background paper are circulated before the event. The meeting itself starts with presentations from external speakers (experts, NGOs, or other stakeholders) and case studies drawn from Member States. These and the supporting documents set the stage for the second part of the review, which involves an open exchange among the SPC delegates.

The findings from the most recent reviews are presenting in the pages that follow.

⁴⁰

The SPC uses the social open method of coordination⁴⁰ (social OMC) as its main policy framework. The social OMC is a voluntary process for political cooperation based on agreeing common objectives and measuring progress towards these goals using common indicators. The process also involves close co-operation with stakeholders, including Social Partners and civil society.

Preventing and addressing in-work poverty (November 2019)

This SPC in-depth thematic review aimed at providing Member States with an opportunity to engage in multilateral discussions and exchange on policies and good practices in preventing and addressing in-work poverty, in particular from a social policy perspective. The findings listed below emerged in the discussion.

- The number of workers affected by in-work poverty is substantial and continues to grow in many European countries, despite the recent economic upswing and increase in the number of employed. It is clear, that **being at work does not necessarily protect an individual and his or her household against the risk of poverty**.
- There is **no one-size-fits-all solution** and preventing and tackling in-work poverty requires a **multi-dimensional, multi-stakeholder approach** that encompasses a wide range of policies.
- The Member State Response should be a **part of their comprehensive strategies to combat poverty and social exclusion**. Economic growth which does not address improving people's living conditions and well-being is not sustainable in long-term.
- A **holistic approach** to prevent and tackle in-work poverty, together with mainstreaming its concept into the various policy areas **should be combined with a targeted approach** to the most vulnerable groups, as in-work poverty is significantly higher for certain parts of the population - people working part-time, self-employed or those on temporary contracts, younger, less educated and people from a migrant background, as well as for single parent households and for persons with disabilities.
- From amongst the policy responses available to the Member States, **greater emphasis should be placed to the role of the social protection systems** (for example design of in-work benefits, means-tested social assistance, family and child benefits etc.) as they can also play a positive role. Countries should also ensure that equality and non-discrimination policies are effectively implemented and monitored.
- **Access to enabling services is crucial** too as it may directly help working poor to realize their full earning potential, increase their spending power, and subsequently reduce the risk of being in poverty. Effective and well-targeted vocational training policies, employment activation measures, in particularly access to re-skilling, upskilling and lifelong learning, can reduce in-work poverty by helping working poor to move up towards more skilled and higher paid jobs. Well-designed support in housing, healthcare, long-term care, specialised social services, as well as support to access to essential services (such as transport or energy) can also contribute to ensure prevention or reduction of in-work poverty risk among vulnerable groups.

- **Measures in other areas include** labour market measures, including quality and intensity of work, composition of household, labour market segmentation, minimum wage or taxes and social security contributions.
- The **EU funding potential** can be further exploited with the view to enhance policies and innovations in preventing and tackling in-work poverty in the Member States.
- The **European Pillar of Social Rights** explicitly underlines that 'in-work poverty shall be prevented' and provides a framework for the policies that are key in preventing and addressing poverty of working people and their households. **Equally important is the implementation of the integrated approach to active inclusion**, in particular through the provision of and access to a broad range of services, from education, healthcare, long-term care, childcare, through specialised social services, housing, to essential services, such as transport or energy. This also entails effective targeting and outreach strategies to the working poor.
- The **exchange of learning and good practice among the EU Member States in the context of the Social OMC** remains an **important instrument** to facilitate upward convergence among the countries.
- Proper monitoring in-work poverty remains an important area in social and economic policy making in the EU.

Housing-led enabling social services tackling homelessness and housing exclusion (September 2019)

In line with the policy priorities of the Finnish presidency, in September 2019 the SPC held an in-depth thematic discussion on "*Housing-led enabling social services tackling homelessness and housing exclusion*". The discussion was framed by presentations from European Social Policy Network (ESPN) and the European Federation of National Organisations Working with the Homeless (FEANTSA), who presented key findings from their latest reports, as well as the Czech Republic and Finland, who presented their national practices in the area.

In the ensuing plenary discussion, a number of common findings and challenges emerged, supporting the importance of exchange of best practices and the value of peer learning:

- The drivers of homelessness are complex and often reflect vulnerabilities related to personal circumstances (illness, addiction, family breakdown), structural (indebtedness, joblessness, rising housing costs), or institutional (leaving care or prison) causes. Segregation and discrimination against vulnerable groups also plays a role. Whilst the causes of homelessness are multiple, its determining characteristic is the absence of a suitable housing solution.

- Policies to address homelessness should focus on prevention, re-housing and support (where needed), as well as on tackling the housing situation alongside other barriers to inclusion. This is perceived as more effective than policies and measures that focus on managing homelessness and housing exclusion as a challenge in the short term (i.e. the provision of shelters and emergency accommodation as the predominant focus).
- The need to ensure shelters and emergency accommodation of adequate quality and to all who need them is recognized by the Member States. However, there is a growing awareness that without integrated strategies that cover prevention, re-housing and support in the long term, shelters and emergency accommodation cannot provide proper public policy solutions to homelessness.
- An increasing number of Member States are engaging in the development of such integrated strategies to address the issue of homelessness and housing exclusion. Yet, their development appears to be hindered by a lack of an agreed definition of HHE; insufficient related data collection, monitoring and evaluation; and - as reported in some countries - limited public support and funding available at the local level.
- In several Member States, the provision of financial and housing guidance has proven to be an effective way to prevent evictions. Debt settlement and rapid re-housing, (especially for families with children), supplemented with psychological and social support are identified as cost-effective measures that can significantly reduce the number of forced evictions and the risk of homelessness.
- For people already affected by homelessness and housing exclusion, two broad policy approaches can be distinguished: the 'staircase approach' which involves step-by-step assistance to homeless people through various forms of temporary housing support, up to the point where they are deemed ready to live independently in their own home; and the 'housing first' approach, which prioritizes the provision of stable housing from the start, in combination with enabling care and social support in order to assist the individual in the rehousing process.
- Currently, the staircase model of service provision is dominant in the European Union, with many Member States focused on providing temporary accommodation in response to the rising levels of homelessness. There is, however, growing evidence that housing-first strategies are more beneficial and cost-effective in the long run, as they allow authorities to focus intensive social support on the often-complex social, mental and physical challenges that the individual might face beside homelessness.

Policy recommendations:

Homelessness and housing exclusion are a growing problem that negatively affects the individuals and threatens social cohesion. Efforts to tackle and prevent HHE play an important role in building socially and environmentally sustainable economies promoted, for example, under the Economy of

Well-being approach of the Finnish presidency of the European Union. The following recommendations emerged from the SPC discussion:

- Integrated approaches that combine prevention, rapid access to permanent housing and the provision of enabling support services are recognized as more efficient responses, compared to those, which focus on managing homelessness predominantly through emergency and temporary accommodation and the provision of support for the most basic needs. A minimum provision of temporary accommodation of good quality (e.g. shelters) remains however, an essential part of integrated strategies to respond to emergency situations and ensure a transit accommodation while a permanent re-housing solution is found.
- At national level, the involvement of a wide range of public and private stakeholders, including local and regional authorities, as well as relevant NGOs in the strategies aimed at fighting HHE is essential. The involvement of people affected by HHE in designing the appropriate response is considered a good practice. Strong inter-ministerial, cross-governmental and cross-sectoral collaboration helps to better identify and address the multiple and distinctive needs of the homeless persons. Social security provisions that support independent living are another important factor.
- Since ensuring sufficient funding can be a challenge, sharing of best practices and mutual learning should be developed to support the efficient allocation of funds by promoting effective evidence-based approaches to HHE. Member States and the European Commission should fully exploit the potential of EU structural and investment funds in the fight against homelessness in the context of the new Multiannual Financial Framework.
- At European level, the clarification of the concepts of homelessness and the development of reliable data should be continued. The agreement on coherent EU indicators for the regular monitoring of the progress achieved would be a major step forward towards increasingly ending the HHE challenge. Homelessness should keep a central place of the Social Open Method of Coordination (OMC).
- Building on the strategic links between the European Semester and the European Pillar of Social Rights, the topic of homelessness and housing exclusion is an important issue that should become more visible in the main social and economic policy process of the EU. Tackling the HHE challenge should be taken into consideration by the incoming Commission in the design of a post Europe 2020 strategy and in the framework of the action plan on implementing the European Pillar of Social Rights.
- Homelessness and housing exclusion should also be mainstreamed across relevant sectoral policies such as gender equality, health, disability, child and youth inclusion, migration, free movement.

