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JOINT REPORT ON SOCIAL PROTECTION AND SOCIAL INCLUSION 2010

European Commission

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Joint Report on Social Protection and Social Inclusion 2010

European Commission

Directorate General for Employment, Social Affairs and Equal Opportunities
Units E2 and E4

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KEY MESSAGES

Firm policy intervention and the automatic stabilizers embedded in European welfare systems have limited the economic and social impact of the worst recession in decades. However, the human cost of the crisis is difficult to evaluate fully as yet. The impact on labour markets and on the population, notably the most vulnerable, is still unfolding. Investing in regular monitoring of social trends and enhancing social statistics is crucial for designing early and effective policy responses and assessing their impact.

The crisis has highlighted great diversity within the EU. Its scope, magnitude and effects vary as does the capacity of national welfare systems to provide adequate protection. *Not all Member States have the financial means to meet rising demand and some have large gaps in their safety nets. Narrowing these gaps is now a priority.*

At the same time, the need to contain the rise in public spending calls for enhancing the quality of intervention, and in some cases setting clear priorities. *This means more effective and efficient social inclusion and social protection, in line with the principles of access for all, adequacy and sustainability.*

Unemployment may remain high for some time, with risks of long-term exclusion. Fighting unemployment and promoting inclusive labour markets should go hand in hand. With recovery underway, policies need to prepare people to grasp job opportunities, promote quality jobs and avoid long-term dependency. *Balanced active inclusion strategies, combining adequate income support, access to the labour market and to social services, can reconcile the goals of fighting poverty, increasing labour market participation, and enhancing efficiency of social spending.*

Renewed attention should be paid to old and new forms of poverty and exclusion, in ageing and rapidly changing societies, opened to globalisation and population flows. *Preventing and tackling poverty, child poverty in particular, is crucial to prepare Europe for the future, avoiding a waste of the human potential, of both women and men.*

The crisis has aggravated poverty in its multiple aspects, for instance housing exclusion. Over the last decade, affordability, homelessness, social and housing polarisation and new forms of housing deprivation have been an increasing concern for public policy, which in this field often lacks adequate information and evaluation systems. *Integrated strategies to address housing exclusion and homelessness have an important role to play in post-crisis policies, with a view to build cohesive and environmentally sustainable societies.*

Economic distress undermines mental and physical health and threatens to deepen health inequalities. The impact of the crisis will vary with the initial health situations and the capacities of Member States to address the challenges. *Increasing demand coupled with severe budget pressure gives new urgency to the efficiency of health care systems. The challenge is to improve efficiency while ensuring access for all to quality healthcare.*

Pensioners have been relatively little affected so far, although cuts in payments in some countries with high poverty rates among the elderly are a cause of concern. *Still, the crisis and lower growth prospects are likely to impact on all types of pension schemes and aggravate the ageing challenge.* As pensions increasingly depend on life-time earnings-related contributions, pension adequacy will depend on the ability of labour markets to deliver opportunities for longer and more complete contributory careers.

A marked shift towards funded provision brings forward some of the costs of future pensions in an ageing society. It also increases the exposure of pension systems to financial markets. *Variations in the ability of funded schemes to weather the crisis show that differences in design, regulation and investment strategy matter.* Better balancing security for savers and affordability against potential gains and losses will be important.

The crisis has emphasised the added value of policy co-ordination through the Open Method of Coordination on Social Protection and Social Inclusion (Social OMC) and provided further incentive to reinforce and exploit its potential fully. The joint monitoring of the social impact of the crisis has emphasized the value of mutual learning and exchange of good practice. It has increased awareness and helped facing common challenges.

Drawing on the lessons of the crisis and of ten years of the Lisbon strategy, there will be a need to foster sustainable growth along with job creation and social cohesion and systematically assess progress of social outcomes, including gender equality. The European Year 2010 for combating poverty and social exclusion offers a timely opportunity to strongly reaffirm the commitment, made by the EU ten years ago, for a decisive impact on the eradication of poverty and social exclusion. This commitment could be further strengthened by evidence-based national target-setting.

REPORT

1. INTRODUCTION

Strong policy intervention and automatic stabilisers played a major role in mitigating the social consequences of the crisis. However, the full impact of the crisis on people is yet to be faced. The Commission forecasts that **unemployment** could exceed 10% in 2010, with social expenditure rising from 27.5% to 30.8% of GDP between 2007 and 2010.

With 5 million more unemployed than at the outset of the crisis, income has dropped for many households, exposing them to poverty and over indebtedness, and some have lost their homes. Migrants, younger and older workers, and those on temporary contracts, especially women, were affected early on, but unemployment is touching other categories, hitherto fairly safe. Unemployment rates may stay high for some time, with the attendant **risks of long-term unemployment and exclusion**.

The nature, size and effects of the crisis differ within EU. Unemployment rose from 2.7% to 3.9% in one country and from 6.0% to 20.9% in another. Also, Member States started with different social situations. In 2008, **at-risk-of poverty rates** ranged from 9% to 26%. The coverage and level of support provided by social protection also varied across countries and social groups. Public perceptions echo these disparities: in June 09 while the majority felt the crisis had increased poverty, those who sensed a profound impact ranged from 10% to 69%.

Policy responses also vary in scale and emphasis. The Commission estimates that **spending on discretionary measures** varies from less than 1% of GDP in some countries to more than 3.5% in others. The Commission forecasts that between 2007 and 2010 social spending will rise, by less than 1 pp in three countries and up to 6 pp or more in another four.

Member States used the **European Social Funds** to enhance support to the unemployed, to keep workers in employment and to help the most vulnerable facing structural barriers to labour market integration. They used flexibility in the ESF adjusting operational programmes, modifying them where necessary, and used the simplifications proposed by the Commission to improve the effectiveness of the fund. ESF programmes also provide financial support for long-term EU social inclusion objectives, underpinning the recovery and social cohesion.

The crisis emphasises the need to support citizens at a time of major budget constraint. This highlights the EU agenda for **more effective and efficient social inclusion and social protection,** pursuing access for all, adequacy and sustainability; which is a long term concern of the Social OMC. Short-term responses should be consistent with structural reforms needed to modernise social policy, prevent lasting damage to the economy and society and prepare for long-term challenges, such as ageing.

2. EFFECTIVE AND EFFICIENT SOCIAL INCLUSION POLICIES IN AND AFTER THE CRISIS

Unemployment in the EU is now at 9.1%, and could reach 10.3% in 2010. The rate is more than double for **young workers** (20.7%) and **migrants** (19.1%). The loss of earnings affects all family members, and especially **children and other dependants**. **Young people** are also affected by the lack of job opportunities. The maturing of pensions systems has helped reduce

poverty risks for the **elderly** in many countries. However, the crisis threatens the development of adequate pensions where elderly poverty remains very high.

The crisis is also likely to affect **those furthest from the labour market**, either inactive or long-term unemployed. Even beforehand, the low skilled, people with disabilities or mental health problems, migrant – particularly women - had limited access to training and other enabling services. Recent efforts to boost employability for all may be undermined by lack of jobs and increased pressure on training and employment services.

Maintaining decent living standards for all is both crucial to ensure that people live in dignity, and to sustain their employability and learning capacity. Overall, most Europeans can rely on some of the most **effective safety nets** in the world. However, there are gaps.

The effectiveness of **unemployment benefits** vary greatly depending on the coverage, duration, conditionality and replacement rate of the benefits. Young workers with short contributory records and some of the self-employed may not be entitled to unemployment benefits, while workers on part-time or temporary contracts often receive lower benefits than other workers.

Reforms to **strengthen work incentives** have tightened eligibility criteria, or reduced the level or duration of entitlements. Together with a greater emphasis on **activation measures**, these reforms contributed to a reduction in long-term unemployment. However, they have not always reduced **long-term welfare dependency**. In addition, even though several Member States prolonged benefit duration and relaxed eligibility rules in response to the crisis, the pressure on **last-resort schemes** has started to increase, as unemployment benefits run out for more and more people. This underlines the need to prepare comprehensive exit strategies based on **active inclusion principles**.

The coverage and adequacy of **minimum income provisions** vary greatly across EU. In most countries, social assistance alone is not sufficient to lift people out of poverty, but in general it reduces its intensity. Recent efforts to modernise social assistance have focused on financial incentives to work; but, the lack of clear mechanisms to up-rate minimum incomes has in some instances led to **deterioration in benefit adequacy** over time. In all countries, **non-take-up** significantly affects the effectiveness of the schemes, though to various degrees. Complex rules, lack of information, discretionary assessment, administrative errors and fear of stigma are some of the multiple reasons that explain non-take up. There is therefore room for increasing the effectiveness and efficiency of minimum income schemes.

Adequate income support is crucial for people in time of need, but policies must also help them to participate in the labour market. Both spending and participation in **active labour market measures, including life long learning**, have improved overall in recent years. However, more needs to be done to ensure that all are reached, including the low skilled, the young and the elderly, lone parents and those returning from caring breaks, migrants and ethnic minorities, and people with disabilities. Experience shows that long-term unemployment and inactivity tend to persist long after recovery. Modern social security policies are an important tool to prevent people moving on to long-term sickness and disability benefits, or early retirement schemes.

Adequate and individualised **social and employment services** are also essential to overcome structural barriers to participation in the labour market and in society. The personal, family and social hurdles people face need to be addressed by quality social and health services. It is

of particular importance to improve the reconciliation of work and family-life. Supporting children and families is investing in a sustainable future for Europe.

3. HOMELESSNESS AND HOUSING EXCLUSION

Shortage of adequate housing is a long-standing problem in most European countries. Over the last decade, worsening affordability, homelessness, social and housing polarisation and new forms of housing deprivation have been an increasing concern for public policy. With the crisis and rise in unemployment, some countries report more **defaults on housing loans** and **repossessions.** Low incomes and high costs are also responsible for increased **evictions**. Member States have reacted with measures to protect mortgage holders, strengthen income support and improve the supply of social and public housing. In some cases, targeted measures have been introduced, such as accommodation for the homeless and plans for energy efficiency.

The **cost and quality of housing** is key to living standards and well-being. 38% of people at-risk of poverty spend more than 40% of their disposable income on housing – more than twice the average for the overall population (19%)**.** They also tend to face worse housing conditions than the rest of the population with over 27% in overcrowded accommodation (EU average of 15%) and 38% suffering from at least one housing deprivation problem (against 22%). Recent national data on **rough sleepers** and on **people without accommodation** give a mixed picture, but show that the situation has worsened in a number of countries. Proper assessment of the problem, which also includes people living in insecure and inadequate accommodation, awaits a common EU agreed methodology.

Almost all Member States identify homelessness and housing exclusion as a concern and have adopted **national or local strategies** that help to raise awareness, improve policy coordination and implementation, and identify resources. However, housing strategies face multiple challenges. The sharing of responsibility for policy and delivery between national and local authorities, service providers and NGOs is often complex. The most successful strategies display **effective governance** with strong co-operation between all involved. There is also a need for thorough **information and evaluation.** Recently adopted EU indicators on housing costs and deprivation are important, but accurate and consistent data on homelessness is still lacking in most Member States. Strategies are generally made more effective with **targets** such as on the prevention of homelessness; a reduction in its duration; targeting the most severe homelessness; the improvement of the quality of services for homeless people or on the supply of affordable housing.

The causes of housing exclusion, often compounded, can be structural (joblessness, poverty or lack of adequate and affordable housing), personal (family breakdown, illness), institutional (leaving care or prison) or linked to discrimination. Policies also need to adapt to changing patterns of homelessness, and to new risk groups, such as people with low-paid, poor quality or intermittent jobs, including the young and migrant and mobile workers.

Tackling housing exclusion and homelessness therefore requires **integrated policies** combining **financial support to individuals, effective regulation and quality social services,** including housing, employment, health and welfare services. More attention needs to be paid to the quality standards of social services and the specific obstacles the homeless face in accessing them.

Social and public housing are a key element in housing policies, and often the main solution for homelessness. However, excess demand is widespread. In several cases, this is due to a policy shift towards private housing. The quality of housing stocks remains a challenge despite efforts to improve standards. The EU structural funds, in particular the ERDF, could play an important role in the convergence regions. Concentrations of housing exclusion and homelessness can only be addressed through housing and urban regeneration programmes to promote sustainable communities and social mix.

Strategies to address housing exclusion and homelessness have an important role in building socially and environmentally sustainable economies, and they should be an integral part of post-crisis strategies.

4. IMPROVING THE EFFECTIVENESS AND EFFICIENCY OF HEALTHCARE SPENDING UNDER AGGRAVATED CONDITIONS AND TIGHTER BUDGET CONSTRAINTS

Data on the **health impacts of the crisis** are still sparse, but experience shows that downturns increase risks to mental and physical health and that negative effects can emerge over time. Health status is influenced by the extent and duration of economic and social deterioration. Indirect effects may come as budget constraints make it difficult to respond to rising healthcare needs.

A sudden increase in insecurity is a stress factor affecting the population at large. Job uncertainty, restructuring and long-term unemployment significantly affect mental health, are linked to suicide, alcohol and drug abuse, increase the risk of cardiovascular disease and impacts on mortality. Moreover, lower household income can delay and inhibit recourse to care. This underlines the need to promote labour market inclusion in order to prevent health risks.

The pattern of health impacts across the EU is likely to vary with the depth of the downturn and with the strength of the health sector and welfare policies. Some of the Member States most affected by the crisis are also among those where the relative health situation is worst and social and health policies least developed. Differences are aggravated by **policy responses**. While some recovery packages include extra health spending, others have had to cut health budgets. Countries with lower overall health conditions and higher health inequalities also have less equity in access to care, and spend least on it. Budget pressure apart, these countries may not be investing enough to secure the health of their populations. In these countries, higher and more effective health care spending will be needed, including through greater promotion and prevention.

Large and widening **health inequalities *within* Member States** show that not all have benefited equally from the economic progress that delivers better health. Avoidable mortality and morbidity are a drain on society, reducing employment, productivity and growth, while increasing pressure on health budgets. Redressing health inequalities calls for attention to the social determinants of health in all policies, effective healthcare delivery, and a re-examination of priorities. Reducing **health inequalities *between* Member States** requires greater consideration of health impacts in the use of structural funds and all European policies.

In the face of increasing needs and tight budgets improving **effectiveness and efficiency** take on a new urgency. Public budgets in most Member States are likely to be pressed for years, calling for prioritisation, effectiveness and efficiency. Health expenditure is significant,

averaging some 9% of GDP and ranging from 5% to 11%. Spending broadly correlates with GDP per capita but actual expenditure is driven by a complex set of factors. Key structural drivers include new technologies, rising expectations, population ageing and the increase in unhealthy behaviours.

The design, organisation and implementation of health care bears closely on the **cost/benefit ratio**, and similar levels of spending can lead to different outcomes. This suggests potential gains within the sector, as well as through improvement of the social determinants of health. Differences between schemes in terms of expenditure and relative prices prompt questions about financing and delivery structures and policy priorities (e.g. prevention versus treatment). The health sector also holds great potential for job creation, vital to strategies for returning to sustainable growth and employment. Along with long-term care it accounts for nearly 10% of total employment, and with population ageing demand for health and social services will grow.

5. LONGER TERM IMPLICATIONS OF THE FINANCIAL AND ECONOMIC CRISIS FOR PENSION SYSTEMS

Pensioners have been relatively little affected so far, cushioned by steady incomes and low inflation and thanks to improvements in minimum pensions in recent years. People retiring now or in the near future are unlikely to be strongly affected, with exceptions in a few Member States. This is because the bulk of pensioner income stems from public **pay-as-you-go** schemes which are quite resilient to short-term cyclical fluctuations even though they will come under increasing pressure as lower employment reduces contributions and the tax base. Moreover, in the few countries where retirement income from funded schemes is important, pensions in payment tend to be of defined-benefit type where the investment risk is borne by the scheme and not by the individual. In a few Member States cuts in already moderate benefits are a concern as poverty rates of older people were already high.

However, as pension systems and their economic context are changing, the longer-term implications of the crisis could, if not sufficiently addressed, be rather more serious for **future pensioners.**

The crisis has exposed the vulnerability of **funded schemes** to volatility in financial markets and highlighted the need for policymakers, regulators and supervisors to promote more prudent management of people's retirement savings thus finding a balanced way of reaping the advantages of funded schemes. The large range in the losses incurred, and the even greater variation in capacities to absorb the shock, highlight that differences in pension fund designs and investment strategies matter.

From the variation in impacts across the Union, important lessons can be drawn about how funded schemes can be improved and **a better balance** for pension savers **be struck between security, affordability and returns**. Accordingly, a new agenda is emerging for changes to funded designs and for speedy completion of the unfinished parts of the new mandatory schemes (e.g. concerning more secure default options, life-styling, charge capping, rules for annuitisation and the pay-out phase). Achieving this will be an important part of rebuilding public confidence in funded pensions. The crisis has, furthermore, underlined how pension funds will have to be included in measures to stabilise financial markets. The need for **better regulation** would also have a European dimension.

Importantly, the longer-term challenge of **ageing** has been put into sharper focus. The balance between adequacy and sustainability - the object of a decade of pension reforms - is under further pressure from the financial and economic crisis. Increased employment rates for older

workers and women must now be defended against rising unemployment. Recovery packages have secured the ground for economic growth, but they have also reduced the hard-won public finance improvements intended to provide room for extra expenditure to address ageing. This lost ground will have to be regained.

Future pensioners are likely to be more exposed to the fluctuations of financial and labour markets. The importance of funded provision, especially of the defined contribution type where investments risks are typically borne by pension savers, is set to increase markedly. Pensions from pay-as-you-go schemes will, likewise, increasingly be based on life-time earnings-related contributions, and on present trends only those with very long careers and largely unbroken contributory records will obtain rights to a full (maximum) pension. This trend will have a particularly strong impact on women. Adequacy will not just depend on the ability of workers to respond positively to the new work incentives in pension systems. It will also be contingent on the ability of labour markets to deliver sufficient opportunities for **longer and less broken careers**.

The reform measures introduced by most Member States to ensure more sustainable pension systems represent a very important step but need to be broadened to ensure provision of adequate pension benefits. Attaining this will require that people work more and longer. Apart from pension reforms, this would entail further measures to boost labour market performance and a wider range of sources for retirement income.

In collaboration with the EPC, the SPC intends to re-assess the advances of the last decade of pension reforms in the light of crisis setbacks and the accentuated challenges of securing adequate and sustainable pensions in a context of lower growth and accelerating ageing.

6. GOVERNANCE

Since of the onset of the crisis, the Commission and the SPC have engaged in a **joint monitoring of the social impact of the crisis**, highlighting emerging social problems and new policy measures. This exercise was presented to the Council and entailed **in-depth examination of specific social policy challenges,** such as minimum income schemes and funded pensions. It has provided new opportunities for **mutual learning** and **exchange of good practice** and increased awareness and understanding of common challenges.

The need to react swiftly to the crisis has led many Member States to reinforce their capacity to detect social problems and intensify cooperation among social and institutional actors. They have **enlarged their knowledge base** on the social impact of the crisis, using administrative data or specific monitoring tools, including new surveys. Steps were taken to improve the timeliness of EU social surveys.

Countries with established **governance arrangements and practices** have benefited from the engagement and mobilisation of stakeholders. Social partners have often played a key role in designing and implementing short term labour market measures to maintain people in jobs. Local authorities and NGOs across Europe had to meet increased demand for social benefits and services while often seeing their own revenue squeezed. Cooperation and coordination among these actors has been a valuable asset.

In September 2009, the SPC adopted a **Report** – "*Growth Jobs and Social Progress*" – showing that in the last decade, the benefits of growth have not been evenly distributed and that poverty and social exclusion remain a major issue in most EU countries, although with

substantial differences across Europe. This calls for a systematic assessment of progress on social outcomes, including gender equality. To this end, reinforcing the Social OMC by increasing its effectiveness and visibility is essential.

The **European Year 2010 for combating poverty and social exclusion** will help to generate new impetus by raising awareness, reinforcing partnerships and reaching out to new actors. It should lead the EU to strongly reaffirm the commitment made ten years ago to make a decisive impact on the eradication of poverty and social exclusion.

SUPPORTING DOCUMENT

SEC(2010)98

1. SCOPE AND OUTLINE OF THE REPORT

This supporting document was prepared by the Commission services to accompany the 2010 Joint Report on Social Protection and Social Inclusion [Commission proposal: COM(2010) xx]. It provides an assessment of the social situation in the 27 Member States, with special emphasis on the impacts of the economic crisis and Member States' responses to it. Against this background, and in addition to more general topical discourse, specific aspects of social protection and social exclusion of long-standing concern are explored; the sustainability and adequacy of pensions; homelessness and housing exclusion; and the effectiveness and efficiency of healthcare spending.

As this was not a year for formal cyclical reporting by Member States on Social Protection and Social Inclusion, the document draws largely upon material and analysis produced for the Social Open Method of Coordination (Social OMC) under the aegis of the Social Protection Committee (SPC). In 2009, the SPC carried out important work to improve understanding of the context and nature of the policies and reforms that will be needed for successful recovery leading to a sustainable and inclusive social market economy. In the spring and autumn, two reports reviewed the social impact of the crisis and the policy responses of the Member States. The report on *Growth, Jobs and Social Progress* looked back at ten years of the Lisbon Strategy and sought to draw lessons on how the social dimension of the strategy for 2020 could be strengthened (see box at the end of chapter 2). Learning from the experience of Member States in past downturns, the report also points to the long-term challenges that will accompany recovery. Member States' specific reporting on their strategies to fight homelessness and housing exclusion brings a timely focus on a key dimension of social exclusion that has become more acute in the crisis. The SPC adopted a new update of the report on theoretical replacement rates of future pensions. The health chapter is based on previous Joint Reports in this area as well as WHO and OECD work (including the 2008 Joint EC/OECD conference on improving the efficiency of health systems). It also draws on recent Czech presidency conferences on this topic and the 2007 Luxembourg seminar on the rational use of resources in the health sector.

There is a detailed table of contents, but in summary the report is organised as follows. Section 2 contains an overview of the social situation in the Member States, including the effects of the crisis. It considers the importance of social protection and the need to preserve adequate but sustainable protection. It also looks at public perceptions of poverty and separately considers pensions, healthcare and long-term care. Section 3 surveys Member States' policy responses to the crisis and looks at the need for strong policies for inclusion, activation, social services, and minimum incomes both during and beyond the crisis. Section 4 covers the role of the European Social Fund and the European Globalisation Adjustment Fund. Section 5 considers homelessness and housing exclusion in more depth. Finally, section 6 looks at healthcare expenditure section 7 the sustainability and adequacy of pensions; and section 8 matters of governance.

2. THE SOCIAL SITUATION IN THE EU-27

2.1. The social impact of the crisis

As the EU was been hit by the most severe global recession in decades, strong policy intervention has focused on recovery with automatic stabilisers playing a major role in

absorbing the shock and in mitigating the economic and social consequences of the crisis. However, the human costs of the crisis are difficult to evaluate fully as yet. Despite the prospect of economic recovery, the full impact of the crisis on labour markets and public finances is still unfolding and there are risks of jobless recovery.

2.1.1. Forecast 2009-2010

The latest economic forecast published by the Commission on 3 November 2009 points to the first signs of economic recovery. The dramatic fall in EU GDP has come to an end. GDP in the European Union is projected to fall by 4.1% in 2009 and to grow again by 0.7% in 2010 and 1.6% in 2011. However, the full impact of the crisis on labour markets and public finances is still to emerge. Looking ahead, employment is expected to contract by about 2.3% in 2009 and by a further 1.2% in 2010, resulting in nearly 8 million job losses over the two years, in contrast to the net job creation of 9½ million during 2006-2008. Unemployment is likely to reach 10.3% in 2010, and social expenditure may rise from 27.5% to 30.8% of GDP between 2007 and 2010.

Public finances have also been hit hard. The total EU government deficit is projected to triple this year (from 2.3% of GDP in 2008 to 6.9% in 2009) and to rise further in 2010 to 7.5%. This deterioration follows in part from the working of automatic stabilisers, not least on the revenue side and from the discretionary measures taken to support the economy.

The scope, magnitude and effects of the crisis vary greatly among the EU Member States. According to the Commission forecast, all Member States but Poland (+1.2% in 2009) will experience a fall in GDP in 2009, with estimates ranging from -18% in Latvia and Lithuania to -0.7% in Cyprus. Gradual recovery is expected for 2010, as GDP growth is expected to turn positive again in two thirds of the EU countries. Among the five largest EU economies, real GDP is expected to contract this year by about -5% in Germany, -4.7% in Italy, -4.6% in the United Kingdom, -3.7% in Spain, and -2.2% in France. Of these countries, Germany, France, Italy and the UK are expected to return to positive growth in 2010.

2.1.2. Labour market trends

At EU level, employment growth has come to a standstill, with the employment rate contracting in the second quarter of 2009 to reach 64.8% in the EU-27 as against 66% one year before. Unemployment rates increased from 6.7% in March 2008 to reach 9.5% in November 2009 and could go up to 10.3% in 2010 if policies and labour market behaviour remain unchanged.

At national level, the impact of the crisis varies greatly. Between the second quarter of 2008 and the second quarter of 2009 employment contracted in most EU countries. It fell considerably – by 4pp or more – in Ireland, Spain and the three Baltic States, but remained stable in Germany, Luxembourg, the Netherlands and Poland.

In some Member States, the rise in unemployment has been especially stark. In Spain it reached 19.4% in November 2009, as against 9.5% in March 08. During the same period it also more than doubled in Ireland (12.9% as against 5.2%), in Estonia (15.2% as against 4%), Lithuania (14.6% as against 4.3%) and Latvia (22.3% as against 6.1%).

Some categories of workers have been particularly hit by the crisis, including the young, the low skilled, employees on temporary contracts, EU mobile workers, migrants and the elderly. Youth unemployment rate reached 21.4% in the EU27 in November 2009 compared with

14.7% at the end of 2007. Since the start of the crisis, the unemployment rate of non-EU workers grew faster than for other workers and reached 18.18.9% in the third quarter of 2009, as against 13.6% one year before.

Data available from a few Member States show that the number of workers with **flexible working time arrangements** varies greatly across countries. In Belgium, 185 000 workers were on reduced time in August 2009 as against 120 000 one year before. In Ireland the number of workers on reduced working time rose from 20 880 in Q3 2007 to 89 250 in Q3 2009. In Austria, similar schemes covered 62 000 workers in June 2009, up from 8 800 in December 2008 (falling to below 40 000 workers in September 2009). In Bulgaria, 20 000 workers have come under a similar scheme since its launch in January 2009. In **Germany**, short-time working was dramatically expanded to cover more than **1.4 million in June 2009**, compared with 50 000 one year before. The results of such differences in scope and magnitude can be seen in the differences in the impact of large GDP drops on unemployment. In Germany, in particular, the significant drop in GDP led only to a moderate increase in unemployment (from 7.2% in August 2008 to 7.6% in November 2009). Luxembourg also notes that the sustained promotion of part time work arrangements may have contained the growth in unemployment rates observed in the last quarter of 2008 and limited the number of unemployed.

2.1.3. Take-up of benefits

The direct impact of the recession is apparent in the growing number of unemployment benefit recipients during 2008 and into the third quarter of 2009. The crisis has had no clear impact on the percentage of older workers claiming early retirement benefits, apart from upward trends reported in May 2009 in LT, PL and EL.

Table 2.1a: Countries that have reported significant increases in <u>unemployment benefits</u> claimant since the outset of the crisis

AT: +32.6% between 09-08 and 09-09	ES: +46% between 08-08 and 08-09
BE: +7.6% between 08-08 and 08-09	IE: +80% between 09-08 and 09-09
BG: +27.8% between 07-08 and 07-09	FR: +18% between 07-08 and 07-09
CZ: +80% between 08-08 and 08-09	LV: + 98.7% between 12-08 and 09-09
DK: +85% between Q4-08 and Q2-09	LT: +216% between 09-08 and 09-09
DE: +6% between 09-08 and 09-09	LU: +37% between 08-08 and 08-09
EE: +188% between 08-08 and 08-09	

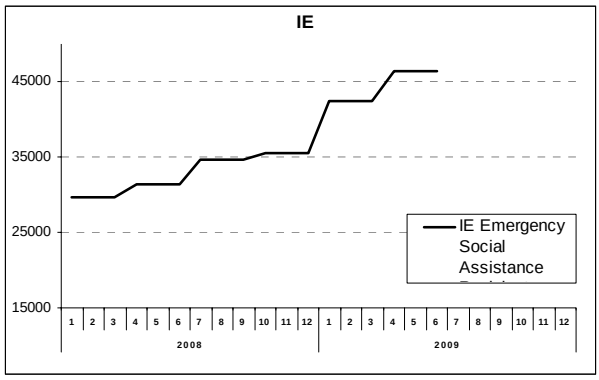
Source: SPC/ISG questionnaire on the social impact of the crisis

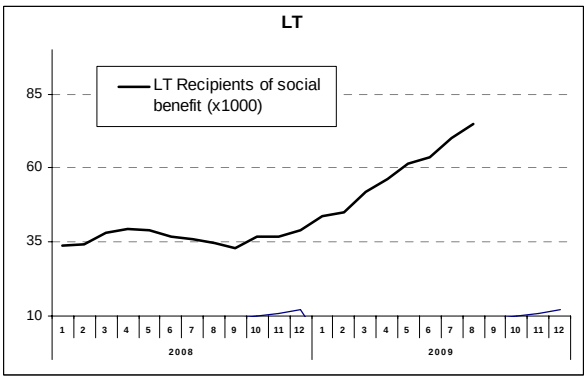
The impact in terms of social assistance claimants became clear in the second and third quarters of 2009 (See Table 2.1b). The pressure on last-resort schemes depends both on how early the crisis hit the different countries, and on the varying coverage and duration of unemployment schemes. Claimant numbers continued to increase in the countries first hit or most affected by the crisis. Pressure on last resort schemes has also started increasing significantly (by more than 10%) in another five countries. In Denmark and Slovakia, this

surge followed a period of strong decline. In Hungary, Poland[1], and the UK the percentage dropped slightly.

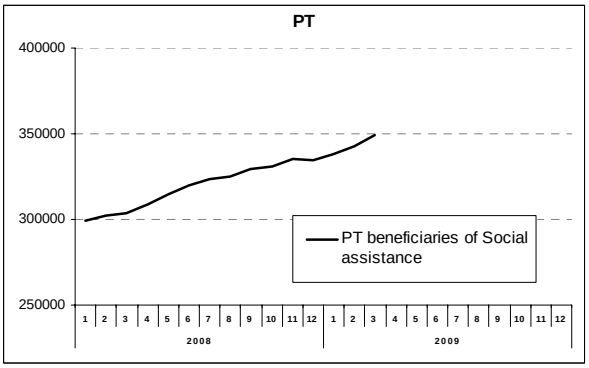
Table 2.1b: Countries that have reported significant increases in the claimants of social assistance since the outset of the crisis

Countries already reporting a surge in social assistance claimants in spring 2009

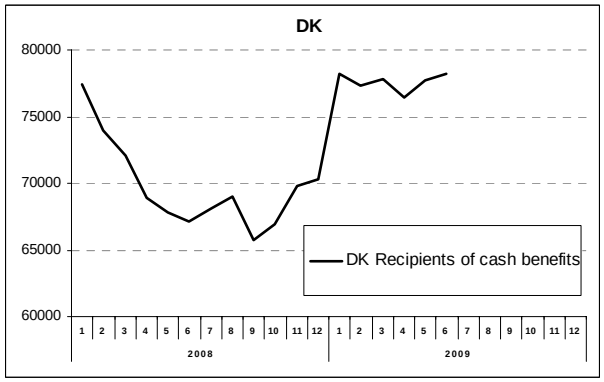




AT: +10.6% between Q3-08 and Q3-09,



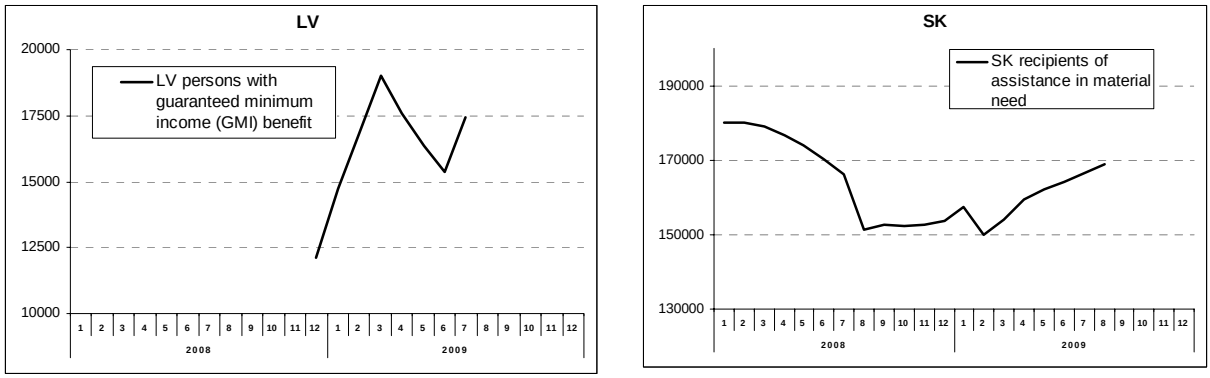
Countries reporting a surge in social assistance claimants in the autumn 2009



CZ: +11% between February 08 and February 09

CY: +15% between 2008 and September 2009

[1] The reason of social benefits dropping in Poland can be unchanged income criteria for social benefits since 2006 while during last few years the income of Polish households have been noticeably risen (there is particularly observed earnings increase).



Source: SPC/ISG questionnaire on the social impact of the crisis

2.1.4. Housing

The impact of the crisis on housing markets and the housing situation of people varied greatly across the EU. **Housing prices have continued to fall** in Ireland (-18% between Q1-08 and Q1-09), Spain (-8.34 between Q2-08 and Q2-09), and LV (-10% between Q1-08 and Q1-09), NL (-5.6% between August 08 and August 09) and FI (-1.5% between Q2-08 and Q2-09). In the United Kingdom, prices have started recovering after the initial fall observed in 2008 (+7% between January and September 09). **Rents** have increased more than general inflation in BG (+66% between Q2-08 and Q2-09), LV (+23%), and the Netherlands (+2.9%). Increases in the number of **non-performing housing loans** were recorded in Belgium, and Latvia.

The number **of housing repossessions has increased** in Denmark (+46.3% in 2009), Spain (+126% in 2008), Greece (+17% in 2008), Ireland (+30% between June 08 and June 09), the Netherlands (+14.5% between June 08 and June 09) and the United Kingdom (from 10000 in Q2-08 to 11400 in Q2-09). This indicates the potential severity of the crisis, even though repossessions still concern limited numbers of mortgage holders (e.g. 1594 mortgage holders in Denmark, 58686 in ES, 0.38% of mortgage holders in the UK).

In addition, the consequences of repossessions on families vary greatly across Member States, depending on the support mechanisms in place when people lose their homes. The number of beneficiaries of specific support schemes to renters has increased in IE (+41% between Q2-08 and Q2-09) and PT (+40% between June 08 and June 09 even though it concerns a limited number of families benefiting from the Social Integration Income: 21381) as well as the number of beneficiaries of schemes to support mortgage holders in IE: (+144% between Q2-08 and Q2-09). Finally, the **requests and waiting time for social housing have increased** in Ireland, Luxembourg and the UK.

2.1.5. Over-indebtedness

Over-indebtedness can be monitored through administrative data on applications for loan arrangements or the number of 'non-performing' loans. Worsening over-indebtedness of households was initially reported in Greece, Latvia, Lithuania, Austria and Portugal. New evidence shows that over-indebtedness and applications for loan arrangements are now increasing in Belgium, Bulgaria, Luxembourg, Austria and (to a minor extent) Portugal. These increases also partly reflect long-term trends in the consumption pattern of households.

According to the spring report, **debts linked to utility bills** have also increased in Lithuania and Latvia. In Latvia, for example, unpaid bills for heating energy at the end of the heating

season amounted to 15.8 million *lats*, which is about 66.3% higher compared to the previous heating season, when debts amounted to 9.5 million *lats*. At the beginning of the 2009 heating season, total unpaid heating bills in Latvia came to 1.63 million lats, about 54% higher than in 2008. Over-indebtedness has increased in FR and HU, and difficulties in accessing credit are reported in LT and PL.

2.2. Poverty and the crisis in public perception: main results from EU wide opinion polls

According to a Flash Eurobarometer conducted in early July for the European Commission, citizens' perceptions are that the economic crisis has had a serious impact on their lives. Although primarily viewed in this way in some of the southern and eastern European countries, the crisis has also made a deep impression in previously economically sound countries, such as Ireland. Overall, about one fifth of Europeans say their households are facing financial difficulties and a similar percentage say that, on occasion, they have had no money to settle ordinary bills or to buy food in the last 12 months. A quarter of EU citizens expect the situation to get worse in the coming year, while just over half foresee no change and about one in six think that things will improve. The proportion of Danish, Finnish and Swedish citizens who are optimistic about both the present situation and future economic prospects is greater than in the other EU Member States.

Another Eurobarometer survey, carried out in September 2009, sheds some light on the many facets of poverty and social exclusion in the context of the crisis. The survey examined, among other things, people's awareness of the extent of poverty within the European Union, the perceived personal and societal reasons behind poverty, who is thought to be most at risk, if people feel somehow threatened by the possible prospect of poverty, how poverty may prevent people from taking full advantage of society, as well as how easy or difficult they perceive access to financial services to be. People's perception of the urgency of government action to combat poverty is also examined, together with the level of administration felt to be mainly responsible for taking action.

EU citizens are strongly aware of the problem of poverty and social exclusion in today's society: three out of four Europeans (73%) feel that poverty in their country is widespread. However, the extent to which poverty is seen as widespread differs greatly from country to country. In Bulgaria, Hungary, and Romania 90% or more of citizens perceive it to be widespread. Conversely, fewer than four in ten think that poverty is widespread in Denmark (31%), Cyprus (34%) and Sweden (37%).

High unemployment (52%) and insufficient wages and salaries (49%) are the most widely perceived 'societal' **explanations for poverty**, together with insufficient social benefits and pensions (29%) and the excessive cost of decent housing (26%). Meanwhile, a lack of education, training or skills (37%), as well as 'inherited' poverty (25%) and addiction (23%) are the most widely perceived 'personal' reasons behind poverty.

Over half of Europeans (56%) believe that **the unemployed are most at risk of poverty**, while 41% believe that the elderly are most vulnerable, and 31% see those with a low level of education, training or skills as most at risk. Other social categories considered most vulnerable by Europeans are people in precarious employment, people with disabilities, and those suffering from some form of long-term illness.

Close to nine out of ten Europeans (87%) believe that **poverty hampers people's chances** of gaining access to decent housing, while eight out of ten feel that being poor limits access to

higher education or adult learning, and 74% believe that it damages their chances of finding a job. A majority of Europeans (60%) believe that access to a decent basic school education is affected, and 54% believe that the ability to maintain a network of friends and acquaintances is limited by poverty.

While the majority of Europeans do not report difficulties in gaining access to financial services, the picture for the most vulnerable is very different. 70% of the **unemployed** in the EU find it difficult to get a mortgage according to the survey results, as against 49% of the general population. A further 58% of unemployed people, compared with an EU average of 34%, have problems getting loans, and 47% find it difficult to get a credit card (the EU average is 27%). 72% of Europeans who have difficulties making ends meet find it difficult to get a mortgage, 64% find it difficult to get a loan, and 55% find it difficult to get a credit card.

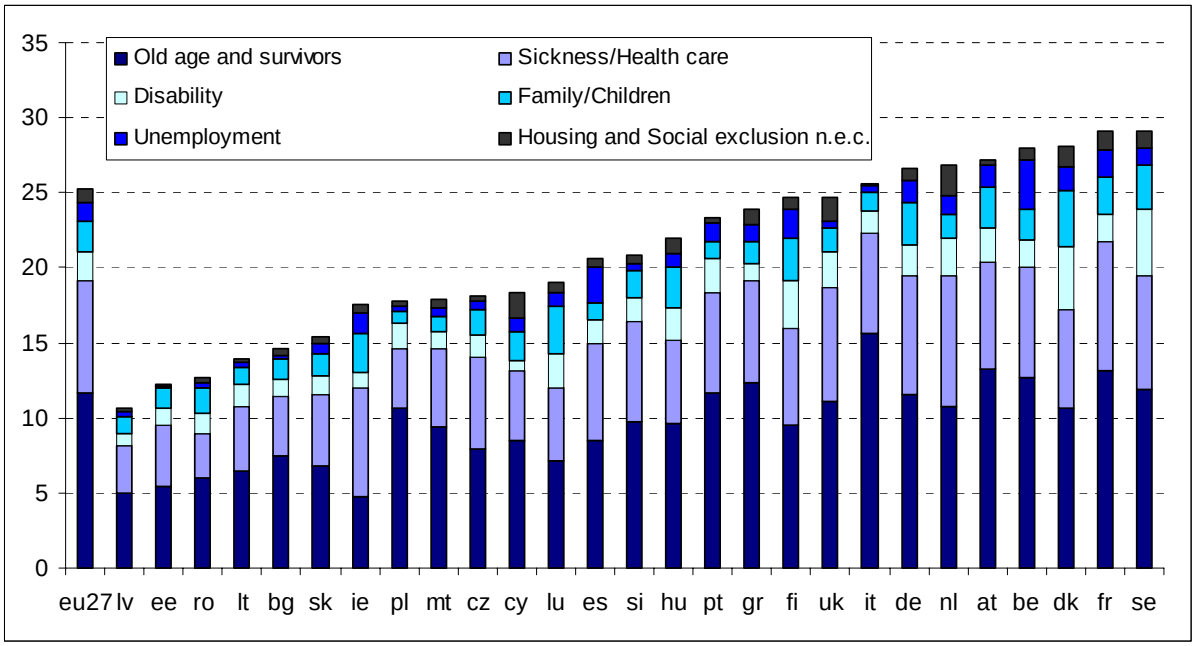
On average, 89% of Europeans say that **urgent action is needed by their national governments** to tackle poverty. Across Europe, 53% feel that their national governments are primarily responsible for combating poverty. Even if Europeans do not regard the European Union as primarily responsible for combating poverty, its role is nonetheless seen as important by many (28% see it as 'very important', and 46% 'somewhat important').

2.3. Situation of the Member States' before the crisis: the role of social protection in addressing inequalities and poverty

2.3.1. At the outset of the crisis the situation of Member States varied greatly

As highlighted above, not all Member States were in the same situation when hit by the crisis. In particular, the size and structure of social protection varied greatly, as illustrated in Figure 2.1. Generally, richer countries spend a larger share of their GDP on social protection, and periods of economic growth had allowed many governments in the EU to devote more resources to social policy intervention. The structure of social protection expenditure shows that old-age pensions and sickness and healthcare benefits represent the bulk of spending in all EU Member States, and have also been the areas where most reforms have taken place. Social protection plays a redistributive role over the life-cycle, insuring people against social risks and helping reduce poverty.