Addressing Inequalities and Promoting Active Inclusion

(March 2019)

In March 2019, the SPC held an in-depth thematic review on the role of active inclusion strategies to contribute to inclusive growth, with particular focus on adequate income support and on access to quality services. The main findings from the review were:

- The increase in income inequality over the past decade underlines the need to combine effective tax and benefit systems to allow appropriate redistribution with access to various services provided universally or in a personalized manner.
- The active inclusion approach remains a highly relevant policy framework for addressing poverty, social exclusion and inequality. Adequate income support should be combined with access to quality enabling services and inclusive labour markets to support those who can work to enter and advance in the labour market, thus helping them out of poverty. Integrated support should be provided for people who cannot work to ensure a life in dignity and their active participation in the society.
- Social transfers - both in cash and in-kind - play an important role in mitigating income inequalities. Measures to improve the efficiency and effectiveness of Member States' income support programmes can improve the income and general well-being of the most vulnerable, thus addressing inequality. Such measures should address the challenges on adequacy, coverage, take-up and work incentives.
 - Adequate Minimum Income benefits should ensure a decent standard of living, while at the same time supporting activation. They should be set and periodically reviewed through transparent mechanisms. It is important that the process is evidence-based and relies on appropriate social and economic impact assessments.
 - Measures to address the low coverage, especially amongst the most vulnerable are needed. Strategies combining structural measures with individualized support seem to be most effective in enhancing outreach and addressing the multiple needs of people furthest from the labour market. Stigmatization and lack of information negatively influence take up and need to be addressed.
 - The setting up of a benefit withdrawal rate (in case of taking up employment) is important in incentivizing labour market participation and can mitigate long-term dependence on social assistance. Besides monetary incentives, activation measures should be integrated with the provision of social services.
- Service provision should entail personalized support and be implemented in an integrated manner to increase impacts of corresponding service providers. There is no one-size-fits-all solution but different approaches might be effective for ensuring an integrated service provision. Based on the context, initial set-up, or specific target groups, integrated service delivery can be achieved through, for example loose cooperation, formal cooperation of stakeholders or one-stop-shops. A key aspect is that the integrated approach allows for

the delivery of interventions that are best suited with regards to the scope (services needed), time (order of interventions) and follow-up (to avoid revolving doors).

- The success of the active inclusion approach depends on the strong coordination between local, regional, national and EU levels, as well as on the involvement of relevant stakeholders – NGOs, Social Partners and those affected by poverty and social exclusion in the design, implementation and evaluation of the strategies.
- Local authorities, given their responsibility to ensure the well-being of the community members, play an important role in the process of developing and implementing integrated social services. Improving their capacity to identify and provide efficient solutions to complex social needs is an important consideration.
- Enhanced sharing of best practices, exchanges and peer learning are an integral part of the EU social convergence processes. In the area of Minimum income, there is a recognized need to go beyond ad hoc exchanging of information and to develop a common framework and practical guidelines for adequate and effective minimum income schemes supported by a structured dialogue among Member States.

Exchange of views on Access to Healthcare based on the Joint Assessment Framework on Health (November 2018)

To deliver on its treaty-based mandate to monitor the development of social protection policies in Europe, the Social Protection Committee (SPC) developed the Joint Assessment Framework on Health (JAF Health), as an analytical tool for policies within the area of healthcare from a social protection perspective. Based on the extensive material, available in JAF Health, on 28 November 2018 the Committee held an in-depth thematic review dedicated to the subject of "Access to healthcare".

During the meeting, a number of interventions supported the notion that despite the near-universal coverage of health insurance and national health systems in most Members States, health inequalities across regions and socio-economic groups persist in a number of Member States. Many SPC delegates highlighted inadequate resources to meet the health needs of the population as a key challenge. In a number of countries, this contributes to shortages of medical professionals and their uneven distribution across the country; long waiting times (especially for specialist services); and high user charges (including informal payments), which affect particularly the low-income families or other vulnerable groups. Several member states also reported on the challenge of fragmented health insurance providers and highlighted that the existence of parallel health systems might lead to preferential treatment and differentiated access for certain population groups.

Several policy responses were discussed. Those included mobilizing additional financial resources to provide increased incentives for medical staff; efforts to promote healthier habits; focus on prevention and primary care provision; and increased use of electronic services, such as on-line or video consultations. Experience in some Member States also showed that in addition to measures aiming to ensure healthcare access for all, targeted measures are needed to improve the coverage and access for the most vulnerable and socially excluded groups. The integrated delivery of health and social services was identified as particularly effective in addressing groups that face multiple barriers to access to healthcare. It was also highlighted that access to healthcare can be affected by policies beyond the health systems, such as policies related to labour markets, income protection, education and health services.

A wide agreement emerged from the discussion that while each Member State defines its own health policy and the measures required to address health-related challenges, continuous monitoring and dialogue support the design of adequate policy response. To that end, JAF Health proves to be a useful indicator-based tool that supports the monitoring activities of the SPC within the area of healthcare.

Joint key Messages from the Thematic Reviews on 'Social Aspects of Digitalisation' (SPC) and 'Digitalisation and Robotisation of Work' (Employment Committee) (September 2018)

In September 2018, as a follow up to previous work and as part of the priorities of the Austrian Presidency of the Council of the European Union, the SPC held a dedicated review on "Social Aspects of Digitalisation, with focus on Platform work", and EMCO discussed the subject of "Digitalisation and Robotisation of work", with a particular focus on health and care sectors.

The main messages emerging from these discussions are as follows:

- The share of workers in new forms of work is expected to increase in the coming years. Experience so far suggests that the technological evolution has created new products, markets and jobs.
- Technological change contributes to improving safety at work and job quality by automating unhealthy and tedious tasks, as well as by providing greater flexibility. Nevertheless, it also leads to job losses in certain sectors. Therefore, those who are at risk of losing their jobs should be assisted. Public employment services and social protection systems play a key role in supporting workers in their transitions and contributing to social inclusion.
- Low-skilled workers are more likely to suffer job losses. Improving skills and competences is thus important to enable wider participation in the opportunities offered by new forms of work and for promoting an inclusive labour market. However, stated goals on lifelong learning and up- and re-skilling are not currently being achieved. Policies to improve skills-development opportunities for workers, who have no access to training, or limited capacity to seek training outside of working hours, become ever more urgent.