Figure 2.1 Expenditure on social protection benefits - gross, by function, in % of GDP — 2007

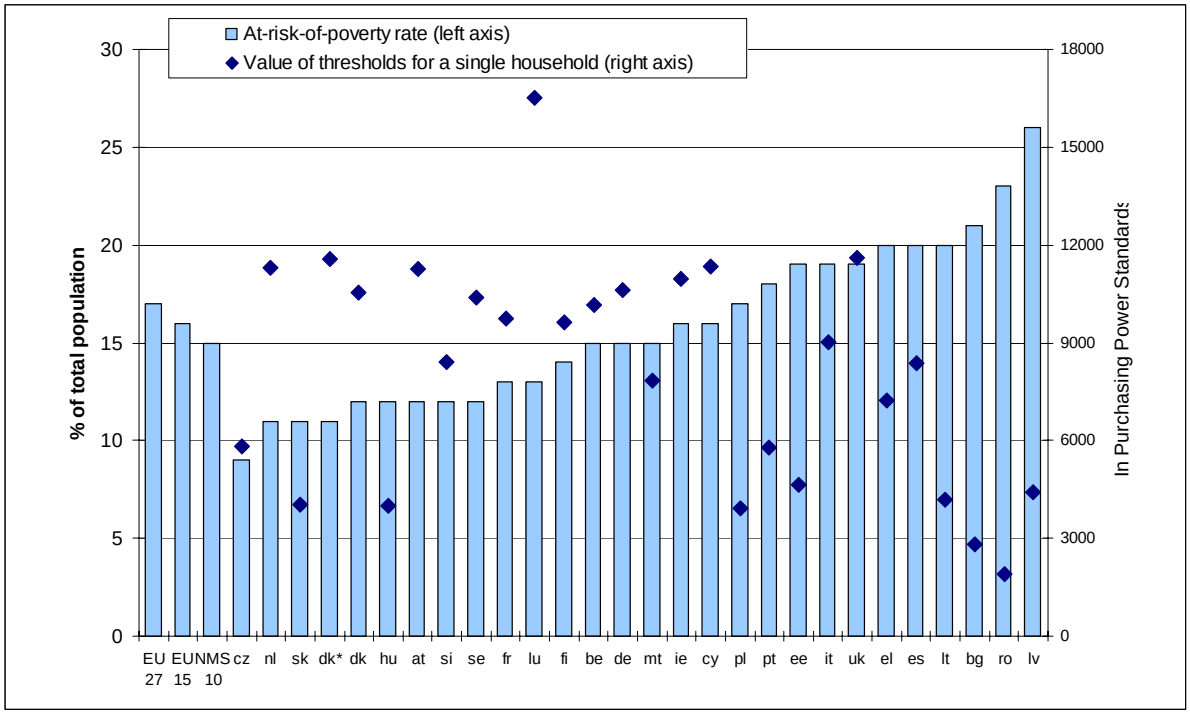


Source: Eurostat – ESSPROS 2007

2.3.2. Risk of poverty vary greatly across the EU

In 2008, 17% of the EU population was at risk of poverty, living on less than 60% of the national median income. The aggregate figure hides marked differences across Member States, ranging from 9-12% in the Czech Republic, the Netherlands, Slovakia, Denmark, Hungary, , Austria, , Slovenia and Sweden to 20-26% in Spain, Greece, Lithuania, Bulgaria Romania and Latvia. However, being at risk of poverty relates to very different living standards across the EU, as illustrated by the large differences in the levels of poverty thresholds apparent in figure 2.2 (right axis). Even when corrected for differences in the cost of living, poverty thresholds are five times higher in the UK at the top of the ranking after Luxembourg (which is clearly an outlier) than in the two countries at the bottom (Romania and Bulgaria).

Figure 2.2: At-risk-of-poverty rate and illustrative value of the at-risk-of-poverty thresholds (single adult household); 2008



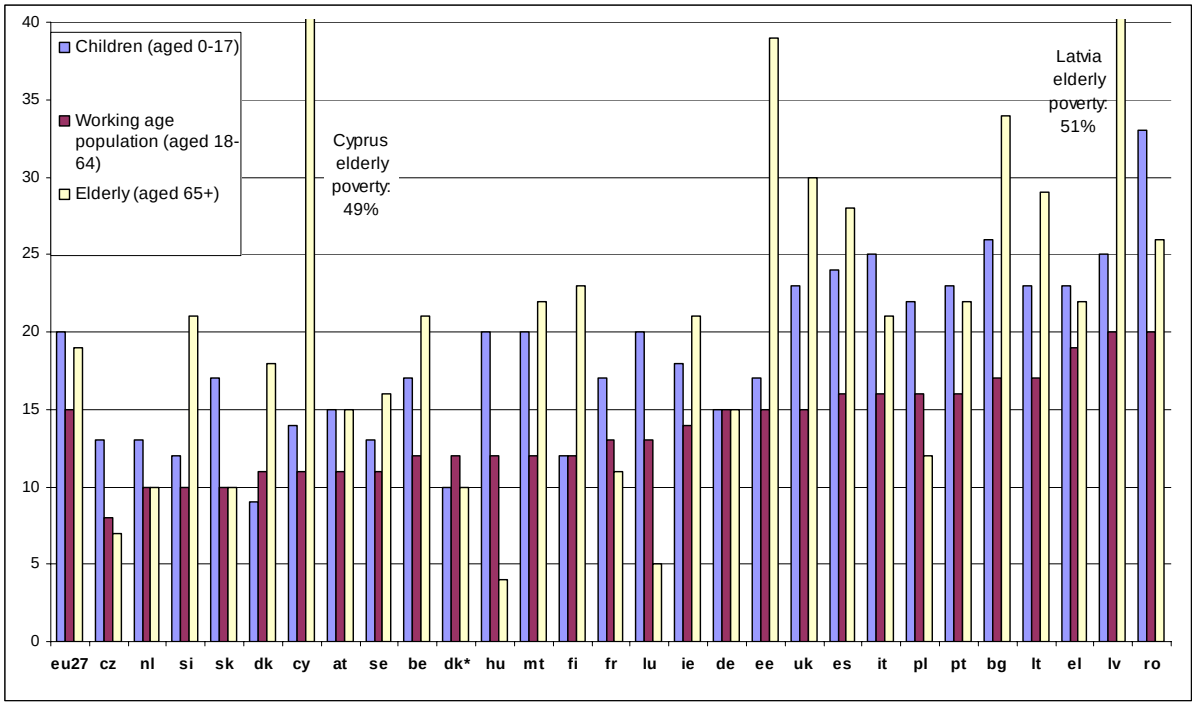
Source: EU-SILC (2008). dk*: values including imputed rent[2]

Over the last decades a shift in poverty risks was observed from the elderly towards younger people. Child poverty remained stable or increased in many EU countries with some exceptions (CZ, EE, IE, LT, PL - see figure 2.4), while poverty risks generally decreased for the elderly as a consequence of the maturing of pension systems (including reforms of minimum pensions). Today, both children and the elderly[3] face a risk-of-poverty of 20% and 19% against 17% for the overall population. However, age patterns of poverty differ across countries.

2 Two values are presented for Denmark, with and without imputed rent. See footnote below and methodological note in annex.

3 To evaluate the relative position of older people, only monetary income (notably deriving from pensions) is taken into account. The wealth of pensioners, in particular house ownership (and associated imputed rents), private savings, private pensions, or specific housing supplements which have a strong effect on the income distribution of pensioners, are not taken into account, nor are other non-monetary benefits (free healthcare, transport, etc.). For this reason, the poverty risk of older people may be somewhat overestimated. The possibility to include imputed rent in the definition of income will be examined by the ISG in the coming years.

Figure 2.3: At-risk of poverty rate by age group, 2008



Source: EU-SILC (2008). dk*: values including imputed rent

2.3.3. Poverty trends across countries and age groups

As the 2008 SILC data becomes available it is now possible to observe first evolutions in at-risk-of-poverty rates. Figure 2.4 presents the evolution of the at-risk-of poverty rate for the EU-25 and 25 Member States separately. The analysis excludes Romania and Bulgaria for which EU-SILC comparable data are only available starting from 2007. It has to be kept in mind that at-risk-of-poverty rates figures are subject to confidence intervals of 1 percentage point at the most aggregated level, and therefore changes over time are only meaningful for changes of more than 2 to 3 percentage points (depending on the breakdown). At EU-25 level, the at-risk-of poverty rate remained at 16% between 2005 and 2008, at 16%, and over the period both children and the elderly experienced risks of poverty by 3 percentage points higher than the overall population, with child poverty increasing slightly from 19% to 20% in 2008.

This overall stability at EU level hides great diversity. When looking at the old Member States (EU-15) and the Member States who joined in 2004 (NMS10) separately, the data shows that in the EU-15 the elderly (65+) are at higher risk of poverty than both children and working age population (20% against respectively 18% and 15%). This relation remained stable over the period. On the contrary, in the NMS10 they experienced much lower risks of poverty in 2005 than children and the working age population (8% against 25% and 17% respectively). This reflects partly the age orientation of social protection in these countries where pensions used to appear relatively generous compared to weak support to families with children. During the period, the relative situation of children and the elderly evolves rapidly, with the child at-risk-of-poverty rate dropping by 5 percentage points and the elderly risk of poverty rate increasing by 4 percentage points.

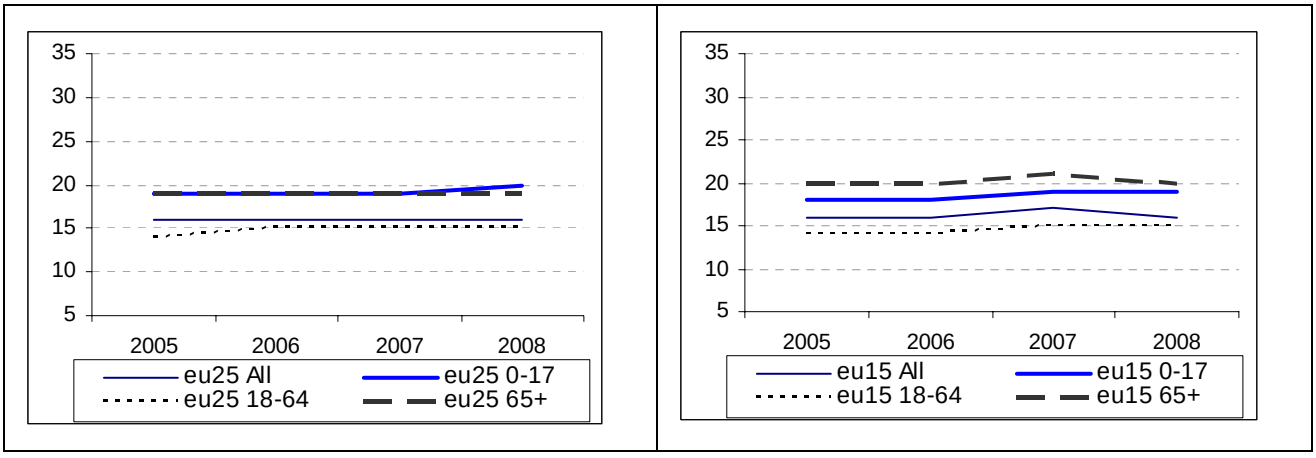
In most of the old EU-15 Member States, the risk of poverty remained rather stable for all age groups. Exceptions are in Germany, Finland and Sweden where it increased for all age

groups, while in Greece and France it increased for children while it was decreasing the elderly. Ireland, and to lesser degree Portugal are the only countries to have reduced the risk of poverty for all age groups between 2005 and 2008.

This first insight in recent trends calls for further analysis, especially of the reforms that were implemented in EU countries during the period. The supporting document to the Joint Report 2009 contains interesting elements drawn from the National Strategy Reports 2008-2010 and the SPC report on minimum income provision for the elderly[4] that could support this analysis, but would need further elaboration. It lists new measures taken in the area of child poverty, and it provides information on the recent evolution of pension systems that could help explaining the strong trends observed for both children and the elderly in some countries.

Large increases in the at-risk-of poverty rate of the elderly have been observed in a number of Member States, especially in those that have experienced strong economic growth, accompanied by a strong increase in wages in the years before the crisis. Further analysis would be needed to fully understand the deterioration of the relative situation of the elderly in these countries. However, there are indications that where pensions were indexed to prices and not to wages, at-risk-of poverty rates for the elderly have increased dramatically. In some MS, however, some of the impacts of reforms to improve minimum income pensions and reduce poverty rates may have been dampened by faster increases in the income of the working age population (e.g. CY, FI and UK). In some cases, an improvement of the relative income situation of the elderly may have resulted from a strengthening of pension benefits (e.g. IE). This illustrates that the type of indexation of benefits can significantly influence the evolution of the relative income position of the elderly over time compared to the working age population. This applies specifically to minimum income pensions which play an important role in averting poverty in old age.

Figure 2.4: At-risk-of-poverty rate, total and by broad age groups, by country; 2005-08



[4] Minimum income provision for older people and their contribution to adequacy in retirement, SPC study 2006

Figure 2.4: At-risk-of-poverty rate, total and by broad age groups, by country; 2005-08

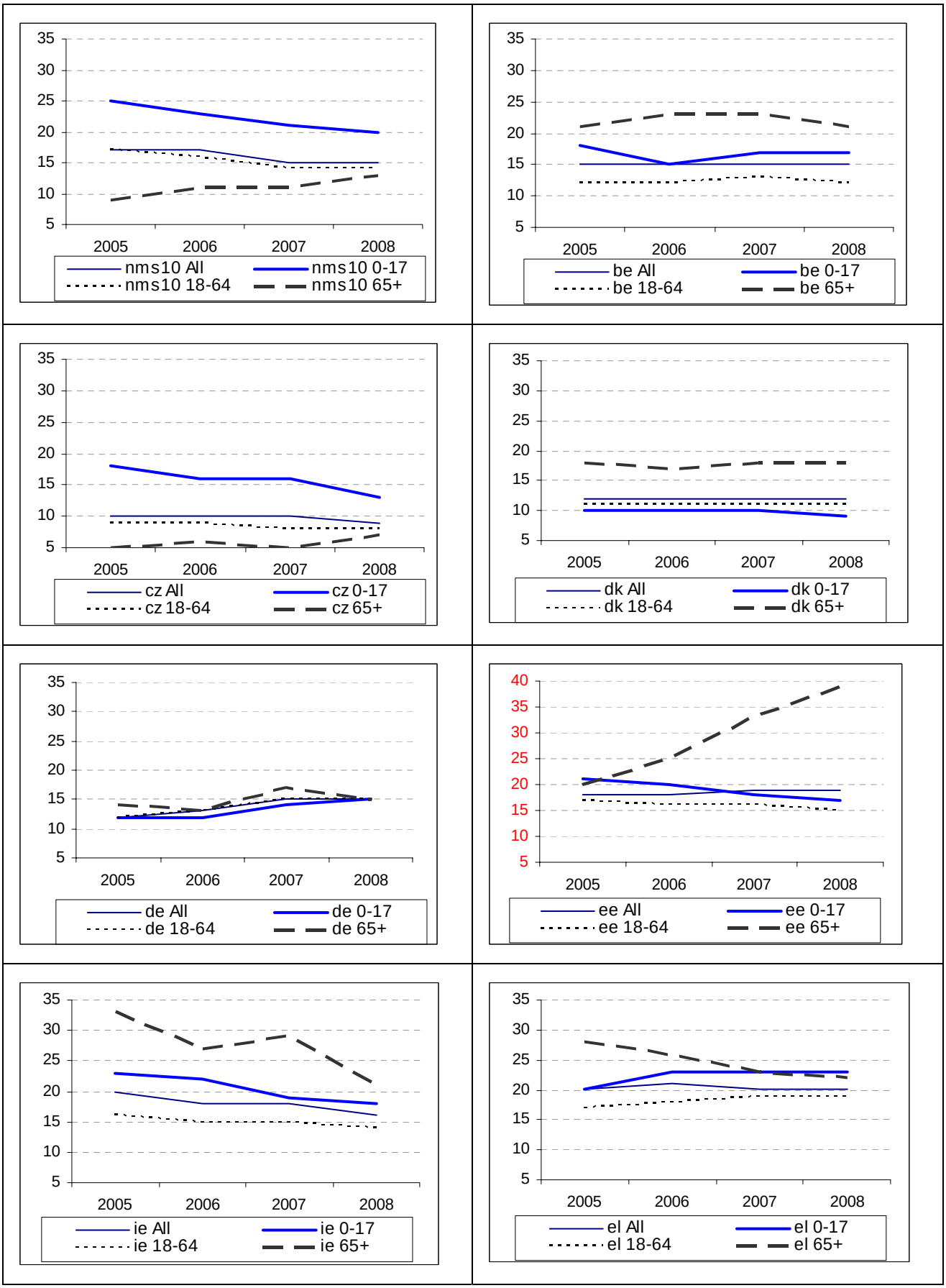


Figure 2.4: At-risk-of-poverty rate, total and by broad age groups, by country; 2005-08

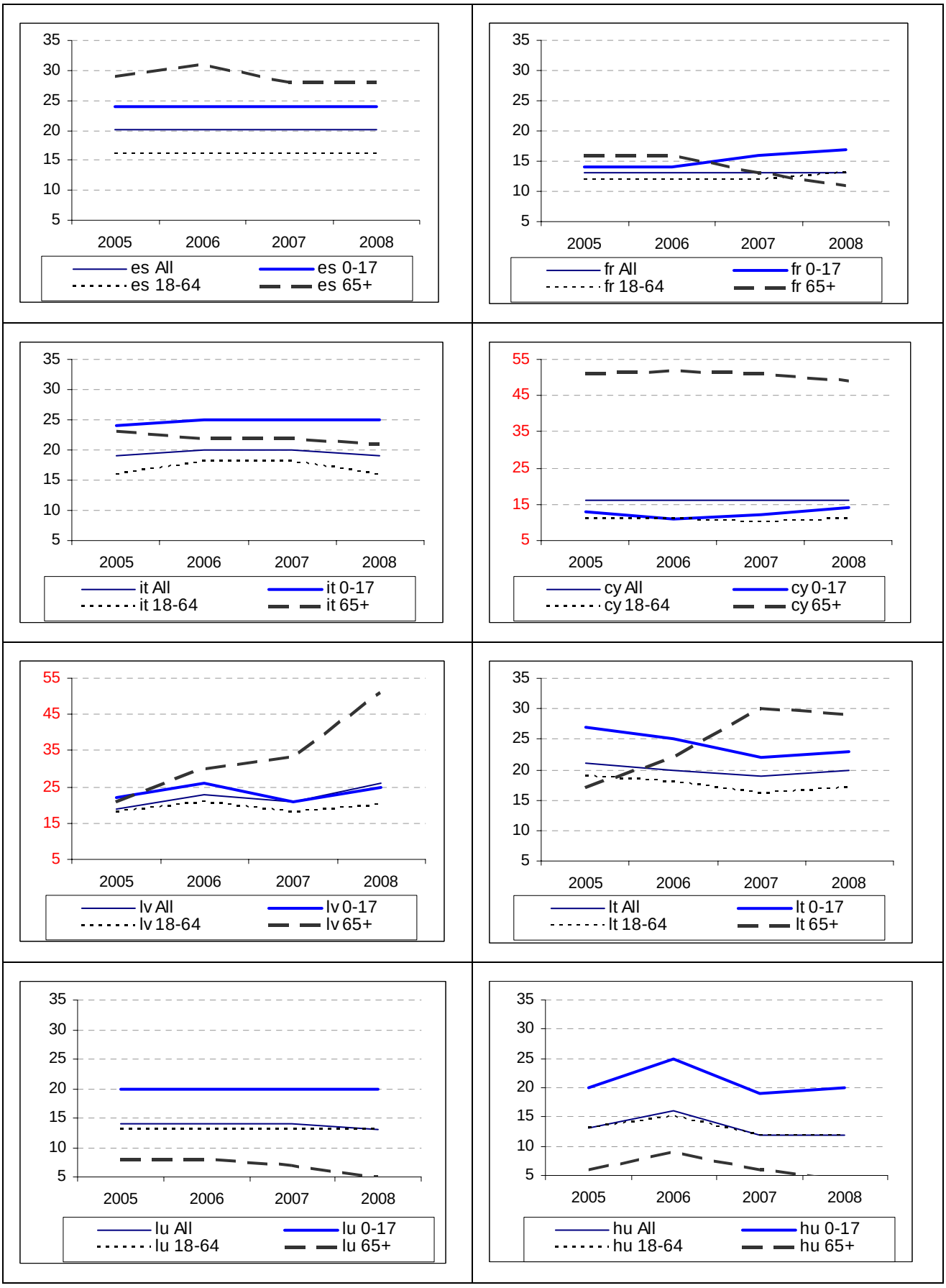


Figure 2.4: At-risk-of-poverty rate, total and by broad age groups, by country; 2005-08

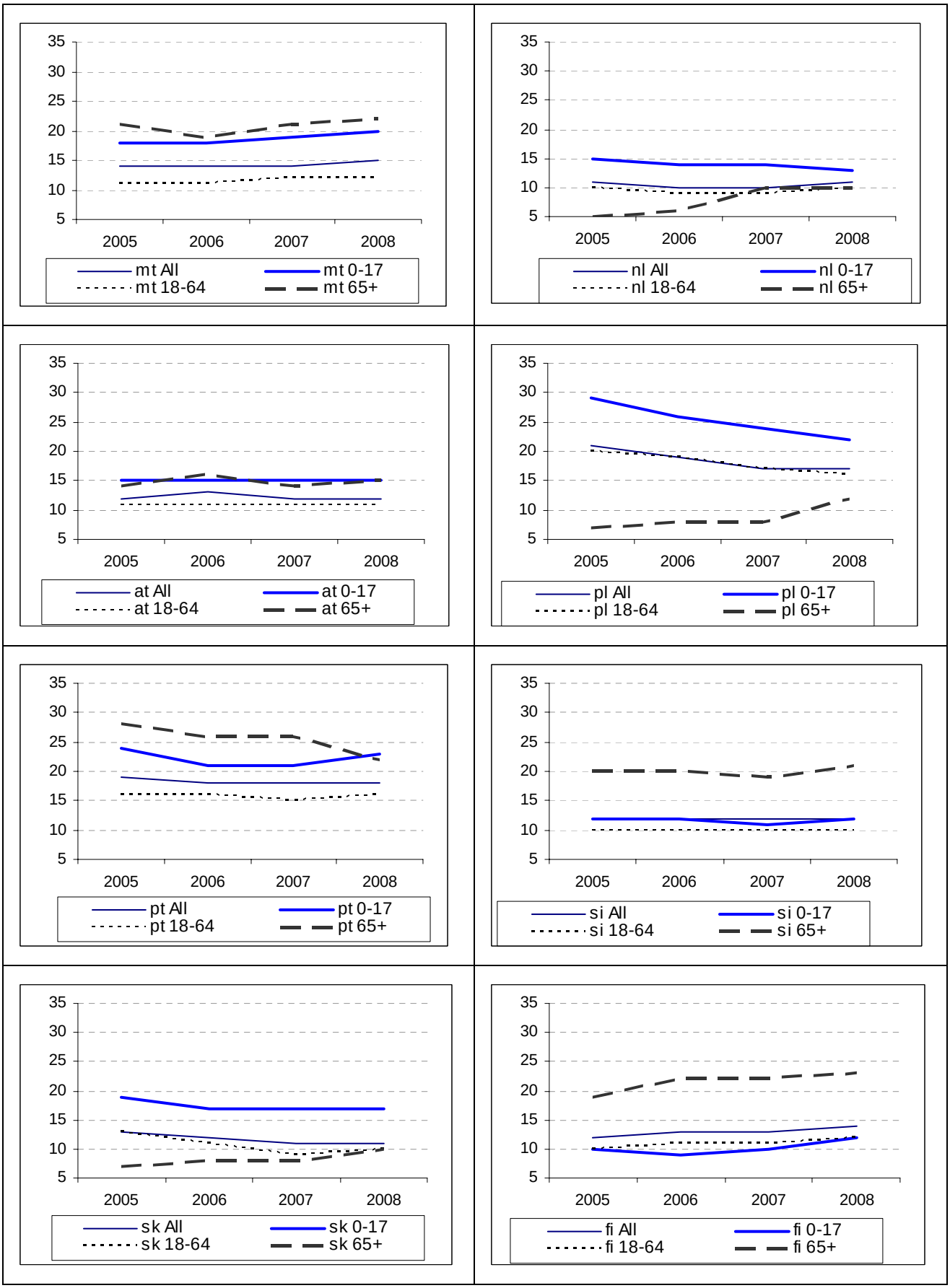
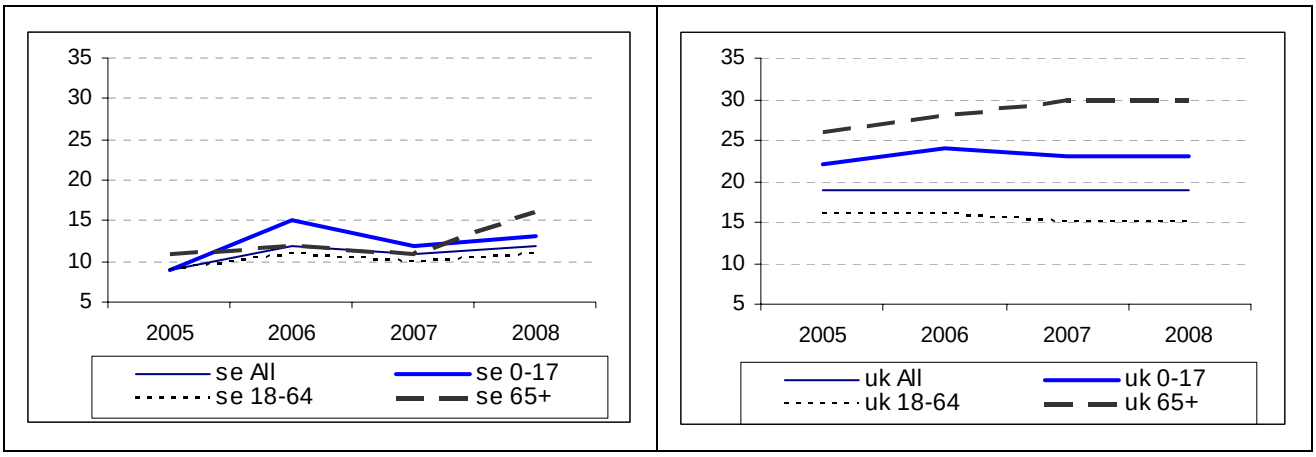


Figure 2.4: At-risk-of-poverty rate, total and by broad age groups, by country; 2005-08



Source: EU-SILC

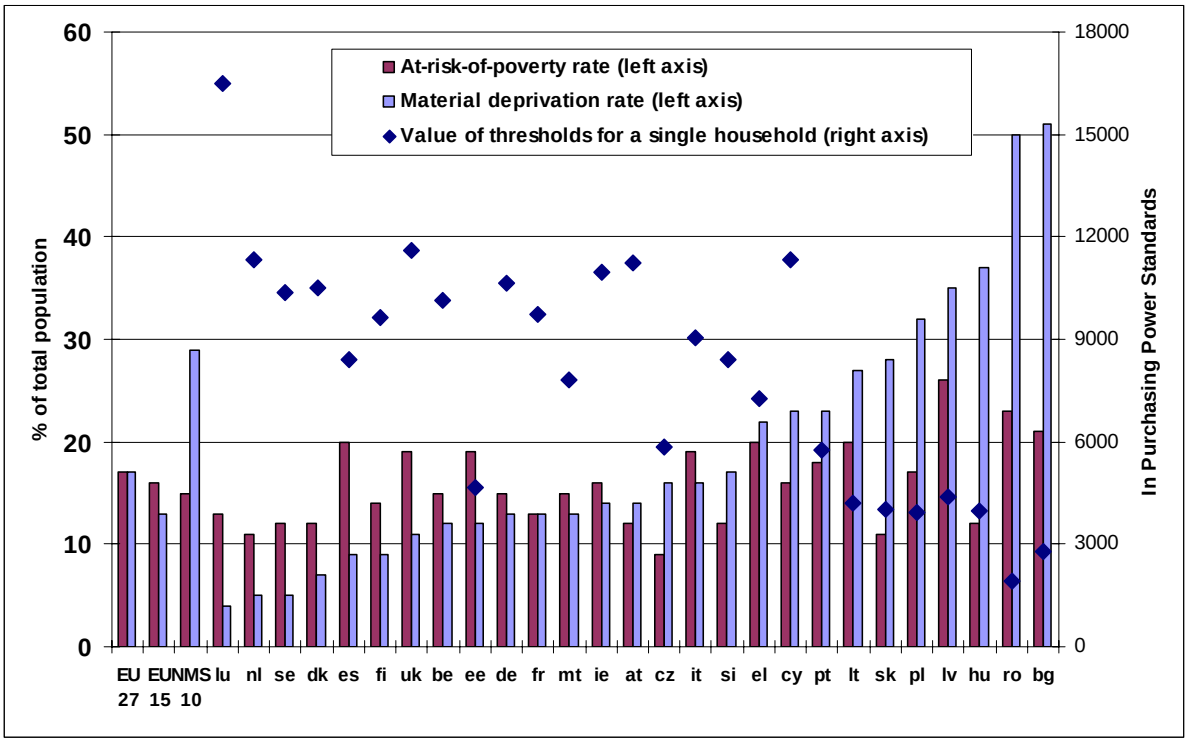
2.3.4. Living standards vary greatly across the EU

Material deprivation rates complement the picture given through the at-risk of poverty rates by providing an estimate of the proportion of people whose living conditions are severely affected by a lack of resources. The material deprivation rate provides a headcount of the number of people who cannot afford to pay their rent, mortgage or utility bills, keep their home adequately warm, face unexpected expenses, eat meat or proteins regularly, go on holiday, or cannot afford to buy a television, a washing machine, a car or a telephone[5].

17% of Europeans live in these difficult conditions. However, in Bulgaria, Latvia, Hungary, Poland and Romania more than 30% of people are affected. The material deprivation rate complements the at-risk of poverty rate by reflecting the differences in living standards across the EU, as it,, depends as much on the level of development of the country as on the social policies operating redistribution. These disparities in material deprivation rates reflect the large differences in GDP per capita that remain between EU countries. This emphasizes that the fight against poverty in the EU will benefit from a greater economic growth as well as from greater territorial cohesion within the EU.

[5] The indicator recently adopted by the social protection committee measures the percentage of the population that cannot afford at least 3 of the 9 items quoted above.

Figure 2.5: At-risk-of poverty and material deprivation rates (%) and at-risk-of-poverty thresholds (€-PPS per year for a single household); 2008

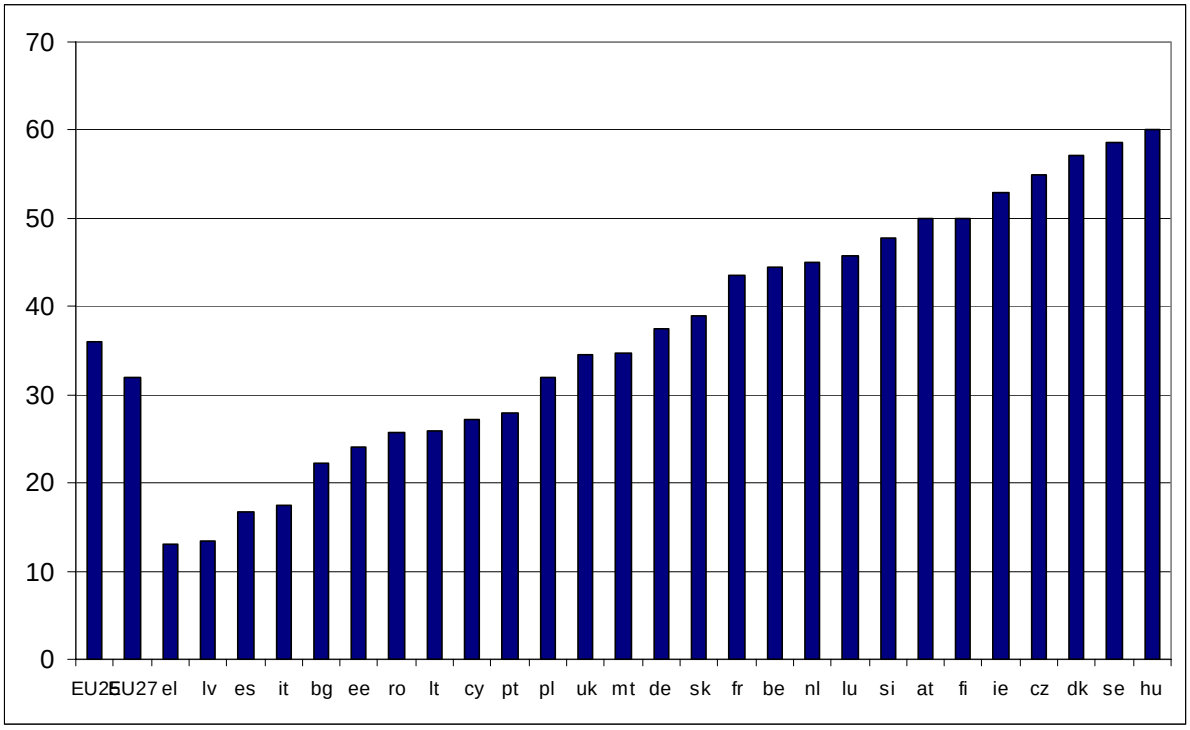


Source: EU-SILC (2008). Material deprivation data for Denmark refers to 2007

2.3.5. The evolution of inequalities and poverty in the last decade

The design of the tax-benefit system is crucial in determining the way and extent to which it affects income inequalities and redistributes resources to the poor. Important features include the progressivity of taxes and benefits and the degree of targeting and conditionality of benefits, which can create disincentive effects, if badly designed. Available evidence highlights the large variation across Member States in net cash support for low-income households. EU data show that social transfers other than pensions effectively reduce poverty risks but the degree to which they do so varies substantially across Member States (ranging from a poverty reduction effect of 50% or more in some countries to one of 17% or less in others). This largely reflects differences in the size of expenditure, which varies from 12% to 30% of GDP, but the composition of expenditure, the quality of interventions, and, more broadly, the efficiency and effectiveness of social protection also play an important role.

Figure 2.6 – Impact of social transfers (excluding pensions) on the at-risk-of-poverty rate for the total population (percentage reduction), 2007



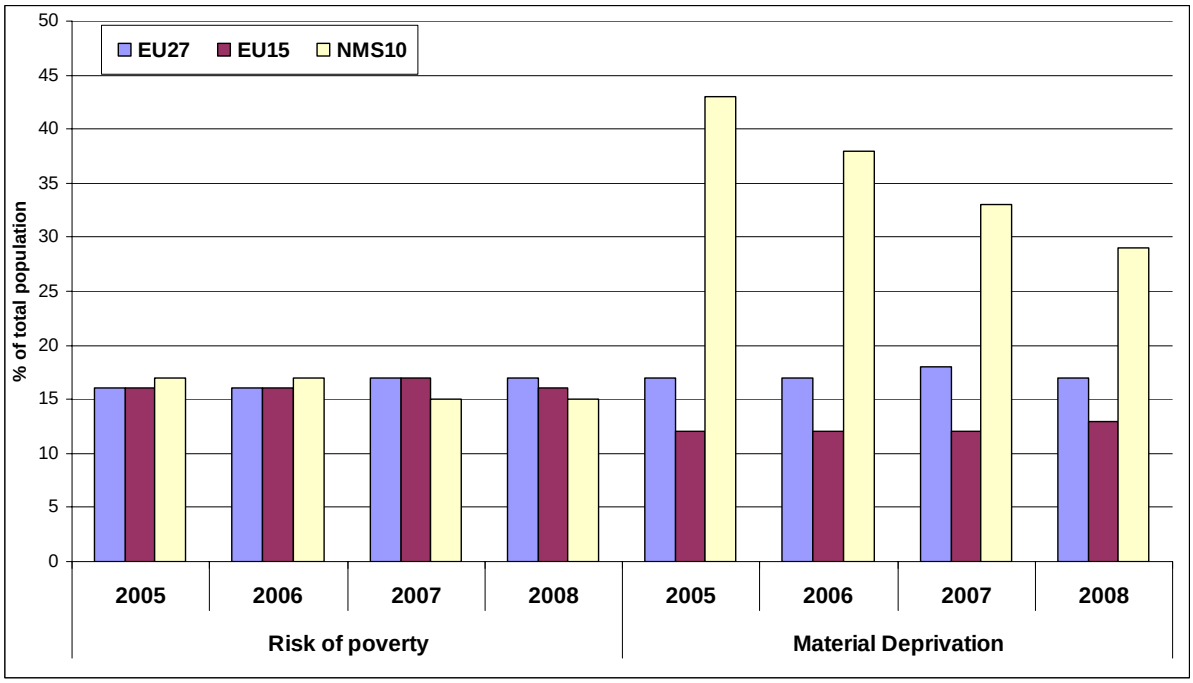
Source: EU-SILC 2008

Despite the clear redistributive effect of social protection, inequalities have often increased and poverty and social exclusion remain a major issue in most EU countries. **Most increases in inequalities** happened between the mid-1980s and the mid-1990s. Over the last 10 years inequalities have remained stable in most countries, but a few stand out as exceptions. Behind these overall developments, divergent trends were observed at different levels of the income distribution. In most countries, top incomes grew relatively faster than middle incomes. In some countries, low incomes caught up with median incomes, while in other countries inequalities also widened at the bottom of the distribution.

According to national sources gathered by the OECD, **relative poverty risks** increased in most Member States between the mid-1980s and the mid-1990s and in most cases they either increased or remained stable between the mid-1990s and the mid-2000s. Fully comparable EU data available for the last three years confirm the stability of relative poverty, but at the same time show that living standards improved in the new Member States, as measured by **material deprivation rates (Figure 2.7)**[6].

[6] See also SPC report on "Growth, Jobs and Social Progress: a contribution to the evaluation of the social dimension of the Lisbon Strategy", 2009

Figure 2.7: Trends in poverty rates and material deprivation, Total population - 2005-2008



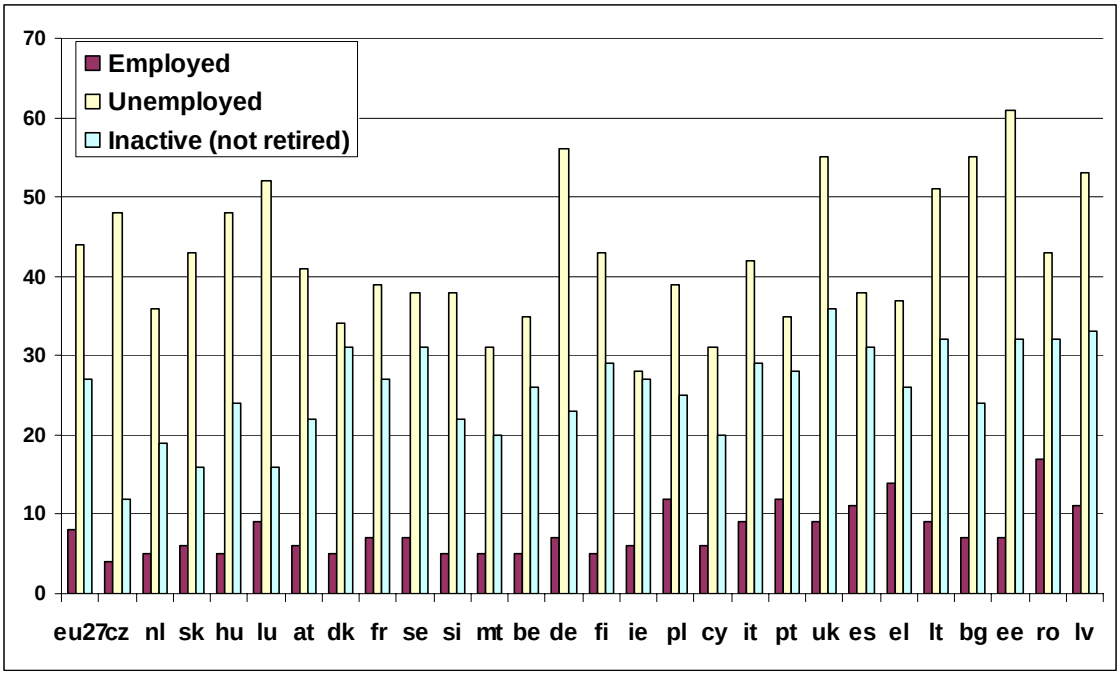
Source: EU-SILC (2008, 2007, 2006, 2005); Without BG and RO

2.4. Employment growth doesn't automatically lead to a reduction of poverty

Significant progress has been made in **raising employment rates across Europe** - especially for women - and also in reversing negative trends such as the decline in the participation of older workers. Indeed, unemployment rates fell significantly in the EU (from 8.7% in 2000 to 7.1% in 2007) while the increased participation of older workers and of women as second earners (notably through the availability of part-time work) has helped to improve the income of many households.

The experience of this decade has confirmed that **having a job remains the best safeguard against poverty and exclusion**, since the poverty risk faced by unemployed working age adults is more than five times higher than those in work (44% against 8%), and the inactive (other than retired) face a risk-of-poverty that is three times higher than that of the employed (27% against 8%).

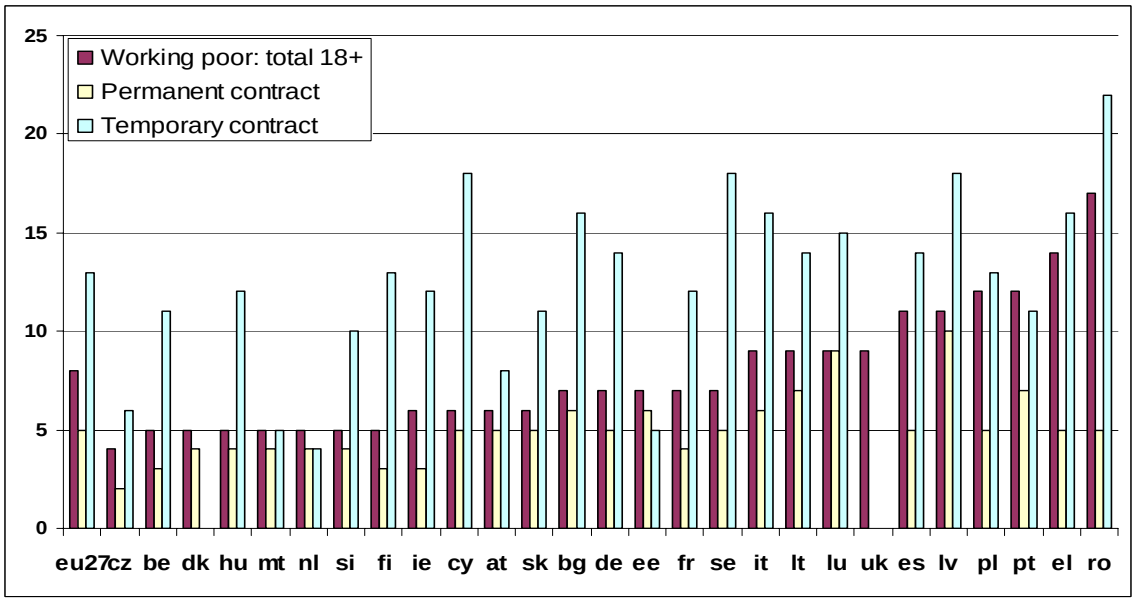
Figure 2.8: At-risk-of-poverty rate of the unemployed and of the inactive (not retired) vs. people employed, people aged 18+, 2008



Source: EU-SILC 2008

However, having a job is not always a guarantee against the risk of poverty and the **working poor** represent one third of the working age adults at-risk-of-poverty. In 2008, 8% of the people in employment were living under the poverty threshold. This figure has not improved since 2005. In-work poverty is linked to employment conditions such as low pay, low skills, precarious employment or under-employment.

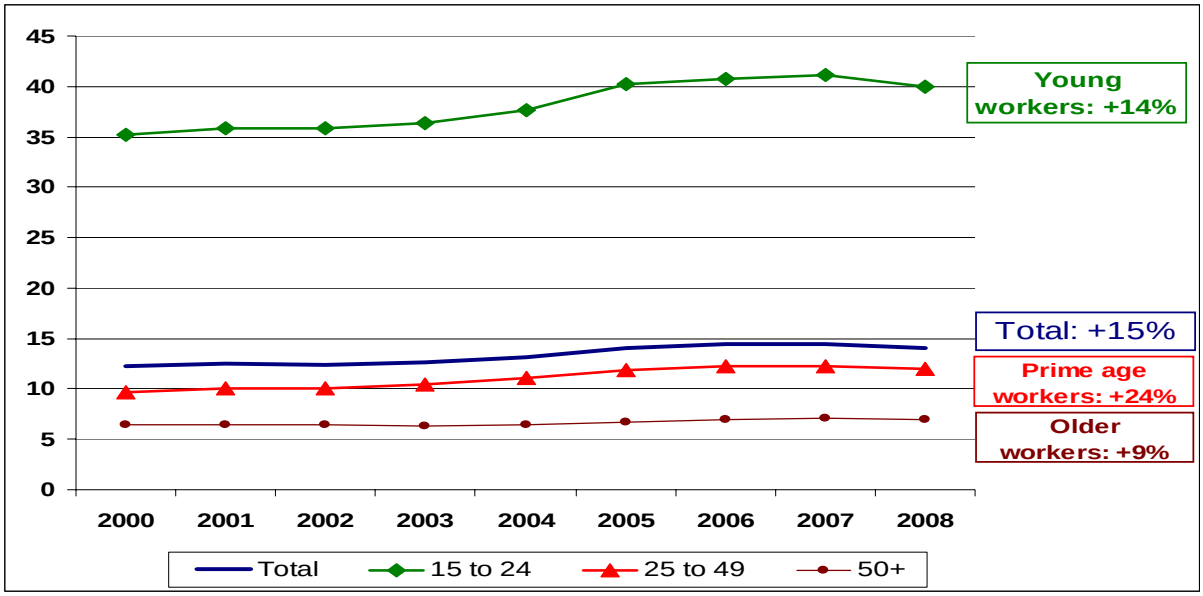
Figure 2.9: In-work poverty, overall and by type of contract, people in employment aged 18+, 2008



Source: EU-SILC 2008

Since 2000, the rise in temporary work (see Figure 2.10), part-time work (including involuntary part-time working) along with sometimes stagnating wages has increased the number of individuals with low yearly earnings. These trends have particularly affected women and the young. In addition, evidence shows that **workers working part-time or on temporary contracts are generally paid less per hour *after controlling for differences in education and experience*, and for many, these jobs are not stepping stones towards better jobs**.

Figure 2.10: Increase in the share of workers on temporary contracts, by age 2000-2008, EU27

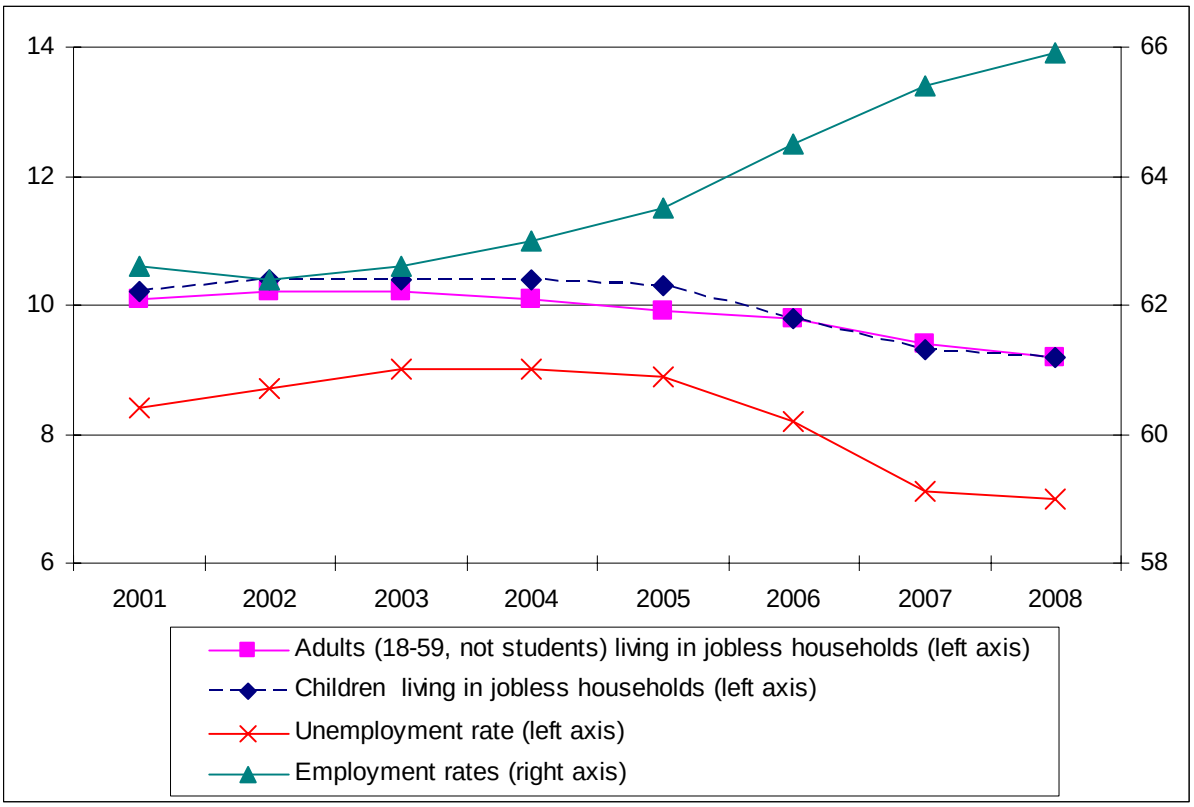


Source: EU - Labour Force Survey

In-work poverty is also related to **low work intensity** in the household, i.e. where there are too few adults in the household working, or working enough, to make a living (too few hours or only part of the year). Among these, single and lone parent households not working full time, as well as one-earner families face the highest risks of poverty.

The last decade has also seen the persistence of **groups of people who remain outside or on the margins of the labour market**, often facing multiple barriers to entry (including low skills, care responsibilities, age, migrant background, disability and other discriminatory factors, etc.). The worst-off are those households in which nobody works. In 20082008 in the EU27, 9.2% of adults of working age and 9.2% of children were living in jobless households as against 10.1% and 10.2% in 2001. The crisis is likely to increase the number of families having to rely entirely on social benefits. In 2008, the percentage of children in jobless households has already started to increase significantly in Ireland (13.1% against 11.5% in 2007), Spain (6.5% up from 5.3%), Italy (6.7% up from 5.8%), Lithuania (9.9% up from 8.5%), and Hungary (14.6% up from 13.9).

Figure 2.11 EU-27 - Employment and unemployment rates and shares of children and adults (aged 18-59 and not students) living in jobless households; 2001-0808 — %



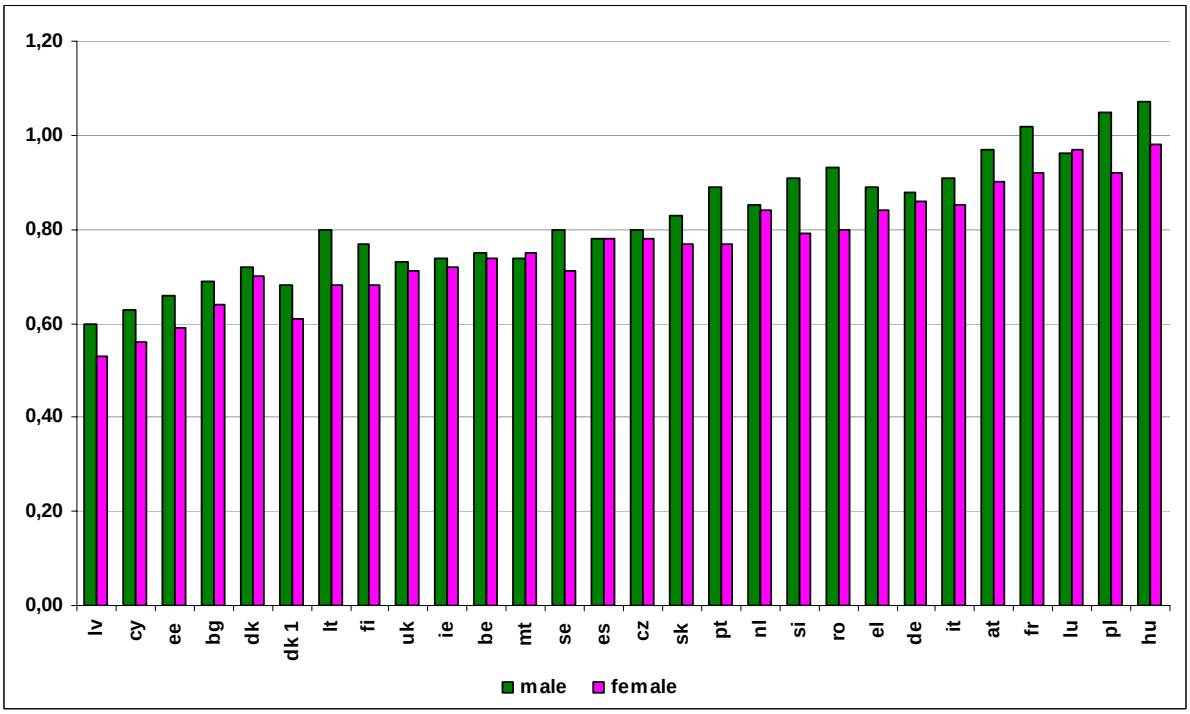
Source: EU Labour Force Survey

National experiences from past crises show that long-term unemployment or inactivity tend to persist long after recovery has set in. In some countries, increasing numbers of people are moving onto long-term sickness and disability benefits or early retirement schemes. Of these people, many are likely never to enter or return to the labour market. Some short-term responses to sudden increases in unemployment can exacerbate these trends and should therefore be avoided.

2.5. The adequacy and sustainability of pension systems

How does the income of the elderly compare to the rest of the population? Currently, pension systems have significantly reduced poverty among older people, though the risk of poverty is higher older people than for the general population and, on average, people aged 65+ have an income which is around 83% of the income for younger people, ranging from 54% in Latvia to more than 100% in Hungary. However, single elderly women still face a much higher risk of poverty than single men.

Figure 2.12: Relative income of the elderly: median income of people aged 65+ as a ratio of the income of people aged 0-64, 2008



Source: SILC (2008) Income reference year 2007; except for UK (income year 2008) and for IE (moving income reference period 2007-2008).
Note: To evaluate the relative position of older people, only monetary income (notably deriving from pensions) is taken into account. The wealth of pensioners, in particular house ownership (and associated imputed rents) and private savings, which have a strong effect on the income distribution of pensioners, are not taken into account, nor are other non-monetary benefits (free healthcare, transport, etc.). The possibility to include imputed rent in the definition of income will be examined by the ISG in the coming years.

One of the ways to ensure both the sustainability of pension systems and an adequate level of income for pensioners is to extend working lives. The EU's target under the growth and jobs strategy is to reach a 50% employment rate for older workers by 2010. In 2007, the employment rate for older workers in the EU-27 was 45% compared to 37% in 2001.

The future adequacy and sustainability of pensions can be assessed using theoretical replacement rates. They show how changes in pension rules can affect pension levels in the future. A look at the link between theoretical replacement rates and the evolution of pension expenditure shows that developments in pension promises can involve a heavy future cost in the light of an ageing society, if labour market patterns remain constant. Put more simply, a country with an ageing population which aims to maintain the same replacement rate will inevitably need to devote more resources to pensions. The burden of this could be dampened by increasing the size of available resources, either by increasing employment and/or capital, or minimising administration costs.

Future levels of pensions in relation to earnings (income replacement levels) will depend on different factors, notably the pace of accrual of pension entitlements (which is linked to developments in the labour market), the maturation of pension schemes and the effect of reforms. However, most Member States are in a situation where reforms of statutory schemes will lead to a decrease of replacement rates at given retirement ages. This most probably reflects of reforms that have lowered future benefit levels at a fixed retirement age in order to

cope with increasing longevity and the expenditure this would otherwise entail[7]. As a result many Member States have also increased incentives to work longer. Measures include increasing retirement age, flexible retirement options, increasing contributory periods needed for a full pension, and designing work incentives into pension schemes. These offer ways and means to bring effective retirement age into line with expected increases in life expectancy.

[7] Given that the employment rate has risen, more people will be entitled to pensions in their own right – and thus for instance the need to have high replacement rates for a husband to support his wife in old age has been reduced. It is also important to point out that more people are surviving to receive state pensions and they are receiving them for longer – so while on a year-on-year basis they might be getting lower pensions, when looking at the overall transfer during retirement they might be getting more than previous generations.

Table 2.2: Change in theoretical replacement rates for a worker with average earnings retiring at 65 after 40 years, 2006-2046

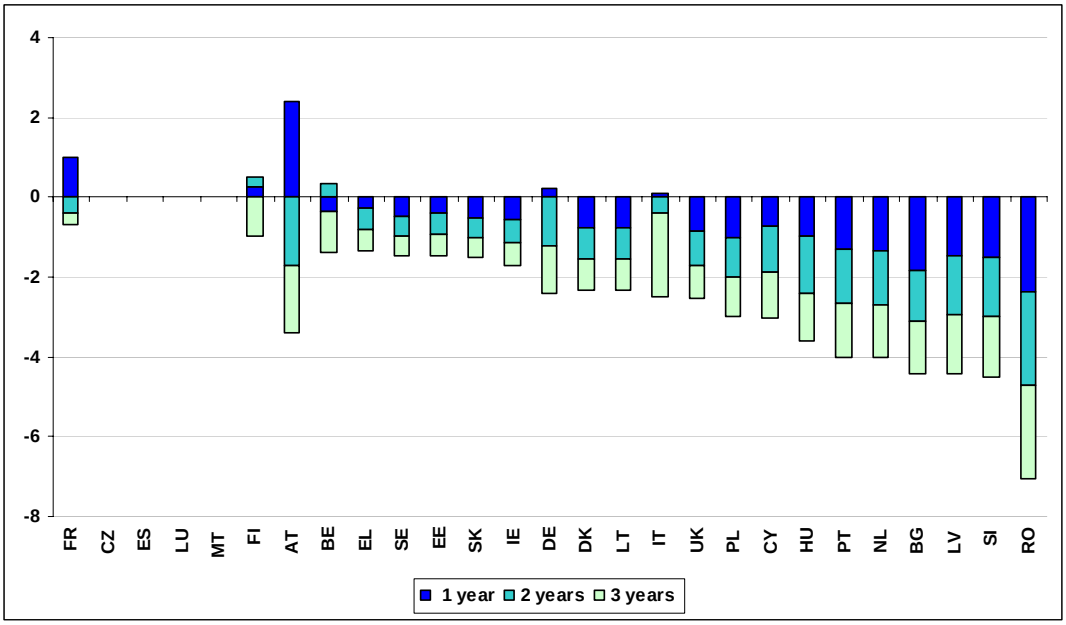
Change in Theoretical replacement rates in percentage points (2006-2046)							Assumptions					
	NET	GROSS Replacement Rate					Coverage rate (%)		Contribution rates**			
	Total	Total	Statutory pension	Type of Statutory Scheme (DB, NDC or DC), 2046	Occupational and supplementary pensions	Type of Occupational or Supplementary Scheme (DB or DC), 2046	Statutory pensions, 2006	Occupational and Voluntary pensions, 2006	Statutory pensions (or in some cases Social Security): Current (2006) and Assumed (2046)	Occupational and voluntary pensions: Estimate of current (2006)	Occupational and voluntary pensions: Assumption (2046)	Evolution of statutory pensions expenditures between 2007 and 2045 (source EPC/AWG)***
BE	4	5	0	DB	5	DC	100	55	16.36	NA	4.25	4,8
BG	15	15	15	DB and DC	/		NA	/	NA	/		2,9
CZ	-21	-16	-16	DB	/		100	/	28	/		1,8
DK	7	20	-10	DB	30	DC	100	78	0.9	8.8	12.7	0,8
DE	1	2	-9	DB	11	DC	90	70	19.5	NA	4	1,7
EE	11	9	9	DB and DC	/		100	/	22	/		0,8
EL	-7	-12	-12	DB	/		NA	/	20	/		8,6
ES	-12	-9	-9	DB	/		89	/	28.3	/		5,9
FR	-17	-16	-16	DB	/		100	/	20	/		1,3
IE	-11	-10	-2	DB	-9	DC	100	55	9.5	10-15	10	3,1
IT	3	-3	-17	DB and NDC	14	DC	100	22(M)/17(F)*	33	5.7	6.91	1,6
CY	14	11	11	DB	/		100	/	16.6	/		6,2
LV	-12	-11	-11	NDC and DC	/		100	/	20	/		2,8
LT	-3	1	1	DB and DC	/		89	/	26	/		4,3
LU	0	-1	-1	DB	/		92	/	24	/		11,1
HU	5	13	13	DB and DC	/		100	/	26.5	/		3,9
MT	-9	-8	-8	DB	/		100	/	30	/		4,7
NL	6	11	2	DB	10	DB	100	91	7	9.8	11.5 -12.5	4,3
AT	5	1	1	DB	/		100	/	22.8	/		1,6
PL	-19	-16	-16	NDC and DC	/		77	/	19.52	/		-0,7
PT	-20	-20	-20	DB	/		81	/	33	/		1,3
RO	52	39	39	DB and DC	/		NA	/	29	/		7,7
SI	2	-4	-4	DB	/		100	/	24.35	/		6,9
SK	2	1	1	DB and DC	/		100	/	28.75	/		2,2
FI	-11	-12	-12	DB	/		100	/	21.6	/		4,2
SE	-13	-13	-11	NDC and DC	-2	DC	100	90	17.2	4.5	4.5	1,8
UK	-4	-2	-3	DB	0	DC	100	53 (M)/56(F)	19.85% (17.25%)	9	8	1,8

Source: ISG calculations done using the OECD APEX model or national models, EPC/AWG projections
*Note: Figures as of June 2008

**Note: Contribution rates used for statutory schemes and also any occupational or private schemes included in the base case, thus providing indicators for the representativeness of the base case. Contribution rates correspond to overall contribution rates as a share of gross wages (for employees and employers) used as assumptions for the calculation of theoretical replacement rates. Contribution rates may differ from current levels reflecting for instance projected increases in contribution rates, in particular as regards assumptions used for second pillar schemes. DK refers to contributions to the ATP (statutory supplementary labour market pension), though it should be recalled that the financing of the first pillar mainly comes from the general budget. For CY one fourth (4%) comes from the general state budget. For LU one third (8 %) also comes from the general state budget. For MT of the breakdown is 10 % from the employee, 10 % from the employer and 10 % from the state. For PL this corresponds to old-age contributions (19.52 % of wages) and disability and survivor's contributions (13% of wages). For PT this corresponds to a general estimate (ratio between overall contributions and aggregate wages declared to social security). In Portugal the TRR will fall partly due to the introduction of the sustainability factor related to life expectancy. It should be noted that the actual pension cuts resulting from the sustainability factor have been lower than previously expected in the 2006 projections. ***Note: AWG projections figures include funded tiers of statutory schemes and statutory early retirement schemes

However, as the work histories required for a full pension are being extended it is important to protect vulnerable groups and cater for career breaks which should not be unduly penalised in the pension system. While the most vulnerable groups are often protected by minimum income provision (see Figure 2.3 above for risk-of-poverty among the elderly), persisting labour market differences between men and women translate into income inequalities in old age. Member States have legislated to equalise pension eligibility ages for men and women to help ensure that women can have a decent retirement income. Furthermore, care burdens, which still mainly fall on women, and the way they result in lower pensions, are being monitored, and an increasing number of countries are beginning to give pension entitlements for care-related absences from the labour market.

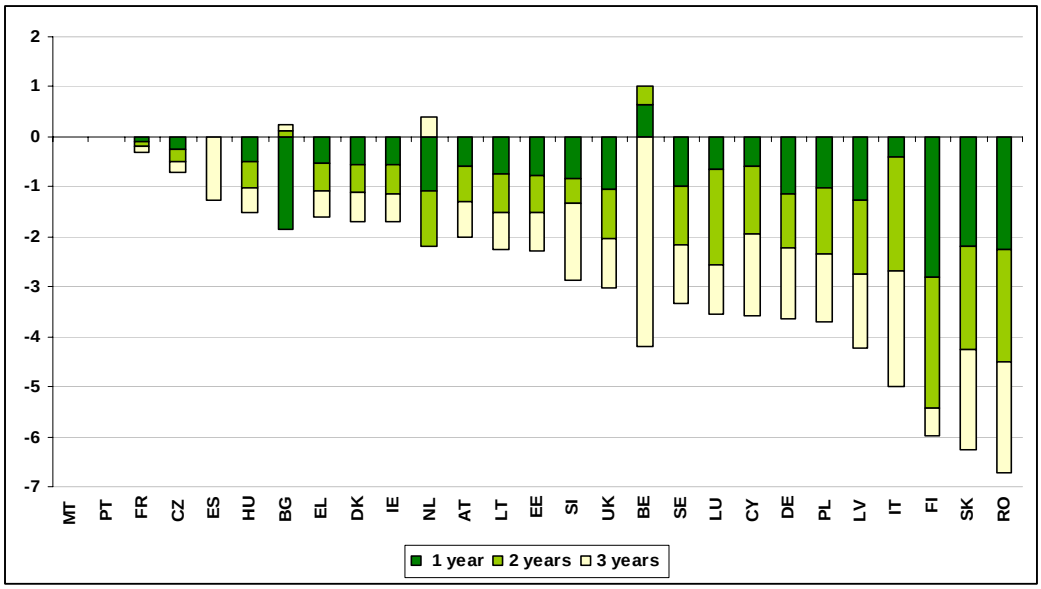
Figure 2.13: Accumulated difference in net theoretical replacement rates for an average earner entering the labour market at 25 and retiring at the statutory retirement age with a 1, 2 or 3 year career break for childcare compared with no break



Source: SPC/ISG
Note: the values for CZ, ES, LU and MT are equal to 0 and should not be interpreted as missing.

Given the current economic downturn and increasing unemployment, protecting the pension entitlements of future pensioners during periods of unemployment is also an emerging feature in most pension systems across the EU. The risk of unemployment is well covered by public pension schemes in many Member States. Nevertheless, it is definitely less true for funded pensions and the preservation of pension entitlements during unemployment is typically less generous than for periods of child care. However, it is important to monitor such protection of pension entitlements together with the effects on work incentives in order to prevent becoming a new dependency traps.

Figure 2.14. Accumulated difference in net theoretical replacement rates for an average earner entering the labour market at 25 and retiring at the statutory retirement age with a 1, 2 or 3 year career break due to unemployment compared with no break*



Source: SPC/ISG* The unemployment break is assumed to take place in the years just prior to old age retirement which is assumed here to be the statutory retirement age for men. Note: the values for MT and PT are equal to 0 and should not be interpreted as missing.

2.6. Health care and long-term care: ensuring sustainability and access to quality services for all

The availability, affordability and quality of health and long-term care systems can strongly contribute to ensuring healthy, independent living and improving labour market participation and productivity. However, there are inequalities in health between and within countries. Between EU Member States there is a 14 year gap in life expectancy at birth for men and an 8 year gap for women. Within Member States differences in life expectancy at birth between lowest and highest socioeconomic groups can reach 10 years for men and 6 years for women.[8]

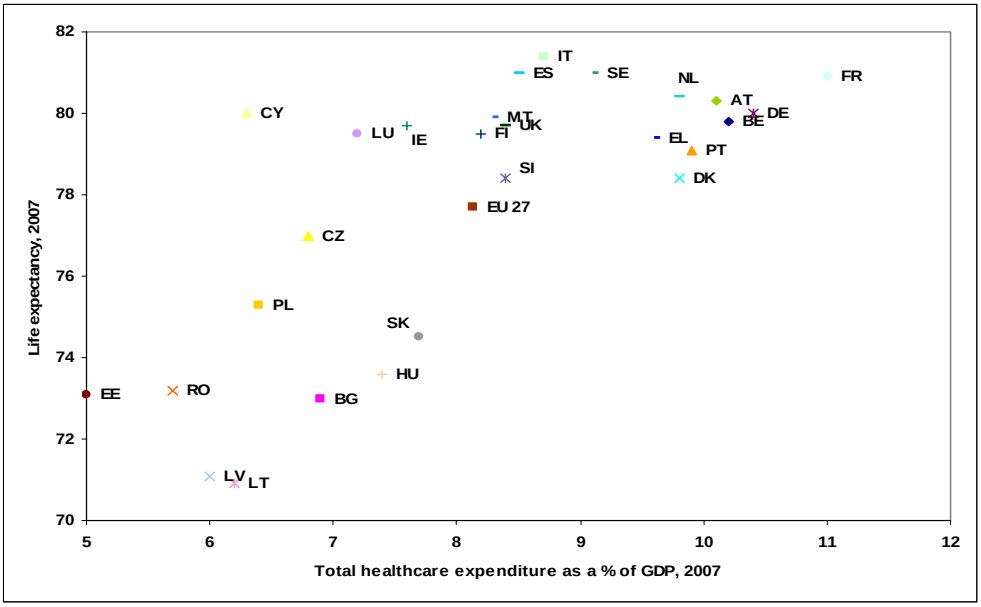
Spending on health and long-term care represents a significant share of GDP and is on a secular rise. There is a growing share of GDP spent on healthcare in view of ageing, technological development, growing patient expectations and increased risky behaviour (for example, alcohol abuse or obesity in children and young adults). This trend is yet more marked, if combined with low economic growth, low labour market participation and high unemployment which limit increases in revenues. Hence, improving the value for money of healthcare systems through enhancing effectiveness, efficiency and priority setting have been deemed an urgent task.

Member States are in very different positions to face these challenges. In fact, there are substantial differences in health outcomes and health expenditure across the EU, with those reporting lower life expectancy (Bulgaria, Romania, the Baltic states, Hungary) also reporting the lowest total health expenditure as a percentage of GDP (Figure 2.15). In many of these

[8] Communication from the Commission: Solidarity in Health. Reducing health inequalities in the EU, COM(2009)567/4.

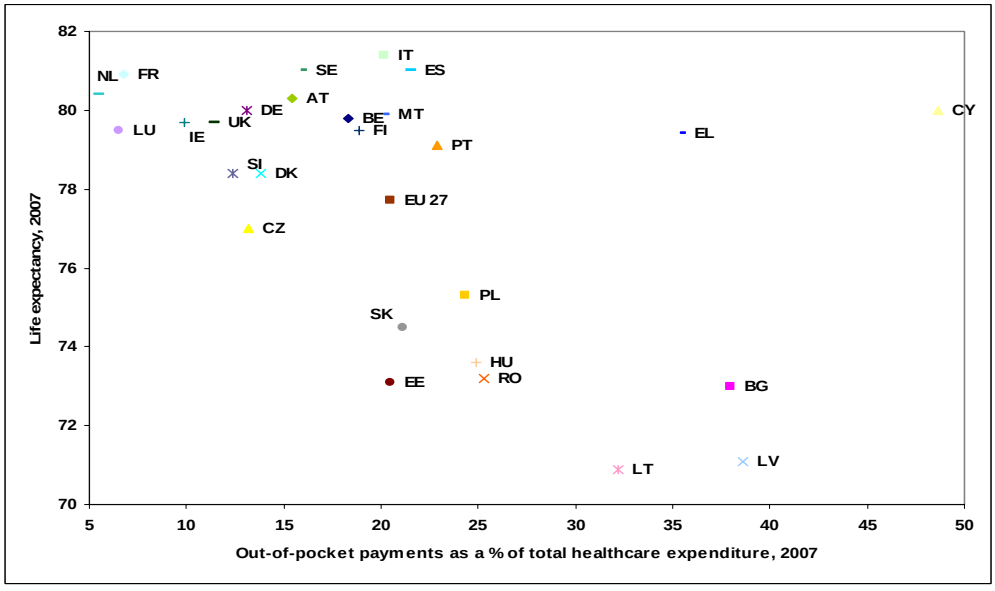
countries, out-of-pocket expenditure is a large part of total expenditure (by EU standards), making health care more difficult to access for those who need it most. (Figure 2.16).

Figure 2.15: Total expenditure on healthcare and life expectancy in the EU Member States



Source: Life expectancy - EUROSTAT 2006 for FR and IT, 2007 for the rest of the EU MS, Total healthcare expenditure as a % of GDP - OECD health data 2007 and WHO health data 2006 for the non-OECD EU MS

Figure 2.16: Out-of-pocket expenditure on healthcare and life expectancy in the EU Member States



Source: Life expectancy - EUROSTAT 2006 for FR and IT, 2007 for the rest of the EU MS; Out-of-pocket payments as a % of total healthcare expenditure - OECD health data 2007 and WHO health data 2005 for the non-OECD EU MS

The current crisis can place an additional economic constraint in countries where the health and social care sector is already under-resourced, social protection expenditure (as percentage

of GDP) is low and the financial situation of households is poor (Baltic States, Romania, Bulgaria in terms of public expenditure) or in countries which have just recently faced a macroeconomic stabilisation programme and where the financial situation of households is reduced (Hungary).

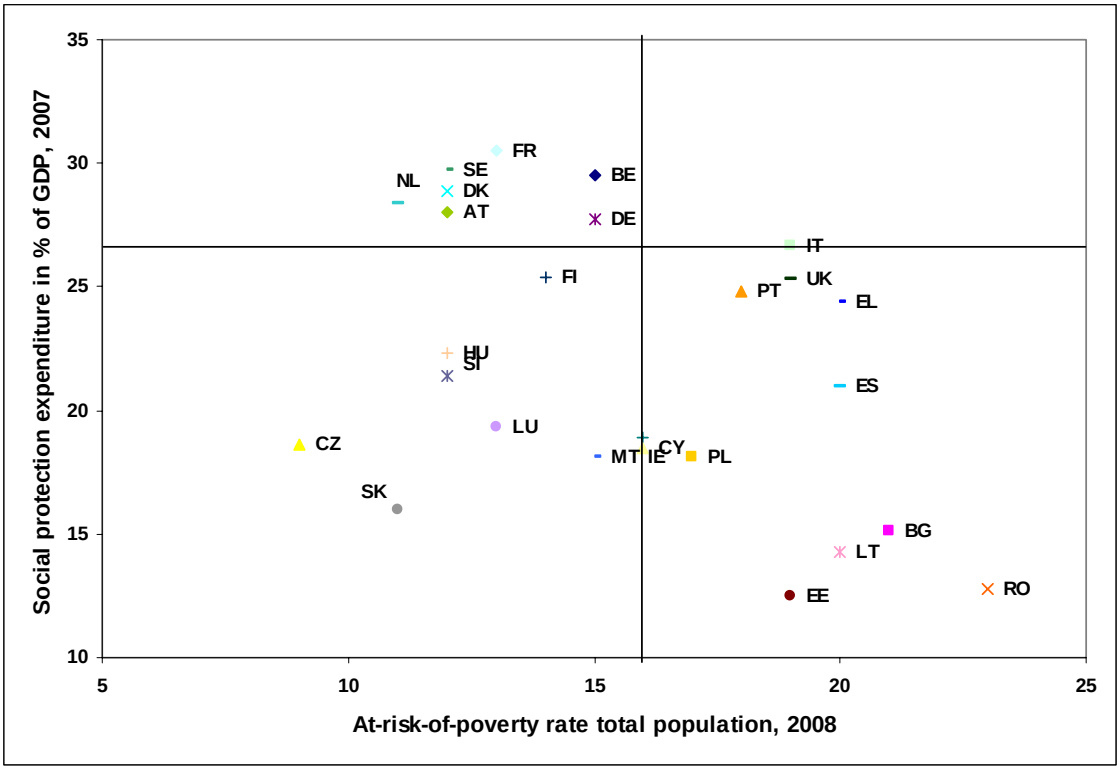
The impact of the economic crisis was felt strongly in some new Member-States (Estonia, Latvia, Lithuania, Romania, Hungary), as well as in older and richer ones (United Kingdom, Ireland and Spain). However, the health care sectors in the new Member-States are more vulnerable to economic crisis than in the UK, Ireland and Spain because the total health expenditure as a proportion of GDP is low (5% in Estonia, 5.5% in Romania, 5.9% in Lithuania, 6.4% in Latvia as compared to 8.4% in United Kingdom, Spain, Hungary, 7.5% in Ireland) and the out-of-pocket payments as a proportion of the total health expenditure are high (38.6% in Latvia, 32.2% in Lithuania, 25.3% in Romania, 22.6% in Hungary, 20.5% in Estonia as compared to 11.9% in UK, 12.4% in Ireland and 21.5% in Spain).

Therefore, the role of private funding in adjusting for public health funding deficits remains a particular concern especially in the newer Member-States, as several of them have increased the amount of out-of-pocket payments.

2.7. Social protection over the economic cycle

Social protection systems can play a crucial role as automatic stabilisers and sustain the productive capacity of the economy. In some countries, however, there are significant weaknesses and gaps in social safety nets. In others with mature social protection systems to cushion the impact of the crisis, financial sustainability is questioned in the long run. Countries faced with major public finance deficits are left with little room for manoeuvre to address the social consequences of the crisis. This is of particular concern for those who also have weaker levels of protection (e.g. Lithuania, Latvia, Romania). Mapping the at-risk-of-poverty rate of the total population against total social protection expenditure as a percentage of GDP gives a first indication of the importance of social security expenditure in reducing social vulnerability, and also the efficiency of social protection systems in reducing poverty. The graph below also illustrates the different situations faced by Member States at the onset of the economic crisis.

Figure 2.17: Total social protection expenditure and at-risk-of-poverty rate of the total population in EU Member States

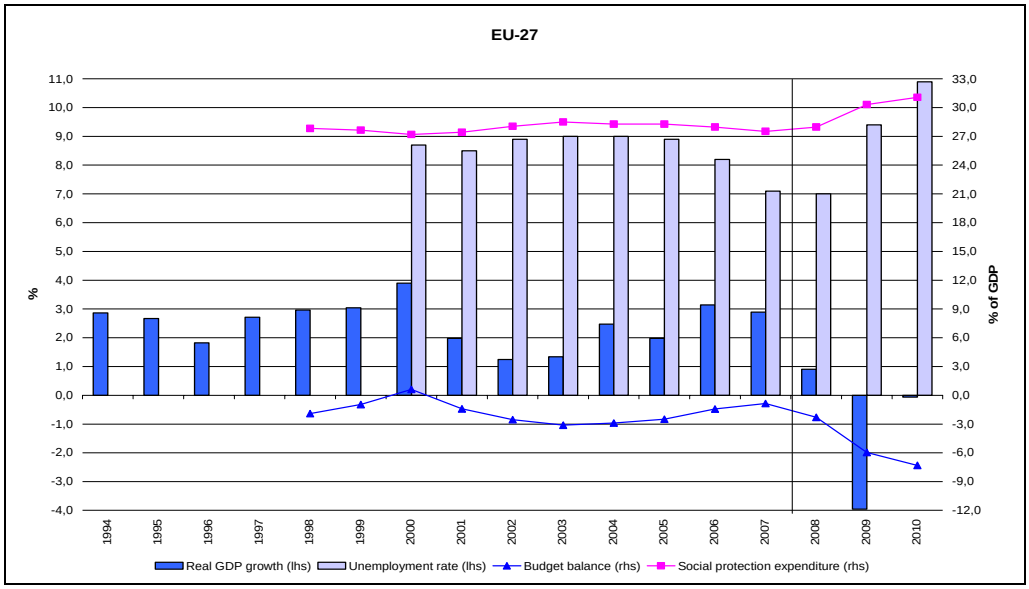


Source: ESSPROS 2007, EU-SILC 2008
Note: The horizontal and perpendicular lines depict the EU averages of the variables

An analysis of the evolution of social spending and public deficits against the economic cycle can illustrate to what extent social spending is counter-cyclical, both in good times and bad. Ideally, increases in social protection expenditure should be seen as part of a recovery package, rather than a permanent feature, thus acting as an automatic stabiliser.

The ratio of social protection expenditure as a share of GDP declined during the periods of rapid growth in the second half of 1990s, after having increased sharply in the early 1990s when growth rates were very low. In recent years, a trend can be observed towards increased resources devoted to social protection from general government budgets. Promoting labour market participation in addition to improving the fairness, efficiency and effectiveness of social spending will be crucial for all countries. This will help to ensure counter-cyclicality to promote economic growth and to address fiscal imbalances.

Figure 2.18: Expenditure on social protection benefits since 1994 in the EU in relation to the fiscal situation, % of GDP



Source: AMECO database[9]

Analysis shows that Member States have taken steps to **reshape social protection systems** so that they encourage activity and inclusion. However, it is also clear that for social protection systems to function well, their modernisation needs to be accompanied by effective strategies for growth and more and better jobs.

[9] The AMECO database is based on National Accounts.
In this extract from AMECO the sum of "Social transfers in kind" and "Social benefits other than social transfers in kind" in accordance with European System of Accounts 1995 (ESA95) has been used. Generally speaking the results for total expenditure on social protection is somewhat lower than in ESSPROS. For details on the main differences compared with the European System of Integrated Social Protection Statistics (ESSPROS) in the way social benefits in cash and kind are distinguished please refer to Manual on sources and methods for the compilation of COFOG Statistics, page 65-66, Eurostat, http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-07-022/EN/KS-RA-07-022-EN.PDF

Box 1 'Growth, Jobs and Social Progress': a contribution to evaluating the social dimension of the Lisbon Strategy

The report on *Jobs, Growth and Social Progress* was adopted by the Social Protection Committee (SPC) on 14 September 2009. It is a contribution to discussions on the future shape of the EU's Growth and Jobs Strategy and looks at the way economic, employment and social policies interact. It was prepared by the SPC, which brings together experts representing each Member State together with the European Commission. The report investigates the extent to which past economic and employment growth has contributed to greater social cohesion, as well as the extent to which the modernisation of social protection systems has supported this growth.

The report shows that Europeans can count on sound social protection systems. Not only has social protection greatly contributed to mitigating the worst social consequences of the economic and financial crisis, it has also undergone profound modernisation, in line with the overall Lisbon strategy.

However, social protection is not enough to limit or prevent poverty and exclusion. Having a job remains the best safeguard against poverty and exclusion, thus confirming and important stance of the Lisbon Strategy. Yet, this report clearly shows that the virtuous circle of participation in employment and living out of poverty has not always functioned in the last decade. Serious obstacles still face the most vulnerable groups, such as the low-skilled, lone-parent families, or migrants. In addition, recent developments have shown that more attention needs to be paid to the interaction between flexible labour markets and quality of work, notably in relation to its impact on the gender dimension. As a consequence, while the emphasis should still be on promoting growth and jobs, fighting child poverty, engaging closely in active inclusion and more generally fighting labour market segmentation and encouraging job quality will have crucial importance.

The task of modernising social protection is not over: quite the contrary. Building on previous achievements, reforms should be further pursued and fully articulated with growth and employment strategies. The consolidation of pension reforms will require further efforts to promote longer working lives, which in turn makes a strong case for fighting health inequalities and improving health and safety at work.

3. RESPONDING TO THE CRISIS AND PREPARING FOR RECOVERY

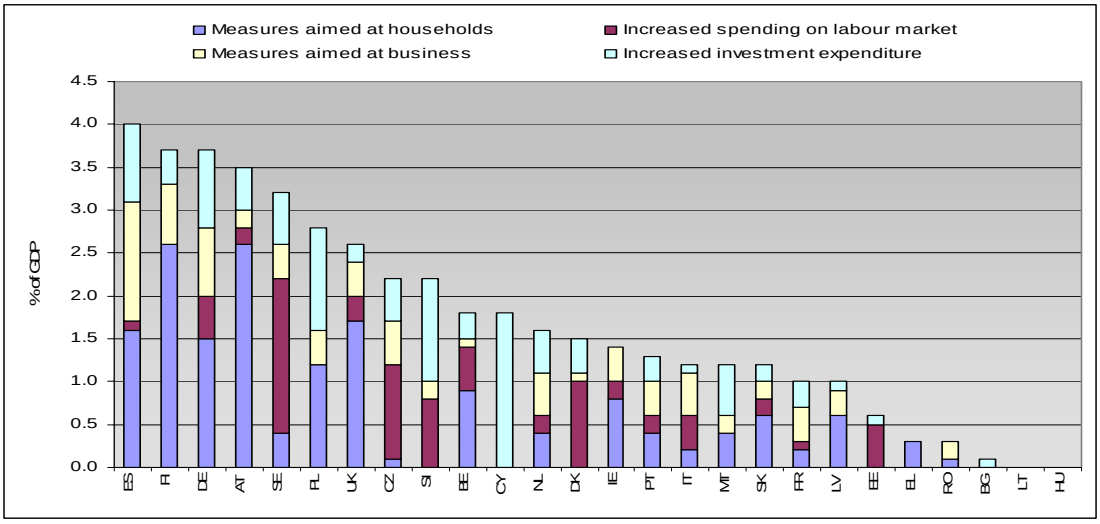
The crisis has highlighted great diversity within the EU. Its scope, magnitude and effects vary. Large drops in GDP have triggered dramatic rises in unemployment in some countries, while it has been contained in others. The capacity of EU welfare systems to address the rising demand for social security also varies. Some Member States have major gaps in their safety nets, and not all governments have the financial room for manoeuvre to let automatic stabilisers operate fully.