- Robotisation is not necessarily about replacing jobs: it may mean that jobs remain but in a radically different form. This underlines the need for robust labour market intelligence in order to understand changing task profiles. In turn, this will need to feed into our education and training systems, to ensure that our workforce has the right set of skills - with a particular focus on the lower skilled. Member States may also need to look at a more pro-active and preventative approach to Active Labour Market Policies.
- Policy can pro-actively seek to affect the use and uptake of technology. There is a variety of factors affecting whether people accept or reject technological change, and the impact and pace of change can vary greatly. Therefore, there is a need for policy-makers to demonstrate tangible benefits of change and to promote a broader societal discussion about digitalisation and robotisation.
- New forms of employment may offer benefits for those involved and society at large. They may facilitate access to the labour market for a number of groups, among them people that have traditionally been furthest away from the labour market, and thus contribute to social inclusion. They may also offer increased flexibility and opportunities to improve work-life balance. Moreover, they may help in efforts to tackle undeclared work.
- Concurrently, they may also present challenges in areas such as working conditions, precariousness of work, as well as access to, adequacy and sustainability of social protection, which could lead to increased labour market segmentation.
- Member States, and where relevant, social partners should take steps to ensure that platform workers are not put at a disadvantage because of their type of employment. Fair working conditions, adequate wages, work organisation and suitable work-life balance for platform workers should be an objective. Both regulatory and non-regulatory measures should be considered, where appropriate. The large diversity of platform work should also be taken into account when designing a policy response, as there is no one-size-fits-all solution. Where a traditional employer-employee relationship is lacking, thought needs to be given to the question of representation in social dialogue.
- Wherever needed, Member States should take steps to ensure that workers have access to adequate social protection and incentives to participate in the social protection systems. Again, consideration should be given to both regulatory and non-regulatory measures.
- Key factors that determine the access of certain types of jobs to social protection relate to the self-employment status or to the contractual relationship between employer and employee. It is worth noting that platforms differ as to how they define the employment relationships. In this context, there may be a need to adjust relevant laws and regulations, if the existing frameworks prove to be inadequate.
- Bogus self-employment needs to be addressed, taking into account whether workers are genuinely self-employed or not. It may be necessary to develop or refine ways of tracking the work-related transactions and income of platform workers and other atypical workers

in order to ensure the continued adequacy and sustainability of national social protection systems, and to tackle, where possible, unfair competition between companies that contribute to social protection and those that do not.

- The impact of the use of artificial intelligence (AI) on the inclusivity of the labour market is an issue that may require consideration from a number of angles: a number of Public Employment Services (PES) already use machine learning to help with labour market matching; some platforms use ratings and algorithms (which can have bias built-in) to allocate work. These developments may raise issues related with, for example, privacy or discrimination.
- Similarly, the increasing use of robots in sectors such as the health and care sector needs robust governance in order to manage risks and ensure security of those working and interacting with robots.
- Given the potential cross-border nature of platform work cooperation at the EU level is important. This could be helpful in a variety of areas, for instance the portability of social rights across borders and rules about the applicable legislation. Cooperation with platforms based outside of the European Union is also an important aspect to consider. Member states should share experiences and good practices.
- The design of any adequate policy response must be supported by good evidence, comparable and consistent data, particularly concerning platform work. Social partners, civil society organisations and other relevant stakeholders should be included in the design and monitoring of an adequate policy response.

6.2 SPC Peer Reviews

The SPC peer reviews promote mutual learning and exchange of best practices in the policy areas, covered by the SPC. Each peer reviews meeting is hosted by one country which presents a selected good practice (e.g. a programme, policy reform, institutional arrangement) and is attended by experts from the European Commission, peer countries and relevant stakeholders who provide feedback.

In the course of 2018 and 2019, 12 reviews, hosted by 8 countries took place. This subsection provides an overview of the events, while all documents from the reviews, such as the host country discussion papers, peer country commenting papers, presentations, as well as the detailed outcome reports are available on the dedicate SPC peer review website <https://ec.europa.eu/social/main.jsp?catId=1024&langId=en>

Ensuring adequate assistance for those most in need (Minimum Income)

Vilnius (Lithuania), 7-8 February 2019

The purpose of this Peer Review was to discuss the impact of reforms of minimum income benefit systems to improve living conditions and allow for a decent standard of living for those who lack sufficient resources.

The Peer Review built on the related Peer Review in Germany (15 – 16 November 2018) giving the Participating Countries the opportunity to exchange experiences and identify and resolve challenges linked to implementing minimum income schemes that aim to combine the provision of income support, activation measures, and access to services.

The Lithuanian Ministry of Social Security and Labour hosted the event, in which participants from Belgium, Cyprus, Czech Republic, Finland, France, Malta and Romania exchanged lessons learned, as well as good and innovative practices.

Strategies for supporting social inclusion at older age

Berlin (Germany), 23-24 September 2019

This Peer Review discussed projects, measures and strategies for tackling social isolation, loneliness and social exclusion in older age.

Older people experiencing social isolation, loneliness and social exclusion are on the rise across Europe and need coordinated support. The Peer Review compared national, regional and local approaches to develop social inclusion strategies as well as practices, studies and experiences in ten countries.

The German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth hosted experts from Belgium, Cyprus, Czech Republic, France, Hungary, Lithuania, Malta, the

Netherlands and Romania. In addition, representatives of the European Commission and NGOs, and thematic experts put the topic in the wider context of EU policy.

[Access to social assistance and rights for homeless people](#)

Brussels (Belgium), 3-4 October 2019

This Peer Review discussed challenges and good practices in providing adequate social assistance to homeless people despite the lack of a permanent address.

The event focused on the measures put in place by Member States to facilitate the access to minimum income and other welfare benefits to homeless people, on how to better monitor the non-take up rates of homeless people and on how to design measures to improve access to social benefits and reach-out to homeless people.

The Belgian Federal Public Planning Service Social Integration hosted experts from Austria, Cyprus, Czech Republic, Germany, Greece, Hungary, Italy and Romania. In addition, representatives from the European Commission, Belgian and European NGOs as well as international and national experts put the topic in the wider context of EU policy.

[Comprehensive follow-up of low-income families, Oslo \(Norway\)](#)

28-29 November 2019

This peer review explored the challenges and the good practices in providing both a comprehensive follow-up of low-income families and a better coordination of services (the HOLF-model).

Low-income families with children are particularly affected by poverty. According to the latest data in Eurostat, 24.9 % of the children under the age of 18 were still at risk of poverty and social exclusion in 2017 although this number has decreased slightly since its peak at 28.1% in 2012 following the financial crisis (Norway at 16.4% in 2017, increasing from 12 % in 2012).

The starting point of the peer review was the Norwegian HOLF-model, developed to further improve the situation of low-income families. The model focuses on several areas of follow up:

- financial and housing situation of the family
- labour market attachment of parents and
- social inclusion of children.

Furthermore, it includes the introduction of family coordinators and a skills-training programme for social workers.

The Norwegian Ministry of Labour and Social Affairs hosted experts from Austria, Belgium, Cyprus, Czech Republic, Estonia, France, Italy, Romania and Spain. In addition, representatives of the European Commission and NGOs, and thematic experts put the topic in the wider context of EU policy.

Germany's latest reforms of the long-term care system

Berlin (Germany), 11-12 January 2018

Increased longevity, medical advances, shrinking working-age population and changing family patterns mean that Member States of the European Union, while diverse, face a common challenge of growing needs for long-term care. Improving access to quality and affordable long-term care services, in particular to community-based care, provided by adequately qualified professionals, is therefore crucial across Europe.

Germany has responded to these challenges with three 'Long-Term Care Strengthening Acts' that entered into force during the past legislative period from 2015 to 2017. The legislative changes redefine long-term care needs and aim to strengthen community-based care by support and counselling opportunities in municipalities and enhanced support for informal and formal carers.

This Peer Review thus provided an occasion to compare the German reforms to other Member States' policies in the area of long-term care. German stakeholders presented an overview of latest reforms and good practices to other Member States, while these presented their responses to similar challenges. The event focused on the following key areas:

- How to define long-term care needs and how to assess individual care needs;
- How to strengthen long-term care at home and in the community via local counselling and support structures;
- New types of (semi-)residential arrangements;
- A better coordination between health and social care services.

The German Federal Ministry of Health hosted this event and exchanged lessons learned, good and innovative practices with participants from Austria, Bulgaria, Cyprus, the Czech Republic, France, Ireland, Latvia, Lithuania, Malta, Portugal, Slovenia and Spain.

Social business for people with mental health difficulties

Nicosia (Cyprus), 19-20 June 2018

This Peer Review provided guidance on how to promote social enterprises that support people with mental health problems to enter the labour market.

These social economy activities help people with mental health problems to develop and maintain their skills, ideally leading to integration on the open labour market. The Peer Review built on the experience of the Mental Health Services of the Vocational Rehabilitation Unit in Cyprus. It also drew on the relevant experience and outcomes from other European countries. In particular, the development and assessment of social entrepreneurship to integrate people with mental issues into the labour market were considered. The Peer Review also discussed cooperation between social enterprises and mental health professionals and good examples of social enterprises being developed with and for people with mental health problems.