3.1. First evaluation of policy responses

Members State policy responses vary in scale and emphasis. A Commission estimate (Figure 2.1) shows that spending on overall recovery measures ranges from less than 1% of GDP in Hungary, Lithuania, Bulgaria and Greece to more than 3.5% in Spain, Finland and Germany. Figure 1 also illustrates the different emphases placed by Member States on the various types of measures: some countries predominantly investing in support for households, others in labour market measures, and yet others devoting large shares of their spending to investment expenditure.

According to the Commission's autumn forecast, as a result of automatic stabilisers and discretionary measures to reinforce social benefits, social expenditure in the EU is expected to increase by 3.2 percentage points of GDP between 2007 and 2010 (Figure 2). The forecast rise ranges from less than 1 pp in Bulgaria, Hungary and Slovakia to 6 pp or more in Estonia, Ireland, Latvia and Lithuania.

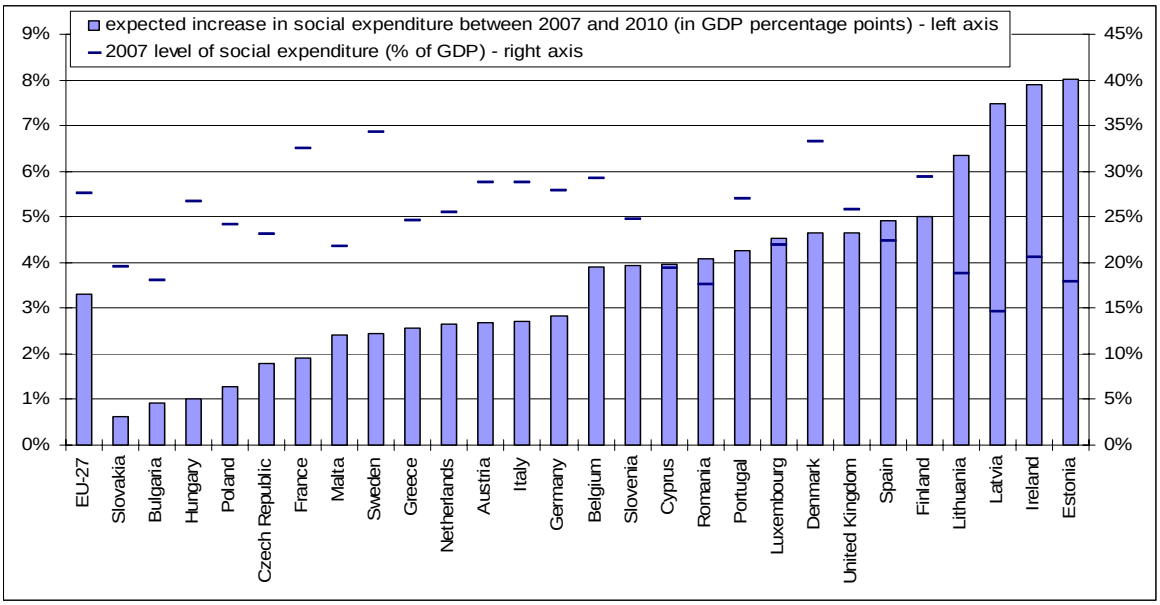
Figure 3.1: Overview of the composition of recovery measures in EU Member States' recovery plans – Discretionary stimulus (aggregate over 2009-10)[10]



Source: Commission services – European Economy Occasional papers N°51 July 09 "The EU's response to support the real economy during the economic crisis: an overview of Member States' recovery measure". – Table 2 on page 16.

[10] The figure for Poland might be overestimated, e.g. including the impact of the announced *Social Solidarity Fund* which was rejected later on.

Figure 3.2: Expected increase in social expenditure between 2007 and 2010, pp of GDP



Source: EC Economic Forecast Autumn 2009 (AMECO database)

3.1.1. First evaluation of the impact of automatic stabilisers

The last year has illustrated the key role played in Europe by automatic stabilizers in cushioning the impact of the crisis. As highlighted in the SPC report on "Growth, Jobs and Social Progress" a number of estimates for large European countries based on past experiences have shown that the capacity for stabilization of public finances in European countries varies. According to these macro estimates 15% to 35% of economic fluctuations are smoothed by automatic stabilizers, depending on Member State[11]. In general, most components of social protection expenditures increase more quickly than GDP in periods of economic downturn, and more slowly than GDP in economic recovery. But, while unemployment expenditures are clearly among the most sensitive to changes in the economic conditions, the variability of social protection expenditures also reflects changes in other types of expenditures (with significant variations between Member States covered).

More recently, a working paper by the Institute of Labour (IZA)[12] provides an illustration of the various impacts of automatic stabilizers across EU countries[13]. The model estimates the relative contribution of taxes and benefits to disposable income stabilization and demand stabilization. It points to the limited role of unemployment benefits stabilization in some EU Member States (see Table 1).

The results suggest that in the event of a large unemployment shock (e.g. a 5 pp increase in the unemployment rate), automatic stabilisers in the EU would absorb 48% of the shock (only

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11 Sources: Creel J. and Saraceno F. Automatic Stabilisation, Discretionary Policy and the Stability Pact, OFCE, working paper n° 2008-15; Van den Noord P. (2000),The Size and Role of Automatic Fiscal Stabilizers in the 1990s and Beyond., OECD Economics Department Working Paper, n° 230.

12 Dolls et al (2009), Automatic Stabilizers and Economic Crisis: US vs. Europe, IZA Discussion Papers 4310, Institute for the Study of Labor (IZA).

13 One should note that these estimates are based on microsimulation models (often for different years) while the former are based on macroeconomic economic regressions (for the same years). Thus microsimulation estimates are theoretical (and rely notably on sometimes strong assumptions on take up of benefits and employment behaviours of households), macroeconomic regression rely on actual figures reflecting past experience.

34% in the US), with benefits having an important income stabilisation effect (19% in the EU and only 7% in the US). However, there is considerable heterogeneity within the EU, as illustrated in Table 3.1. These results suggest that social transfers, in particular on the revenue side and also on unemployment insurance, play a key role in the stabilisation of disposable incomes and household demand. According to the OECD Economic Outlook (2009), when seen in relation to the impact of discretionary fiscal measures implemented during the crisis, the scale of the operation of automatic stabilisers is such that, for the OECD countries as a whole, the net fiscal stimulus they provide in 2009 is estimated to exceed the discretionary fiscal action currently planned by governments by a factor of 2½.

Table 3.1 - income and demand stabilization in case of unemployment shock*

	income stabilization (% of shock absorption)			
	FEDTax	SIC	Benefits	Tax and benefits
SE	19.7	2.9	45.8	68.5
DK	24.3	8.3	38.2	70.7
FR	7.6	19	31.7	58.2
PT	22.5	9.4	30.6	62.5
AT	20	16.7	30.3	67
LU	14.7	9	29.6	53.3
BE	25.7	12.4	27.6	65.7
DE	23.1	14.5	26.8	64.5
FI	22.4	5	26.7	54.1
NL	10.3	13.1	23.9	47.2
EURO	16.6	12.9	21	50.4
EU	17.2	12.1	18.9	48.2
UK	19.4	6.1	18.6	44.1
IE	20.7	3.6	18.2	42.5
EL	12.6	13.7	11.9	38.3
ES	12.7	6.4	9.1	28.3
IT	18.3	10.1	7.6	35.9
US	21.5	5.1	7.1	33.7
SI	17.5	21.6	5.4	42.5
HU	22.7	19	4.7	46.4
PL	15.1	17	-2.7	29.5
EE	17.8	2.2	-3.2	16.8

* Unemployment shock refers to an increase in the unemployment rate by five percentage points.
** FEDTax: taxes, SIC: Social Insurance Contributions.
Source: Dolls et al (2009), Automatic Stabilizers and Economic Crisis: US vs. Europe, IZA Discussion Papers 4310, Institute for the Study of Labor (IZA) based on the micro-simulation model EUROMOD

3.2. Overview of main policy measures taken in response to the crisis

Most Member States continue to strengthen their **policy responses** to the economic slowdown, in line with national reform programmes and the National Strategy Reports. As labour market conditions have continued to worsen in the second and third quarters of 2009, many Member States have strengthened and consolidated the set of **labour market measures** they had adopted at an early stage. These measures aim to preserve employment, support activation and promote re-integration in the labour market, while anticipating and managing the adverse impact of restructuring. New or reinforced measures focus on **flexible working time arrangements**, which are seen as effective means to maintain people in employment in response to short term shocks, as well as a way to further enhance active labour markets and ease labour taxation.

Member States have also further enhanced their **measures to support people's income**. Two countries have adopted comprehensive packages to reinforce their safety nets. New measures have especially been taken to strengthen **unemployment benefits** while paying attention to avoiding disincentives to get back to work. Member States have also reinforced **minimum income schemes** especially in countries where they appeared weak under the increased pressure created by the crisis.

Member States also report on the specific support provided to groups at risk, notably **youth**, families with **children** and the disabled. Some Member States also report on measures to ensure equal opportunities between **women** and men.

A few Member States have taken further measures to avoid and stem the direct consequences of the financial crisis for individuals and families. These include measures to **protect mortgage holders** against repossession (e.g. renegotiation of mortgages for the unemployed), to address over-indebtedness, or to create incentives for banks to **give access to credit** to individuals, including people on low income.

The current economic and financial crisis may have a severe impact on the **healthcare sector** in several EU Member States, on both the supply and demand sides. On the supply side, the economic and financial crisis may lead to reduced funding for health and long-term care services as a result of budget cuts and lower tax revenues, while the demand for health and long-term care services may increase as a result of a combination of factors contributing to worsening health among the general population.

The health impact of the rapid deterioration in public finances is likely to be fully felt only at the end of this year, when budgets for 2010 will be discussed. In view of the levels of public debt, it is more than likely that the fiscal 'room to manoeuvre' will further reduce. The deterioration in public finances and consequent shrinking of fiscal resources could force governments to adopt drastic adjustment and austerity measures.

For countries whose health system is financed through general tax revenues, decreases in GDP and economic outputs may result in significant reductions in public revenue for health. Alternatively, for countries that rely predominantly on wage-related contributions to health insurance funds, increases in unemployment are likely to constrain revenues earmarked for health.

Several Member States have included measures within their recovery packages to mitigate the impact of the economic crisis on health care, in the following areas ***i)*** **investing in health infrastructure,** ***ii)*** **providing additional funding to the healthcare sector,** ***iii)*** **restructuring and reorganising the healthcare system**.

Some Member States have allocated funding to the construction of new healthcare centres or the upgrading of the existing health infrastructure as a means to boost employment in the construction sector, although these measures were not initially considered as a part of an economic recovery plan.

Furthermore, many Member States have adopted measures to reduce the impact of the economic crisis on health care by securing sufficient funds for the healthcare sector during the crisis, improving the utilisation of existing resources within the healthcare sector and ensuring the protection of patients' rights and entitlements.

The measures taken by some Member States in order to restructure and reorganise the healthcare sector are aimed at using resources in the most productive and efficient way, re-defining priorities (so as to reallocate funds and distribute any surpluses to other fields that appear to have higher deficits), and reorienting and reorganising healthcare services, in an attempt to respond effectively to the increased demand for healthcare services in the context of the economic crisis.

However, a few Member States have not introduced specific health-related measures to cope with the economic crisis, either because their health systems have not yet been directly affected by the crisis or because health care is not regarded as a key element in re-launching economic growth.

Regarding the longer-term impact of the crisis on **pension schemes**, and social security schemes in general, many countries observe that the effects of the crisis are still hard to predict. At present, the bulk of pensions in payment are delivered by public PAYG schemes on which the crisis in financial markets has no direct effect. By contrast, the book values of the assets held by pension funds have fallen significantly and real issues of solvency could emerge if markets take long to recover. But, apart from in a few Member States, this would primarily affect the incomes of future pensioners in the medium to long term. Most Member States therefore regard their pension systems as quite resilient. However, if the crisis deepens and continues for several years, even PAYG systems will be affected as unemployment and lower growth reduce revenues from taxes and social contributions and weaken public finances.

In their replies to the October 2009 questionnaire, most countries indicate that it is still **too early to fully evaluate the social impact of the measures they have taken in response to the crisis**. However, some countries report on stock-taking exercises performed by government to evaluate the take-up of specific measures (e.g. number of benefit recipients, number of workers having participated in activation measures) or the impact of measures to preserve or create jobs. A few countries have commissioned independent ex-post or ex-ante evaluations of their overall recovery packages.

The preparation of their 2010 budgets is the occasion for Member States to review the measures originally taken in the light of constraints on public finances. This review should also highlight the need to balance the burden of the policy responses across different levels of government.

One year into the crisis, more Member States report a stronger emphasis on provisions to ensure **budgetary discipline**. This is because of very high constraints on public finances, and/or the need to preserve the long-term sustainability of public finances in general and social protection in particular. In addition to the two countries who had already reported on this aspect in spring 2009, a number of others are planning or have recently adopted '**austerity' packages** of different sorts. These packages include reforms of the public sector (e.g. redundancies and reduced wages for state employees), tax increases (especially VAT), etc.

As welfare systems continue to play their role of automatic stabilisers, social protection expenditure is projected to rise. However, their capacity to address the rising demand for social security varies greatly across Member states, and not all Member States have the financial room for manoeuvre to let automatic stabilisers operate fully. The review of public finances and the preparation of the 2010 budgets have led some Member States to adopt fiscal consolidation packages that may weaken the effects of previous recovery measures aimed at

preserving employment and/or sustaining demand. In the long run, however, their aim is to ensure sound public finances and thereby support macroeconomic stability and future growth.

3.3. The need for effective and efficient social inclusion policies during and after the crisis

While the economy is expected to return to a 0.7% growth in 2010, labour demand is likely to remain weak for a while and past experience suggests that the social consequences of the downturn will persist. **Unemployment** in the EU reached 9.5% in November 09, and could reach 10.3% in 2010. The rate is more than double for **young workers** (21.4%) and **migrants** (18.18.9%).

The loss of family income caused by unemployment deeply affects all those who depend on it. Clearly this includes **children and other dependants**. Cuts in the provision of social services may also affect families with children. **Young people** still in education or seeking to enter the labour market may also affected both by the drop in their parents income, on which they often depend and by the lack of job opportunities. The maturing of pensions systems in recent decades has helped reducing poverty risks for the **elderly** in many parts of the EU. However, the crisis threatens the development of adequate pensions where elderly poverty remains very high and has highlighted risks in privately managed schemes.

The crisis is also likely to affect **those furthest from the labour market**, whether inactive or long-term unemployed. Even before the crisis, the low-skilled, people with disabilities or mental health problems, and migrants — particularly women — had limited access to training and other enabling services. Recent efforts to boost employability for all may be undermined by the lack of jobs and increased pressure on training and employment services. Maintaining decent living standards for all is not only crucial to ensure that people can live in dignity, but is also necessary to sustain their employability and learning capacity. Overall, the crisis has shown that most Europeans can rely on some of the most **effective safety nets** in the world. However, there are gaps across countries and population groups.

The effectiveness of **unemployment benefits** varies greatly across and within countries depending on their coverage, duration, conditionality and replacement rates. Some workers are better covered than others. Young workers with short contributory records and some of the self-employed may not be entitled to unemployment benefits, while workers on part-time or temporary contracts often benefit from a lower level of protection than other workers.

Reforms to strengthen incentives to work have tightened eligibility criteria, or reduced the level or duration of benefit entitlements. Together with a greater emphasis on activation measures, these reforms have contributed to an overall reduction in long-term unemployment. However, they have not always managed to reduce **long-term welfare dependency**. Even though several Member States have prolonged benefit durations and relaxed eligibility rules in response to the crisis, the pressure on **last-resort schemes** is likely to increase, as unemployment benefits run out for more and more people.

The report ‘Growth, Jobs and Social Progress’ warns that past crises have shown that long-term unemployment or inactivity tend to persist long after recovery has set in. This partly reflects increasing numbers of people moving into long-term sickness and disability benefits or early retirement schemes. Long-term unemployment and periods of inactivity also affect

people's employability through skill depreciation, discouragement, and in some cases a lack of integration in society as a whole.

3.4. Supporting the integration of the most excluded in the labour market and in society as whole: the role of activation and access to services

Adequate income support is crucial for people's ability to live in dignity (see section 3.5), but it should also be complemented with policies aimed at helping them back on the labour market and participate fully in society. Active labour market policies and ambitious life long learning strategies have an important role to play in fighting poverty and social exclusion.

The SPC report on "Growth, Jobs and Social Progress" reviews recent trends in a number of policy fields that promoted in the context of the Lisbon Strategy to support greater labour market participation among the inactive and the unemployed and help low wage workers to get better jobs. It shows that both spending and participation in active labour market measures, including training, have improved overall in the last years. However, more needs to be done to ensure that such policies **reach all categories of workers**, including the low skilled, the young and the elderly, migrants and the disabled.

Participation in **life-long learning** has improved overall in the EU-27 from 7.1% of people aged 25-64 in 2000 to 9.6% in 2008. However, great disparities remain across countries, with participation rates among the 25-64 age group varying from 3% or less in RO, BG, HU and EL to more than 30% in DK and SE. The participation rates of the unemployed have increased but were still only around 8.5% in 2008. After an increase in early 2000, the participation rates of the inactive stagnated and stood at 6.9% in 2008. The main issue of concern is **the very low rates and slow progress in the participation of low-skilled workers**, which stood at 3.8% in 2008 (as against 2.8% in 2000). Furthermore, the percentage of early school-leavers was still high at 15.2% in the EU in 2007, as against 17.2% in 2000. Moreover, the overall progress hides the poor performance of a number of countries like BE, DK, DE, EE, ES, FR, AT and SK, where no or very little progress was made.

Labour market policy (LMP) expenditure decreased from 0.51% of GDP to 0.47% between 2005 and 2007, partly reflecting declining unemployment rates. LMP expenditure per person wanting to work also stagnated during that period. There was also a slight shift from spending on passive measures to spending on active measures[14]. Spending on active measures per person wanting to work increased from 1472 PPS in 2005 to 1739 PPS in 2007, while spending on 'passive' measures per person wanting to work declined from 3931 PPS to 3770 PPS in 2007. The decline was mainly driven by the decline in income replacement spending, while spending on early retirement (8% of total passive spending) remained the same. Further analysis would be needed to identify the factors behind the relative decrease in income maintenance spending (changes in the design of benefits, reduced benefits, etc). (See point 3.6)

The lack of enabling services has also been identified as an obstacle to participation in the labour market, especially for women with care responsibilities. It is also a compounding

[14] 'Passive measures' include income support (8) and early retirement schemes (9); 'active measures' include training (2), job rotation and job sharing (3), employment incentives (4), supported employment and rehabilitation (5), direct job creation (6), and start-up incentives (7).

factor in child poverty. Member States' efforts to increase **child care provision** have helped to increase the number of children in formal care arrangements from 25% in 2005 to 30% in 2007 for children below the age of 2. Very large differences persist between Member States, with rates ranging from 2% in CZ, PL and SK to more than 40% in BE, DK, NL and SE. In many countries the provision of child care is mainly on a part-time basis, which can hamper labour market participation for lone parents in particular. Furthermore, in the same period the share of persons with care responsibilities declaring that they are inactive or working part-time due to the lack of care services increased from 26.7% in 2006 to 29.8% in 2008.

More generally, adequate and individualised social and employment services play a key role in addressing the structural barriers to participation in the labour market and in society as a whole. Labour market policies alone are not sufficient to support the integration of the most vulnerable in society and into the labour market: the personal, family and social hurdles they face should also be addressed by quality social and health services.

3.5. Income support: the specific role of minimum income schemes

3.5.1. Minimum income schemes in the context of Active Inclusion

The **Active Inclusion Strategy**[15] provides an integrated framework within which the multidimensional nature of poverty and social exclusion can appropriately be tackled, and as such it is fully supported by the Member States. **Adequate income support is a key pillar of the strategy**. Its aim is to ensure a dignified life to those – either fit or unfit to work – that are not endowed with sufficient resources to live in a manner compatible with human dignity, consistently with the 1992 Council Recommendation[16] that called on Member States to recognise such a basic right.

In the context of the adequate income support strand of the strategy, **the focus here is on minimum income (MI) schemes for working-age people** across EU Member States.[17] [18]These are schemes that provide cash benefits aimed at ensuring a minimum standard of living to individuals and their dependants having no, or insufficient, other means of financial support (including contributory cash benefits and support from other family members). As

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15 The European Commission adopted on 3 October 2008 a Recommendation on the active inclusion of people excluded from the labour market providing common principles and practical guidelines for the Active Inclusion Strategy – a comprehensive integrated strategy linking together adequate income support, inclusive labour markets and access to quality services. It was endorsed by the Council on 17 December 2008, and by the European Parliament in its Resolution of 6 May 2009.

16 Council Recommendation 92/441/EEC.

17 The analysis presented in Sections 3.4.1 and 3.4.2 relies heavily on the work conducted by the EU Network of national independent experts on social inclusion, and particularly on the Synthesis Report drawn from their work (Frazer H. and E. Marlier (2009) "Minimum income schemes across EU Member States. Synthesis Report"). The Synthesis Report covers 26 out of the 27 Member States as a final report for LU was not available when the report was finalised. However, LU is included in the Tables in the Synthesis Report's Annex on "Main characteristics of MI schemes and their relationship with national social protection systems". The national experts' reports and their overview are available from: http://www.peer-review-social-inclusion.eu/network-of-independent-experts/2009/minimum-income-schemes.

18 The work on MI presented in this document is meant to be as the first step in the direction of more detailed analytical work on Active Inclusion. As such, it only touches upon a specific issue mainly linked to adequate income support, but also partly to inclusive labour markets. The third pillar of active inclusion (access to quality services) is of course as important as the other two but is left to future investigation.

stated by Figari, Haux, Matsaganis and Sutherland (2009),[19] the level of income provided to a person through a MI scheme is the minimum level of income deemed acceptable for that type of person by the social protection system in the country concerned.

MI schemes are to be considered as "schemes of last resort". They provide a safety net, aimed at preventing destitution to people that are not eligible for social insurance benefits or whose entitlement to such benefits has expired. In this sense, **they play an even more important role in a context of crisis**, and the more so, the more long-lasting the economic downturn. Indeed, many of the national independent experts part of the EU Network on social inclusion[20] note that the rise in unemployment brought about by the financial and economic crisis has already had an impact on social assistance (SA) schemes.[21]

Almost all EU countries have some form of MI scheme *at the national level*, while those Member States that do not have one, like Italy, have some sort of schemes at the regional or local level. The schemes are generally conceived as a short-term form of assistance (though formally not time-limited in most Member States). They are means-tested and funded through the tax system (i.e. non-contributory). They mainly target people out of work but some Member States have extended their scope to provide in-work income support. The institutional features of MI schemes across EU countries are considered in the next Section. The following two Sections focus respectively on non-take up and benefit adequacy and work incentives.

3.5.2. Institutional features of minimum income schemes in EU countries

Substantial differences exist across Member States in the way MI schemes are designed. In terms of comprehensiveness of the schemes (i.e. the extent to which MI schemes are non-categorical, thus generally applying to the low-income population and not only to specific subgroups), the work of the EU Network experts pinpoints to the existence of four "broad" groups of countries with different institutional features. A first group of Member States (AT, BE, CY, CZ, DE, DK, FI, NL, PT, RO, SI, SE) is characterised by **relatively simple and comprehensive MI schemes**, generally open to those lacking sufficient resources to live in dignity. A smaller group of countries (EE, HU, LT, LV, PL, SK) has **simple and non-categorical MI schemes accompanied by more restricted eligibility conditions**. A third group (ES, FR[22], IE, MT, UK) is characterised by a **complex set of different and often categorical schemes** that sometimes overlap one with the other but generally cover most of

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19 Figari F., T. Haux, M. Matsaganis and H. Sutherland (2009) "The effects of Minimum Income schemes on the working-age population in the European Union",SSO Research Note 5(2009).

20 The EU Network of National Independent Experts on Social Inclusion assists the European Commission in monitoring and evaluating the situation with regard to poverty and social exclusion and the policies that are relevant in this respect in the Member States and candidate Member States. Twice a year, the experts produce a report on their respective countries concerning a specific subject that is being examined in the context of the EU social inclusion process. Once a year, the experts produce an independent (non-governmental) assessment of an official policy document (social inclusion strand of the National Strategy Report on Social Protection and Social Inclusion or an official reply to an SPC questionnaire on a specific topic). The Network Core Team produces synthesis reports, bringing together the main results of the analysis across countries. For more information on the network and its work, see: http://www.peer-review-social-inclusion.eu/network-of-independent-experts.

21 SA schemes represent the broader category including MI benefits together with other types of benefits like housing benefits, child benefits and unemployment assistance benefits. In what follows we will make it explicit whether considerations and findings apply to SA schemes more generally rather than specifically to MI schemes (to which we refer whenever not differently specified).

22 This has improved with the introduction of the RSA in 2009

those with insufficient resources. Finally, there is a small group of countries having **limited, partial or piecemeal arrangements** only covering narrow categories of people.

In general, eligibility conditions (commonly related to age, nationality, residence, lack of financial resources and availability for work) vary significantly. Consistently, **large cross-country variation in coverage**[23] **of MI schemes is observed** – as evident also from Figure 3.3 reporting EUROMOD[24] simulations on the poor working-age individuals (not in full-time education) living in assessment units entitled and not entitled to MI.[25] [26] **In some Member States there are people on very low incomes that still have no access to MI schemes.** Some groups, like the homeless, refugees and asylum seekers, are often left uncovered even in the countries with the more comprehensive schemes.

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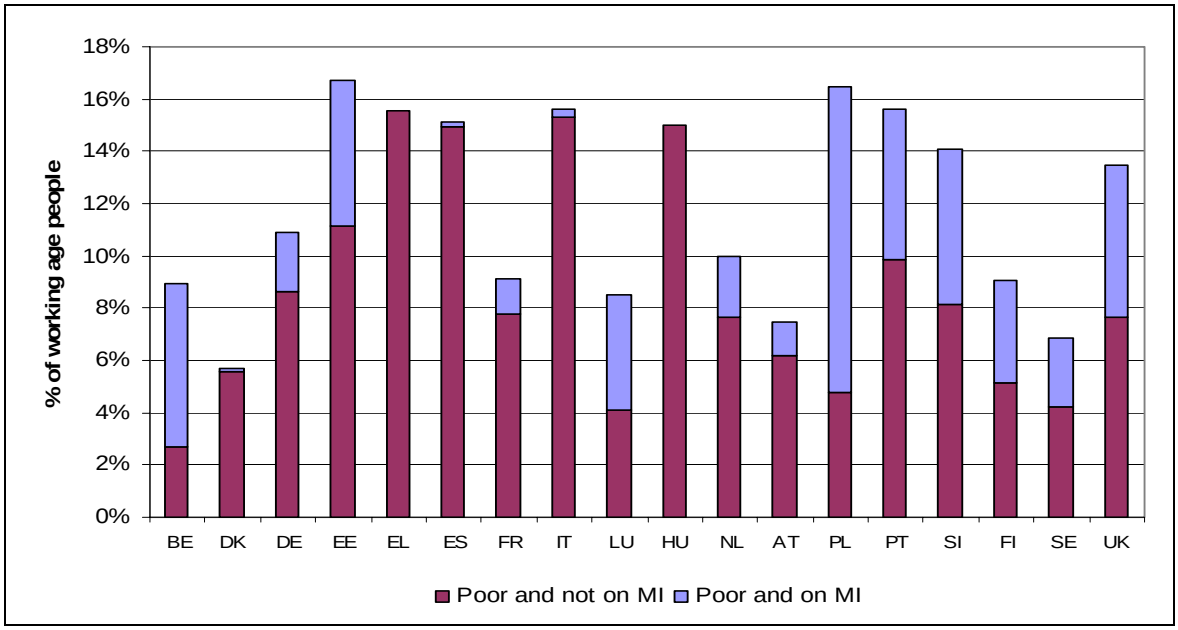
23 People are considered as "covered" by one or more MI schemes if they meet all the eligibility conditions and are therefore entitled to receive benefits.

24 EUROMOD is a tax-benefit micro-simulation model currently covering 19 EU countries (EU-15 plus EE, HU, PL and SL). Cash benefits, direct taxes and social contributions are calculated by the model on the basis of tax-benefit policy rules in place in the different countries. Market incomes, as well as instruments that are not simulated, are taken from the data. Results derived from the model are therefore based on simulated, rather than recorded, disposable income. Baseline results from EUROMOD rely on the assumption of full take up (i.e. all eligible individuals or households receive the benefits they are entitled to) (see Paulus A., F. Figari and H. Sutherland (2008) "The effects of taxes and benefits on income distribution in the EU" Chapter 7 in SSO Monitoring Report 2008). The assumption of full take up allows focusing the analysis here on the issue of non-entitlement among poor households.

25 EUROMOD simulations presented here are run with the version of the model currently available, which uses 2001, 2003 and 2005 tax-benefit policy rules depending on the country. This of course means that changes in national tax-benefit policy rules intervened after the reference year are not reflected in the results. It will be possible in the future to repeat the analysis with updated policy rules. The new version of the model using 2008 policy rules for 9 EU countries will be available as from February 2010. By February 2012 EUROMOD will be upgraded to use 2010 policy rules for all 27 Member States (project financed under a three-year Framework Partnership Agreement between DG EMPL and the University of Essex).

26 When interpreting EUROMOD results, one should also keep in mind that asset tests affecting eligibility to some MI schemes are not considered (except in cases where information on assets is relatively reliable and asset tests are critical, like for the UK). Among the other conditions of entitlement, information on availability for work and citizenship is not always available (Figari et al., 2009).

Figure 3.3 – Working-age (16-64) individuals below the poverty line (at 60% of the median) by minimum income entitlement status (policy years 2001, 2003, 2005)



Note: MI schemes are defined here as to include the benefits listed as "Minimum resources: general non-contributory minimum" in the Mutual Information System on Social Protection (MISSOC) database.[27] [28] Tax-benefit policy rules refer to 2001 for DK, FR, SE; to 2003 for BE, DE, IT, LU, NL, AT, PT, FI, UK; to 2005 for EE, EL, ES, HU, PL, SI.[29] Figures for FR do not take into account the (time-limited) earnings disregards linked to the MI scheme (RMI). MI schemes cannot be simulated for IT and ES, where the schemes are administered at the regional level and variation across regions is too large. For these two countries MI receipt information from national surveys is therefore used. The sample size of poor working-age individuals living in assessment units entitled to MI benefits is small in DK, ES and AT. Results for these three countries should be treated with caution.

Source: Figari, Haux, Matsaganis and Sutherland (2009)

In terms of trends, many Member States display a clear move towards **tightened eligibility conditions**. Conditionality has been generally increased and **availability for work** has commonly become a more stringent requirement for people who are fit to work. Sanctions are often associated with the failure to comply with the requirement of availability for work, and might lead to reductions in benefit amounts and to the loss of the right to SA benefits in more

[27] The specific MI schemes considered are "droit à l'integration sociale" for BE; "kontanthjælp and starthjælp" for DK; "Sozialhilfe" for DE; "toimetulekutoetus" for EE; "renta minima de inserción" (regional scheme) for ES; "revenu minimum d'insertion" for FR; "minimo vitale/reddito minimo" (regional scheme) for IT; "revenu minimum garanti" for LU; "algemene bijstand" for the NL; "Sozialhilfe" for AT; "poloc spoleczna" for PL; "rendimento social de insercao" for PT; "denarna socialna pomoč" for SI; "toimeentulotuki" for FI; "ekonomiskt bistand" for SE; "income support" for the UK; no *general* MI scheme for EL and HU (EUROMOD cannot represent the discretion left to the local level in some systems).

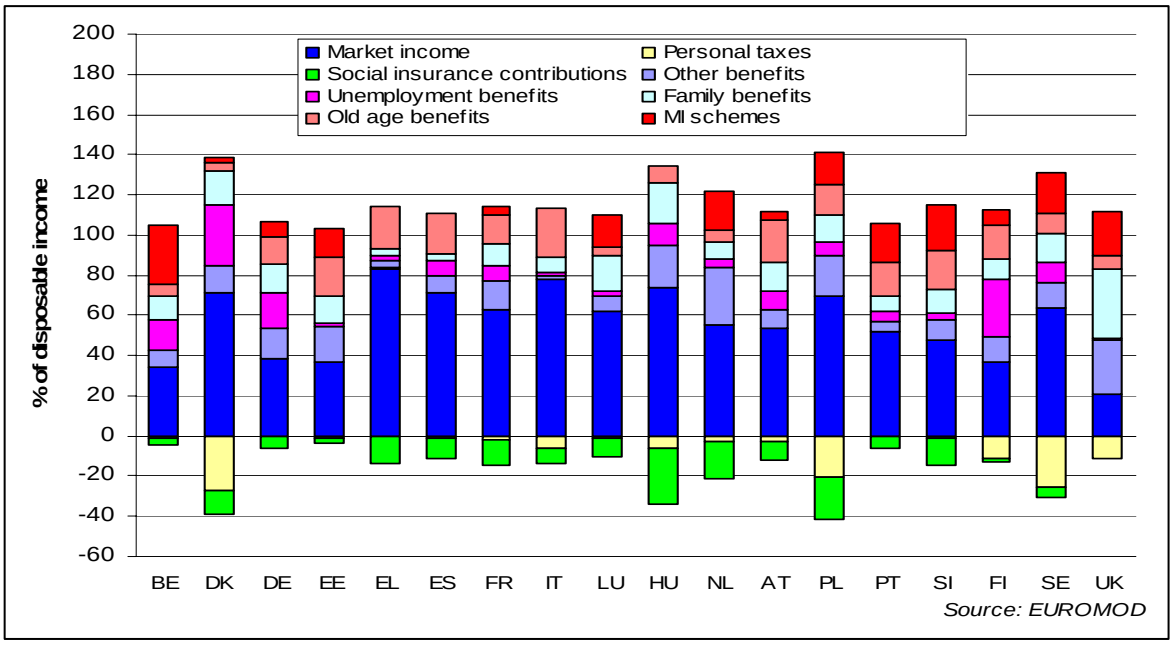
[28] For each country the main characteristics of the MI scheme, as from MISSOC, are summarised in Table A2, Appendix 1, in Figari et al. (2009).

[29] Though modelled in the current version of EUROMOD, IE is excluded from this analysis. The decision is linked to the assumption of full take-up used in EUROMOD, which applies also to those other benefits to which MI operates as a top-up. This generates an over-estimation of such other benefits leading to an under-estimation of MI entitlement. This applies particularly to IE that has therefore been excluded from the analysis (Figari et al., 2009).

extreme cases. There is also a trend towards a stronger link between income support through MI schemes and **activation measures**.

While the focus of the analysis here is on MI schemes, it is anyway important to highlight that in many Member States MI benefit recipients receive **additional assistance for specific needs**, like housing benefits, contributions for fuel costs and child benefits (this can be seen, for instance, from Figure 3.4 on the composition of disposable income for households with working-age individuals in the poorest decile of the population obtained using EUROMOD). Though not formally classified as "guaranteed MI benefits", these additional benefits in fact contribute to the level of income that is actually guaranteed to people supported by MI schemes.

Figure 3.4 – Components of disposable income of households with working-age individuals in the poorest 10% of the population (policy years 2001, 2003, 2005)



Note: Tax-benefit policy rules refer to 2001 for DK, FR, SE; to 2003 for BE, DE, IT, LU, NL, AT, PT, FI, UK; to 2005 for EE, EL, ES, HU, PL, SI. Source: Figari, Haux, Matsaganis and Sutherland (2009)

In most Member States MI schemes are designed as schemes applying to the country as a whole, while delivery is delegated to the local authorities. But there are a few Member States, like Austria and Hungary, where responsibility for policy decisions on SA benefit levels and eligibility conditions is partly delegated to regional/local governments. At the local level the EU Network experts note that the introduction of "one-stop-shop" type of arrangements in a number of Member States has represented an important innovation to ensure effective coordination in the delivery of various schemes.

3.5.3. The non-take up of benefits: estimated extent, causes and policy-relevant consequences

While coverage of MI schemes is defined on the basis of eligibility criteria, the take up of benefits refers to the share of people entitled to benefits (i.e. covered by the schemes) that *actually are* in receipt of benefits. **Coverage and take-up rates do not necessarily**

coincide,[30] and indeed the limited and fragmented available evidence shows a large to very large gap between the two. Contributions in the literature highlight that people entitled to benefits might actually not receive them due to the following reasons (Hernanz, Malherbet and Pellizzari, 2004):[31]

(1) relatively high "**information costs**" for potential claimants (i.e. efforts required to obtain and understand information) with regard to benefit regulations (including the existence of the benefit itself and the eligibility criteria) and the related application procedures, with "information costs" being higher, the more complex the design of the scheme and the procedures;

(2) "**administrative costs**" related to the duration of the administrative process and to uncertainties with regard to the outcome of the application, which may discourage potential claimants from applying;

(3) **pecuniary determinants** affecting the (rational) cost-benefit calculation to claim for benefits, related to benefit levels being too low and/or the expected duration of benefit receipt to be too short to offset the costs of claiming in terms of time and efforts (this might explain non-take up in situations of less extreme need);

(4) **social and psychological costs** related to the perception of SA support and the fear of stigmatisation refraining people from claiming;

(5) **errors in evaluation procedures and discretionary assessment** of applications (not based on objective clearly established criteria) leading to the rejection of applications by eligible people (these factors might be exacerbated by the insufficient number of social workers processing the applications).

Evidence on take up is currently very fragmented, limited in terms of country coverage and referred to different (mostly not recent) years and different benefit schemes for different countries. In the EU, the UK is the only country where official estimates of take-up rates have been published (by the Department for Work and Pensions) for various benefits, including Income Support, since 1997 (the last estimates being referred to 2007-08). The message to be drawn from the available (though not recent) evidence is anyway clear: **non-take up is indeed substantial and requires research efforts** on the side of the academic community **and attention on the side of policy-makers**, though over the last years measures to tackle this key issue have been put in place at national level, as explained below.

The traditionally quoted OECD paper by Hernanz et al. (2004) reports estimates of take up for SA and housing benefits ranging between 40% and 80%. A recently completed EUROMOD project (AIM-AP)[32] has provided additional evidence on take up for some EU countries and

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30 In an "'ideal world" where all people entitled to benefits actually receive them, coverage and take-up rates would of course be identical. In the real world "frictions" of different nature (see the rest of the Section) characterising both the stage of delivery of the schemes and the stage of claiming for benefits generate incomplete take-up so that take-up rates end up being smaller, or much smaller, than coverage rates.

31 Hernanz V., F. Malherbet and M. Pellizzari (2004) "Take-up of welfare benefits in OECD countries: a review of the evidence" OECD Social, Employment and Migration Working Papers DELSA/ELSA/WD/SEM(2004)2.

32 The Accurate Income Measurement for the Assessment of Public Policies was a programme (started in 2006 and finished in 2009) funded by the European Commission under the Sixth Framework Programme. The programme aimed at improving the comparability, scope and applicability of tools,

different types of social benefits. With regard to countries for which SA more generally or MI schemes more specifically were analysed, the project led to the following take-up estimates (Matsaganis, Paulus and Sutherland, 2008):[33]

– Austria: 44% by caseload (i.e. numbers of individuals/households claiming benefits) and 52% by expenditure (i.e. amount of benefit claimed) for SA ("Hilfe zur Sicherung des Lebensunterhalts") in 2003 (Fuchs, 2007);[34]

– Finland: between 50% and 60% for SA ("Toimeentulotuki") by working-age families between 1996 and 2003 (with a declining rate over the period) (Bargain et al., 2007);[35]

– Germany: 33% by caseload and 43% by expenditure for SA in 2002 (Frick et al., 2007);[36]

– Netherlands: between 72% and 81% for SA (ABW) (Vrooman et al., 1994);[37]

– Portugal: between 70% and 75% for the Social Integration Income (RSI) in 2009 (Rodrigues, 2009);[38]

– UK: between 78% and 88% by caseload and between 85% and 93% by expenditure for Income Support in 2007-08 with a decrease in caseload take up by about 1% since 2006-07 and by at least 4% since 1997-98, though the latter piece of evidence is not certain due to high and increasing modelling bias (DWP, 2009).

The available evidence therefore suggests that **take up of SA benefits is far from complete and even significantly low in many EU countries**. Moreover, compared to the past take up seems to have declined, at least in some EU countries for which data are available. **The risk of non-take up might also be greater for some groups than for others**, as highlighted by the EU Network experts (Frazer and Marlier, 2009). For instance, in Belgium non-take up is estimated to be greater for women, couples, individuals with educational attainment below the second stage of secondary studies and the 16-24 age cohort. In the UK, people that do not take up Income Support tend to be slightly older than those that take it up (with a larger share of people aged 50-59) and more likely to be owner-occupiers in terms of tenure type, to have other incomes, to share their household with other benefit units and to live in a household below 60% of median income *before housing costs*[39] (DWP, 2009). Some of the EU Network experts, the Austrian for instance, underline the fact that **non-take up can vary significantly by region within a country** (Frazer and Marlier, 2009).

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methods and data for the measurement of income and the analysis of the effects of policies on inequality, poverty and social inclusion. It involved 11 universities and research institutes in various EU countries (http://www.iser.essex.ac.uk/research/euromod/research-and-policy-analysis-using-euromod/aim-ap).

33 Matsaganis M., A. Paulus and H. Sutherland (2008) "The take up of social benefits" SSO Research Note 6(2008).

34 Fuchs M. (2007) "Social assistance – No, thanks? Empirical analysis of non-take up in Austria 2003" EUROMOD Working Paper No. EM4/07.

35 Bargain O., H. Immervoll and H.Viitamäki (2007) "How tight are safety nets in Nordic countries? Evidence from Finnish register data" IZA Discussion Paper 3004.

36 Frick J.R. and O. Groh-Samberg (2007) "Estimating the size and determinants of benefit non-take up in Germany" Deutsches Institut für Wirtschaftsforschung, Berlin.

37 Vrooman J.C. and K.T.M. Asselberghs (1994) "De gemiste bescherming, niet-gebruik van sociale zekerheid door bestaansonzekere huishoudens" COSZ/Sociaal en Cultureel Planbureau, Rijswijk.