The Vocational Rehabilitation Unit from the Ministry of Health in Cyprus hosted the event and exchanged lessons learned, good and innovative practices with participants from Bulgaria, Croatia, Czech Republic, Finland, Hungary and Latvia.

Homelessness from a child's perspective

Brussels (Belgium), 27-28 June 2018

The peer review in Belgium highlighted the key elements of an effective child homelessness strategy to ensure the well-being and rights of children currently without a home.

The peer review showcased the host country approaches to tackle children's homelessness and allowed the participating Member States to present their experiences as well as exchange national/regional and local policy practices in group discussions. Furthermore, a study visit showed a model community-based care home where children, who have become homeless, are sheltered and cared for.

The Office of Flemish Child's Rights Commissioner hosted the event and exchanged lessons learned, good and innovative practices with participants from Czech Republic, Denmark, Lithuania, Portugal and Romania.

Social inclusion, health and the equalisation of opportunities for young people with disabilities

Zagreb (Croatia), 13-14 September 2018

The objective of the peer review in Croatia is to discuss and share experiences on ways to improve the access, availability and quality of services for young people with disabilities, in particular in the areas of health, education and employment.

Specifically, the peer review investigated which are the key elements to support and ensure equal access to services for young people with disabilities. The peer review also discussed concrete examples on how existing services at local level can become accessible for young people with disabilities. The peer review explored how all relevant actors (policy makers, health professionals, NGOs and service providers) can work together with the common

goal of improving access and providing high-quality access to services. Finally, it analysed which monitoring and evaluation models are designed and put in place in the peer countries.

The Croatian Institute of Public Health hosted the event. Participants from Cyprus, Finland, Malta, the Netherlands and Slovenia exchanged lessons learned regarding good and innovative practices.

Improving reconciliation of work and long-term care,

Berlin (Germany), 24-25 September 2018

In Europe, the bulk of long-term care services is provided by informal carers, often-unpaid family members or friends, supporting people of all ages with a wide range of needs arising from disability, illness or other life situations.

This Peer Review discussed how informal carers could be better supported to reconcile work and care obligations. This will cover the level of eligibility, length and compensation of leave arrangements. Furthermore, it discussed flexible working options, including job-sharing, flexi-time and tele-working. In addition, an investment into new forms of care and the use of technology might support the work-life balance of informal carers.

The Peer Review built on experiences in Germany so far, as well as on experiences and outcomes from other European countries, namely the Czech Republic, Estonia, Ireland, France, Malta, Portugal, Romania and Slovenia, on the development and assessment of support measures for informal carers.

The financial impact of maternity and paternity leave,

Prague (Czechia), 8-9 October 2018

The Peer Review in Prague examined the financial impact of maternity and paternity leave on families and provided a valuable opportunity to discuss and exchange good practices, challenges and lessons learnt.

The aim was to help Member States design more effective policy responses and practical measures to facilitate the reconciliation of work and family life, thus also contributing to a more equal take-up of parental leave and an increase in the labour market participation of women with children.

The Peer Review was hosted by the Czech Ministry of Labour and Social Affairs with peer country representatives from Austria, Croatia, Estonia, Germany, Ireland, Latvia, Lithuania, Luxemburg, Slovak Republic, Slovenia, and Spain

Minimum Income Benefits – securing a life in dignity, enabling access to services and integration into the labour market

Berlin (Germany), 15-16 November 2018

In Germany, minimum income benefits constitute the main instrument for preventing income poverty as the last safety net. They play a major role in the Social Protection System by providing means-tested financial support for those whose basic needs are not covered by other resources.

The level of benefits of the monetary minimum income benefit schemes implemented in Germany are set to guarantee a socio-economic subsistence level which enables recipients to participate in social life. The aim is to enable beneficiaries to live a life in dignity and also to help them to help themselves to overcome their situation of need and reliance on financial aid.

As a result, the purpose of this Peer Review was to discuss challenges related to developing minimum income systems, including determining the subsistence level. A main thematic focus was the basic income support system for jobseekers and more specifically the reforms (Hartz) undertaken in this field between 2002 and 2005 in Germany. The Peer Review looked at how the passive and active benefit system and the organisation and governance of minimum income benefits have been adjusted since then. It has allowed to share experiences between Member States that may face similar challenges, in particular in relation to questions pertaining to the implementation of needs based justice; the effects of the activation approach; the empirical calculation of the sociocultural subsistence level; and the governance of the minimum income systems.

The Federal Ministry of Labour and Social Affairs hosted the event, participants from Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Latvia, Lithuania, Portugal and Slovenia exchanged lessons learned, good and innovative practices.

Furthering quality and flexibility of Early Childhood Education and Care

Copenhagen (Denmark), 13-14 December 2018

The Peer Review explored the challenges and good practices on Early Childhood Education and Care (ECEC) services for all families and children.

The participants discussed the policies set in place to assess and improve the quality of ECEC systems, how the pedagogical aims are set and achieved, as well as how to ensure flexibility of ECEC facilities for working families. The participants also reflected on what could be learned from the Danish experience and from other countries.

The Peer Review was hosted by the Danish Ministry of Children and Social Affairs with peer country representatives from Bulgaria, Cyprus, France, Germany, Luxembourg and Malta.

6.3 SPC Peer Reviews Additional Mutual Learning Activities, organized through the Social Protection Committee

6.3.1. Workshops on Access to Social Protection

The European Commission's Directorate-General for Employment, Social Affairs and Inclusion organised a series of four mutual learning events with the purpose to discuss and exchange experiences and to contribute to the implementation of the principles set out in the Council Recommendation on access to social protection for workers and self-employed as well as the European Pillar of Social Rights.

The Mutual Learning Workshops are organised on the key provisions of the Recommendation and envisage being a source of inspiration and emulation for all Member States, social partners and other stakeholders. Further, the purpose is to:

- Review academic and operational evidence on the topic in question;
- Identify good practices and success factors;
- Map current gaps and assess recent reforms; and
- Identify possible avenues for reforms and list specific policy recommendations.

Each workshop focuses on one of the key dimensions of the Recommendation on Access to social protection. Ahead of each workshop, a thematic paper is delivered. Both the thematic paper and the outcome report are available online.

1st workshop: extending formal coverage (Brussels, 29-30 October 2019)

The workshop reviewed recent reforms aiming at extending coverage to previously uncovered groups. A key conclusion of the workshop was that a mandatory approach remains central for social protection, while a voluntary approach is applied in a residual way.

2nd workshop: Ensuring effective coverage – reviewing time and income thresholds (Brussels, 14-15 January 2020)

The Recommendation is an invitation to review entitlements and eligibility conditions and to check that they are proportionate, coherent, and neutral regarding labour market status. A key conclusion is that, as labour market evolves, Member States may need to adapt and reconsider the entitlements conditions.

3rd workshop: Ensuring proportionate contributions, assessing income, avoiding loopholes (25-26 June 2020)

Given the travel restrictions related to the COVID-19 pandemic, this workshop was organised as a virtual event. It consisted of a mix of pre-recorded academic and country cases presentations, as well as short interactive online sessions.

A key issue, for both the adequacy of benefits and the financing of social protection, is the income base used to calculate contributions and benefits. When assessing the income base for the self-employed, Member States are faced with three key challenges: 1) the self-employed declare their own income; 2) this income is fluctuating and 3) difficult to define and capture for social security purposes. For non-standard work, the main challenge is how to assess accurately the income base for contributions, when work is performed for multiple employers.

Member States' aim at achieving a balance between the principles of adequacy, proportionality and equivalence (between contributions and entitlements), redistribution and sustainability. Several country cases were discussed, including removing exemptions for marginal and non-standard work, charging higher financial duties for work forms that have a higher incidence of social risks (such as unemployment or work accidents), or introducing a "bonus" minimum level of pensions for those who have contributed more than 30 years to the system.

4th workshop: Transparency and transferability 29-30 September (online event tbc)

The last workshop will take place on 29-30 September, and will focus on the transparency and transferability dimensions of Social Protection. This fourth workshop will close the first series of mutual learning workshops on Access to social protection.

6.3.2. Structured dialogue on minimum income schemes

A series of meetings has been launched in the field on minimum incomes, based on the findings of consecutive peer reviews on the topic in 2018-19. The meetings enabled the exchange of experiences linked to minimum income schemes with the aim to contribute to the implementation of Principle 14 of the European Pillar of Social Rights.

Specific aspects of the design of minimum income schemes and their implementation in a structured format have been explored, and interaction and mutual learning among public authorities has been facilitated. Three events took place in 2019-2020, resulting in topical discussions on various practices and methodologies for benefit settings (in July 2019, in Greece) and the complementarity of minimum income schemes with in-work and in-kind benefits and services, as well as taxation (in November 2019, in Malta). The third event was held in July 2020, in a virtual format, focusing on the responses of Member States to the COVID-19 crisis, concerning means tested social assistance schemes.

Information collected via the SPC-ISG and EMCO-IG on take up of short time work schemes or similar measures and of other emergency measures aimed at supporting the self-employed and households

Table 9: Recipients of income support payments for the self-employed

		BE	CA	DE	IE	IT	LV	LU	MT	NL	AT	PL	SI	SK	FI			
Scheme name/type	Overnemingsstrocht/ Draht passenelle	Compensatory bonus: Self-employed (tax deduction as one-off support to partners in very small businesses (Itel))	Compensatory bonus: Ltd (tax deduction as one-off support to self-employed persons)	Pandemic Unemployment Payment (available to employees and self-employed who lost their job from March 13 due to COVID-19 pandemic) Numbers provided here refer to the self-employed.	Allowance for self-employed workers	Allowance for idle time for self-employed	1st support for self-employed	Self-employed support	Tozo - Number of subsidies (paid to households of 1 or 2 self-employed)	Annex A	Annex B	Income support payments to the self-employed (hardship fund - Härtefallfonds) conducted by natural persons not hiring employees	Income support payments to the self-employed for a micro-entrepreneur, including self-employed persons - persons referred to natural persons not hiring employees if the business activity is maintained for 3 months	Self-employed persons whose sales decreased by at least 20% or had to close their operations on the basis of a decision of the Public Health Authority	Self-employed receiving unemployment benefit including persons who have no other income	Self-employed persons whose sales decreased by at least 20% or had to close their operations on the basis of a decision of the Public Health Authority	Self-employed receiving unemployment benefit including persons who have no other income	
	January																	
	February																	
2020	March	388.607	536.636	39.101	49.984	3.283.478	1.455					10.348	8.662	210.601	53.321	50.622	39.487	10.538
	April	405.233			1.338.979	115.041	3.283.478	2.025							46.579	12.037	8.443	
	May	370.473	380.281	40.199	1.681.109	113.422	1.197	2.516	3.719	9.936	1.512	179.000	119.827	70.535	884.183	47.387	32.583	7.324
	June	110.076			1.856.174	78.463		1.292				81.061	85.809	596.408				31.517
	July				1.868.609	51.531						57.917	72.786	162.690				31.554
																	30.281	

Table 10: Recipients of sickness benefits schemes to protect workers and self-employed in quarantine and "caring benefits"

		BE	CZ	EE	IE	LV	LT	LU	MT	SK	FI	SE			
		Attendance	Attendance for Self Employed Benefits compensating the loss of income of employees caused by the need to take care of their children or care-dependent people)	Temporary financial support to parents of children with special needs (enfajadusega lapsed vanema erakorraline toetus)	Sickness benefit (paid if you cannot work because you are sick or ill)	Congé pour raisons familiales CPFR ("caring benefit")	Covid Disability Benefit	Covid Medical Benefit	Covid Parent Benefit	Nursing Benefit	Sickness Benefit	Sickness allowance on account of an infectious disease, without	Temporary financial assistance due to an epidemic outbreak	Compensation of qualifying deduction in sickness benefit	Changes in temporary parental benefit for caring of sick child
		Corona parental leave													
Year	Month	Number of benefits paid out each month													
2020	January			47.744						122.322		14.101		12	
	February			47.133						127.773		13.769		7	
	March			60.000		53.002		44.128		312		136.445		65	
	April	132.076		59.000		292		54.326		35.879		334		1.239	
	May	36.889		217.338		45.000		1104		52.243		1135		36.655	
	June			291.008				1140		49.251		429		15.004	
	July													3.214	
														242	

Table 11: Further income support measures for households and individuals

Country	CZ	FR	IE	IT	LV			LT			
					Pandemic Unemployment Payment (available to employees and self-employed who lost their job from March 13 due to the COVID-19 (Coronavirus) pandemic. Numbers here cover both.)	Allowance for seasonal workers in the sector of tourism and thermal baths	Allowance for workers in the entertainment industry	Allowance for on-call workers, seasonal workers of other sectors than tourism and thermal baths, casual workers, door-to-door sellers	Unemployment assistance benefit	Assistance benefit for idle time	Supplement to allowance for the idle time
Extraordinary Emergency Assistance for people in material need in situations that have to be resolved immediately due to Covid-19.)	Exceptional solidarity aid (aide exceptionnelle de solidarité (AES)) allowance for young people under 25 (not for students)	Exceptional solidarity aid (aide exceptionnelle de solidarité (AES)) allowance for young people under 25 (not for students)	Allowance for seasonal workers in the sector of tourism and thermal baths	Allowance for fixed-term employees in agriculture	Allowance for workers in the entertainment industry	Allowance for on-call workers, seasonal workers of other sectors than tourism and thermal baths, casual workers, door-to-door sellers	Unemployment assistance benefit	Assistance benefit for idle time	Supplement to allowance for the idle time	Supplement to assistance benefit or the idle time	Crisis benefit
Year	Number of households receiving	Number of recipients	Number of recipients	Number of recipients	Number of recipients	Number of recipients	Number of recipients	Number of recipients	Number of recipients	Number of recipients	Number of recipients
2020	January									412	
	February									421	
	March	18	283.129	215.846	555.439	39.635	60.992			391	
	April	341	590.976	215.846	555.439	39.635	60.992	4.298	3.606		
	May	506	4,100,000	579,410			60.992	901	7,022	9,672	684
	June	354		438,933				2,018	4,481	8,838	366
	July			286,850						75,332	

Country	LU	MT	PL	SI	SK
Scheme name/type	2nd support of 5000 EUR	Reimbursable advance	15zb - Co-financing of part of employee remuneration costs and social security contributions	15ze - Co-financing of persons employed by non-governmental organisations and entities referred to in Act on Public Benefit and Volunteer Work	15g - Co-financing of part of the employee remuneration costs and social security contributions
Year	Month	Number of recipients	Number of recipients	Number of recipients	Number of recipients
	January				
	February				
	March		157		
	April	6189	1046	982	29.153
	May	6932	624	1.794	325
	June			356.333	4.741
	July		0	1.872	441.665
2020				0	191.272
				349.722	354.653
				4.724	4.724
				354.653	354.653
				1.188	1.188

Notes: For NL, 7500 subsidies were granted in June under the TOFA scheme (income support for flexible workers). For LT, in June it is estimated that about 512 thousand children were covered by the lump sum benefit.

SPPM dashboard methodology

The Council endorsed on 4 October 2012 the main features of a new instrument, proposed by the Social Protection Committee (SPC), called the "Social Protection Performance Monitor" (SPPM) aimed at contributing to strengthening the monitoring of the social situation and the development of social protection policies in the EU, according to the Treaty mandate (art. 160 of TFEU) of the SPC to work in this area. One key element of this is a dashboard of key social indicators.

What is the objective?

The objective of the SPPM dashboard is to identify annual "social trends to watch" and "positive recent social trends" in the EU, common to several Member States, which can stimulate in-depth review and targeted multilateral surveillance. Given the objective of the dashboard, the focus is on both most recent changes and changes in comparison to 2008, as the base year for monitoring progress for the social aspects of the European 2020 Strategy.