38 Rodrigues C.F. (2009) "Impacto do RSI na distribução do rendimento e exclusão" European Seminar "Social Integration Income – RSI a right to social integration", Lisbon March 2009.

39 The difference becomes negligible after including housing costs (DWP, 2009).

There are several reasons why it is important for policy-makers to better understand the extent and causes of non-take up and to identify appropriate policy responses. Firstly, **low take up distorts the intended effects of social benefits** (Matsaganis et al., 2008). If only a fraction of those that are supposed to benefit from a welfare programme are reached, this clearly reduces the chance for the programme to achieve its objectives (Hernanz et al., 2004). Secondly, when not claiming a benefit is (at least partly) involuntary, due, for instance, to lack of information, **non-take up generates disparities of treatment between individuals** (those that are informed and those that are not) **that were supposed to be treated equally by the welfare programme** (Hernanz et al., 2004). Moreover, if information on benefit programmes is not "randomly distributed" but rather more available to certain groups within the eligible population, the disparities of treatment implied by non-take up end up being particularly harmful to those people that are relatively more in need for assistance.

The policy-relevant consequences of non-take up clearly emerge also in Matsaganis et al. (2008), where EUROMOD is used to study the effects of non-take up of SA schemes in some EU countries.[40] Simulation results pinpoint to the following effects (see Table 3.2):[41]

(1) non-take up lowers the capacity of SA benefits to reduce the aggregate poverty gap.[42] Incomplete take up reduces poverty gap efficiency by over a half in PL, by around one third in SE and PT, and by a tenth in the UK.

(2) **non-take up has a significant negative effect on SA effectiveness at reducing the at-risk-of-poverty rate**. Simulation results show that incomplete take up leads to an increase in the poverty rate by 0.5 points in the UK, by 0.7 points in SE and by 2.8 points in PL. Moreover, the negative effects on poverty rates are stronger, the lower the poverty line considered, thus the more we move towards the bottom of the income distribution (see estimates for the 60%, 50% and 40% thresholds in Table 3.2).

(3) **non-take up increases the poverty gap** (expressed as the average gap between poor households' incomes and the poverty line as a proportion of disposable income) by 9-16% in PT and the UK, by 34% in SE and by 64% in PL.

Again these findings show that non-take up is to be considered a matter of concern and its monitoring is particularly relevant. As anticipated, the relevance of the issue has been recognised by the Member States that have generally put in place **measures to increase take up**. These have mainly consisted of **simplification of procedures** to apply for benefits, as well as **measures to better inform potential beneficiaries** about their entitlement and application procedures. For instance, the EU Network expert for Ireland highlights that strategies to increase take up have focussed especially on information campaigns through a variety of media and formats. For the Netherlands, the experts note that "municipalities promote the use of existing income facilities. This is for instance done by writing directly to people entitled to these facilities, by publishing articles in local newspapers and by giving information at locations such as playgrounds and schools. Furthermore, the procedures to apply for support will be simplified and by means of data-linking non-applicants will be

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40 The schemes considered in the four countries for which results are reported here below are: Pomoc Społeczna in PL, Rendimento Mínimo Garantido/Rendimento Social de Inserção in PT, Ekonomiskt Bistånd/Socialbidrag in SE, and Income Support in the UK.

41 The policy year considered is 2001 for all countries but Poland, for which 2005 is used.

42 The aggregate poverty gap is given by the sum, over the whole sample of poor households, of the differences between the poverty threshold (at 60% of median equivalised household disposable income) and the pre-transfer household disposable income.

identified..". The already mentioned "**one-stop shops**" introduced in a number of Member States have also contributed to increasing take up by informing people applying for one benefit about their eventual entitlement to other benefits.

Table 3.2 – The effects of non-take up of SA benefits among working-age individuals[43]
(poverty line at 60% of median equivalised household disposable income - unless stated otherwise - *under complete take up*; all values in %)
(policy years 2001, 2005)

	Poland	Portugal	Sweden	UK
A. Poverty gap efficiency				
Complete take up	49.9	22.4	48.7	59.9
Incomplete take up	23.5	16.1	33.3	54.0
Proportional change	-53	-28	-32	-10
B. At-risk-of-poverty rate at 60% of median				
Complete take up	13.0	15.4	8.8	14.6
Incomplete take up	15.8	15.4	9.5	15.1
Proportional change	22	0	8	4
C. At-risk-of-poverty rate at 50% of median				
Complete take up	5.4	10.1	4.3	7.2
Incomplete take up	9.2	10.1	5.7	8.0
Proportional change	69	0	31	10
D. At-risk-of-poverty rate at 40% of median				
Complete take up	2.6	4.2	2.5	2.8
Incomplete take up	5.4	4.6	3.7	3.7
Proportional change	107	9	47	30
E. Poverty gap				
Complete take up	2.9	3.7	2.2	3.2
Incomplete take up	4.8	4.0	2.9	3.7
Proportional change	64	9	34	16

Source: Matsaganis, Paulus and Sutherland (2008)

3.5.4. Minimum income schemes: the issues of adequacy and work incentives

The 2008 European Commission Communication on the active inclusion of people excluded from the labour market [44] already underlined that in most Member States and with regard to most family types **SA benefits alone are not sufficient to lift people out of poverty risk**. This emerged from OECD calculations on net income of social assistance recipients using tax-benefit models (as reported in European Commission, 2008)[45] and has been confirmed by the EU Network of national independent experts. A review and discussion of differences in methodologies and measures of adequacy is beyond the scope of this brief analysis but is

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43 As already said, baseline results from EUROMOD rely on the assumption of full take up. In Matsaganis et al. (2008) a methodology is applied to simulate also the case with incomplete take up. The take-up rate is set equal to an estimate derived from external sources and the number of beneficiaries within the eligible population is set to match the estimated take-up rate. Eligible people not claiming their benefits are selected randomly. Random draws are repeated 1000 times (100 times for Poland) and average values are calculated and presented as simulation results.

44 COM(2008) 639 final.

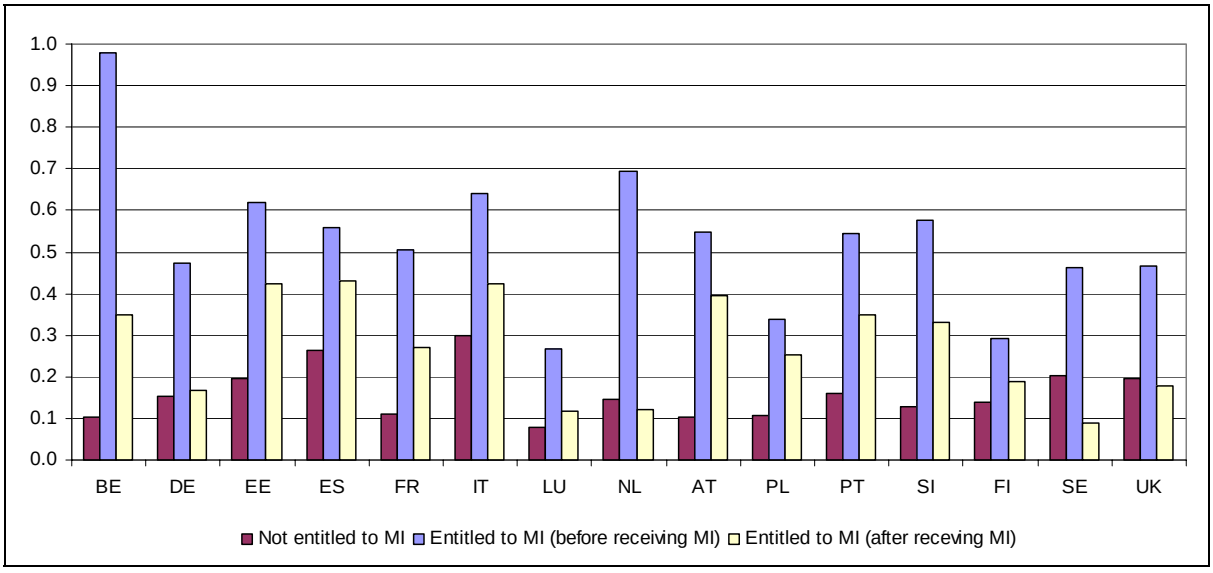
45 European Commission (2008) "Social protection and social inclusion 2008: EU indicators" Commission Staff Working Document.

already scheduled in the context of the work on Active Inclusion, and included in the 2010 work-programme of the Social Protection Committee Indicators Sub-Group.

The EU Network experts also highlight the fact that **MI schemes play an important role in reducing poverty intensity, though the extent** to which they do so **varies greatly across Member States**. This shows up also in simulation results obtained for 15 EU countries using EUROMOD (Figari et al., 2009).Figure 3.5 represents the median poverty gaps[46] for working-age individuals (not in full-time education) below the poverty line (at 60% of the median) before and after receiving MI benefits. The median poverty gap for people entitled to benefits is indeed reduced through MI benefits in all countries, though with a substantial cross-country variation. The effect is stronger in BE, the NL and SE and smaller in ES, EE, AT, PL and FI. Figure 3.5 also shows that in all countries the median poverty gap is larger for working-age individuals entitled to MI (before receiving it) than for individuals that are not entitled to it. This suggests that MI schemes are indeed targeting the poorest working-age individuals in all countries, despite the fact that, as mentioned above, in some Member States people with very low incomes are still left with no access to the schemes due to low coverage.

Mechanisms for up-rating MI benefits over time are also important to ensure adequacy. Many of the EU Network experts note **a tendency towards deterioration of benefit adequacy with respect to general living standards, with the benefits "losing ground" relative to wage increases over time** (which reflects the more general downward trend – observed by Nelson, 2009[47] – for social assistance benefits standardised for wage increases between 1990 and 2005). This is often linked to the **lack of clear systems and procedures for regular up-rating of the MI level** (see Frazer and Marlier, 2009, and the country reports produced by the EU Network of independent experts for the country-specific institutional details on this).

Figure 3.5 – Median poverty gap of working-age individuals below the poverty line (at 60% of the median) by MI entitlement status (before and after receiving MI benefits) (policy years 2001, 2003, 2005)



46 The poverty gap is expressed as the distance between the household equivalised income and the poverty line as a proportion of the poverty line.

47 Nelson K. (2009) "Social assistance and minimum income protection in the EU: vulnerability, adequacy, and convergence" Luxembourg Income Study Working Paper No. 511.

Note: MI schemes are defined here as to include the benefits listed as "Minimum resources: general non-contributory minimum" in the Mutual Information System on Social Protection (MISSOC) database. Tax-benefit policy rules refer to 2001 for FR, SE; to 2003 for BE, DE, IT, LU, NL, AT, PT, FI, UK; to 2005 for EE, ES, PL, SI. Figures for FR do not take into account the (time-limited) earnings disregards linked to the MI scheme (RMI). MI schemes cannot be simulated for IT and ES, where the schemes are administered at the regional level and variation across regions is too large. For these two countries MI receipt information from national surveys is therefore used. The sample size of working-age individuals below the poverty line entitled to MI benefits is small in DK, ES and AT. DK has been dropped while the results for the remaining countries should be treated with caution.

Source: Figari, Haux, Matsaganis and Sutherland (2009)

For many Member States designing MI schemes in such a way not to negatively impact on incentives to take up work represents a key concern. Attention has been increasingly devoted to designing the schemes so as to **avoid creating unemployment and inactivity traps, as well as low wage traps** for people in work and in receipt of MI benefits. In this sense, based on the assessment of the tax-benefit reforms aimed at making work pay conducted by the European Commission in February 2009,[48] policy interventions adopted by the Member States include reductions in the tax wedge (direct labour taxation plus social security contributions) on lower wages, increases in minimum wages, the introduction of in-work benefits and the review of the design of out-of-work benefits including social assistance.

The above mentioned European Commission study shows that between 2001 and 2007 the largest improvements in terms of reducing unemployment traps were achieved by FR, SK, FI, SE, BE and DK for all household types. The introduction of in-work benefits contributed to reducing unemployment traps in FR, SK, IE and FI, while a contribution in this sense was provided by measures to reduce the tax wedge on low wages in FR, FI, BE and PL. Increased earnings disregards helped reducing the financial disincentives to work in FR and FI.

Inactivity traps were also considerably reduced between 2001 and 2007 in a number of countries. In particular, this was the case for one-earner couples with children at a low wage level in FR, SE, AT, ES, FI, CZ and SK. The reduction was mainly due to changes in social assistance schemes, followed, for instance, by the introduction of in-work benefits as in SK and SE. Targeted reductions in inactivity traps for certain family types were achieved also in HU (for two-earner couples with and without children), the UK (for one-earner couples), IT (for two-earner couples with and without children) and IE (for two-earner couples without children and single parents with children). Based on recent data (2007), reductions in inactivity traps have been recorded in particular for FR, LV and SE. This was driven by changes in social assistance schemes in FR and LV and by the introduction of in-work benefits in SE.

Specific factors characterising the design of MI schemes **that might bring about disincentives to take up work** are identified by the EU Network experts (Frazer and Marlier, 2009). These include:

(4) **high benefit withdrawal rates** (also with regard to secondary benefits providing access to key services like medical care and childcare);

[48] European Commission (2009) "Recent reforms of the tax and benefit systems in the framework of flexicurity" European Economy Occasional Papers 43, Feb 2009.

(5) **lack of systematic mechanisms to adjust the value of earnings disregards**[49] over time so as to avoid their erosion;

(6) **regulations on refund of benefits** on the part of former beneficiaries.

In the context of the work on Active Inclusion, a more detailed review of the existing evidence and further analytical work on the relationship between minimum income protection and incentives to take up work will be conducted with the Social Protection Committee Indicators Sub-Group.

4. THE USE OF THE EUROPEAN SOCIAL FUNDS TO SUPPORT SOCIAL OBJECTIVES DURING THE CRISIS AND IN THE LONG TERM

The European Union mobilises significant financial resources to fight poverty and social exclusion and to promote the policy objectives agreed in the Social OMC. Here, the European Social Fund (ESF) is the single most important financial instrument at the disposal of the EU. The ESF accounts for almost 10 % of the € 120 billion annual EU budget, and will spend over € 75 billion in total between 2007 and 2013. In the period 2007–2013, the ESF will invest over € 75 billion in creating jobs, promoting social inclusion, fighting discrimination and strengthening institutional capacity.

As described in greater depth in the 2008 Joint Report on Social Protection and Social Inclusion, Member States have designed strategies to create more and better jobs and to promote social inclusion and cohesion in the 117 'operational programmes' planned according to their specific situations and needs.

Fighting poverty and social exclusion through ESF interventions primarily takes two forms. Firstly, the ESF can target social exclusion explicitly. Such actions tend to be curative in nature and are aimed at people already suffering from social exclusion. Some € 10 billion (12.4 % of the total funding over 2007-2013) can be spent on this type of action.

Secondly, ESF actions aim to prevent or reduce poverty and exclusion through early intervention. In particular, measures to help invest in skills and knowledge, but also to improve workers' adaptability or fight early school-leaving, belong to this second type of intervention. No matter which form of intervention is used, however, the bulk of ESF spending helps prevent or reduce social exclusion.

The two approaches outlined above involve a broad range of target groups and policy areas. In the period 2007–2013, the European Social Fund will focus on the social inclusion of disadvantaged people, in particular by improving their opportunities for integration in the labour market. In addition, the ESF also supports employability measures, the social economy, access to vocational training, and life-long learning. Gender mainstreaming, the promotion of equal opportunities and anti-discrimination measures are also supported. As far as pensions are concerned, the ESF aims to promote longer working lives by keeping older workers in employment. Finally, throughout the programming period, many operational

[49] Earnings disregards are the part of income that is not taken into account when assessing whether eligibility conditions are met by the applicants.

programmes will make a significant contribution to health and long-term care by focusing on key personnel employed in this labour-intensive sector.

The operational programmes for the 2007–2013 programming period were developed in a period of increasing employment and stable growth, but the overall economic context in which they now operate has changed fundamentally. Economic growth plummeted in 2009 and the situation in the labour market has deteriorated significantly. For many disadvantaged persons, the result is further vulnerability and isolation from the labour market. Social protection and inclusion systems now face the enormous challenge of ensuring that the crisis does not disproportionately affect those citizens most in need.

The unemployed are the group requiring most urgent action. Many Member States focus their ESF interventions on this group in order to help them maintain their employability and find a new job as quickly as possible. In addition, the number of persons at risk of losing their jobs has also increased. Therefore, an equally urgent issue is to prevent unemployment. Many measures supported by the ESF therefore seek to keep people in employment, albeit often with shorter working hours, and prepare for the upcoming recovery by investing in their skills and qualifications.

In a context of rising unemployment, falling revenues and increasing scarcity of resources, the ESF can provide stable, predictable and available financial support. In their response to the crisis, Member States and the European Union have made use of the financial instruments at their disposal, such as the ESF, by re-adjusting their operational programmes, where necessary, and fine-tuning them to their emerging needs.

Member States' responses to the crisis also reflect the will not to lose sight of the most vulnerable. While efforts to give people furthest from the labour market a realistic chance of finding a job are by nature more time-consuming, the way operational programmes are implemented shows that combating the crisis in the short term and addressing long-term priorities and actions in support of vulnerable groups are not mutually exclusive, with many Member States maintaining their efforts to help those facing structural barriers in accessing the labour market.

The following chapter looks at ESF-supported actions responding to the most urgent needs prompted by the crisis and at the longer-term aim of cushioning the impact of the crisis on the most vulnerable. The chapter also sets out how the Commission and the Member States have adjusted their instruments to respond to the crisis, by modifying, simplifying or making them more effective. Finally, the chapter describes some recent actions supported by the European Globalisation Fund to help maintain the social inclusion of workers losing their jobs.

4.1. ESF support for social protection and inclusion: actions responding to the crisis

As part of their immediate responses to the crisis in the areas of social inclusion and protection, Member States have used the ESF to enhance support for the unemployed, to prevent further rises in unemployment and to strengthen the social inclusion of vulnerable groups.

Member States have used four main approaches to mobilise ESF resources to counter the effects of the crisis, which can be described as follows:

- Support for the unemployed
- Preventing the risk of unemployment
- Social inclusion of vulnerable groups
- Simplifying ESF implementation arrangements to better respond to the crisis

4.1.1. Support for the unemployed

As mentioned earlier, the current economic crisis has had a significant impact on unemployment. Given the well-known link between poverty and unemployment, a key policy objective is to ensure that unemployed people benefit from active measures as soon as possible, in terms of new employment where it exists, the updating of old skills or the acquisition of new ones. The objective is to ensure that people do not lose their link with the labour market and become long-term unemployed, thereby increasing their chances of financial and social exclusion. The following section details some of the ways in which Member States have used the ESF to support the unemployed.

To better focus ESF spending on certain areas, **Poland** has introduced anti-crisis measures mainly under the Adaptability and ALMP priorities of the operational programme (OP), which play the principal role in mitigating the impact of the crisis. Some specific measures (amounting to € 156.5 million in 2009) include subsidies to increase the geographical mobility of employees by covering the costs of transport and settling down in other places, funds for retraining qualified redundant employees (for instance from the service sector), or financial support for business start-ups by employees losing their jobs as a result of lay-offs. Similarly, additional ESF funds have been allocated to support self-employment for the unemployed in **Slovenia**.

Ireland has introduced a number of new active measures that may receive ESF co-funding, such as a work experience scheme (including for graduates), an increase in the number of tertiary education places for the unemployed, a doubling of the monthly capacity of the public employment service (PES), and a significantly increased number of short-term training places.

In **the UK**, the devaluation of the sterling against the euro since 2008 has resulted in additional ESF funding in England amounting to £ 179 million. This additional funding is being used to help those most affected by the economic downturn. Of this, £ 79 million has been allocated to provide extra help for the unemployed to make a successful return to work, focusing on people who have been on jobseekers allowance for 6 months (and therefore at risk of long-term unemployment) and other disadvantage unemployed people from day 1 of unemployment at Jobcentre Plus. In addition, the introduction of the 'Training for Success' programme in Northern Ireland will assist young people in acquiring the required skills and qualifications to get work.

In **Greece**, the creation of 12 new employment centres (KPA) and the renovation of another 38 will help address the needs of those recently made unemployed. 122 350 unemployed had benefited from active employment measures up to March 2008, through participation in co-financed projects such as 'new employment posts', 'work experience', 'promotion of new employers' and so forth, targeting particular groups and different sectors.

Portugal has strengthened measures to address the unemployed, such as qualification actions, professional training, professional internships for young people with high qualifications, double certification training, and consulting schemes for enterprises. Special attention is given to measures to help create jobs, including self-employment, entrepreneurship and professional internships, and an effort has been made to increase the implementation rate of these measures. Participation by unemployed people in useful social activities is promoted by the OP, aiming to help unemployed people retain contact with the labour market, avoid long-term unemployment, and increase their purchasing power.

4.1.2. Preventing the risk of unemployment

Since unemployment is so strongly linked to poverty, it is important that rising unemployment is tackled — especially the drift towards long-term unemployment. Many ESF actions taken by Member States have been designed with a view to preventing further rises in unemployment and people falling into social exclusion and poverty.

Germany has responded to the crisis by adapting its short-term allowance scheme (Kurzarbeitergeld) to the new situation on the labour market. The principle is 'better retrained than redundant' ('Qualifizieren statt entlassen'). In particular, the maximum duration for receiving the short-term allowance has been extended from 6 to 24 months. Furthermore, the government seeks to encourage employers and employees to use the period of short-time work to organise training courses. If such a course is organised, the public employment service pays, as a financial incentive, 100 % of the social security costs. The ESF can be used as a source for co-financing the training courses and the short-term allowance.

Similarly, in **the Czech Republic**, an ESF co-financed budget of € 125 million has been allocated to schemes subsidising the wages and training costs of employees whose companies are forced to reduce their working hours. The two short-term working schemes, 'Train yourself!' and 'Training is a chance', enable companies to obtain reimbursement of the training costs and salaries for their employees for the time they spend on training. Their implementation is managed by the labour offices or directly by the Ministry of Labour.

The **Hungarian** OP co-funded by the ESF supports a similar scheme, combining reduced working time with training, for micro, small and medium-sized enterprises. A scheme for larger companies is also envisaged. In **Slovenia**, the obligatory training of employees temporarily waiting for work is also co-financed by the ESF. Another example of this approach is **Austria** which has changed its OP to extend the group of potential beneficiaries to **employees in short-time working ("Kurzarbeit")** (before the change training for older workers was eligible). Similarly, the initial focus of **Finland's** OPs was mainly on employed people and the weakest groups in the labour market. Since the financial crisis, however, funding has also targeted the increasing number of workers who have just become unemployed.

The **Italian** government has widened the scope of some unemployment benefits (indennità di disoccupazione in deroga). Extra funds from national resources and ESF regional operational programmes have been allocated to such unemployment benefits and to active labour market policies (ALMPs) for the period 2009-2010, focusing on the needs of redundant workers or on those temporarily laid off due to demand fluctuations or firm restructuring. These new provisions complement national unemployment benefit programmes: the workers are involved in labour market reactivation programmes run by public employment services and

employment agencies and the target groups benefit from personalised training paths or are given training vouchers.

The Netherlands has modified its OP with a view to combating youth unemployment. A national Action Plan on Youth Unemployment was presented in May 2009. The measures include creating extra apprenticeships and traineeships and stimulating regional cooperation between all actors (municipalities, social partners, schools, PES) able to contribute to participation possibilities for young people up to the age of 27. The activities qualifying for support are those covered by the national Action Plan, and include education, training, guidance, working/learning combinations, traineeships, apprenticeships, etc.

In **Spain,** the ESF contributes to a number of actions, focusing both on the short term (responding to lay-offs) and on the long term (supporting sustainable economic growth), such as reinforced personalised guidance and support, skills development and local needs, the promotion of occupational and geographical mobility, and the concentration of support on the most vulnerable. Over a long-term perspective, the ESF provides reinforced support to emerging sectors (identification of future occupational and skills requirements) and to human capital and education actions (combating early school drop-out).

France has reinforced the priorities for strengthening the ability of workers and companies to adapt to economic change, ensuring access to employment for job seekers through training for qualifications, and providing support for the most vulnerable (general introduction of the 'active solidarity income' — Revenu de Solidarité Active (RSA)). In addition, it was decided to extend temporarily the ESF support for training activities by crisis-affected companies with more than 250 employees (whereas the OP targets mainly SMEs).

4.1.3. Social inclusion of vulnerable groups

In the current global economic downturn, the role of the ESF in supporting the most vulnerable has never been more critical. The ESF is contributing to the efforts made by the Member States in a number of actions aimed at ensuring that vulnerable groups are not disproportionately hit by the crisis. Most ESF OPs try to ensure a coordinated response to the needs of those furthest from the labour market, including actions to promote access to employment and sustainability, the social inclusion of disadvantaged persons, and human capital development.

In **Cyprus,** the OP co-financed by the ESF provides for a series of interventions to increase labour supply (especially of women and young people) and strengthen the social inclusion of vulnerable groups, while also supporting the development of human resources and the adaptability of workers and enterprises. As a result, there is a high degree of complementarity between the actions planned under the ESF and the Prevention Action Plan put in place by the government in response to the crisis. A large number of interventions under the Prevention Action Plan (such as promoting new employment opportunities for vulnerable persons, skills upgrading, vocational training, work experience and subsidised job placements, along with upgrading and expanding the activities of the public employment services to better respond to the needs of the unemployed and the vulnerable) are expected to be supported by the ESF.

In the **UK,** part of the additional ESF funding (resulting from the devaluation of sterling against the euro) has been allocated to increasing the support that Jobcentre Plus provides to disadvantaged groups such as ex-offenders, refugees, homeless people, people with drug or

alcohol problems, people leaving residential care, lone parents, people with disabilities, etc., thus strengthening activation and prevention.

Romania has set up a national pre-financing system for programmes co-financed by the ESF. This system gives greater support to social inclusion projects, for which 40% pre-financing (instead of 30%) has been set aside.

In Greece, an important objective is to further restructure the public employment centres (KPA) by converting them into 'one-stop shops' able to implement stronger active policies for disadvantaged groups. More precisely, support for strengthening the social inclusion of at-risk groups includes actions to improve the attendance of vulnerable groups in secondary education (Roma, migrants, minorities) and to reduce early school-leaving and promote achievement through all-day schools, learning support programmes for immigrants, the establishment of intercultural schools, 'second chance' schools and adult education centres, and the use of new technologies in the learning process.

4.1.4. Simplifying ESF implementation arrangements to respond to the crisis

In their response to the crisis, Member States have also made use of the flexibility offered by the ESF to cushion the impact of the crisis on the most vulnerable by adjusting their operational programmes, modifying them where necessary and using the simplification tools proposed by the Commission to improve the effectiveness of the ESF.

Many Member States have used the opportunity to review their operational programmes to adapt them to the changing economic context. Concerning the refocusing of strategies supported by the ESF and the fine-tuning of programmes, it is worth noting that a number of changes to OPs and implementing arrangements have been made. Member States have amended the selection criteria, modified the strategic indicators to take account of emerging needs and, in some cases, reallocated funding between categories and priorities.

In **Poland**, some changes have been made to the **selection criteria** — such as ensuring participation in ESF projects for those employed in sectors particularly affected by the crisis. Simplified implementation arrangements are envisaged by the authorities, including fast-tracking for project selection — especially for labour market and adaptability measures.

In order to better respond to the crisis, **Latvia** has reviewed the priorities set in the ESF OP. The OP 'Human Resources and Employment' has been revised substantially in response to the challenges faced by Latvia due to the financial and economic crisis. The main change is the re-allocation of resources to Priority 3 'Promotion of Employment and Health at Work' (€22 million) and Priority 4 'Promotion of Social Inclusion' (€16 million). New measures include a local employment emergency programme, short-term working combined with training, and retraining of teachers in the context of education reform.

In the **UK,** the Wales/Convergence OP has transferred €41 million from priority 1 'For young people' to the 'Employability' priority. Similarly, the Irish ESF OP was revised in 2009 to better respond to the crisis by focusing more on support for the unemployed. This involves transferring some resources from Priority II 'Increasing Participation and Reducing Inequality in the Labour Force' to Priority I 'Increasing Activation of the Labour Force'.

In **Portugal**, the ESF programme has been modified to mitigate the impact of the crisis. Under priority 5 'Support for entrepreneurship and transition into active life', new measures have been introduced to support the maintenance of jobs in enterprises in a sound financial situation but facing falling world demand, mainly by training workers. Another modification involves promoting the employability of unemployed people and social welfare beneficiaries by supporting their participation in useful social activities. Priority 6 'Citizenship, Inclusion and Social Development' has received an additional €37.1 million from the Portuguese government in order to boost public investment in the social sector.

4.2. ESF support for social protection and inclusion: long-term actions

Despite the crisis, the ESF co-funded programmes will continue with long-term social inclusion actions to strengthen social cohesion. In the current programming period, some Member States are using the ESF to implement multidisciplinary actions to respond to more complex social challenges. These actions cover different fields such as education, employment or social inclusion in a holistic manner. The experiences to date show that ESF support mobilises and triggers effects from different policy fields which would otherwise not have come about. The catalytic effect generated by the ESF on the ground leads to the streamlining of multidisciplinary actions, thus overcoming fragmented policy-making and combining different interventions into a single comprehensive approach.

- **In Slovakia**, the ESF co-finances the complex (comprehensive) local development strategies for marginalised Roma communities. These strategies have been allocated almost € 179 million for the programming period 2007-2013. They require at least one investment project (ERDF) and one non-investment project (ESF). The call for proposals has already been published and will remain open until the end of January 2010. Eligible activities under six operational programmes include building infrastructure (educational, social and tourist, plus settlement regeneration), supporting employment growth and social inclusion, raising the educational level of communities, innovation and technology transfers, health promotion, and waste management.

- In **Germany** an ESF co-funded programme (BIWAQ[50]) has been launched to address the multiple problems arising in deprived neighbourhoods due to social and economic change. Its starting point is the fact that economic and social deficiencies are usually concentrated in specific neighbourhoods where structural deficiencies in buildings and dwellings, inadequate infrastructures, high unemployment rates, low incomes, lack of skills or education and, as a result, poor employment opportunities are creating tensions in these communities, including tensions between different ethnic groups. BIWAQ is closely linked to a more comprehensive policy initiative called the 'Social City'[51], which is based on an integrated approach cutting across various fields of action. Under the BIWAQ programme, public bodies, private entities and partnerships (such as businesses, education or training providers, schools, clubs or associations) may receive funding for projects within the areas covered by the 'Social City' programme. The content of the BIWAQ projects must have a connection with the development strategies adopted by urban and local authorities under the 'Social City' programme, thereby following its integrated approach. BIWAQ projects

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50 BIWAQ stands for '*Bildung, Wirtschaft, Arbeit im Quartier*' (education, economy, work in the neighbourhood).

51 This programme is an urban development programme which targets neighbourhoods with development priority. The Social City (*Soziale Stadt*) was launched in 1999 to counteract the increasing social and spatial segregation of urban communities.

target both the mainstream segments of society and persons with an immigrant background and aim to promote social inclusion and community life in neighbourhoods. BIWAQ focuses on (1) helping the long-term unemployed back to work; (2) providing young people with training and integrating them into the labour market; (3) facilitating the transition from school to work; and (4) strengthening the local economy.

- As part of the **Spanish** regional OP for Cataluña, the regional government has singled out 80 particularly deprived neighbourhoods in the region for intervention under the ESF Programme 'Employment in the Neighbourhoods'. One of them is the Barrio de La Mina (a particularly deprived area in Barcelona). This area received ESF co-financing under the Catalonia OP Objective 3 in 2000-2006. The success of the project prompted its mainstreaming in the OP 2007-2013. The project comprises an ad hoc consortium bringing together all relevant actors to jointly manage actions (urban planning, social inclusion, training, etc.). Main 'innovative' features: strengthening and recognition of local governments as main actors in employment and local development policies; a 'Charter of Services' for local governments, integrating all active employment policies into a single project; a change of approach from sectoral implementation of policies to territorial implementation; and strengthened cooperation between regional/local administrations.

- In **Ireland**, the ESF helps promote equality in tertiary education by increasing the participation rates of students with disabilities, students from disadvantaged backgrounds, including from the Roma community, ethnic minorities and mature 'second-chance' students, through the 'Third Level Access' measure. The Fund for Students with a Disability, part of the Third Level Access fund, provides grants for the provision of services and purchase of equipment for students with serious sensory, physical and/or communicative disabilities. ESF co-financing is also used to provide targeted aids such as transport, sign-language assistance/interpreters and personal assistants. The Student Assistance Fund, which aims to assist students who might otherwise, because of financial reasons, suffer severe hardship or be unable to continue their tertiary studies, is also an integral part of tertiary access funding. Assistance under the Student Assistance Fund covers rent, books/course materials and living expenses. Expenses financed under the Fund for Students with Disabilities include transport, personal assistance, and equipment.

- In the **UK**, the ESF-funded project Seeing the Potential, which is run by the Royal National Institute of Blind People (RNIB), assists blind and partially-sighted people to prepare for work — through training or work placements — and secure and sustain paid or voluntary employment. The project operates by regularly meeting with clients to assist with exploring employment options and identifying vacancies, creating a CV, and providing assistance with application forms and cover letters.

4.3. The European Globalisation Adjustment Fund (EGF)

The EU Structural Funds, in particular the European Social Fund (ESF), support the anticipation and management of change through activities with a strategic and long-term perspective, such as life-long learning. In contrast, the European Globalisation Adjustment Fund (EGF) provides one-off, time-limited individual support geared to helping workers who have become redundant as a result of globalisation.

The EGF exists to support workers who lose their jobs as a result of changing global trade patterns or the current economic and financial crisis. When a large enterprise shuts down or a factory is relocated to a country outside the EU, or a whole sector loses many jobs in a region,

the EGF can help the redundant workers to find new jobs as quickly as possible. A maximum amount of € 500 million per year is available to the EGF to finance such interventions.

The advent of the current recession, with its greater demands and challenges, called for a strengthened response, and the EGF was modified in 2009 to enable it to respond more flexibly to the requirements of redundant workers. Some aspects of the EGF were modified specifically for the expected duration of the crisis, including:

– The addition of the crisis itself as a qualifying condition. Where previously evidence of changing world trade patterns had to be provided, applications made by the end of 2011 can be justified by redundancies caused by the crisis.

– For applications introduced before the end of 2011 the intervention rate has been increased to 65 %, rather than the normal 50 %. This means less strain on national budgets, so more workers can be assisted.

One of the key principles of the EGF is that assistance should be provided as quickly as possible in order to keep the workers in the labour market. Active labour market policy measures can be eligible for EGF funding from the moment of redundancy, which may occur several months before the decision on such funding has been taken by the EU's budgetary authority.

The EGF specifically encourages measures aimed at disadvantaged or older workers to help them reintegrate into the labour market, in order to make up for the disadvantage that their age may constitute in the eyes of potential employers or the extra training they may require after many years in the same job or the same sector. In several EGF cases Member States have proposed actions specifically for workers over 45 or over 50, aiming to keep them in active employment. Where necessary, this assistance can include wage subsidies and public works employment.

Other EGF cases have targeted workers with low basic education levels. Both Portugal and Ireland have proposed measures to help redundant workers overcome obstacles resulting from low basic education levels, through provision of targeted education and the recognition and certification of experience gained.

Another area of disadvantage that the EGF tackles is geographical remoteness. The case of Perlos in Eastern Finland showed that the collapse of the biggest employer in the region may threaten the whole area with depopulation. By helping the workers to acquire new skills locally and to find new jobs or start their own businesses, the EGF helped to ensure a brighter outlook for the region, and to keep the younger population there.

5. THE IMPORTANCE AND EXTENT OF HOMELESSNESS AND HOUSING EXCLUSION

5.1. Housing vulnerability: the importance of housing in the context of the current economic crisis

The link between the housing market and the economic crisis differs between Member States, both in terms of the role of housing as a factor behind the economic crisis and the consequences of the crisis for the housing situation of EU citizens. This complex picture is at

least partly due to the different structure of housing markets and their legal and policy frameworks. The labour and credit markets constitute the most obvious connection between housing and the broader economy.

Employment in the construction sector, which increased in the vast majority of Member States between 2000 and 2007 with the housing boom, was one of the worst affected by the economic crisis. In turn, employment losses in the economy at large have had a further negative impact on housing markets and increased the risks of becoming homeless. Concerning the credit market, the vulnerability of households to fluctuating and often over-inflated house prices and to uncertain financial markets has increased in the last ten years: mortgage debt as a percentage of household income has increased in most Member States, reaching over 100% in PT, ES, SE, the UK and IE and over 200% in DK and NL.

The potential severity of the crisis and its impact on the housing situation of EU citizens are illustrated by the following examples based on national data[52]. Significant increases in the number of **non-performing housing loans** have been recorded in Belgium, Estonia (+ 215% in 2008 and a further 40% increase in the first quarter of 2009), Greece, Ireland, Lithuania and Latvia. The number **of repossessions has also increased** in Denmark (+100% in 2008 and +46.3% in 2009), Spain (+126% in 2008), Greece (+17% in 2008), Ireland (+30% between June 2008 and June 2009), and the United Kingdom (from 10000 in Q2-2008 to 11400 in Q2-2009). The number of beneficiaries of specific support schemes for tenants has increased in IE (+41% between Q2-2008 and Q2-2009) and HU (+5% between 04-2008 and 04-2009), while the number of beneficiaries of schemes to support mortgage holders also rose in IE: +144% between Q2-2008 and Q2-2009. Finally, the **applications and waiting times for social housing have increased** in Ireland, Luxembourg and the UK.

The consequences of the economic crisis on households vary greatly across Member States, depending on the support mechanisms in place and the policies introduced to counteract the effects of the downturn. In particular, Member States have reacted with measures to **protect mortgage holders**, such as housing loan subsidies (EL, IT, NL, PL[53], IE, SK and the UK), state guarantees for mortgage loans and tax reforms (ES, HU, PT and LU), the possibility to renegotiate and postpone mortgage payments and making repossessions more difficult (EL, ES, IT and LT); and **investment in housing and regeneration**, including accommodation for the homeless and measures to improve energy efficiency (DE, ES, FR, IE, LV, LU, MT, AT, PT and the UK). More general measures introduced to **strengthen income support** are also important to help people cope with the worsening conditions in the labour market.

5.2. Housing exclusion –- an important challenge for the EU population at large and particularly for those at risk of poverty[54]

A decent home is an essential need and access to **affordable** and **quality** housing is one of the main determinants of people's well-being and social participation. Indeed, according to a

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52 See the Joint assessment by the SPC and the European Commission of the social impact of the crisis and of policy responses (doc. SPC/0911/1).

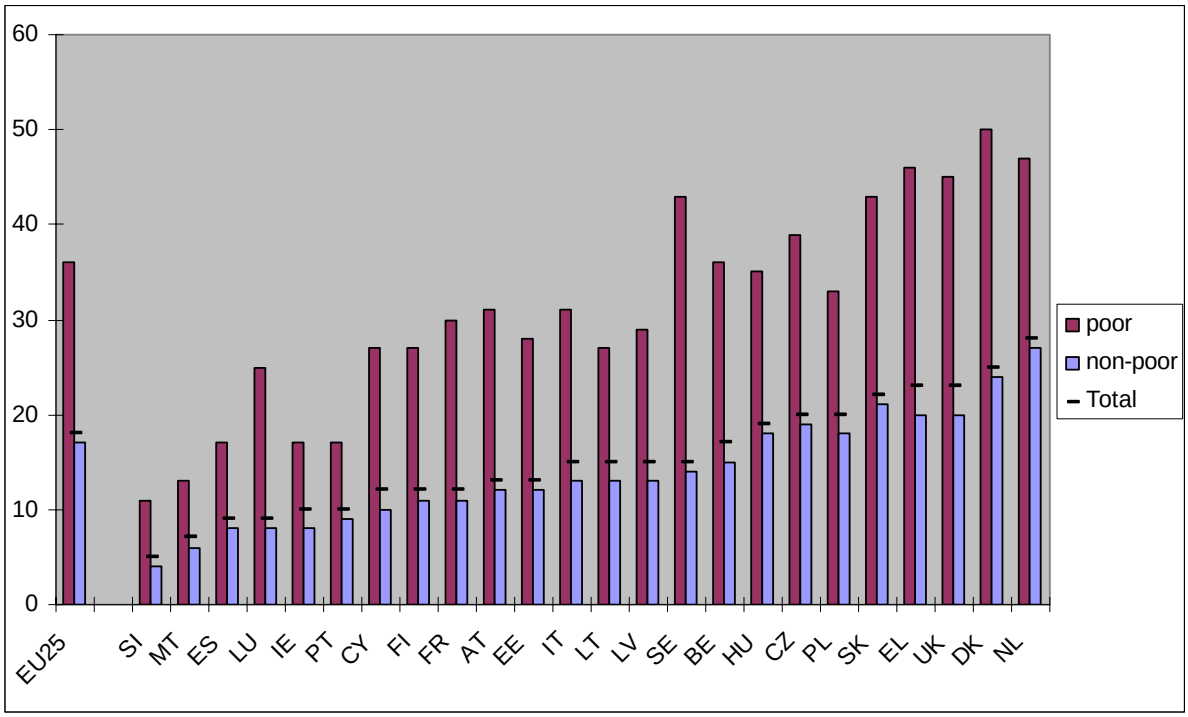
53 The public support for mortgage holders is created as interest-free loan and it is offered only to unemployed persons whose have lost their jobs after 1st July 2008. During one year the state covers the mortgage rate of registered unemployed person (who applies for such support) up to a. 300 EUR monthly. After 2-years the support is finished and the mortgage holders have to, during 8 years, pay back (monthly) amount of this support.

54 For further analysis on homelessness and housing exclusion, see also the 2009 Social Situation Report at: http://ec.europa.eu/social/main.jsp?catId=675&langId=en

recent Eurobarometer survey, for 26% of EU citizens the fact that decent housing is too expensive is the social factor that best explains why people are poor. This is why the Charter of Fundamental Rights provides for the right to housing assistance so as to ensure a decent existence for all who lack sufficient resources. Housing support and social housing are also recognised as essential services in supporting active inclusion policies[55].

Housing affordability is an important challenge considering that housing costs represent a significant proportion of people's income. On average in the EU the share of housing costs in total disposable income, net of housing allowances, is 19%, reaching over 20% in CZ, PL, SK, EL and the UK and over 25% in DK and NL. The issue of affordability is particularly problematic for the at-risk-of-poverty population: in the EU as a whole, the impact of housing costs is more than twice as important for the poor as for the non-poor population (33% vs 17%) and this ratio is over 2.5 in FI, AT, FR, CY, SI, LU and SE, where poor people spend three times more on housing, relatively to their income, than non-poor people.