What is the basis of the SPPM dashboard?

The SPPM makes use of the EU portfolio of social indicators⁴¹, recognizing effectively the importance of the overarching portfolio as a summary set/first tier of indicators to be used for monitoring the major social trends in EU countries across the relevant social policy areas.

How are trends identified?

The indicators are monitored mainly on the basis of evolutions. In order to assess the statistical significance of the year-to-year changes and the changes in comparison to the reference year 2008, use is made of accuracy estimates, developed by Eurostat in cooperation with the Second Network for the analysis of EU-SILC (Net-SILC 2, an EU funded network consisting of a group of institutions and researchers conducting analysis using EU-SILC). For certain of the indicators in the dashboard further work to produce estimates of the significance of net changes is ongoing. Where such estimates are not yet available, specific tentative criteria have been agreed, awaiting further statistical developments. In addition to the checks for statistical significance of changes, in March 2018 the SPC ISG and the Employment Committee's Indicators Group agreed on a common methodology to apply to assess the substantive significance of changes⁴² (a second criterion of substantive significance is applied in parallel to the statistical significance checks to avoid flagging up very small changes in the indicator). The current situation regarding the statistical and substantive significance rules applied for each SPPM indicator is summarised in the following table.

⁴¹ <http://ec.europa.eu/social/BlobServlet?docId=14239&langId=en>

⁴² This consists of setting thresholds based on the historical variability in the distribution of each indicator rather than using a rule-of-thumb approach. This allows for tailoring of the checks for substantive changes with regard to the historical volatility of the different indicators. Common parameter values to use for the cut-off point for outliers in the distribution and the significance threshold for the remaining distribution have been agreed - a 7.5% cut-off value for outliers and a threshold of 1 Standard Deviation for flagging up significant changes.

Table 12: Summary table of the current statistical and substantive significance rules applied for the SPPM indicators

Indicator	Significance thresholds used			
	change 2016-2017*		change 2008-2017*	
	Statistical	Substantive	Statistical	Substantive
At risk of poverty or social exclusion (in %)	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
At-risk-of-poverty rate (in %)	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
At-risk-of-poverty threshold for a single person household (in national currency, adjusted for HICP)	>+5%	EMPL estimates based on variability of series	>+5%	EMPL estimates based on variability of series
Severe material deprivation rate (in %)	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
Population living in (quasi-)jobless (i.e. very low work intensity) households (in %)	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
Relative median at-risk-of-poverty gap (in %)	>+1pp	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Persistent at-risk-of-poverty rate (in %)	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
Material and social deprivation	Estat estimates	EMPL estimates based on variability of series	n.a.	n.a.
Income quantile ratio (S80/S20)	Estat estimates	EMPL estimates based on variability of series	>+5%	EMPL estimates based on variability of series
Children at risk of poverty or social exclusion (in %)	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
Impact of social transfers (excluding pensions) on poverty reduction (in %)	>+5%	EMPL estimates based on variability of series	>+5%	EMPL estimates based on variability of series
At-risk-of-poverty rate for the population living in (quasi-) jobless households (in %)	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
In-work at-risk-of-poverty rate (in %)	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Long-term unemployment rate (in %)	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Early school leavers (in %)	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Youth unemployment ratio (15-24)	>+1pp	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
NEET (15-24)	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Employment rate for older workers (55-64), in %	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
At risk of poverty or social exclusion rate for the elderly (65+), in %	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
Median relative income ratio of elderly people	Estat estimates	EMPL estimates based on variability of series	>+5%	EMPL estimates based on variability of series
Aggregate replacement ratio	Estat estimates	EMPL estimates based on variability of series	>+5%	EMPL estimates based on variability of series
Self-reported unmet need for medical care	>+1pp	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Healthy life years at 65 - males	n.a.	n.a.	>+5%	EMPL estimates based on variability of series
Healthy life years at 65 - females	n.a.	n.a.	>+5%	EMPL estimates based on variability of series
At risk of poverty or social exclusion rate for persons with disabilities (in %)	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Housing cost overburden rate	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Real change in gross household disposable income (in %)	-	EMPL estimates based on variability of series	-	EMPL estimates based on variability of series

Notes:

i) The method used to estimate the statistical significance of the net changes, based on regression and developed by Net-SILC2 (an EU funded network consisting of a group of institutions and researchers conducting analysis using EU-SILC) is still under improvement; ii) Substantive changes are assessed with regard to the historical volatility of the different indicators using common parameters of a 7.5% cut-off value for outliers and a threshold of one Standard Deviation for flagging up significant changes.. * For LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64) the reference periods are 2017-2018 and 2008-2018.

A trend needs to be evident in a certain number of Member States in order to qualify as a "social trend to watch" or a "positive recent social trend." The general criterion of at least around 1/3 of Member States is used in order to ensure that there is a significant basis for conclusions. However,

a certain level of flexibility is kept and if a strong trend is evident in a smaller number of countries or this is the case for a specific group of countries, it could still be considered as a "trend to watch" or a "positive trend."

How are the SPPM results used?

The SPPM results are presented in the SPC annual report and are endorsed by the EPSCO Council. On the basis of the identified social trends to watch, the SPC may undertake thematic in-depth reviews where drivers and policy solutions for the identified challenges are discussed among Member States.

SPPM methodology used for the identification of Member States' key social challenges and good social outcomes

Introduction

SPPM Country Profiles are presented as an annex to the SPC Annual Report. For all Member States, Country Profiles provide, among other elements of analysis, a summary table giving an overview of the key social challenges (KSCs) and good social outcomes (GSOs) identified for each country.

This appendix describes the methodology established by the SPC Indicators' sub-group (ISG) to identify each Member States' KSCs and GSOs. The results of this process are compiled at the end of each Country Profile in the form of summary tables. As they constitute part of the Country Profile, their content will contribute to shape the Key Messages of the SPC for the October EPSCO as concerns the social policy priorities for the Annual Sustainable Growth Strategy.

Scope of the exercise

The assessment of KSCs and GSOs included in the SPPM Country Profiles broadly reflects the structure of the Joint Assessment Framework (JAF) Policy Area 11 – *Poverty and Social Exclusion*, to which selected indicators from the JAF module on Health have been added to make the indicators' framework more exhaustive.

The summary table is therefore divided in five policy areas:

1. Preventing poverty and social exclusion through inclusive labour markets, adequate and sustainable social protection and high quality services
2. Breaking the intergenerational transmission of poverty – tackling child poverty
3. Active inclusion – tackling poverty in working age
4. Elderly poverty/adequate income and living conditions of the elderly
5. Health and long-term care

Each policy area is further broken down into sub-categories that cluster a number of more granular metrics and specific areas which have been agreed with the SPC-ISG, as indicated in the table at the end of this appendix.

Methodology

The identification of the key social challenges and good social outcomes follows a "two-step" methodology, which foresees the use of both quantitative and qualitative sources of information, in this order⁴³.

- The quantitative step of the exercise is based on an assessment of levels⁴⁴ and three-year changes⁴⁵ in relation to the EU average for selected JAF indicators. In the JAF methodology, the values of each indicator are standardised, in order to put different indicators on the same scale and compare them to the EU28 average.

The standardised scores for levels (1) and changes (2) are calculated as follows:

(1) Standardised score indicator $x =$

$[(\text{value of indicator } x - \text{EU average of } x) / \text{standard deviation across EU MS of } x] * 10$

(2) Standardised 3-year change score indicator $x =$

$[(\text{3-year change value of indicator } x - \text{3-year change of EU average of } x) / \text{standard deviation of 3-year changes across EU MS of } x] * 10$

Standardised scores for changes should be interpreted as relative changes with respect to the EU average⁴⁶.