Fig. 5.1: Share of housing costs in total household income net of housing allowances — 2007



Source: EUROSTAT; EU-SILC 2007
Notes: data on DE omitted because key components of the housing cost variable are missing.

The impact of housing costs on household income is also particularly important for households in more densely urbanised areas, for single households with or without children (around 28%) and for tenants (27%).

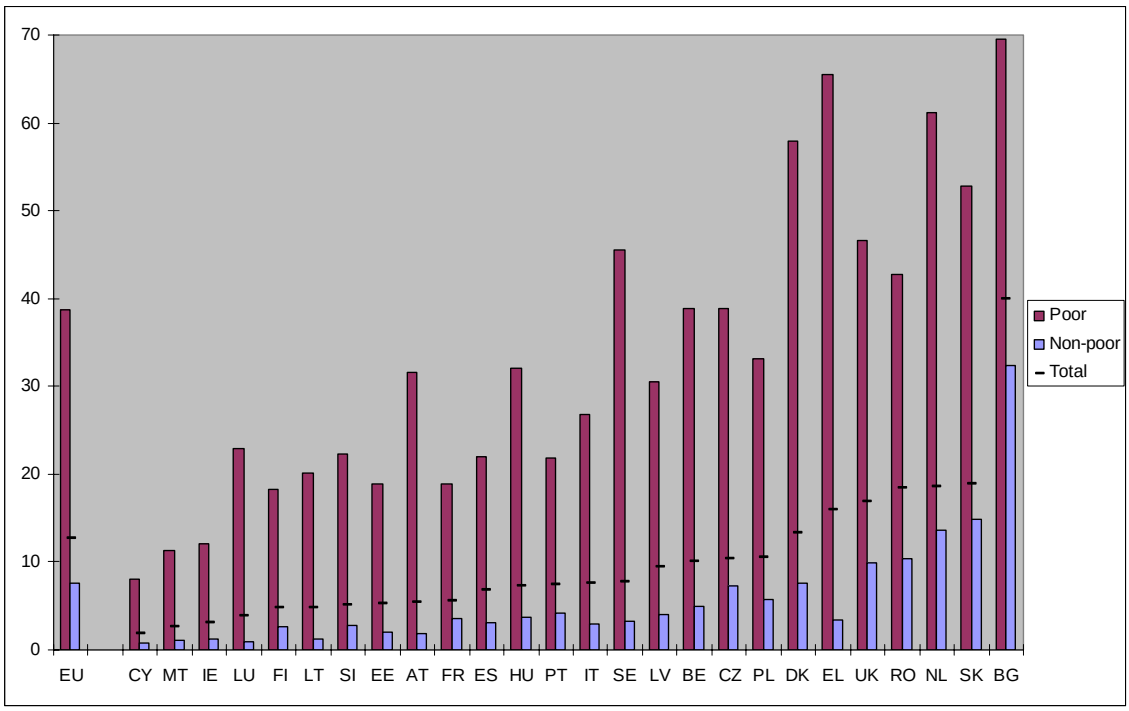
Housing costs are on average the most important single expenditure item relative to income. For a significant part of the population housing costs account for over 40% of disposable

[55] See the Commission Recommendation on active inclusion [2008/867/EC] paragraph 4(c), Council Conclusions of 17.12.2008 paragraph 29 and the European Parliament resolution of 6.05.2009 (A6-0263/2009).

income, which can significantly reduce the capacity of the household to adequately cope with all the other needs besides accommodation, even if the relevance of a relatively high housing cost burden on household welfare obviously depends on the level of household income. Approximately 13% of the EU population is affected by housing costs overburden, but the figure is 39% for the at-risk-poverty population as against 7% for the non-poor — more than a five-fold difference. Indeed, the difference is over 10 times in CY, SE, LT, AT and EL and over 20 times in LU.

Furthermore, in Member States such as SK, DK, NL, EL and BG over 50% of the at-risk-of-poverty population faces an excessive housing cost burden. This represents an important challenge in terms of increased risks for social and housing exclusion. It also points to the importance of housing affordability as a fundamental element in improving the living standards of people at risk of poverty.

Fig. 5.2: Housing costs overburden rate — 2007



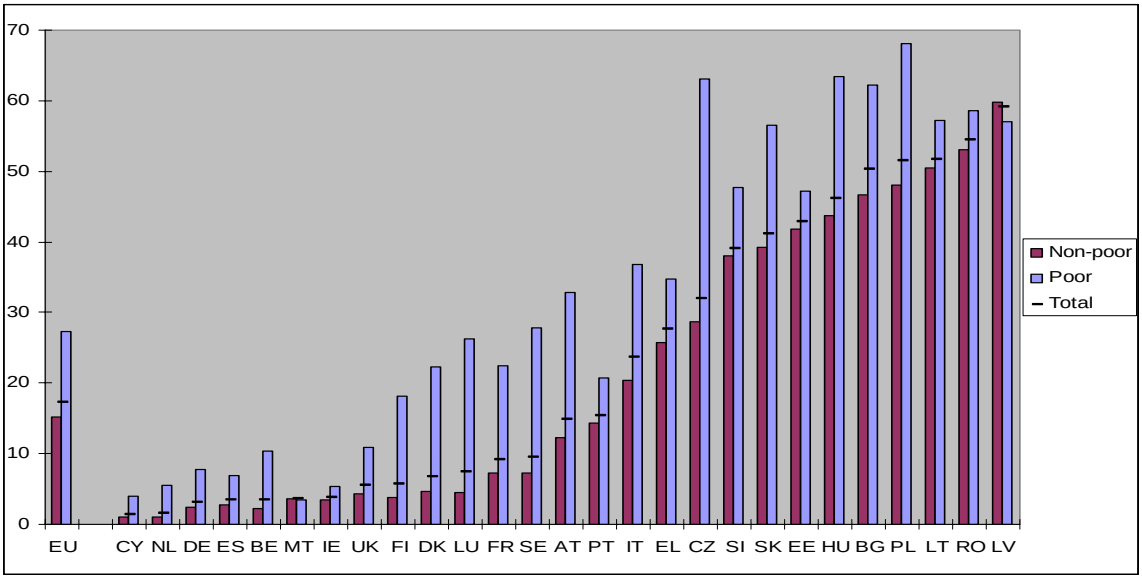
Note: share of the population living in a household where housing costs (net of housing allowances) represent more than 40 % in the total household income (net of housing allowances). Data on DE omitted because key components of the housing cost variable are missing.
Source: EUROSTAT; EU-SILC 2007

Despite the fact that those at risk of poverty tend to spend more, in relative terms, on housing, they live in worse housing conditions. Over 27% of low-income people lives in overcrowded accommodation[56], as opposed to 15% of the rest of the population. The overcrowding rate for

[56] The dwelling is considered overcrowded if one the criteria mentioned below is not fulfilled:
- one room for the household;
- one extra room for each couple;
- one extra room for each single person aged 18+;
- one extra room - for two single people of the same sex between 12 and 17 years of age;
- one extra room - for each single person of different sex between 12 and 17 years of age;
- one extra room - for two people under 12 years of age.

the at-risk-of-poverty population is over 50 % in SK, LV, LT, RO, BG, CZ, HU and over 68 % in PL. If single households are excluded[57], the overcrowding rate is reduced by 2 percentage points in SE and 3 in FI, but it increases by 2 in EE, IT, LV, PL, SK and 3 in BG, HU, LT and RO.

Fig. 5.3: Overcrowding rate by poverty status — 2007

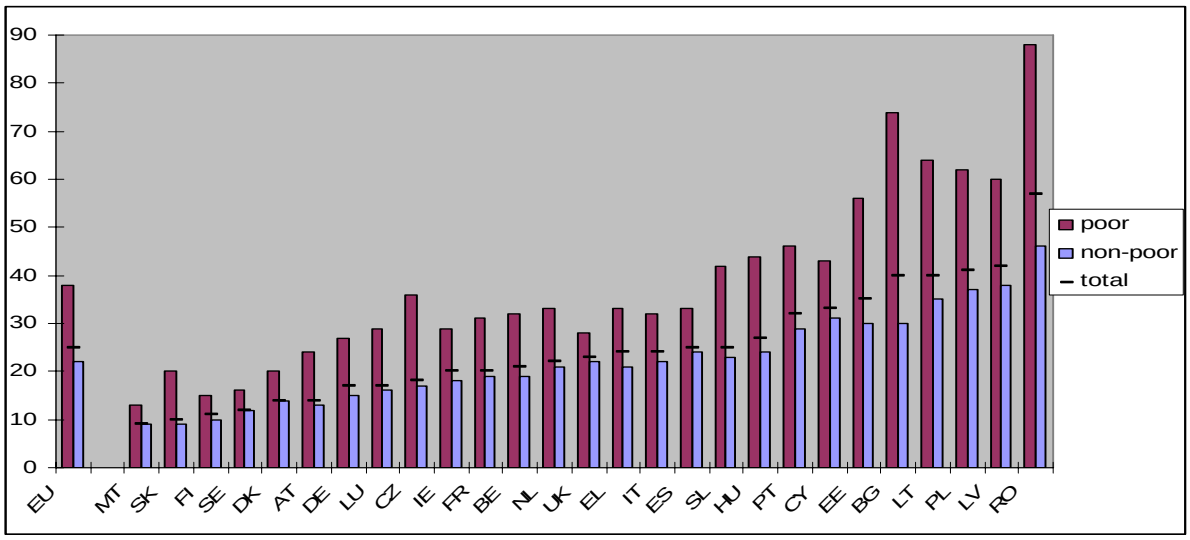


Source: EUROSTAT; EU-SILC 2007

Apart from overcrowding, low-income households also tend to live in poorer quality accommodation. The share of the at-risk-of-poverty population affected by at least one of the housing deprivation factors is 38 % in the EU as a whole, and over 50 % in EE, LV, PL, LT, BG and RO. This compares with 22 % for the non-poor population.

[57] According to the definition of overcrowding, single-people households living in one-room flats are classified as overcrowded. However, this type of accommodation can range from large inner city lofts to small, inadequate bed-sits; without information on the size of the dwelling it is difficult to properly assess the situation. Also, the lack of a separate living-room can have different impacts on the capacity of the individual to invite people and socialize at his or her place according to the different social and cultural norms. For these reasons, data on overcrowding is published with and without single-person households.

Fig. 5.4a: Share of the population affected by at least one housing deprivation factor — 2007



Note: housing deprivation factors are: damp walls, leaking roof or rot in windows; no bath or shower in the dwelling; no indoor flushing toilet for the sole use of the household; dwelling too dark.
Source: EUROSTAT; EU-SILC 2007.

Figure 5.4b: Material deprivation for the 'Housing' dimension, by item - 2007

	Total				
	Leaking roof, damp walls, floors or foundation, or rot in window frames of floor	Lack of bath or shower in dwelling	Lack of indoor flushing toilet for sole use of household	Dwelling too dark	Lacking no item
eu27	18	4	4	8	75
be	14	1	1	9	79
bg	15	20	34	10	60
cz	16	1	1	4	82
dk	11	1	0	5	86
de	13	1	1	4	83
ee	22	18	15	7	65
ie	15	1	1	9	80
gr	19	1	3	8	76
es	18	0	0	10	75
fr	14	1	1	8	80
it	21	0	0	8	76
cy	30	1	1	6	67
lv	26	22	20	12	58
lt	25	18	20	11	60
lu	15	0	1	5	83
hu	19	5	6	10	73
mt	5	0	0	4	91
nl	18	0	0	5	78
at	9	1	2	6	86
pl	37	7	6	9	59
pt	20	4	3	17	68
ro	29	42	44	8	43
si	17	1	1	10	75
sk	6	1	3	4	90
fi	5	1	1	5	89
se	6	1	0	7	88
uk	15	0	1	11	77

Source: EUROSTAT; EU-SILC 2007

Note: housing deprivation items are: damp walls, leaking roof or rot in windows; no bath or shower in the dwelling; no indoor flushing toilet for the sole use of the household; dwelling too dark.

The indicators presented above mainly concern two aspects of housing exclusion that lead to homelessness, namely inadequate and insecure accommodation. Being without a roof or without a house and having to live in emergency shelters or in temporary accommodation is of course the most extreme form of homelessness and indeed poverty and social exclusion. The lack of a commonly agreed framework at EU level to define and quantify homelessness, along the lines of the ETHOS definition[58], for example, remains one of the main obstacles to a proper assessment of this problem. Definitions of homelessness and housing exclusion (HHE)

[58] The European Typology of Homelessness and housing exclusion (ETHOS) was developed by FEANTSA (the European Federation of National Organisations Working with the Homeless - http://www.feantsa.org/code/en/hp.asp) as a means of improving understanding and measurement of homelessness in Europe, and to provide a common "language" for transnational exchanges on homelessness. This typology was launched in 2005 and is used for different purposes - as a framework for debate, for data collection purposes, for policy purposes, monitoring purposes, and in the media.

vary widely across Member States. There are a small number of Member States that have broad definitions of HHE that either correspond directly to the ETHOS definition or cover very similar categories (DE, DK, LU, NL, SE, UK), while some have partial coverage of ETHOS categories (BE, FR, HU, PT), some have a narrow definition (CZ, ES, FI, IE, PL, SK) and others have no standardised definition at all (AT, BG, CY, EE, EL, IT, LT, LV, MT, RO, SI).

The lack of clear definitions or the use of very narrow definitions can make it difficult to establish a definitive picture of those experiencing homelessness and housing exclusion and its causes. The national data available on rough sleepers and houseless people show a mixed picture, with the situation improving in certain Member States (UK, IE, NL and DE), but deteriorating in others (RO, LT, CZ, HU and SK). In particular, homelessness has emerged as an issue after transition in post-communist countries due to limited public budget support for housing developments for the low-income population and the shortage of affordable flats following privatisation of the public housing stock.

ETHOS – European typology on homelessness and housing exclusion

		Operational Category		Living Situation		Generic Definition
Conceptual Category	ROOFLESS	1	People Living Rough	1.1	Public space or external space	Living in the streets or public spaces, without a shelter that can be defined as living quarters
		2	People in emergency accommodation	2.1	Night shelter	People with no usual place of residence who make use of overnight shelter, low threshold shelter
	HOUSELESS	3	People in accommodation for the homeless	3.1 3.2 3.3	Homeless hostel Temporary Accommodation Transitional supported accommodation	Where the period of stay is intended to be short term
		4	People in Women's shelter	4.1	Women's shelter accommodation	Women accommodated due to experience of domestic violence and where the period of stay is intended to be short term
		5	People in accommodation for immigrants	5.1 5.2	Temporary accommodation /reception centres Migrant workers accommodation	Immigrants in reception or short term accommodation due to their immigrant status
		6	People due to be released from institutions	6.1 6.2 6.3	Penal institutions Medical institutions (*) Children's institutions/homes	No housing available prior to release Stay longer than needed due to lack of housing No housing identified (e.g. by 18th birthday)
		7	People receiving longer-term support (due to homelessness)	7.1 7.2	Residential care for older homeless people Supported accommodation for formerly homeless people	Long stay accommodation with care for formerly homeless people (normally more than one year)
	INSECURE	8	People living in insecure accommodation	8.1 8.2 8.3	Temporarily with family/friends No legal (sub)tenancy Illegal occupation of land	Living in conventional housing but not the usual or place of residence due to lack of housing Occupation of dwelling with no legal tenancy -Illegal occupation of a dwelling Occupation of land with no legal rights
		9	People living under threat of eviction	9.1 9.2	Legal orders enforced (rented) Re-possession orders (owned)	Where orders for eviction are operative Where mortgagee has legal order to re-possess
		10	People living under threat of violence	10.1	Police-recorded incidents	Where police action is taken to ensure place of safety for victims of domestic violence
	INADEQUATE	11	People living in temporary/ non-conventional structures	11.1 11.2 11.3	Mobile homes Non-conventional building Temporary structure	Not intended as place of usual residence Makeshift shelter, shack or shanty Semi-permanent structure hut or cabin
		12	People living in unfit housing	12.1	Occupied dwellings unfit for habitation	Defined as unfit for habitation by national legislation or building regulations
		13	People living in extreme overcrowding	13.1	Highest national norm of overcrowding	Defined as exceeding national density standard for floor-space or useable rooms

Source: FEANTSA – the European Federation of National Organisations Working with the Homeless (http://www.feantsa.org/code/en/pg.asp?Page=484)

5.3. The overall policy response — comprehensive strategies and better governance[59]

5.3.1. Comprehensive strategies are key to fighting homelessness and housing exclusion.

Homelessness and housing exclusion have been identified as an issue of concern by almost all Member States. This greater awareness amongst Member States is also due to the increasing focus given to the issue of HHE in recent years by the Social OMC. Transnational studies and exchanges have helped to enhance mutual learning and encourage increased efforts in a number of countries[60].

A growing number of Member States have adopted **comprehensive strategies** to fight homelessness and housing exclusion, either at national (IE, PT, UK, DK, FI, NL and FR) or regional/local level (SE, DE and ES). This has helped to push the agenda forward, improve coordination in policy design and implementation and identify more financial resources. In general, strategies are more effective with specific **targets,** including: prevention (both in terms of preventing evictions and follow-up of individuals discharged from public institutions); ending the most severe forms of homelessness (such as rough sleeping, in line with the European Parliament Resolution[61]); reducing the duration of homelessness (in particular the time spent in emergency and temporary accommodation); improving the quality of services and accommodation for homeless people; and improving the supply of affordable housing.

In several countries (e.g. DE, ES, IE, LU, NL, PL, PT and CY), there is a high and/or growing emphasis on **prevention**, which has proved to be the most effective and least costly way of combating homelessness. It has also received renewed attention as Member States respond to the economic crisis. Prevention tends to be of two types: firstly, initiatives to reduce the number of evictions and, secondly, increased efforts to help people leaving institutions gain access to suitable housing. There are examples of comprehensive strategies targeting specific risk groups, such as people released from prison (BE, DK, NL, UK and FI) or children leaving care (PL, MT).

In many Member States, there is more emphasis on providing temporary accommodation than on actual prevention. There is also a trend towards building other support services around the provision of temporary accommodation. However, some Member States have successfully moved beyond temporary/crisis accommodation to developing more comprehensive progression policies to help people move from temporary accommodation to supported accommodation and/or into more permanent housing such as social housing (e.g. FI).

For people already affected by homelessness and housing exclusion, two broad approaches can be identified in the EU: the **'staircase approach'**, leading the homeless step-by-step up the housing ladder from emergency accommodation to permanent, independent living; and the **'housing first'** approach, offering individuals stable housing as a first priority. The latter

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59 The next two sections are also based on the analysis of the Member States' contributions by the network of Independent Experts on Social Inclusion (http://www.peer-review-social-inclusion.eu/network-of-independent-experts).

60 For a wealth of information on homelessness and housing exclusion, see the website of FEANTSA (the European Federation of National Organisations Working with the Homeless) which is supported by PROGRESS (http://www.feantsa.org/code/en/hp.asp).

61 Declaration of the European Parliament on ending street homelessness (2009/C 259 E/04) published on the Official Journal of 29.10.2009, C 259 E/19.

approach has often proved to be more effective where there is an adequate housing supply for low-income people. However, 'housing first' does not mean 'housing only', and to ensure sustainable integration, homeless people often require support beyond housing. This has prompted several Member States to introduce socially supported accommodation, combining independent living with health and social support[62].

5.3.2. Improved governance as an important tool to make strategies more effective

Policies to fight homelessness and housing exclusion are the responsibility of different ministries at national level and different levels of government. Typically, national government is responsible for planning and overall policy design, while responsibility for delivery is devolved to local and/or regional authorities.

For this reason, inter-ministerial coordination is essential, and is being improved in several Member States, especially those with a comprehensive strategy, where steering committees have also been established to coordinate the efforts of all actors involved. However, fragmented responsibilities often represent one of the main challenges for the effective design of integrated policies. At the same time, the lack of capacity and resources at local level is one of the main problems in implementing such policies.

In several Member States (BE, DE, DK, ES, FI, HU, IE, MT, PL, PT and the UK) there appears to be a strong or increasing tendency to involve key stakeholders in the planning, delivery and monitoring of services. However, stakeholder participation is not promoted enough in some Member States and, in most, the direct involvement of people experiencing homelessness and housing exclusion remains quite limited.

Three elements prove to be particularly useful in improving governance in the area of homelessness and housing exclusion where responsibilities are shared between different levels of government and NGOs: *leadership* by the main public authority in charge of homelessness and housing exclusion policies; *participation* and consultation of relevant stakeholders in policy design and implementation; and *consensus* on the agreed strategy.

5.4. Causes of homelessness and housing exclusion and instruments

5.4.1. Several factors causing homelessness and housing exclusion – need for a joint policy response to tackle them.

Homelessness and housing exclusion are particularly complex phenomena. They are caused by a number of different factors and in turn affect several socio-economic outcomes, such as people's health and well-being, social participation, employability, and consequently income[63]. Broadly speaking, the causes of homelessness and housing exclusion can be grouped into three broad categories, even though multiple reasons often coexist and reinforce each other[64].

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62 On social and supported housing-related services, see the study by the Network of Local Authority Observatories on active inclusion (http://www.eurocities-nlao.eu/) supported by PROGRESS.

63 See also the study for the European Commission coordinated by the University of York on "Housing exclusion: welfare policies, housing provision and labour markets".

64 On the complexities of multiple deprivation, see the PROGRESS funded mutual learning project "CONNECTIONS – social inclusion at city level" (http://www.connectionsprogress.eu/home) and in particular the Vienna and Oslo peer reviews.

- *Structural*, such as low income, debt, worklessness and shortages of adequate and affordable housing.

- *Personal*, such as relationships and family breakdown, violent and abusive relationships, disabilities and mental illness, substance dependency.

- *Institutional*, such as discharge from institutions (foster and state care, prison, armed forces, hospitals). Housing exclusion can also be brought about by discrimination and lack of legal status, affecting some ethnic minorities and migrants.

The changing profile of the homeless population also points to new categories of people becoming more vulnerable due to the current social and economic environment and institutional settings. The first group consists of *those at the margins of the labour market*: either those in low-paid, poor-quality jobs who find it difficult to find adequate and affordable housing, or those in precarious, short-term employment, who move in and out of the lower end of the labour market and thus find it difficult to afford relatively high housing costs or even access the rental market. In particular, many *young people face specific challenges* in finding adequate housing. With the youth unemployment rate being on average in the EU more than double that of the overall population, a disproportionate number of young people face challenges when establishing their family and set up their own households. There are also higher numbers of young people on a temporary contract or in part-time employment compared to the rest of the population[65], which impacts a person's possibility to own or rent a home.

The second group consists of *migrant and mobile workers* who find themselves in precarious employment, on low incomes and often without a supportive social network. Several Member States have found this group to be growing in the population affected by HHE, including vulnerable migrants, refused asylum seekers, illegal immigrants, economic migrants and ethnic minorities, especially the Roma (CZ, IE, CY, MT, PL, PT, and the UK)[66].

5.4.2. Measures to tackle homelessness

The causes of HHE are being tackled with two sets of measures:

– **Support for individuals**, where social policy instruments such as social assistance benefits and quality social services play a key role

Despite the weight of housing costs in total disposable income, especially for the population at risk of poverty, expenditure on **housing-related benefits** remains very limited in most Member States: only in DE, DK, FR and the UK does it exceed 0.5% of GDP. In countries such as BG, EE[67], IT, LT, PT and SI, expenditure on housing-related benefits is almost insignificant relative to GDP. Housing-related benefits have remained almost unchanged since

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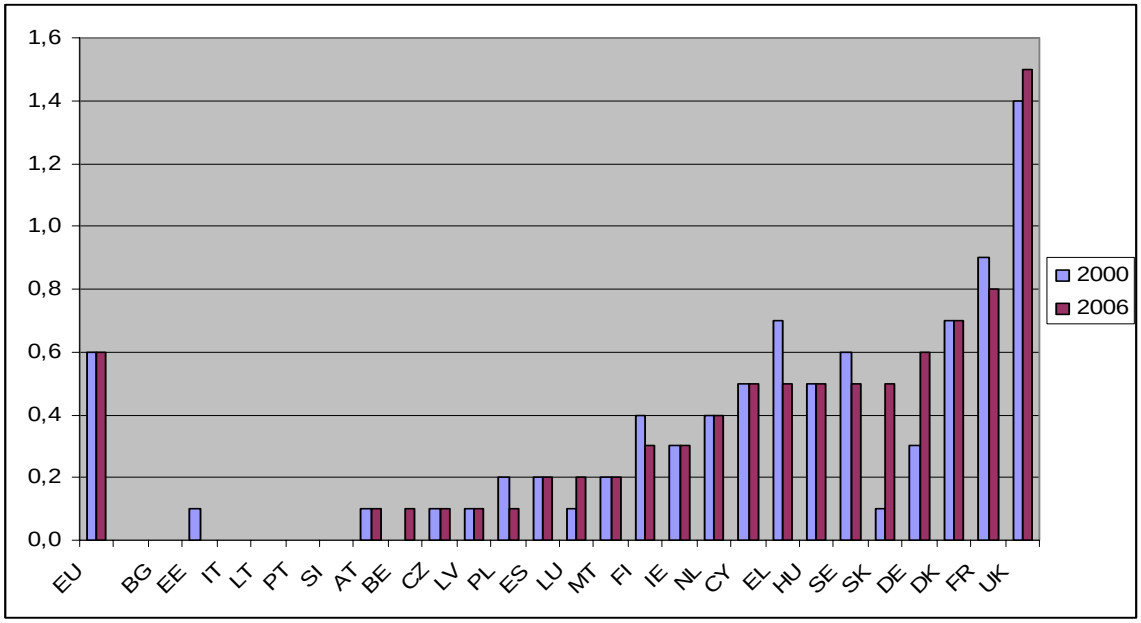
65 See the EU Youth Report 2009, pp 34-35 (http://ec.europa.eu/youth/news/doc/new_strategy/youth_report_final.pdf). See also the PROGRESS funded mutual learning project "European cities against child poverty" (http://www.againstchildpoverty.com/index.php) and the FP7 CSEYHP project: "Combating Social Exclusion among Young Homeless Populations" (http://www.movisie.nl/118836/eng/).

66 On the issue of housing and migration, see the results of the mutual learning project "Building inclusion – access to housing and inclusion in Europe" supported by the PROGRESS programme (http://buildinginclusion.oberaxe.es/en/home/index).

67 In Estonia, housing costs are taken into account in the calculation of the subsistence benefit.

the beginning of the decade, with the only exceptions being a fairly significant reduction in EL and a marked increase in DE and SK.

Fig. 5.5: Social protection expenditure as % of GDP: housing function (cash benefits)



Source: EUROSTAT; ESSPROS

Homeless people often face multiple disadvantages. There is a growing emphasis in several Member States on developing integrated approaches to homelessness which go beyond just issues of accommodation and look at access to employment, income support and access to services such as health and **social services** — in other words, approaches that adopt an *active inclusion* approach[68]. In several countries, however, there appears to be a complete absence of any integrated approach.

Likewise, several Member States emphasise that the homeless can benefit from social services such as employment, health, care, and social assistance services on the same basis as other vulnerable groups. However, this is often not sufficient, as several obstacles may in practice impede actual access. Also, in a significant minority of Member States homeless people appear to have very limited access to such services.

Improving the supply of adequate and affordable housing, in particular social and public housing

Social and public housing[69] emerges as a key element in HHE strategies and is often the most important solution for homelessness, especially for persons and families who can manage their housing situation with normal economic and social support. A very widespread problem is that there is excess demand for public housing and relatively long waiting lists. Tenant purchasing polices have reduced the existing stock of housing in some cases (UK), while deregulation and priority for private housing have been factors in other cases. Several

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68 See the Commission Recommendation on active inclusion [2008/867/EC] published in the Official Journal of 18.11.2008 (L. 307/11).

69 See also the website of CECODHAS, the European Liaison Committee for Social Housing (http://www.cecodhas.org/).

Member States are increasing the volume of housing with a specific focus on social housing (IE, BE, UK, FI, FR, IT, MT, EE), although this does not always meet demand. In some countries, private housing has been prioritised and the construction of social and/or public housing has been decreasing. The deregulation of the housing market has also reduced the supply in some countries.

The **quality** of housing stock varies widely across the EU. Inadequate housing standards are an issue for a significant number of Member States, especially for several of the newer Member States where the housing stock was in great part built during the communist period. Several countries have introduced policies to set standards and improve the quality of housing. These include offering *financial incentives and support* to property owners to provide high-quality accommodation, such as financial bonuses, advantageous loans or advances for modernisation and renovation and tax deductions. *Regulation and the setting of minimum standards* is another approach used to ensure the quality of housing. Measures used by Member States to improve the stock of permanent accommodation include: increased monitoring and regulation of the privately rented sector; setting minimum standard requirements for the quality of housing (e.g. safety, health, usefulness, energy saving); and setting minimum space standards. Some countries have introduced regulations to define overcrowding or inadequate housing at national, regional and local levels in legal and regulatory frameworks (UK, IT, RO, LU, FI). However, in some countries with highly devolved systems, the setting and enforcement of standards varies from region to region (DE, ES). There is also a growing emphasis in several Member States (e.g. IE, IT, LU, PT, RO, UK) on improving the regulation and oversight of temporary accommodation and related services with a view to increasing standards.

The Commission proposal that housing intervention to help marginalised communities should be eligible for ERDF support can open the way for the structural funds to make an important contribution towards such objectives in the convergence regions.

There are efforts in a number of Member States to develop or extend instruments to improve the **affordability** of housing. These include: housing benefit / means-tested housing allowances (BE, DE, FI, LU, PL, UK, IE); rent allowance guarantees (NL); and regulations governing rents (AT, BE and IE), mortgage tax reliefs (BE), and the sale of houses under market value (NL).

Housing and urban regeneration programmes, together with planning instruments, can directly improve the living standards of local communities and help people to access adequate housing. Urban regeneration programmes are a common feature in many cities across the EU, and focus investment on areas with a high concentration of socially vulnerable groups in order to improve the quality of housing, tackle social problems and ensure lower rents in local areas[70]. In a context of increased social diversification and relocation of economic activities, these polices are particularly important for increasing the functional and social mix of EU cities. There are several interesting examples of countries where policies to increase the social mix to avoid developing high concentrations of disadvantaged residents are part of mainstream planning and housing policy (DK, DE, FI, LU and the UK). As well as other specific areas, some programmes focus on the social excluded communities, such as the Roma.

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[70] On HHE in cities and urban regeneration, see also the website of EUROCITIES, the network of major European cities (http://www.eurocities.eu/main.php) and in particular the 'Inclusive Cities' programme supported by PROGRESS.

5.5. Monitoring and evaluation

The need to develop or improve ways of collecting statistical data to improve the understanding of homelessness and housing exclusion in the various Member States is widely recognised. The lack of data is at least partly responsible for the lack of a consistent and robust **information and evaluation strategy** in most Member States. The Peer Review on "Counting the homeless – improving the basis for planning assistance" that took place in Vienna, Austria in November 2009 concluded that the EU must reinforce cooperation in this field and encourage political will in Member States to enhance data collection and develop corresponding monitoring systems[71].

The 2011 Census represents a unique opportunity to produce invaluable baseline figures in the field of homelessness. At EU level, steps forward in the measurement of homelessness and housing exclusion have been achieved with the adoption by Member States of the common indicators on housing costs and overcrowding presented in section 5.2 and with the PROGRESS supported project MPHASIS[72].

Some Member States report the absence, at all administrative levels, of statistical data on homelessness and housing exclusion (BG, CY, EL and SI). In these countries, such gaps are filled to some extent by the work of NGOs or other players (e.g. the Council of Europe in BG). Censuses carried out every decade or so also play a role in this respect, which is all the more important in the absence of any other systematic and scientific data collection process.

The absence of any monitoring of homelessness also means that any policies in place to address the issue are impossible to assess using agreed, quantified and measurable standards.

In Germany, some individual Länder have been collecting data on homelessness, sometimes for many decades, but this has not resulted in any global overview, and there are no nationwide statistics on the issue.

In a few other Member States, there is no systematic monitoring or evaluation, and the overall understanding of the issue is sketchy (AT, CZ, IT, RO, SK). NGOs have also carried out more or less coordinated research on monitoring and evaluation in an attempt to fill the current knowledge gaps.

Some projects have also been launched in a number of Member States to establish formal monitoring of the situation of the homeless, and thus a countrywide database, but are still at the preliminary or teething stage (EE, MT, PT).

In BE, the situation varies depending on the region, but the federal authorities are making efforts to improve statistical knowledge at countrywide level, backed by a federal department, set up in 1998, to fight poverty. Data collection is still incomplete, but is being assisted by the work of agencies such as Strada in Brussels. In Flanders, the CAW is obliged to submit registration data on homeless people to the administration every year.

In Sweden, there is no regular reporting system for monitoring homelessness, but national surveys are carried out approximately every five years. Some government agencies have been

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71 See the Peer Review programme website: http://www.peer-review-social-inclusion.eu/peer-reviews.

72 For detailed results of MPHASIS ("Mutual Progress on Homelessness Through Advancing and Strengthening Information Systems") see: http://www.trp.dundee.ac.uk/research/mphasis/index.html.

tasked with developing statistics, and to improve knowledge of different methods to facilitate access by homeless people to the regular housing market.

However, the most common pattern is a multi-level or multi-party system for documenting the situation of homeless people, for example in Hungary, Ireland, Lithuania, the Netherlands, Poland, Spain, Finland and the UK. The role played by social services is not negligible in this respect, as they tend to be the ultimate source of data on homelessness.

The nature and operation of these multi-level or multi-party documentation systems varies among the Member States. In Hungary, for instance, there is a network of regional bureaus that collect data daily on the available capacities of the institutions concerned. However, no countrywide up-to-date data are available on the topic, though efforts are being made to put this information into one comprehensive database.

In Finland, the Housing Finance and Development Centre is responsible at national level for gathering monitoring data on homelessness. Quantitative trends in homelessness are monitored and assessed annually by means of a questionnaire that is sent out to every local authority in the country.

Ireland's new homeless strategy has set specific performance indicators for each of its six strategic aims, in an attempt to improve data availability and comparability. In the UK, national reporting is based on returns from local authorities under the homelessness legislation. The information on statutory homelessness is collated by central government in all four jurisdictions.

6. EFFECTIVENESS AND EFFICIENCY IN THE HEALTH SECTOR: SOME CONSIDERATIONS AT A TIME OF ECONOMIC CRISIS

The current economic and financial crisis makes more evident and urgent the need to improve the effectiveness and efficiency of health care. The crisis may impact the health sector negatively on both the demand and supply sides. The demand for health and long-term care may increase as a result of a deterioration in health determinants (e.g. higher unemployment, reduced income) and thus health status. On the supply side, the economic crisis may lead to a reduction in the funding available for health and long-term care as a result of rising deficits and lower contributions and tax revenues. Member States are in very different positions to face these challenges: there are large differences in health outcomes and health expenditure across the EU, with in general those countries reporting lower expenditure on health and especially lower public expenditure on health also reporting lower health status (e.g. lower life expectancy).

The crisis places budget constraints on all countries, which will be particularly felt in those where the health sector is already under-resourced, social protection is least developed and households are poorer. In previous short and small recessions, and so far in the current downturn, expenditure on health has worked as an automatic stabiliser and a recovery tool in many countries, though not all. If, as forecast, this economic crisis is to continue for some time, and given the large government deficits observed, the near future will bring a period of budgetary constraints. This may translate into stronger prioritisation and even budget cuts across the public sector, including the health sector.

In addition, large socio-economic gaps in health (translating into premature and avoidable mortality and disease), which persist despite the large increases in expenditure, and which may increase as a result of the economic crisis, call for greater effectiveness in healthcare delivery.

Thus, increasing the effectiveness and efficiency of health care will likely be common goals in the years to come. In searching for policies to achieve these goals, Member States can benefit from pooling their knowledge and exchanging their experiences and information.

Indeed, the effectiveness and efficiency of health spending is a long-standing concern in many Member States. Spending on healthcare and the provision of services absorbs a large share of total resources in the economy, in particular public expenditure. Health-related expenditure is the second biggest component of social protection expenditure in public budgets. Furthermore, the ratio of total health expenditure to gross domestic product has increased over time and continues to grow. Data show a recent slowdown in expenditure growth, but pressures on health spending are likely to continue given the emerging challenges of ageing, technology development and growing expectations.

A rising share of resources devoted to healthcare systems, together with a more equitable distribution of these resources, i.e. more widely available, affordable, higher-quality health care, has been associated with a considerable improvement in the health status of the EU population in recent decades (increasing likelihood of detecting and treating diseases, avoiding mortality, ensuring independent living and reducing health inequalities between and within Member States). Good health contributes to economic prosperity through improving labour market participation and productivity and increasing participation in other societal

activities. High levels of population health and an increase in Healthy Life Years[73] are crucial in the context of an ageing population, to allow for longer working lives and secure higher employment, productivity and competitiveness. Nonetheless, increasing health-related expenditure and strong expenditure pressures have also given rise to general apprehension, increased efficiency concerns, and calls for improving the value for money of funds allocated to the health sector.

This chapter is based on previous Joint Reports on social protection and social inclusion and on EU level Ageing-related and EU level healthy ageing and health workforce related work, as well as work by the OECD (including the 2008 Joint EC/OECD conference on improving health systems efficiency) and the WHO. It also draws on recent CZ presidency conferences on this topic and the 2007 LU seminar on the rational use of resources in the health sector.

6.1. Why more effectiveness and efficiency in health care is needed

6.1.1. Health expenditure analysed[74]

In general, **total expenditure on health represents a significant share of EU Member States' financial resources** (Figure 6.1), as measured by GDP, although it varies across EU Member States from 5% in EE to 11% in FR. BE, DE and AT also spend more than 10% of GDP on health, with PT (9.9) and DK (9.8) following suit. At the other extreme, RO, LT, EE, CY, PL, and LV spend less than 6.5% of GDP. On average (population-weighted), EU Member States spend about 9% of GDP on health, including both public and private expenditure (with the EU-15 population-weighted average reaching 9.5% of GDP). A large part of this expenditure is from public sources (EU average of 75%): more than 55% in all Member States, except for CY (44% in 2006) and BG (57% in 2006), more than 70% in 20 Member States and more than 80% in 6 Member States, including LU with 91% (Figure 6.1). Total expenditure on health per capita is also sizeable, though it varies across Member States, from around less than 500 Purchasing Power Standard (PPS) unit in RO to more than 4000 PPS in LU (Figure A1 in the Annex).

Time series data (Figure 2) show that **over the past decade total expenditure on health has increased by about 1 pp of GDP in the EU-27** (population-weighted average). The same trend (increasing share of health expenditure as % of GDP) has been seen in the vast majority of individual Member States since 1980 (Figure A2 in the Annex) and, for those countries for which data are available, over the past 50 years (Table A1 in the Annex). Also, total expenditure on health per capita (PPS) has consistently increased over time (Figure 3).

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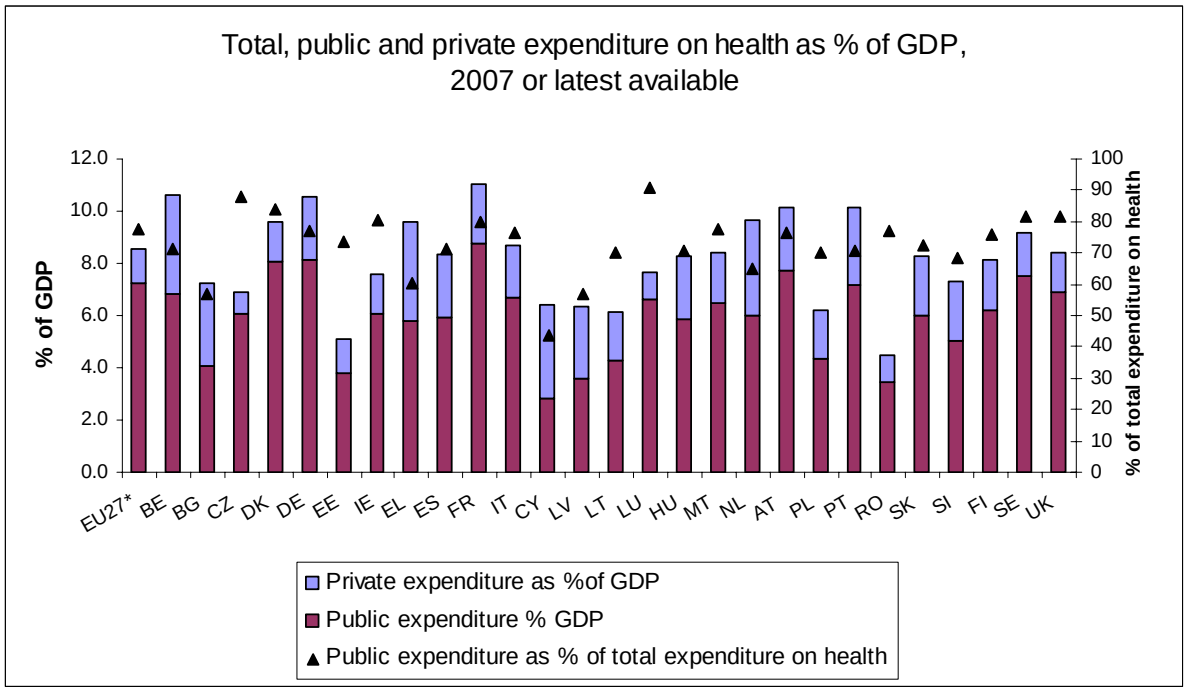
73 http://ec.europa.eu/health/ph_information/indicators/lifeyears_en.htm

74 The figures based on time series of health expenditure used here should be considered with caution, since there have been methodological breaks in the computation of the relevant underlying data at certain points of time, notably the introduction of the System of Health Accounts (SHA) in many countries.