The SPC-ISG agreed to develop a scale that sets five performance bands based on the following standardised scores' intervals/thresholds:

- ➔ (-7; +7): the performance of an indicator is classified as *around the EU average (0) for levels and constant (0) for changes*;
- ➔ (-7; -13 or +7; +13): the performance of an indicator is classified as *better (+) / worse (-) than the EU average for levels, and registering a positive (+) / negative (-) development for changes*, depending on the polarity of the indicator;
- ➔ (< -13 or > +13): the performance of an indicator is classified as *significantly better (++) / significantly worse (--) than the EU average for levels, and registering a significantly positive (++) / significantly negative (--) development for changes*, always depending on the polarity of the indicator.

⁴³ The methodology is analogous to the one set in place for the identification of key employment challenges (KECs) and good labour market outcomes (GLMOs) in the context of the Employment Performance Monitor (EPM) by the EMCO Committee.

⁴⁴ The latest year available for EU28 – e.g. the SPC Annual Report 2017 looks at 2015 data for levels.

⁴⁵ From [latest year available for EU28 – 3 years] to [latest year available for EU28] - e.g. the SPC Annual Report 2017 looks at 2012-2015 data for changes.

⁴⁶ E.g. there may be cases in which a 3-year positive change in absolute values can correspond to a relative negative change of the standardised score.

The identification of KSCs and GSOs takes into account both levels and changes as reflected in the following 5 x 5 two-way table below:

		Changes				
		"--"	"-"	"0"	"+"	"++"
Levels	"--"	KSC	KSC	KSC	KSC	KSC
	"-"	KSC	KSC	KSC	KSC	KSC
	"0"	KSC	KSC			
	"+"	KSC				GSO
	"++"			GSO	GSO	GSO

When a break in the time series of an indicator is flagged for a country, the assessment of changes over the three-year time span might not be reliable. In this case, the identification of KSCs and GSOs is based on the identification of levels of performance only - changes over the three-year time span affected by the break in the time series are therefore assumed to be constant (0) as per the reading of the two-way table above.

- The second, qualitative step of the assessment is based on a wider set of (*non-JAF based*) information, taking into account expert knowledge from country analysts and the findings of the relevant literature. This step aims at qualifying the findings and deepening the understanding of the challenges identified by the first-step quantitative screening. Qualitative data available from verified sources (e.g. OECD Reports, European Commission Country Reports) are used by country analysts to complement the identification of KSCs and GSOs with additional country-specific evidence and to prioritise the key issues based on their impact and relevance in the national context.

The non-JAF based challenges stemming from the results of the second-step analysis are identified in a transparent manner and presented during the consultation phase on the basis of a reasoned assessment detailed by the Commission as per the table below:

<i>Description of the challenge</i>
<i>Reasoning, including reference to data (not already included in JAF) when available</i>
<i>Data sources</i>
<i>Additional background information</i>

The draft country-specific sets of KSCs and GSOs (both JAF-based and non JAF-based) are checked with SPC and ISG delegates via written procedure, followed by bilateral clarifications if needed, as a last step in the process of finalisation of the SPC Country Profiles.

Social Policy areas covered by the assessment and subcategories⁴⁷

Social policy area		Subcategory
1. Preventing poverty and social exclusion through inclusive labour markets, adequate and sustainable social protection and high quality services	1.1	At-risk-of-poverty-or-social-exclusion rate (AROPE) and material and social deprivation rate for the general population
		AROPE components
	1.1.1	At-risk-of-poverty
	1.1.2	Severe material deprivation
	1.1.3	(Quasi-)jobless households (VLWI)
		Material and social deprivation
	1.1.4	Material and social deprivation rate
	1.2	Inequality for the general population (Income inequality S80/S20, Interquintile income share ratio S80/S50, Interquintile income share ratio S50/S20)
	1.3	Effectiveness of social benefits for the general population (Impact of social transfers [other than pensions] in reducing poverty, Impact of social transfers [including pensions] in reducing poverty, At-risk of poverty rate for people living in (quasi-)jobless households, Poverty gap, Persistent at-risk-of-poverty rate)
	1.4	Housing situation for the general population (Housing cost overburden, Housing deprivation)
	1.5	Poverty and social exclusion of persons in vulnerable situations
	1.5.1	<i>Poverty and social exclusion of persons with disabilities</i>
	1.5.2	<i>Poverty and social exclusion of Roma</i>
	1.5.3	<i>Poverty and social exclusion of migrants and refugees</i>
	1.6	Regional dimension of poverty and social exclusion
	1.7	Affordable/social housing
2. Breaking the intergenerational transmission of poverty – tackling child poverty	2.1	At-risk-of-poverty-or-social-exclusion rate (AROPE) and material and social deprivation rate for children
		AROPE components
	2.1.1	At-risk-of-poverty
	2.1.2	Severe material deprivation
	2.1.3	(Quasi-)jobless households (VLWI)

⁴⁷ Elements written in roman are based on an assessment of JAF-based information.
Elements written in *italics* are based on an assessment of non-JAF based information.

	Material and social deprivation
2.1.4	Material and social deprivation rate
2.2	Effectiveness of social protection for children (Impact of social transfers [excluding pensions] in reducing child poverty, Impact of social transfers [including pensions] in reducing child poverty, At-risk-of-poverty rate for children living in households at work [0.2<WI<=0.55 and 0.55<WI<=1], Poverty gap)
2.3	Housing situation for children (Housing cost overburden, Housing deprivation)
2.4	Equal opportunities for children from disadvantaged backgrounds
3.1.	At-risk-of-poverty-or-social-exclusion rate (AROPE) and material and social deprivation rate for the working age population
	AROPE components
3.1.1.	At-risk-of-poverty
3.1.2.	Severe material deprivation
3.1.3.	(Quasi-)jobless households (VLWI)
	Material and social deprivation
3.1.4	Material and social deprivation rate
3.2	Effectiveness of social benefits for the working age population (Impact of social transfers [excluding pensions] in reducing working age poverty risk, Impact of social transfers [including pensions] in reducing working age poverty risk, Poverty gap, At-risk-of-poverty rate for population living in (quasi-)jobless households, <i>Adequacy, coverage and take-up of social assistance or unemployment benefits</i>)
3.3	Effectiveness of social services
3.4	Inclusive labour markets (In work poverty, Long-term unemployment, At-risk-of-poverty rate for population living in low-work intensity households)
3.5	Housing situation for the working age population (Housing cost overburden, Housing deprivation)
3.6	Gaps in access to social protection
4.1.	At-risk-of-poverty-or-social-exclusion rate (AROPE) and material and social deprivation rate in old age
	AROPE components
4.1.1	At-risk-of-poverty
4.1.2	Severe material deprivation
	Material and social deprivation
3.1.4	Material and social deprivation rate

	4.2	Effectiveness of social protection in old age
	4.2.1	Poverty prevention (Impact of social transfers [including pensions] on reducing old-age poverty risk, Poverty gap)
	4.2.2.	Income replacement (Aggregate replacement ratio [excluding other social benefits], Median relative income)
	4.3	<i>Equal pension rules</i>
	4.4	<i>Pension adequacy</i>⁴⁸
	4.5	Housing situation for the elderly (Housing deprivation, Housing cost overburden)
	5.1	Health status (Life expectancy at birth and 65, Healthy life years at birth and 65, Child mortality)
	5.2	Effectiveness of curative or preventive health care (Potential years of life lost, Treatable mortality standardized rate, Preventable mortality standardized rate, Vaccination coverage rates for children)
	5.3	Access to health care (Self-reported unmet need for medical care [total and by reason: cost, waiting time, distance], Self-reported unmet need for medical care – income quintile gap [q1-q5 by the three reasons: cost + waiting time + distance])
	5.4	<i>Cost-effectiveness of health systems</i>
	5.5	<i>Long-term care</i>

⁴⁸ Includes issues linked to pension adequacy that are not covered by the JAF-based sub-categories