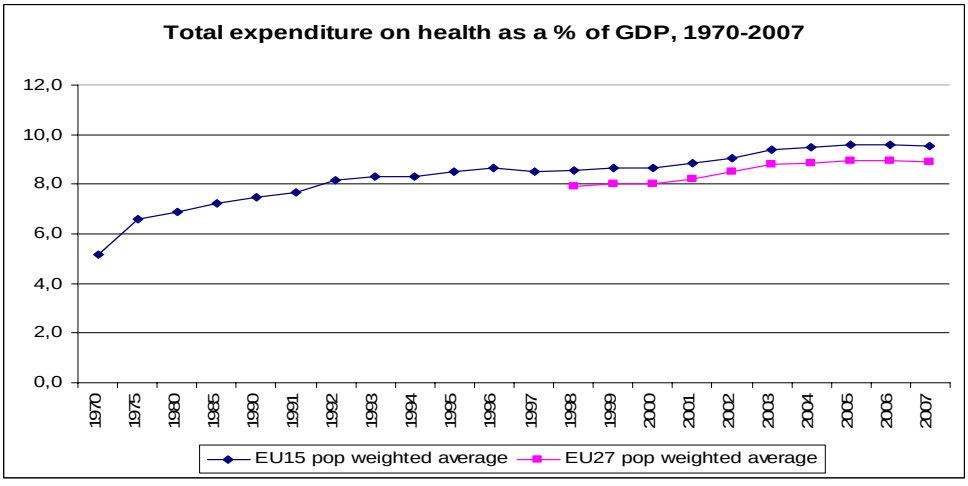
Figure 6.1



Source: Eurostat data and WHO health for all databased and EC computations. 2007 or latest available with LV, BE, MT and NL for 2005.

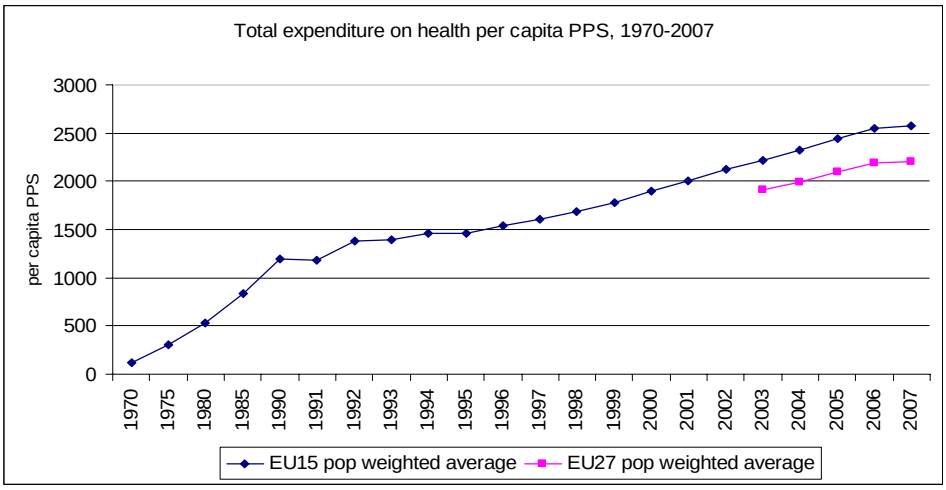
Taken with caution given the methodological breaks in its computation, time series data (Figure 6.2) show that **over the past decade total expenditure on health has increased by about 1 pp of GDP in the EU-27** (population-weighted average). The same trend (increasing share of health expenditure as % of GDP) has been seen in the vast majority of individual Member States since 1980 (Figure A2 in the Annex) and, for those countries for which data are available, over the past 50 years (Table A1 in the Annex). Also, total expenditure on health per capita (PPP) has consistently increased over time (Figure 6.3).

Figure 6.2 and 6.3



Source: Eurostat, OECD Health data, WHO Health for All databases and EC computations.

Figure 6.3



Source: Eurostat, OECD Health data and EC computations.

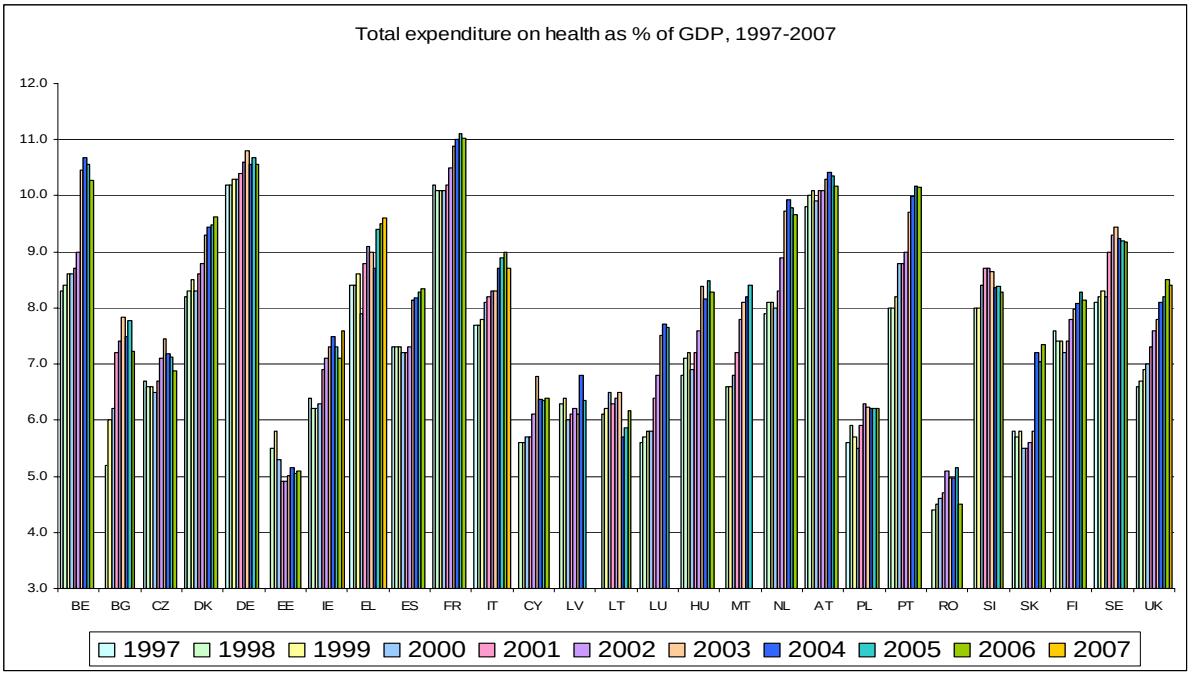
The data in Figure 6.2 suggest, however, different periods of health expenditure growth. The fastest health expenditure growth (compared to GDP growth) was observed — on average for the EU-15 — up to the early 90s. Health expenditure still grew faster than GDP throughout the 1990s and early 2000s, but has remained a roughly constant share of GDP in recent years.

The reason for these results, looking at the time series available for individual countries (Figures A3 in the Annex), is that the growth rates for total health expenditure are in general higher than GDP growth rates for most countries and years. They are significantly higher the further back in time one goes. Total expenditure on health increased fast in the 1960s and 1970s (annual growth rates higher than 15%). Then from the 1990s onwards, growth rates in the EU-15 countries decreased to become more similar to GDP growth rates, though still higher. In the new Member States for which longer time series are available, some convergence between GDP growth and health expenditure growth is observed in recent years, after very high health expenditure growth during the 1990s and in the early 2000s. A look at the last 10 years of data shows that while total expenditure on health is in general higher in 2008 than in 1998 (Figure 6.4 and Figures A3 in the Annex), health expenditure growth and GDP growth have been converging during recent years, with some countries even showing a reduction in total expenditure on health as a percentage of GDP.

Figures A3 also provide interesting information on what can happen to health expenditure and its growth in periods of economic downturn. Looking at SE and FI for example, the downturns in the early 2000s saw health expenditure growth increase and peak compared to the general trend of decreasing expenditure growth, while the economic crisis of the early 1990s resulted in negative health expenditure growth rates in line with the negative GDP growth rates. In times of economic crisis, therefore, health spending has reacted in opposing ways: either following the downward trend in the whole economy or working counter-cyclically[75].

[75] The Research Note '*Recession and health in Europe: what to expect?*' (European Observatory on the Social Situation and Demography) finds that economic downturns in the 27 EU countries from 1970 to 2007 had no significant effect on healthcare spending (in per capita terms and as a percentage of GDP),

Figure 6.4



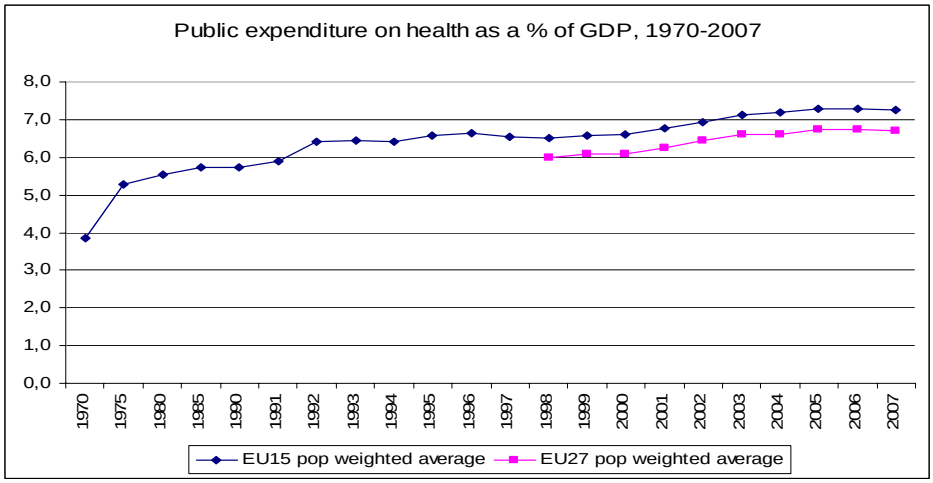
Source: OECD Health data and WHO Health for All databases and Eurostat

Given that public expenditure is the main driver of total health expenditure, **public expenditure on health as a percentage of GDP has followed a similar overall pattern** to that of total health expenditure as a percentage of GDP (Figure 5 compared to Figure 2, and Figures A4 and A5 and Table A2 in the Annex). Over the last four decades, public expenditure on health as a percentage of GDP appears to have increased fast until the early 1990s, increased less fast throughout the 1990s, and remained more or less constant in more recent years.

Looking at the evolution of public expenditure as a percentage of total expenditure on health in individual Member States (Figures A6 in the Annex), it can be seen that in some countries (DK, FR, LU, AT) the share of public expenditure has been fairly constant over the last two decades, while in others it has increased (PT, IE) or conversely fallen initially before increasing again in the past decade. In all, **public expenditure accounts for a significant share of total expenditure on health (75 % on average for the EU)**. It thus competes with other areas (e.g. education) for public resources, which also explains the **emphasis on improving effectiveness and efficiency in the health sector**.

based on a variety of indicators for recession (including fluctuations in GDP and unemployment and taking account of time lags).

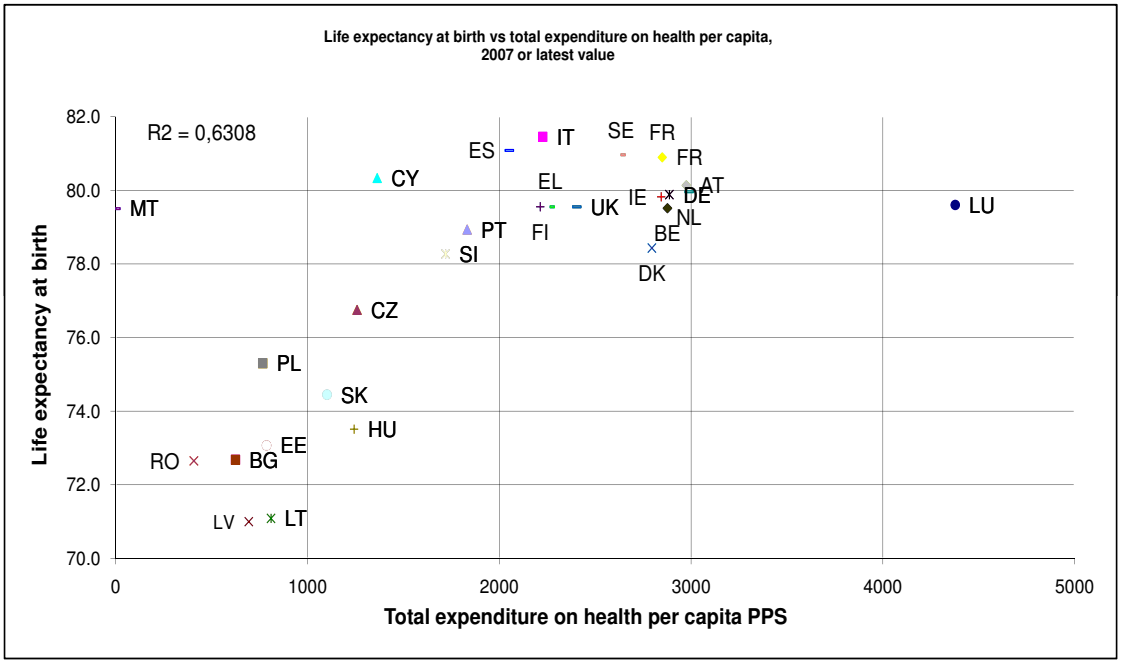
Figure 6.5



Source: OECD Health data and WHO Health for All databases and EC computations

Importantly, there is considerable evidence[76] that higher total health expenditure per capita leads to lower mortality, lower infant mortality and higher life expectancy, as shown in simple form by Figure 6. Furthermore, Figure A7 in the Annex also shows that countries with different levels of health expenditure (in per capita terms or as a percentage of GDP) have similar outcomes and that countries with similar expenditure levels have different outcomes, at least in terms of life expectancy.

Figure 6.6



Source: Eurostat, OECD Health data and EC computations

76 For a short review, see the Joint Report on Social Protection and Social Inclusion 2007.

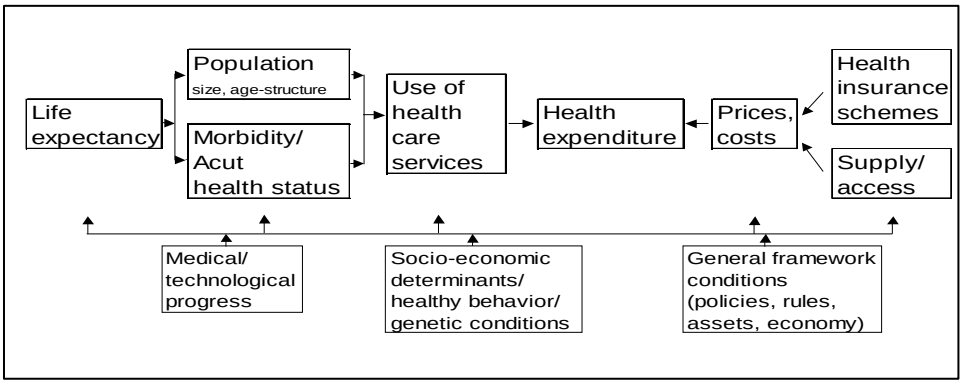
It may be noted that countries with lower life expectancy at birth and lower health expenditure (as a percentage of GDP or per capita) are also those with higher inequities in access to care and health status.[77] Hence, **some countries may be investing too little** in this sector. While they may have to spend more on health, it is as important for them to ensure that what is spent and any **additional amounts spent make an effective and efficient contribution to health**.

In sum, the consistent increase in total expenditure on health, the fact that a significant part of that expenditure is public, and indications that there may be scope for improvement give rise to some uneasiness about the size and growth of health expenditure and thus prompt **calls for health systems to obtain good value for money (through greater effectiveness and efficiency)**.

6.1.2. Pressures on healthcare spending

Levels of spending depend on a combination of factors: a) factors affecting demand for care, such as general health status of the population and thus the need for care, population age structure and income levels, plus organisational (e.g. cost-sharing) and cultural (e.g. self-care) factors, and b) supply-side factors such as the availability and distribution of services, the physician/nurse mix, cultural, organisational and institutional factors including wages and remuneration methods, gate-keeping, market regulation, diffusion of high-cost technology, or administrative costs. These are summarised in Figure 6.7.

Figure 6.7



Source: 2007 AHEAD — Ageing, health status and determinants of health expenditure project

In this context, it is worth describing in more detail some **important challenges to the system that emphasise the need to look more closely at the effectiveness and efficiency of resources allocated to health**.

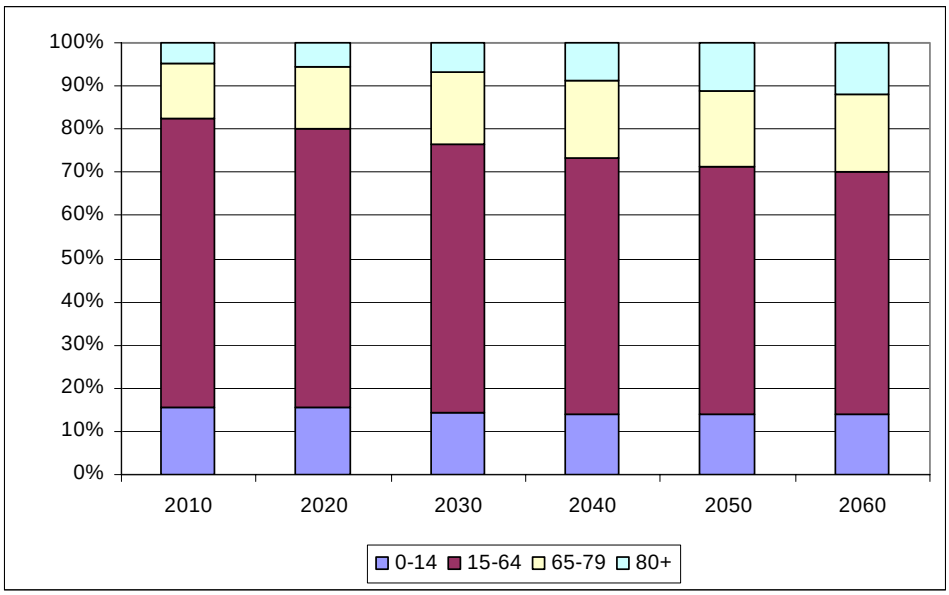
One of these challenges is **population ageing**. This translates into more people living longer (Figure 8 and Figures A8 and A9 in the Annex), notably a higher proportion of people aged 65+ and especially those aged 80+. Between 2008 and 2060 the EU-27 population aged 65 and over is projected to increase from less than 20% to about 30% of the population, and the 'very old' (80+) will be the fastest growing segment of the population. Ageing can bring with it new patterns of morbidity including multi-morbidity (multiple chronic diseases, disability

[77] Impact assessment accompanying the Communication 'Solidarity in Health: Reducing health inequalities in the EU' SEC(2009) 1396.

and dependency) presenting themselves over a long period of time. Evidence shows that the need and demand for health care is strongly and positively correlated with age: health deteriorates with age (Figure 9) and correspondingly, expenditure profiles increase with age (Figure A10 in the Annex). This means that there will be higher pressure to provide more and substantially different care than with a younger population structure. Moreover, while the demand for formal auxiliary medical and support care is likely to increase as a result of ageing, the number of informal carers (family and relatives) may fall as a result of changing family structures, mobility, and work patterns. Consequently, as expenditure rises with old age, if age-disease patterns remain unchanged, expenditure levels will increase. According to the 2009 EPC/EC projections, EU public health expenditure will increase by 1.7 percentage points of GDP by 2060 due to population ageing, i.e. a 25% increase with respect to current spending (Table 1).

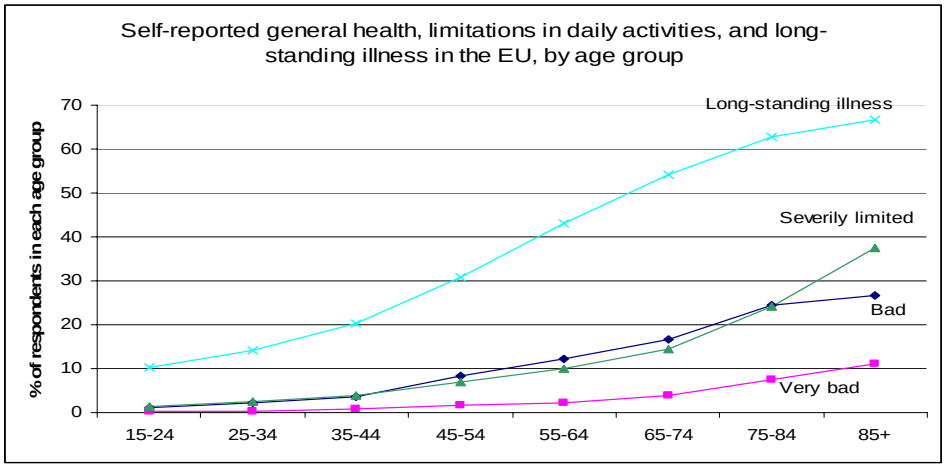
However, research (e.g. 2009 EPC/EC Ageing Report, 2007 AHEAD) shows that the impact of ageing on expenditure can be mitigated by improving the health status of the elderly. Hence, a **healthier ageing population is crucial to control expenditure growth**. Indeed, the age-related projections estimate that the impact of demographic change (costs increasing by 1.7% of GDP) is more than halved if people live longer but the onset of disease is also later. Moreover, age-utilisation relationships are affected by the cultural and institutional factors of each country, helping explaining the gaps in per capita spending at older ages between EU Member States.

Figure 6.8. Projected changes in population structure in % for selected years, EU27



Source: Eurostat, EUROPOP2008 (EUROstat POpulation Projections 2008-based) convergence scenario; 2009 EPC/EC Ageing report

Figure 6.9. Health status by age, 2007



Source: Eurostat

A related challenge is to ensure the availability of a **health workforce** able to respond to future needs. Thus, ageing can have other negative implications, such as reducing the supply of staff and increasing staff wages, thus resulting in higher production costs. Across Europe, between 1995 and 2000, the number of physicians under the age of 45 dropped by 20%, while the number aged 45 and over went up by over 50% (European Commission Green Paper on the health workforce[78]). For nurses, average ages are rising: in five Member States nearly half the nurses are aged 45 and over. It is predicted that the retirement of the baby boomers will affect the health sector by reducing staff numbers at such a rate that there will be insufficient numbers of younger people coming into the system to replace them. The health sector, a labour-intensive sector, currently provides employment for about 10% of the EU workforce, and approximately 70% of healthcare budgets is spent on salaries and other charges related directly to employment (Green Paper). As current staff approach retirement age, sufficient new and younger recruits are needed to replace them. In addition to staff ageing, health-related jobs may not be attractive to new generations, and several countries are faced with the migration of their health professionals to richer countries. As increased numbers of staff may take time to materialise, in view of the duration of medical and other training, we need to ensure an **effective and efficient workforce** in the meantime[79].

78 See http://ec.europa.eu/health/ph_systems/docs/workforce_gp_en.pdf.

79 The development of robust human resource strategies to improve recruitment and retention will be one of the most important issues for employers in the health and care sectors. Such strategies could range from raising awareness of careers among school and university leavers, running return-to-practice campaigns with support for updating of skills and opportunities to work flexibly, and introducing schemes to attract and retain older workers or those needing to change careers after redundancy.

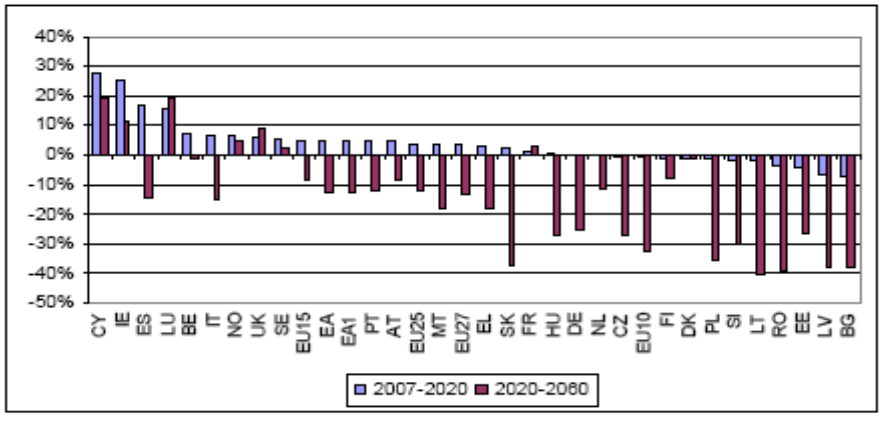
Table 6.1 The projected costs of ageing: pure demography scenario

	Level	Change 2007-2060		Level
	2007	% points of GDP	%	2060
BE	7.6	1.5	19	9.1
BG	4.7	0.7	15	5.4
CZ	6.2	2.3	37	8.5
DK	5.9	1.2	20	7.1
DE	7.4	2.0	27	9.4
EE	4.9	1.2	25	6.2
IE	5.8	2.0	34	7.8
EL	5.0	1.5	30	6.4
ES	5.5	1.8	32	7.3
FR	8.1	1.4	17	9.5
IT	5.9	1.2	21	7.1
CY	2.7	0.9	32	3.6
LV	3.5	0.7	19	4.1
LT	4.5	1.2	27	5.7
LU	5.8	1.3	23	7.1
HU	5.8	1.7	30	7.5
MT	4.7	3.8	80	8.5
NL	4.8	1.1	23	6.0
AT	6.5	1.7	27	8.2
PL	4.0	1.3	33	5.4
PT	7.2	2.2	30	9.4
RO	3.5	1.4	40	4.9
SI	6.6	1.9	29	8.6
SK	5.0	2.3	46	7.3
FI	5.5	1.4	25	6.9
SE	7.2	0.9	13	8.1
UK	7.5	2.2	29	9.7
NO	5.6	1.6	29	7.3
EU27	6.7	1.7	25	8.4
EU15	6.9	1.7	25	8.6
EU12	4.7	1.5	33	6.2
EA	6.7	1.6	23	8.3

Source: 2009 EPC/EC, Ageing Report

In addition to potentially increasing demand, ageing reduces the relative size of the working population (Figure 10) and thus poses a challenge to governments to ensure sufficient revenues for the health sector from shrinking tax bases/contributions.

Figure 6.10. Labour force projections, 2007-2060, percentage change in population aged 15-64



Source: EPC/EC 2009 Ageing Report

Another pressure on healthcare expenditure comes from **technological development**[80]. While this can bring about less intrusive and cheaper treatments (day case instead of in-patient surgery), it contributes to raising expenditure by providing ways to cure or control hitherto untreatable diseases through new and often expensive interventions, albeit also often less intrusive and with fewer side-effects. Thus, technology creates a supply-induced demand for services (diagnosis, prevention and treatment). In addition, health staff need to be trained to use it. The 2009 EPC/EC age-related projections (2009 EPC/EC Ageing Report) suggest that between 2% and 3% of yearly growth in healthcare spending can be ascribed to non-demographic and non-income factors such as technology. Nevertheless, the potential for ICT technology and process innovation to improve access, quality and coordination of care, as well as cost predictability and control should be kept in mind. There is growing evidence of this potential[81] and even if field implementation seems to be lagging behind expectations and potential, this area should be given adequate attention in the future.

In what relates to health professionals, ICT have the potential to reliably free the doctors and nurses from most of the administrative burden, saving their valuable time for health-enhancing activities, something especially important in the present and coming times of health personnel shortages (as mentioned above).

Part of the progress in medical technology is the development of new pharmaceuticals. Member States point to a significant growth in pharmaceutical expenditure and the diffusion of new medicines as one of the financial pressures they face. There is evidence (2008 EC/OECD conference) that, although pharmaceutical expenditure accounts on average for a relatively minor share of national spending on health (less than a fifth of total health expenditure), it increased faster than total health expenditure and GDP between 1980 and 2005. Also, the public sector is the primary source of financing (60% of total pharmaceutical expenditure on average in the OECD), although private expenditure is greater for pharmaceuticals than for other types of care. On average, pharmaceutical expenditure constitutes a growing share of total health expenditure (Figure 11). However, there are important differences across Member States: some show a constant share over recent decades while others, notably the Nordic countries and a number of new Member States, show a growing share. There are also wide differences in pharmaceutical expenditure per capita (Figure A11 in the Annex) between Member States. These reflect different practices in relation to market regulation, pricing, reimbursement, coverage, distribution, prescribing and dispensing of pharmaceuticals, thus constituting a suitable area for information and best practice exchange.

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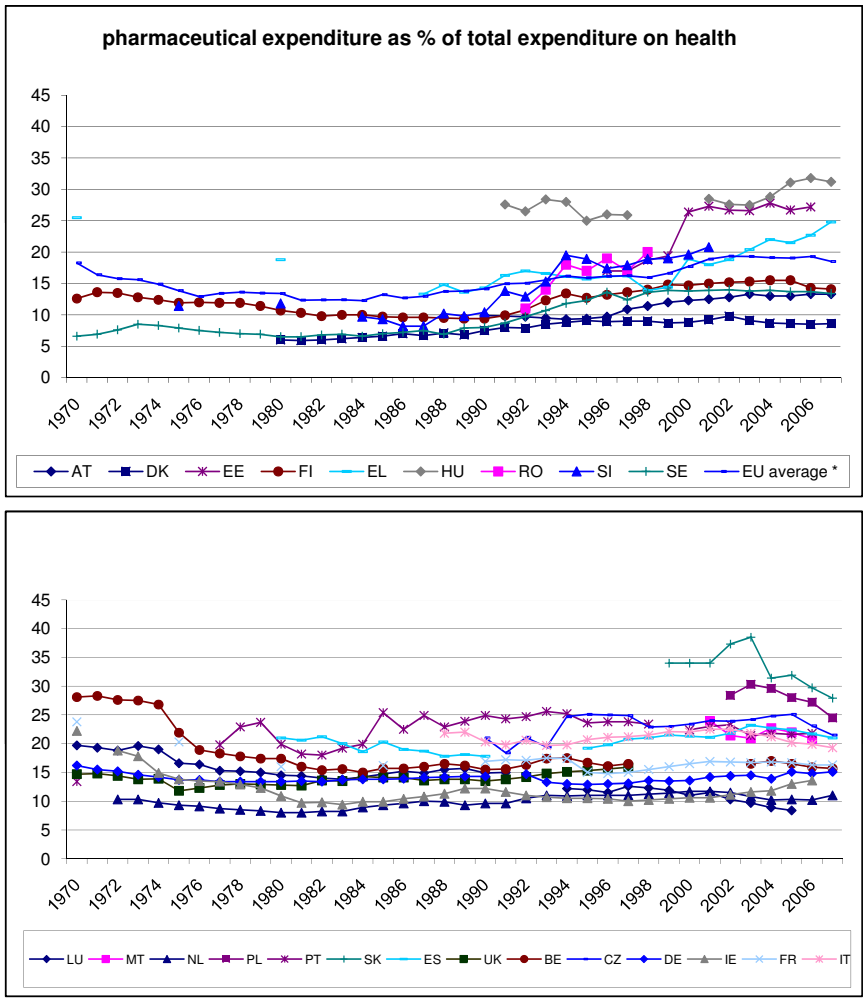
80 Technology here stands for more than just equipment or ICT as it includes pharmaceuticals and other types of medical interventions.

81 http://www.oecd.org/document/42/0,3343,en_2649_33929_38311850_1_1_1_1,00.html

Figure 6.11. Pharmaceutical expenditure as % of total expenditure on health



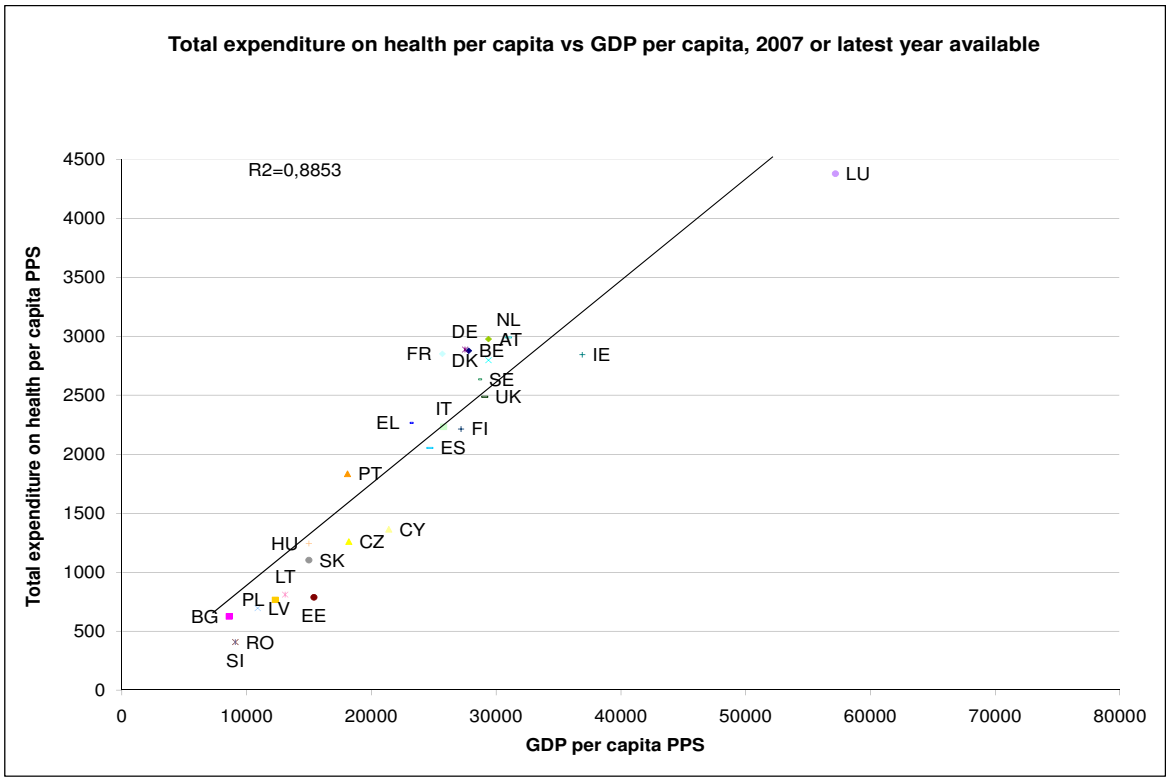
Source: WHO Health for All database

Growing expectations, broadly related to education, income, family structures and/or access to information, also play an important role in increasing demand for and supply of care. In general, countries with a higher GDP per capita tend to spend more on health (Figure 12). The 2009 EPC/EC Ageing Report projects significantly higher public health spending (additional 0.6 percentage points of GDP) once income elasticity of demand exceeds unity (1.1 converging to 1 by the end of the projection period). The desire for greater choice of provider and care setting, tailor-made treatment, access to a new and wider range of technologies, and the enforcement of patient rights are some of the pressures policy-makers have to balance against existing resources. Indeed, while people want more and modern care and free choice as patients, often as contributors they wish to pay lower taxes, contributions or user charges. As for public health and patient empowerment, ICT allows web 2.0 tools to harness the potential of social marketing and networks for public health, health promotion and lifestyle changes.

In addition, there are **emerging risks to health** from risk behaviour / unhealthy life-styles that can lead to a higher incidence and prevalence of chronic diseases. Lack of exercise, unhealthy diet, obesity (see Figure A12 in the Annex), excessive drinking and high rates of smoking, notably in young age groups, are associated with a higher incidence and prevalence of cardiovascular and respiratory diseases, diabetes, etc. In addition, there continue to be significant outbreaks of communicable diseases such as TB, and the prevalence of HIV/AIDS

is of strong concern. These result in an unnecessary burden of disease on societies and on health budgets.

Figure 6.12



Source: Eurostat, OECD Health data and EC computations

Large and widening health inequalities between and within Member states (e.g. a 14-year gap in life expectancy at birth for men and an 8-year gap for women between Member States and differences of 10 years for men and 6 years for women in life expectancy at birth between the lowest and highest socio-economic groups) indicate that not everyone has benefited in the same way from the increase in health expenditure and the greater availability of medical care as well as the economic progress that delivers better health through more and better jobs and better living conditions. Barriers to accessing care (including health promotion, disease prevention, treatment and rehabilitation) have been identified, including lack of health insurance, direct financial costs of care, geographical disparities in provision, waiting times, lack of information, discrimination, language barriers, health literacy and socio-cultural expectations in relation to life and care use. Premature and avoidable mortality and morbidity are an economic burden to society as they are detrimental to employment, productivity and growth. Avoidable ill-health places an economic burden on health care systems and unnecessary pressure on public budgets. Reducing unnecessary and premature death and disease can make a contribution to meeting the Lisbon goals of employment and growth and achieving Europe's full potential for prosperity. Hence, such **large gaps in health call for greater effectiveness of healthcare delivery, public health prevention and a rethinking of priorities in this sector**.

6.1.3. The current economic and social situation

The current downturn will impact on the demand for health care and on available resources. Hence it is crucial to understand where potential effectiveness and efficiency gains can be made and where greater value for money may be attained in the health sector.

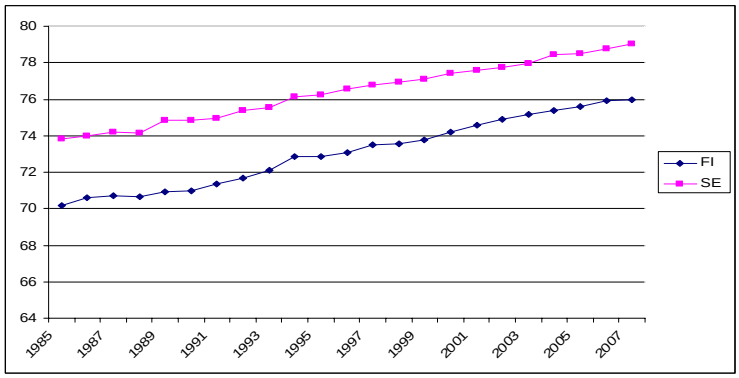
6.1.3.1. Potential effects of the economic crisis on health status

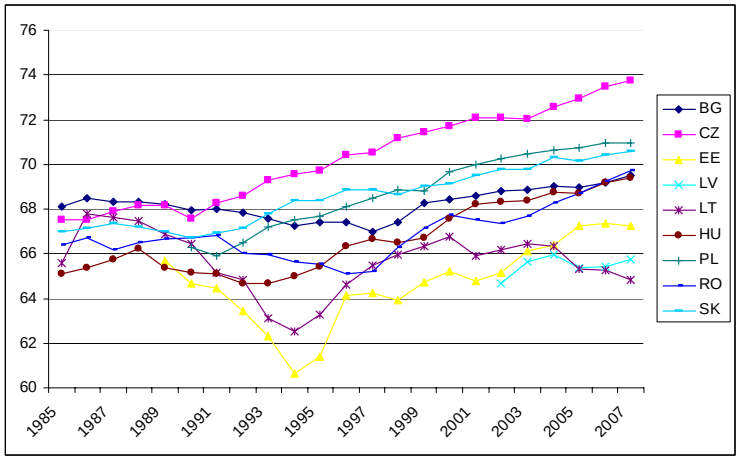
Research shows that higher public expenditure on health is related to lower mortality (Brenner, 2009; figures above), so significant **reductions in spending on life-saving interventions will increase mortality.** However, data relating changes in mortality to periods of economic recession are scarce and somewhat contradictory. Some perhaps counterintuitive findings come from the US and Europe, where recession has been accompanied by falling all-causes mortality rates, although an increase in suicide rates is generally observed (Brenner, 2007). Those findings have been observed for recent, relatively short periods of recession and may be unlikely in a more sustained and deeper downturn. Moreover, mortality is an extreme event and often depends on a complex matrix of determinants acting over a long time. It would perhaps be more intuitive to look at morbidity, and especially mental ill health, when searching for the health consequences of an economic crisis. In addition, while rapid and deep social and economic changes will have consequences for the health of the population, the extent and distribution of these consequences are likely to vary depending on the development and coverage of social safety nets, the resilience and robustness of the health sector, as well as policy responses in the fields of social security and health care.

For example, in the early 1990s, FI experienced a severe economic recession, during which the unemployment rate increased from 3.4% in 1990 to 18.4% in 1994 and long-term unemployment rose to 27%. However, life expectancy at birth for men (Figure 13) remained stable or improved slightly among the adult population while infant mortality declined from 6.3 deaths per 1 000 live births in 1986 to 4 in 1994. This may be explained by the fact that a developed welfare system comprising wide social safety nets and a health care system offering universal coverage provided comprehensive protection. Nevertheless, the crisis did have a health impact especially in terms of mental health, with an increase in sleeping and anxiety problems (see e.g. Figure A13 in the Annex for SE).

Several new Member States experienced a crisis in the early-1990s or mid-1990s during the transition to democracy and to a market economy: high unemployment and inflation and a drop in GDP were observed, albeit to different extents. It can be observed that the rise in unemployment and the drop in GDP during that transition period could be associated with increased mortality and reduced life expectancy, in particular for men. For some countries life expectancy did not increase during transition, while for others it actually decreased and has taken some time to return to pre-transition levels.

Figures 6.13. Life expectancy at birth for men, 1985-2007, for FI and SE and for those countries that have undergone the economic and political transition from a planned to a market economy





Source: Eurostat

Fluctuations in the **unemployment rate** are more closely associated with short-term changes in health than any other economic indicator. A study has shown that every 1% rise in unemployment rates is associated with a 0.79% rise in suicides of those aged 65 and less and a 0.79% rise in homicides (Stuckler, D. et al., 2009). A study of the correlation between **unemployment** and **mortality** in Britain during the recession period in the 1970s and 1980s showed that the unemployed had a mortality rate 20%-25% higher than the average for their respective socioeconomic group (Marmot, 2009).

The unemployment rate is also found to be a significant risk factor for morbidity. In addition to increasing alcohol or substance abuse and malnutrition, unemployment (and the associated lower income and financial distress) is also found to be an important risk factor in cardiovascular disease and **mental health** (distress, depression, anxiety, psychosomatic symptoms, etc.). Moreover, the negative effect of unemployment on mental health is stronger in countries with a weak level of social protection and unequal income distributions. Not only unemployment is detrimental to health. Even **job insecurity** has a negative impact on health (Bilbao Agency, 2007). A meta analysis (Sverke et al., 2002) has revealed a significant negative correlation between job insecurity and poorer mental health. The relationship has been confirmed by longitudinal studies (Ferrie et al., 2003) showing that job insecurity should be treated as a cause of worsening mental health.

6.1.3.2. Potential effects of the economic crisis on the healthcare sector

Reductions in **public expenditure** on health may also affect the **composition of health spending**. Where governments report cuts, they suggest that salaries will be maintained, but that savings will be made in infrastructure and equipment. However, some governments may choose to increase the health and social protection budget, as has actually happened in previous instances of recession. As a result, health spending in some of the countries affected by economic downturns has fallen, while in other countries it has been maintained or even increased.

Private expenditure on health care may fall as a result of the drop in household disposable income. In contrast to public spending, **private out-of-pocket expenditure** usually tends to decline in a recession, particularly if services are available at lower cost in the public sector. The reduction in household income caused by currency devaluation, inflation, unemployment, wage reduction or other factors can affect the ability of families to pay for health care. Recourse to cost-sharing and out-of-pocket payments for health care may be avoided or reduced by turning to government-subsidised and not-for-profit health care providers in times of crisis. As a result of the **lower demand for private care and the** consequent **transfer of demand to the public sector** the overall quality of care may decline, if public services are not adequately equipped to cope. This problem will affect all countries where publicly funded services are under pressure.