Definitions and data sources

Indicator	Definition	Data source
At risk of poverty or social exclusion rate	The sum of persons who are: at risk of poverty and/or severely materially deprived and/or living in (quasi-)jobless households (i.e. with very low work intensity) as a share of the total population.	Eurostat – EU SILC
At-risk-of-poverty rate	Share of persons aged 0+ with an equivalised disposable income below 60% of the national equivalised median income. Equivalised median income is defined as the household's total disposable income divided by its "equivalent size", to take account of the size and composition of the household, and is attributed to each household member. Equivalisation is made on the basis of the OECD modified scale. This relative measure of poverty is also referred to as "income poverty".	Eurostat – EU SILC
Severe material deprivation rate	Share of population living in households unable to afford at least 4 items out of the following 9 items: i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, or could not afford (even if wanted to) vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone.	Eurostat – EU SILC
Material deprivation rate	Share of population living in households unable to afford at least 3 items out of the following 9 items: i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, or could not afford (even if wanted to) vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone.	Eurostat – EU SILC
Share of population(0-59) in (quasi-)jobless, i.e. very low work intensity (VLWI), households	People aged 0-59, living in households, where working-age adults (18-59) work 20% or less of their total work potential during the past year.	Eurostat – EU SILC
Relative poverty risk gap rate	Difference between the median equivalised income of persons aged 0+ below the at-risk-of poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of poverty threshold.	Eurostat – EU SILC

Persistent at-risk-of-poverty rate	Share of persons aged 0+ with an equivalised disposable income below the at-risk-of-poverty threshold in the current year and in at least two of the preceding three years.	Eurostat – EU SILC
Material and social deprivation rate	Share of people in the total population unable to afford at least five items out of the following 13 deprivation items: Household items 1. face unexpected expenses; 2. afford one week annual holiday away from home; 3. avoid arrears (in mortgage, rent, utility bills and/or hire purchase instalments); 4. afford a meal with meat, chicken or fish or vegetarian equivalent every second day; 5. afford keeping their home adequately warm; 6. have access to a car/van for personal use; and 7. replace worn-out furniture. Personal items 8. replace worn-out clothes with some new ones; 9. have two pairs of properly fitting shoes; 10. spend a small amount of money each week on him/herself ("pocket money"); 11. have regular leisure activities; 12. get together with friends/family for a drink/meal at least once a month; 13. have an internet connection.	Eurostat – EU SILC
Income quintile ratio S80/S20	The ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (lowest quintile). Income must be understood as equivalised disposable income.	Eurostat – EU SILC
At risk of poverty or social exclusion rate of children	The sum of children (0-17) who are: at risk of poverty and/or severely materially deprived and/or living in (quasi-)jobless households (i.e. households with very low work intensity (below 20%) as a share of the total population aged 0-17.	Eurostat – EU SILC
Impact of social transfers (excluding pensions) on poverty risk reduction	Reduction in the at-risk-of-poverty rate in % due to cash social transfers, calculated as the percentage difference between the at-risk-of-poverty rate before and after social transfers	Eurostat – EU SILC
At-risk-of-poverty rate for the population living in (quasi-)jobless (i.e. very low work intensity) households	Share of persons aged (0-59) with an equivalised disposable income below 60% of the national equivalised median income who live in households where working-age adults (18-59) worked 20% or less of their total work potential during the past year.	Eurostat – EU SILC
In-work at-risk-of-poverty rate	Individuals (18-64) who are classified as employed according to their most frequent activity status and are at risk of poverty. The distinction is made between "wage and salary employment plus self-employment" and "wage and salary	Eurostat – EU SILC

	employment" only.	
Long-term unemployment rate (active population, 15+)	Total long-term unemployed population (≥ 12 months' unemployment; ILO definition) as a proportion of total active population.	Eurostat – LFS
Youth unemployment ratio	Total unemployed young people (ILO definition), 15-24 years, as a share of total population in the same age group (i.e. persons aged 15-24 who were without work during the reference week, were currently available for work and were either actively seeking work in the past four weeks or had already found a job to start within the next three months as a percentage of the total population in the same age group).	Eurostat – LFS
Early leavers from education and training	Share of persons aged 18 to 24 who have only lower secondary education (their highest level of education or training attained is 0, 1 or 2 according to the 1997 International Standard Classification of Education – ISCED 97) and have not received education or training in the four weeks preceding the survey.	Eurostat – LFS
NEETs (15-24)	Share of young people aged 15-24 not in employment, education or training	Eurostat – LFS
Employment rate of older workers	Persons in employment in age group 55-64, as a proportion of total population in the same age group.	Eurostat – LFS
At risk of poverty or social exclusion rate of the elderly	The sum of elderly (65+) who are: at risk of poverty and/or severely materially deprived and/or living in (quasi-)jobless households (i.e. with very low work intensity) as a share of the total population in the same age group.	Eurostat – EU SILC
Median relative income ratio of elderly people	Median equivalised disposable income of people aged 65+ as a ratio of income of people aged 0-64.	Eurostat – EU SILC
Aggregate replacement ratio	Median individual gross pension income of 65-74 relative to median individual gross earnings of 50-59, excluding other social benefits ⁴⁹	Eurostat – EU SILC
Share of the population with self-reported unmet need for medical care	Total self-reported unmet need for medical examination for the following three reasons: financial barriers + waiting times + too far to travel.	Eurostat – EU SILC
Healthy life years at 65	Number of years that a person at 65 is still expected to live in	Eurostat

⁴⁹ Pension income covers pensions from public old-age pension schemes, means-tested welfare schemes, early retirement and survivor's benefits and other old age-related schemes. Other social benefits include unemployment-related benefits, family-related benefits, benefits relating to sickness or invalidity, education-related allowances, and any other personal social benefits. Work income includes income from wage and salary employment and income from self-employment.

	a healthy condition. To be interpreted jointly with life expectancy (included in the SPPM contextual information).	
At risk of poverty or social exclusion rate for persons with disabilities (16+)	The sum of persons with disabilities who are: at risk of poverty and/or severely materially deprived and/or living in households with very low work intensity as a share of the total population of persons with disabilities. Here the reference population is persons aged 16+ with moderate or severe disabilities, based on the Global Activity Limitation Indicator (GALI) approach (i.e. persons who report either moderate or severe health-related activity limitations).	Eurostat – EU SILC
Housing cost overburden rate	Percentage of the population living in a household where total housing costs (net of housing allowances) represent more than 40% of the total disposable household income (net of housing allowances).	Eurostat – EU SILC
Change in real gross household disposable income (GDHI)	Real growth in gross household disposable income (GDHI). Real GDHI is calculated as nominal GDHI divided by the deflator of household final consumption expenditure.	Eurostat - National accounts

Definition of the in-work at-risk-of-poverty rate

Individuals who are classified as employed, defined here as being in work for over half of the year and who are at risk of poverty, i.e. live with an equivalised disposable income after social transfers below 60% of the national median equivalised disposable income.

In defining in-work poverty risk, the income for people who are employed is for the total household income, but the poverty status is assigned to the individual. This means that in-work poverty risk, when measured, is influenced by both the total disposable income (including non-wage income) of the household and the household composition. The assumption of equal sharing of resources within households (giving the so-called equivalised income) that underlies the definition of poverty risk means that the economic well-being of individuals depends on the total resources contributed by all members of the households. In this respect, some income can move from one household member to the other without affecting the actual income of the individual. Hence, measuring attachment to the labour market at the level of households provides a better indicator of the welfare implications associated with labour market status than individual employment rates.

Income/disposable income

Household income comes from different sources. Employment is generally the main source of income but it is not the only one. Individuals may receive transfers from the state (e.g. unemployment benefits, pensions, etc.); property income (e.g. dividends from financial assets, etc.); and income from other sources (e.g. rental income from property or from the sale of property or goods, etc.).

Employed

In EU SILC, people are defined as employed based on the self-declared economic status.

Working full year/less than full year

Working full year corresponds to working during the total number of months for which information on the activity status has been provided. Less than full year corresponds to working for more than half, but less than all, the numbers of the months for which information on activity status is provided.

Annex 1. SPPM Country Profiles

(See separate annex)

Annex 2. Actions of the European Social Partners and Civil Society Organisations

(See separate annex)