Some governments choose to increase cost-sharing. Decreasing public health spending, increased costs of treatment, and reduced family income and/or insurance coverage will **affect the use of health services**. For patients, price increases (in the form of official user charges and co-payments, payment for medicines or informal payments) may deter less well-off patients from seeking the necessary care as it becomes unaffordable. However, it may be possible to control the rise in the costs of care for patients through generic substitution or public subsidies.

Where recession is accompanied by inflation and devaluation of domestic currencies**,** the prices of imported medicines, raw materials and medical equipment can increase.

In sum: EU health systems have to balance increasing demands on services, and the need to respond to people's health needs, with restricted or even diminishing financial resources. The fact that similar health expenditure levels may be associated with different outcomes has raised some political discussion on whether there could be effectiveness and efficiency gains to be made within the sector and in addressing the social determinants of health. Different financing and organisational arrangements may be more or less able to control such expenditure pressures (2007 Joint Report; OECD 2005). Differences in expenditure levels and price structures raise questions in relation to financing and delivery structures and policy priorities (e.g. health promotion, disease prevention and rehabilitation versus treatment). The search for ways to raise effectiveness and efficiency is therefore ongoing.

6.2. Improving effectiveness and efficiency in the health sector: a look at a number of areas

The last decade has seen increasing debate on ways to improve health system performance and value for money and thus enhance longer-term sustainability. The following sections review some possible strategies to improve effectiveness and efficiency and what they entail.

6.2.1. Encouraging the use of primary care

Encouraging the use of primary care instead of direct use of specialist care while strengthening referral systems from primary to other types of care is one of the health policy reforms that are being implemented or planned by EU Member States to improve resource use in this sector. This is done by enforcing a compulsory referral system with a gate-keeping role for primary care physicians and via financial incentives (i.e. higher reimbursement if a patient follows a referral system from primary to other types of care).

In the last decade, policy makers in many Member States have changed the way they see primary care. While some Member States had a primary care-led system with patients first visiting a primary care physician who would then refer the patient to specialist services (referral and gate-keeping role), in many others free choice and direct access to specialists, with a strong emphasis on curative hospital-based care, were part of normal service delivery. Primary care remained peripheral, sometimes seen as a synonym for lower-quality care with patients failing to register or visit a primary care physician and using specialist and hospital care directly through overuse or unnecessary use of emergency departments. In more recent times, the growing focus on addressing observed healthcare delivery deficiencies (improving access and quality) and improving value for money in the health sector (efficiency) has shifted attention to primary care and its potential role in achieving these improvements (2008 WHO World Health Report; 2007 PROGRESS workshop on 'Policy options for promoting rational resource use in the areas of health care and long-term care').

Primary care is to be the first point of access to the health system under normal circumstances. The primary care physician (also called 'general practitioner' or 'family doctor') examines the patient and decides whether he/she should then visit a specialist. Stronger primary care aims to avoid patients organising or having to organise their care path through the system, leading to disparities in access, lack of coordination and continuity of care (quality), duplication of procedures and use of unnecessary and more expensive diagnostic and curative hospital care, resulting in health and financial costs for both the patient and the system. A focus on primary care will also improve access to health promotion and disease prevention to avoid or postpone the onset of disease and ensure its early diagnosis, thus bringing about savings in the sector.

Figure 6.14. General practitioners per 100 000 inhabitants

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
BE	168.9	170.8	173.7	175.1	177.2	176.2	176.4	175.9	173.3	170.3	170.9
BG						67.5	68.6	69.1	67.8	66.8	
CZ	48.3	48.3	49.0	51.2 (b)	52.5	52.2	51.4	51.3	51.2		
DK	61.5	63.5	64.1	71.9	72.1	72.2	71.5	75.3	74.6	74.4	
DE	109.6	108.0	106.4	106.6	106.2	105.1	104.2	102.4	97.4	99.2	
EE	56.3	64.5	80.8	88.2	85.4	92.7	95.5	100.2	99.8		105.3
IE								62.2	68.3	69.9	
EL	27.8	27.9	29.8	27.7	26.5	28.5	31.9	33.9	35.5		
ES											
FR	161.6	161.3	159.6	161.1	162.0	162.8	163.8	164.5	164.6	164.1	
CY				37.4							
LV	16.0	20.2	33.4	40.6	41.0	43.8	45.0	52.9	54.7	55.7	54.7
LT	7.5	8.3	15.6	21.3	27.9	36.0	43.0	48.2	50.5	52.6	
LU	71.2	72.5	73.9	74.3	77.2	75.2	74.7	76.6			
HU	65.3	66.1	65.9	66.0	66.0	66.1	66.1	65.6	65.4	65.2	
MT											77.7
NL	44.7	45.0	45.5	45.5	45.5	45.6	45.6	46.1	46.4		
AT	131.0	134.4	132.8	134.6	137.4	139.9	141.1	143.3	146.0	150.5	153.3
PL							11.9	13.3	14.3	15.2	
PT	43.0	43.4	43.7	44.2	44.5	44.7	44.9	45.6			
RO									65.8	80.9	
SI	16.7	20.3	19.8	19.7	19.4	19.0	19.2	26.7	26.2	26.0	
SK	8.5	36.5	41.5	43.2	44.0	43.6	43.2	43.2	36.9	36.3	
FI	33.2	34.5	36.3	37.7	38.7	39.7	40.6				
SE	49.8	51.4	52.0	52.8	54.6	56.0	57.0	57.7	58.9	60.2	
England				71.1	71.8	72.5	74.8	76.9	79.0		

Source: Eurostat

However, reforms to improve health system efficiency (as well as accessibility and quality of care) through greater use of primary care imply a change in its scope, its delivery and its financing. While greater use of primary care is indeed a more efficient option for care delivery because it ensures more adequate care, avoids unnecessary care (as primary care doctors compared to patients acting alone have more and better information on the type of care needed following a referral) and postpones the need for care, this entails a wider range of tasks for primary care physicians and nurses, including health promotion and disease prevention activities. Reforms are also encouraging group rather than individual practices, and sometimes a common budget, so that primary care centres act as purchasers of other types of care for their patients. Primary care providers will also act as the care guide or coordinator for their patients.

Expanding the scale and scope of primary care appears to bring satisfaction to both patients and primary care providers. For patients, the expansion of primary care services, especially if this translates into a better geographic distribution of services, may mean easier access to a wider range of services provided in a more personal and continuous basis over a lifetime, with more time given to the patient. For primary care physicians, a wider range of responsibilities and tasks renders primary care more interesting and rewarding.

For primary care to improve value for money in the system, one nevertheless has to look at the number of primary care physicians available (Figure 14), the set of services included in primary care and the financial incentives for primary care providers, much like in other parts of the health sector, so that these factors do not run counter to referral and gate-keeping goals.

6.2.2. Care coordination

Care coordination can be defined as policies that help ensure care is more coherent both within and across care settings and over time. It is about making health care systems more attentive to the needs of individual patients and ensuring they get access to appropriate care

but at less cost (EC/OECD conference, 2008). By ensuring a coherent care path, coordination can be of great importance to the most disadvantaged groups, who often lack continuous follow-up in terms of preventive or early care and end up relying on late or emergency care instead. Care coordination is particularly pertinent in the context of ageing and the attendant multi-morbidity and chronic diseases, which result in greater use of many different types of both medical and support care at the same time. Care coordination is thus about ensuring that patients access care that is appropriate and of a high quality (i.e. safe, effective and responsive to the needs and preferences of patients), and is provided in the most cost-efficient or cost-effective manner (effectiveness, efficiency and thus sustainability).

Currently, independent care settings and budgets, specialisation of medical knowledge, lack of communication and mutual professional esteem, and even rivalry between professionals have led to fragmentation of care (between primary and secondary or tertiary care, between medical and support/social care). Patients may not always receive the care they should, when they should, or where it is best provided. Further, there can be high levels of medical error. Belated care, often in emergency departments, as well as overuse or unnecessary care, duplication of procedures, and conflicting medical recommendations represent a double burden for patients (negative impact on their health status and their income) and the system (e.g. increased costs/expenditure). Good coordination of care can reduce the need for hospital stays, the unnecessary use of emergency care and the duplication of procedures (in particular expensive and invasive diagnostic procedures).

Primary care providers are often seen as best placed to be the guide or coordinator, although at present referral systems from primary to other types of care do not function perfectly: patients do not register with or visit family doctors, who lose track of patients once they move to hospital or institutional settings due to lack of referral back to the family doctor.

Policies conducive to coordination include: a) improved use of ICT as a key tool to link the healthcare "silos" and allow information to follow the patient, including electronic health records or software that follows the patient's path through several episodes of care; b) reconfiguring provider structures, in particular to include more elements of multi-disciplinarity (multi-disciplinary teams in care practices); c) incentives to care providers (e.g. elements of remuneration explicitly linked to care coordination) and skills development in chronic disease management, communication with patients and networking; d) implementation of targeted disease programmes; and e) addressing administrative barriers (e.g. through pooling resources from health and social sectors and addressing lack of mutual esteem and recognition between different medical professions). Communication across the various parts of the health sector is fundamental to avoid fragmentation and rivalry between medical professions and types of care.

6.2.3. Reforming in-patient care and enhancing outpatient care

Health policy reforms to improve value for money in the health system also encompass reforms in the specialist and hospital care areas. These often call for changes in medical knowledge and medical technology to enable, for example, less invasive medical (diagnostic, surgical) interventions. This can in turn shorten stays in in-patient care or render them unnecessary through the use of day case surgery, thus allowing for more intensive use of existing beds and staff. More use of day case surgery is an appealing solution to reduce overall costs in the health sector by cutting hospital costs (which often make up a large part of total expenditure in the sector), and many countries have been encouraging it. Looking at

Figure 15, a wide variation across EU countries in terms of hospital activity, measured by hospital inpatient average length of stay (ALOS), can be observed. In addition to data comparability issues, variations can be due to various factors associated with quality and financial considerations. They include patient registration practices as hospital cases, historical medical practices, absence of clinical guidelines, lack of referral back to primary care, lack of alternative follow-up care at home, lack of long-term care at home or community so that long-term care patients are treated in hospital, but also disincentives to reduce in-patient care and length of stay, such as overcapacity or remuneration/budgetary systems that make in-patient procedures more financially attractive to providers. In addition, the implementation of day case surgery and a general reduction of ALOS should be accompanied by monitoring mechanisms to follow up its impact including adverse effects on health outcomes.

Figure 6.15. Average length of in-patient stay (in days), all causes excluding births

	2000	2001	2002	2003	2004	2005	2006	2007	2008
BE	7.7	7.5	7.4	7.7	7.6	7.5	7.4	7.3	
BG						8.3	7.5	7.2	
CZ			10.3	10.2	10.2	10.9	10.7	10.6	
DK	6.3	6.2	6.1	5.9			5.4	5.3	
DE	10.1	9.8	9.7				10.2	10.2	
EE									
IE	6.4	6.4	6.4	6.4	6.4	6.5	6.3	6.2	
ES	8.8	7.7	7.7	7.7	7.2	7.1	7.0		
FR	6.0	6.0	6.1	6.0	5.9	5.9	5.8	5.8	
IT				7.6	7.6	7.6	7.7		
CY	6.4	6.5	6.4	6.0	6.3	6.0	5.9	6.2	
LV						9.6			8.8
LT		10.6	10.3	10.0	10.1	10.1	10.0	9.9	
LU	7.5	7.4	7.5	7.2	7.3	7.3	7.4	7.3	
HU					8.1	8.0	7.9	7.9	
MT					5.4	5.4		4.8	4.9
NL			8.0	7.6	7.2	6.9	6.7	6.4	
AT				10.0	9.5	9.0	8.9	9.0	
PL				7.2	6.8	8.4	8.1	8.0	
PT						6.7			
RO								7.8	
SI					7.9	7.9	7.7	7.7	
SK	9.9	9.5	9.0	8.8	8.7	8.4	8.3		
FI			12.9	12.7	12.5	12.5	12.7		
SE	6.8	6.7	6.7	6.5	6.4	6.4	6.4		
UK	10.8	10.6	10.0	9.3		8.7	8.8	8.1	

Source: Eurostat. Please note that caution is needed in interpreting the table results as it includes all causes (including psychiatric care) rather than just acute care, fact that can increase the figures for ALOS. In addition, there are differences across countries in the way they report on ALOS for different types / functions of care considered.

Measures to increase efficiency also include the division and concentration of tasks between hospitals in a defined health region. The idea is to concentrate certain types of services in fewer hospitals to improve capacity use, while often also improving the quality of those services. For certain services, concentration may go as far as having a very few centres of excellence serving the entire population. Division and concentration of tasks does require good coordination and communication structures between primary and secondary care and between the various hospitals.

6.2.4. Pharmaceuticals

Spending on pharmaceuticals has risen rapidly in the last two decades. Pharmaceutical expenditure accounts for about 1.5% of GDP, and although a relatively minor share of

spending by OECD countries on health — on average less than a fifth of total health expenditure — the share has been increasing over the past 20 years, at an average rate of 5.7% per year, faster than other types of health care, in GDP terms as well (2008 EC/OECD conference). The public sector is the primary source of financing for pharmaceuticals, accounting on average for 60% of total pharmaceutical expenditure in OECD countries, while another large part comes directly from households. Moreover, there are also large differences in pharmaceutical expenditure per capita (Figure A10 in the Annex), which may reflect different practices in market regulation, pricing, reimbursement, coverage, distribution, prescribing and dispensing of pharmaceuticals, and different objectives (affordable access, cost-containment, encouraging of industry production and R&D). Hence the growing concerns expressed.

In this sector, a trade-off is often identified between: a) obtaining greater value for money given a limited public budget; and b) promoting future innovation (long-run perspective), which involves high costs for the development of new drugs. Innovation creates new care opportunities, some of which may replace old, more invasive and expensive practices in the long run but will require considerable funding in the short run, which will have to come from the sale of current branded and patented drugs. Therefore, policy makers need to identify policies that can induce savings in the short run without hindering innovation.

Countries have been using price regulation to set maximum prices for patented drugs and/or reference pricing (the maximum price reimbursed by public insurance for non-patented drugs, typically an average of the prices of drugs in each therapeutic group with perhaps a certain percentage margin below that average). The patient then pays the difference in price. Price regulation can induce the desired patient behaviour and control expenditure, but some drawbacks need to be taken into account. Indeed, producers can use the reference price for all drugs or slightly adjust the definitions of drugs to obtain a higher price premium. Price limits are also based on a set of other factors, including the importance and leverage of the pharmaceutical sector in the country. Price regulation based on external benchmarking (looking at the price of a same drug in other countries with similar economic and geographic characteristics) can induce manufacturers to launch products first in countries with no regulation at the entry point in order to set the industry price as an example. As a consequence, such measures should be coupled with other policies.

One way to increase the cost-efficiency of pharmaceuticals is to encourage generic substitution. A number of Member States have been doing this for some time, but for others there is a large scope for improvement. The use of generics can be encouraged through prescribing guidelines (defining positive or negative lists of publicly reimbursed drugs, encouraging doctors to prescribe by active element and pharmacists to sell the cheapest medicine that matches the prescription) and through user charges (higher reimbursement for generic drugs). Prescribing guidelines and financial incentives can be used to influence the demand for pharmaceuticals overall. They can be coupled with information campaigns.

Another policy is to see if there are opportunities for efficiency gains in the distribution chain (looking at existing practices in reimbursing pharmacies, the number and location of pharmacies, the number of pharmacists, opening hours, etc.) and see if these encourage higher prices and higher sales.

Yet another is to use economic evaluation and thus information on the relative cost-effectiveness and cost-utility of products in the definition of prices and reimbursement

schemes (and cost-sharing) for pharmaceuticals, while ensuring that the rewards for innovation are consistent with the value of the benefits offered. Economic evaluation is not commonly used for health policy decisions in many countries, and there is large room for improvement.

In addition, governments can seek to establish price-volume agreements or even confidential rebates when value-based prices cannot be established, as pharmaceutical firms may be more willing to negotiate an overall budget for a large set of medicines than to negotiate the unit price of each medicine. They can also explore the possibility for risk sharing in the case of new medicines, to reduce the financial risk presented by new medicines when information on their cost and their expected effect on health outcomes is insufficient. This can involve the pharmaceutical company and the purchaser authority agreeing on the expected benefits of the drug, with the company then paying part of the health service costs if the drug fails to fulfil expectations. Such agreements can allow new, expensive drugs to be covered.

Some countries (UK and ES) are experimenting with profit regulation to control the amount of profit drug companies may keep on their sales to the National Health Service so as to keep the public costs of purchasing drugs down to a reasonable level.

6.2.5. Greater use of Information and Communication Technologies (ICTs) / e-Health[82] solutions but also more economic assessment of technology

Technological development can bring about less intrusive and cheaper treatments, thus facilitating the above changes in the primary and secondary care sectors (e.g. greater use of day case surgery). In addition, the lack of communication among different care providers and between providers and patients has been identified as an obstacle to healthcare access and associated with quality deficits. The resulting lack of care coordination translates into additional financial costs.

Both better information and better systems for information transfer are needed to improve health monitoring, access to health care and the quality and sustainability of health systems. eHealth can also allow for additional access points to health information and to the health system (health portals; online health services, e.g.: *NHS direct*), providing more information to patients. This support to health literacy can encourage health promotion and lifestyle changes, as well as patient empowerment.

Currently, health systems are not sufficiently employing ICTs or are doing so without sufficient concern for interoperability, thus fragmenting health information flows. This reduces the ability to systematically record and report inputs, processes, outputs and outcomes as well as the ability to develop and use evidence-based guidelines.

ICT and e-Health solutions have the potential to improve the collection and storage of multiple sources of data (electronic records, registries, and administrative data) and the linkages between them as well as enhance information exchange, while abiding with data protection and privacy law.

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82 **e-Health** is the generic name given to a group of powerful ICT-based tools used for the benefit of patients and/or health systems.

eHealth can allow for better care coordination by allowing for information to seamlessly follow the patient as s/he navigates through the health system. This can directly improve patient safety (for instance, by alerting to possible medicine interactions or avoiding unnecessary and harmful procedures) while also helping to control costs. E-prescribing can support compliance with protocols, avoid interaction between drugs or confusion between patients, dosages or times of application, and support generic prescription (and thus control costs). ICT and e-Health can also help fight against counterfeiting and mislabelling. They can also be key instruments to reduce the administrative burden on staff and to free the valuable time of health professionals for core care activities, something of great importance in a context of workforce shortages.

Introducing such system-wide information systems is complex (e.g. cultural barriers, resistance to change the legal and reimbursement frameworks, etc) and can be expensive in the short term, even if the expected gains may outweigh the costs. It requires commitment by all stakeholders and staff involvement and a longer-term, system-wide approach. It requires training and incentives for staff to use the systems implemented. In general, the objectives are to promote a coordinated and deeper engagement in e-Health and to promote mainstreaming, acceptance and take-up by involving health professionals and patients in national e-Health strategies and deployment in a way that reduces inequality, not adds to it. Moreover, given greater patient mobility, the aim is to promote the (cross-border) interoperability of e-Health systems.

6.2.6. Health Technology Assessment

Technological development can increase expenditure by creating new treatment opportunities. The issue of the health system's financial ability to pay for these new treatments versus patients' high expectations of benefiting from new technology at an affordable price has led to calls for greater use of economic assessment and evaluation of technology (Health Technology Assessment — HTA[83]), including a cost-effective and cost-utility analysis to decide if a certain care intervention or drug should be included in the publicly funded or reimbursed basket of care and to what extent, notably in comparison to other interventions or drugs.

There is growing pressure from stakeholders requesting evidence that public money is spent wisely for the benefit of patients, the public purse, service providers and innovators. HTA is thus being more and more debated but there is a wide variation across EU countries and the tool is still not commonly used by policy makers. HTA is in fact a daunting exercise. There are different approaches to the definition of costs, outcomes and thresholds. Hence, it may yield different results that may not be totally generalisable or transferable. It is a multidisciplinary field and requires skilled scientists and the creation of committees. In addition, there may be societal and ethical issues involved. Building on a number of previous actions and projects, the Commission and Member States are currently working on a joint initiative aimed at increasing cooperation, sharing information and developing the same core methods in the area of HTA.

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[83] According to EUnetHTA (European network for Health Technology Assessment), 2003, HTA is a multidisciplinary process that summarises information about the medical, social, economic and ethical issues related to the use of a health technology in a systematic, transparent, unbiased, and robust manner. It therefore helps to inform the formulation of safe, effective health policies that are patient-focused and seek to achieve best value.

6.2.7. Incentives for users and providers

6.2.7.1. Financial incentives for patients: user charges

From the point of view of system efficiency and financial sustainability, user charges have two roles: 1) to raise revenues for the sector and 2) send signals to patients to combat moral hazard (overuse or unnecessary use of care because it is free at the point of use). Most EU countries rely heavily on public funding, so user charges play only a small part in financing the system. Moreover, in countries that rely more on user charges, many citizens take out complementary insurance to cover those charges (actually rendering citizens less sensitive to charges and their role in counteracting moral hazard). In most cases the revenue is not large, and in some cases is outweighed by the collection costs. Hence, user charges have not been very successful in raising additional financing, and mostly function to encourage the better use of services as in 2), although their impact is limited when complementary insurance is available.

Charges have been accompanied by intense political discussion because of the potential negative impact on the solidarity and equity of the system, i.e. in reducing care use among those who need it, especially the more vulnerable and less well-off. Consequently, a practice of small charges combined with a number of payment exemptions (based on age, income and chronic disease) has developed. Existing evidence does indeed suggest that charging can and does reduce utilisation[84]. While this may not have major health consequences for most of the population, it has important negative consequences for the health of those with low incomes and poor health (who need health services more often). Hence, if not properly designed, charges can have financial and health consequences for some groups of the population and thus contribute to the socio-economic health inequalities observed.

Therefore, the role of user charges needs to be carefully rethought. They may be unavoidable for financing the system given the already high expenditure and the growing demand and expenditure pressures discussed previously. However, if they are to play their two roles effectively it is crucial to design them so as to minimise the negative impact on access to care for the most vulnerable while maximising efficiency gains.

One suggestion is that authorities should define a minimum care package of a sufficiently high quality so that all citizens are willing to contribute to its financing, thus ensuring broad, publicly funded provision. This package will be fully covered by public financing and determined, where possible, using cost-effectiveness criteria. Building on this initial high-quality package, charges (co-payments, co-insurance and deductibles) will be introduced to an increasing extent to encourage appropriate behaviour (e.g. generics rather than branded products, primary care rather than direct visits to specialists and hospitals, preventive rather than curative care). Some charges should not be covered by complementary insurance to ensure that they encourage desirable behaviour. At the same time a system of exemptions for the poor or chronically ill needs to be in place to avoid under-use of care.

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84 "Achieving better value for money in health care", OECD 2009.

6.2.7.2. Non-financial incentives for users: patient choice and involvement

Recent years have also seen an increased emphasis on patient empowerment/involvement/choice and satisfaction. When introducing choice, one needs to think about its design (at which stage, how choice is allowed) and its objective. Patients' ability to choose providers can lead to increased patient satisfaction, and fits in with the goal of improved well-being and the notion that the health sector works for the patient. However, it may result in overall increased expenditure with no general clinical improvements. If properly designed, choice at certain stages in the care delivery process may encourage the development of alternative providers and thus contribute to enhancing efficiency. Some countries where provider choice was typically restricted have introduced some degree of choice in various stages of the process: choice of the primary care physician, albeit with some geographic and time limitations, or choice of hospital following referral by a primary care physician.

Choice is nevertheless constrained by the level of information patients possess about their rights and the quality of care offered, and is thus often influenced by age and social background. It is also dependent on the number of alternative providers. Proximity considerations also weigh heavily in the decision to search for care elsewhere.

6.2.7.3. Remuneration of physicians and hospitals and benchmarking

Labour unit costs vary across countries in part due to different remuneration systems. Such systems include fee-for-service (income equal to the number of services provided times the price of each service), capitation (income based on the number of patients enrolled with each physician, often risk-adjusted to the types of patients enrolled) and salary (fixed income independent of the number of patients and services provided). Each system provides different incentives for physicians. A fee-for-service system may be associated with supply-induced demand and the lack of care coordination, especially if associated with free choice of physician. Capitation or salary systems may, in contrast, result in under-use of services and longer waiting times. As a result, several Member States are now implementing a combination of systems, with, for example in the context of primary care, a capitation system plus fee-for-service for health promotion and disease prevention services. In others, the fee-for-service system is regulated and a list of standard tariffs is published by the authorities.

Many countries have introduced an element of activity-based or case-based remuneration in the payment structure of hospital services. These are usually based on diagnosis-related groups (DRGs), a way of categorising patients according to diagnosis and intensity of resources required and thus an attempt to establish a comparable structure of hospital costs. In addition, there is greater use of prospective budgeting for hospitals (payments fixed in advance of the provision of services), often based on potential patient case-mix and a set of healthcare need criteria. Some countries use global prospective budgets.

Some Member States are supplementing the above mechanisms with the measurement of hospital efficiency, hospital benchmarking and ranking (measuring performance of organisations according to specified standards and comparing them using the results) on the basis of efficiency and other criteria as a means to induce each hospital to evaluate its practices and search for improvements.

Evidence suggests that changes in hospital budgeting and hospital performance measurement and benchmarking have induced changes in hospital care delivery to achieve cost savings.

The overall results appear to be positive, especially if the changes are well-communicated to providers, if they encourage learning from other providers, and if approached from a rewarding rather than a punishing perspective. Nevertheless, there are also reports of miscoding of patients under more costly DRGs to obtain greater hospital revenue or rejecting costly patients. Efficiency gains from performance measurement and benchmarking may also not have been as high as expected, while in some cases hospitals may have focused on those dimensions of care that are being measured to the detriment of other important dimensions. Moreover, performance measurement and benchmarking have to be adjusted for patient case-mix and need criteria as well as the availability and quality of equipment (old vs new hospitals).

Some non-EU countries also use or are planning to use user charges for drug companies to raise revenue and pay for the technology assessment of their new drugs.

6.2.7.4. Non-financial incentives for physicians: training and motivation

The development of robust human resource strategies to improve recruitment and retention will be one of the most important issues for policy makers in the health sector. Such strategies could range from raising awareness of careers among school and university leavers, running return-to-practice campaigns with support for updating of skills and providing opportunities to work flexibly, and schemes to attract and retrain older workers or those needing to change careers after redundancy.

6.2.7.5. Competition

The healthcare market is one where several market imperfections are observed. There are information asymmetries between patients and providers and between insurers/purchasers and providers about health status and the care needed and provided, allowing for principal-agent problems to develop and raising issues of supply-induced demand. There are other information gaps, such as patients being cost-unaware as to how care is financed and delivered, thus raising issues of possible excess demand and consumption. There are also practical and regulatory constraints on the entry and exit of providers such as restrictions on access to training for staff, economies of scale and scope in the provision of many services, and the fact that, from society's point of view, providers and purchasers cannot just fail and vanish from the market leaving a gap in the provision of needed, life-saving services. In addition, health-related education and training have the characteristics of public goods and there is substantial R&D in the sector. Moreover, the objectives associated with healthcare provision are not necessarily those of efficiency but also those of solidarity, universality, and equity of access and outcomes.

In this context, competition in the healthcare market may imply higher costs than a non-competitive market due to the need to regulate, monitor, audit and control (notably through competition and quality authorities) and the complex mechanisms that need to be in place to obtain the required information to attain the other objectives associated with health care.

On the other hand, policy makers and researchers in recent times have expressed their concerns that sole reliance on non-market mechanisms may also be undesirable, as it can give rise to opportunistic behaviour and inefficiency. Hence, several countries are looking at the scope for promoting more rational use of resources by using market-type mechanisms such as increased competition, notably in certain sub-markets, or procedures to improve efficiency.

Two types of competition are being explored. The first is competition between healthcare insurers, i.e. competition to provide to each patient a set of services for a specific time period, a recent development in some social health insurance systems. What is observed in EU Member States, however, is not the extreme case of an unregulated market where patients pay a premium related to their risk and preferred benefit package. What is found is enhanced competition between insurers in a regulated environment (e.g. NL, BE, DE) where insurance is mandatory, there is a community-rated premium that all insurers must offer for a minimum defined care package, insurers cannot refuse applications, and there is competition on extra benefits or side-benefits of the package and along some quality dimensions. There is a risk-adjustment mechanism among insurers, and sometimes regulations for high-risk patients, to avoid cream-skimming and ensure a level playing field.

The second is competition between providers, or competition for collective health services, a more common mechanism, whereby a purchaser concludes a block contract with a provider for the delivery of a set of specified services. The separation between purchasers and providers in various national health systems in the EU is intended to create strategic purchasers who would choose between providers to achieve cost reductions. Negotiation/bargaining and contracting have often been based on benchmarking. Research indicates that contracting has delegated responsibility in previously very hierarchical settings, allowing for the involvement of lower-level managers in decision-making. Contracting has also made providers more responsive to the priorities of purchasers and national health strategies. It has induced changes in provision patterns (from in-patient to out-patient care and the adoption of cost-effective interventions) and cost reductions have been observed.

In conclusion, there may be room for greater competition among insurers/purchasers and providers and greater use of market-type mechanisms in sub-markets or for certain procedures that may encourage greater cost efficiency in the health sector. However, one must not underestimate the regulatory challenge and the considerable costs of the administrative machinery needed to create and sustain competition in health markets while also ensuring coverage and quality of care. The extent of the information needed is very large in terms of population structure and health status, to allow for risk-adjustment mechanisms, as well as in terms of care costs, prices, and market structure. Imprecise information and thus risk-adjustment leads to cream-skimming of patients. On the other hand, if many high-risk patients seek particular insurers and risk-adjustment is not properly designed, then a race to the bottom ensues, i.e. insurers start offering a lower quality of care for those patients (e.g. care for chronic conditions). This then requires the definition and control of minimum standards. In addition, the efficiency gains may be smaller if there is under-competition between insurers and patients are allowed to choose providers.

The gains associated with greater competition between providers also depend on a number of factors: the nature and scope of the services contracted, the contract process used, the duration of the contract, the population covered, and the definition of price and quality criteria. In some sub-markets this competition may not be realistic if there are economies of scope and scale and few providers. Moreover, if a purchaser wishes to ensure integrated care then it may wish to contract with a larger provider offering a wider range of services, therefore strongly limiting its choice. Contracting requires information and data collection on many variables such as unit costs, prices, length of stay, etc. Imperfect information may have negative effects on unmeasured dimensions of the care provided. Finally, the contract type (global budgets vs. case-based DRG payments) provides different incentives to providers.

EU Member States differ in their institutional and market capacity and thus their ability to pursue such avenues. As some of these mechanisms have been introduced only recently in some countries, it is important to follow up the results achieved, in terms of efficiency gains, by those actively engaged in these policies.

6.2.8. Encouraging effective health promotion and disease prevention

As highlighted, if people are healthier for longer the pressure on expenditure and public expenditure in particular is lower. A range of health promotion and disease prevention activities (e.g. vaccination, screening for certain types of cancer) are considered effective and cost-effective in improving population health outcomes by avoiding disease and mortality and through early diagnosis and treatment (often less costly) and thus higher survival chances. However, expenditure on health promotion and disease prevention is still a minor part of total health expenditure (Figure 6.16). Nevertheless other policy areas may contain prevention measures that are not reflected in health-related budgets.

To enhance health promotion and disease prevention, some countries have introduced direct personal financial incentives for people to prevent illness and promote their health. These include financial disincentives to smoke or drink alcohol (especially spirits) through high taxation of these products. Other mechanisms include age regulation for the sale of alcohol and smoking bans in public places. These are often coupled with publicly reimbursed support schemes for quitting smoking. Some countries are considering higher taxes on soft drinks. Others prescribe physical exercise as a treatment or give financial incentives to do so (vouchers). Financial incentives are also given to pregnant women to eat a healthy diet and follow pre-natal care or for patients to comply with their medication. As mentioned above, some countries provide additional fee-for-service remuneration to physicians to perform health promotion and disease prevention activities. In addition, many national authorities have implemented projects to improve healthy eating and exercise in schools. More research is needed to understand the cost-effectiveness of several of these schemes.

Figure 6.16. Public expenditure on health promotion and disease prevention as a share of total current expenditure on health

	2003	2004	2005	2006
Belgium	1.34	1.72	3.62	3.53
Bulgaria	3.5	3.6	2.84	3.13
CzechRepublic	1.75	1.75	1.46	1.84
Denmark	2.44	2.51	2.29	2.32
Germany	2.84	2.86	2.86	2.95
Estonia	2.16	1.51	1.83	1.94
Ireland	2.5	:	:	:
Greece	:	:	:	:
Spain	2.2	2.21	2.21	2.25
France	1.45	1.41	1.47	1.58
Italy	0.7	0.6	0.6	0.6
Cyprus	0.5	0.44	0.46	0.51
Latvia	:	:	0.24	:
Lithuania	:	1.78	1.74	1.26
Luxembourg	0.72	0.75	1.09	:
Hungary	3.32	2.97	2.89	2.76
Malta	:	:	:	:
Netherlands	2.73	2.43	2.37	2.54

Austria	1.66	1.78	1.67	1.66
Poland	3.24	1.54	1.78	1.79
Portugal	1.3	1.22	1.18	1.16
Romania	5.28	6.92	6.63	5.9
Slovenia	2.86	2.94	2.83	2.8
Slovakia	1.7	1.9	1.3	1.9
Finland	3.05	3.11	3.29	3.24
Sweden	2.46	2.4	1.56	2.66
UnitedKingdom	:	:	:	:

Source: OECD Health data and Eurostat

6.3. Conclusions

Health expenditure absorbs an important and growing share of GDP and the public share is sizeable. Pressures on health spending are likely to continue. Ageing, technology development and growing expectations, together with large socio-economic inequalities in health and the current economic crisis (causing increased ill-health and budget deficits), call for greater value for money through increased effectiveness and efficiency. This may imply restructuring of the way health care is organised and delivered. A number of paths have been suggested, including a restructuring of primary and secondary care, greater care coordination, more intensive and interoperable use of ICT and e-Health solutions, a proper assessment of current pharmaceutical policies, greater use of health technology assessment, a re-engineering of remuneration systems and financial incentives for both providers and users of care more generally, the development of non-financial incentives, and the use of market-type mechanisms. The combination and design may be different across countries, and indeed some of the above measures may be more suitable for some than for others depending on their institutional and market capacities.

Efforts to improve effectiveness and efficiency should aim to promote health, prevent morbidity and ensure access for all to high-quality care that is sustainable. Short-term strategies must be well-linked to long-term strategies. They should also be linked to policies outside the health sector. Health and consequently the need for care are determined by a wide range of factors, including education, income, working and living conditions, and the environment. Hence, attention to health in all policies can improve health and thus the sustainability of health systems.

Despite these first clues to greater effectiveness and efficiency, more information and assessment is needed regarding many of these tools. Moreover, the list set out above is by no means exhaustive. In searching for policies to achieve these goals Member States can benefit from pooling knowledge and exchanging experiences and information. In this context, there is a need to investigate the various aspects of the functioning of national health systems. The Commission will work with Member States to identify areas where a potential for improving health performance exists and support the development of national strategies to reduce health inequalities.

7. LONG-TERM IMPLICATIONS OF THE CRISIS FOR THE SUSTAINABILITY AND ADEQUACY OF PENSIONS

Over the last 15 years consecutive waves of Member State reforms in response to the challenge of ageing have markedly altered pension systems and pension scheme designs across the Union. For almost 10 of these years, the EU has sought to underpin this process by providing a framework for policy learning with common objectives conducive to the planning, implementation and assessment of such reforms through the Lisbon process and the Social OMC. With the introduction of the euro, the fiscal framework in the EU – the Stability and Growth Pact – has been strengthened, including the need for pursuing structural reforms e.g. in the field of pensions that contribute to long-term fiscal sustainability. As the first decade of Lisbon is coming to a close, it is time to take stock of the progress made. However, with the financial crisis and the economic downturn, Member States also have to revisit achievements and re-assess core responses in the light of the short- and longer-term impacts on the various elements in their pension systems.

This chapter presents a first explorative analysis of the outcome of reforms, the immediate impacts of the crisis, and the longer-term implications of the crisis for pensions. As an initial mapping exercise, it aims to set out some of the main issues that will be subject to a more thorough examination in the joint work of the Social Protection and the Economic Policy Committees in 2010.

Key findings and messages can be summarised as follows:

A first examination of crisis impacts shows that while budgetary restrictions have led to cuts in pension payments in a few countries (e.g. LV, LT, HU), in most Member States current pensioners have so far been among those least affected by the crisis. But as schemes are changing, future pensioners will be more exposed. Importantly, crisis setbacks and the likelihood of lower growth have thrown the rapidly approaching ageing challenge into sharper focus and put the adequacy/sustainability balance sought over a decade of reforms under new pressure.

Strong trends in reforms towards a greater role for pre-funding and defined-contribution formulas will increase sensitivities to volatilities in financial markets, including the present downturn. The wide variation in the losses and capacities of funded schemes to absorb the shock demonstrates that differences in design, regulation and investment strategies matter. To achieve longer-term adequacy and sustainability, lessons need to be learned and greater security for pension savers achieved.

The closer links introduced between benefits and contributions in many public PAYG schemes likewise have made pension entitlements more sensitive to developments in labour markets and benefits will not only depend on the willingness to work but also be contingent on opportunities for more complete and longer work careers.

7.1. Outcomes of pension reforms prior to the crisis

7.1.1. The financial resilience of pension schemes and the adequacy of pensions

In the joint European Commission (DG ECFIN) and Economic Policy Committee (Ageing Working Group) 2009 Ageing Report from the spring 2009 and the SPC report on Theoretical Replacement Rates adopted this summer, Member States provided some major assessments of their success in achieving sustainable and adequate pensions. From scenarios based on trajectories for present and coming reforms to pension systems and assumptions about continued growth and increasing employment rates, it would seem that sustainability (in terms of the public budget impact of ageing-induced extra pension costs) has markedly improved over the last decade. In fact, a challenge in some Member State systems in terms of pension policy (i.e. notwithstanding the need to eventually implement a fiscal exit strategy and reduce the high budget deficits currently prevailing in a large majority of MS) would be to secure sufficient future adequacy.

The compelling factor behind most pension reforms has been the need to ensure sustainable finances in pension systems in the long run as the population ages. Changes in the old-age dependency ratio would result in public pension expenditure in the EU-27 to increase from 10.1% of GDP in 2007 to 18.8% in 2060. However, Member States have implemented reforms that address to a large extent this increase. As a result of these reforms and a projected increase in employment rates among the population aged 15-64 from 65.5% in 2007 to 69.9% in 2060,[85] public pension expenditure is forecast to reach only 12.5% of GDP in 2060.[86]

In response to the longevity challenge, we see that due to many pension reforms, the relative level of annual pensions will decrease over the next forty years, given a forty year career.[87] That said, in many cases policymakers have tightened eligibility rules for full pensions and extended pensionable ages to encourage longer working lives as people live longer. There has also been a move toward greater pre-funding of pensions as a method for moving some of the payment burden forward to current working generations, but also as a method of reaping eventual gains from growing financial markets, which traditional PAYG systems do not do.

Pension policy responses by Member States to the ageing challenge have combined three broad types of reform measures: (1) encouraging/enabling more people to work more and longer, (2) greater pre-funding of pensions, and (3) decline in the accrual of annual pension rights, all else being equal.

7.1.2. More people working more and longer

The first policy response has three elements: more people working; people working more; and people working longer. Although all elements have seen progress to varying degrees, the most significant improvement has been seen in increasing employment rates in general and in particular among women and older workers.

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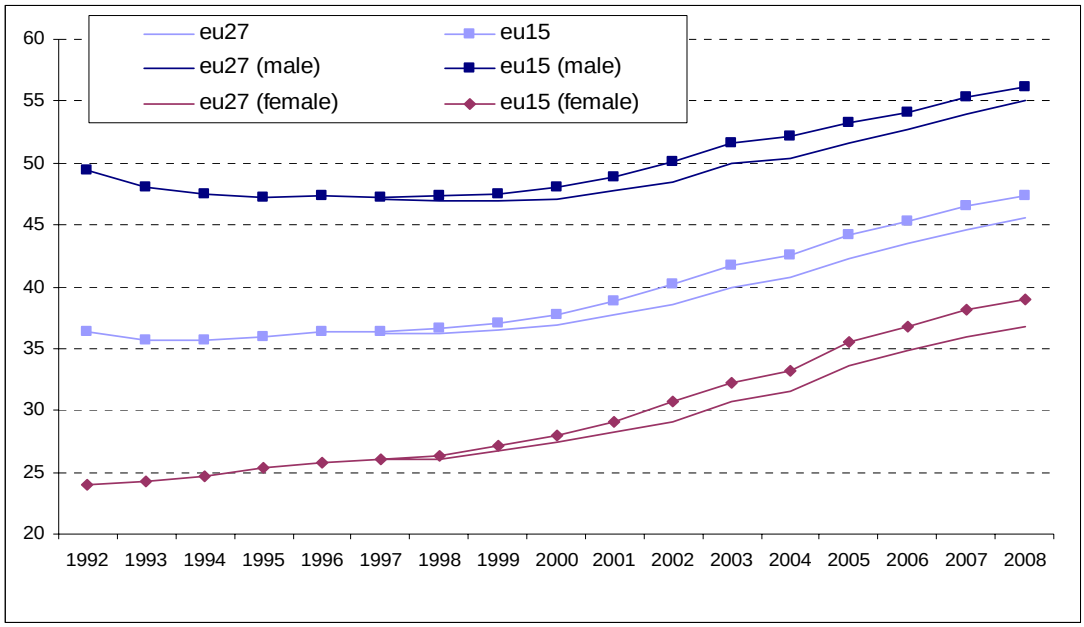
85 In the same time participation rates of older workers (55-64) are projected to increase from 47.5% in 2007 to 62.5% in 2060.

86 Ageing Report 2009

87 *Updates of current and prospective theoretical pension replacement rates 2006-2046*, SPC, July 2009. One must keep in mind that very few individuals in Member States were ever entitled to the theoretical replacement rates, as average career lengths are currently much lower than 40 years in many EU countries.

In 2007, the employment rate for older workers in the EU-27 was 45% compared to 37% in 2001, and 12 countries now exceed the 50% target (Denmark, Germany, Estonia, Ireland, Cyprus, Latvia, Lithuania, the Netherlands, Portugal, Finland, Sweden, and the UK). However, the target is still far off for a group of countries where the employment rate for older workers is around 30%. The general increase in employment rates results from two main factors: a demographic effect and the increased participation of women. Due to the ageing of the baby-boom generation, the relative share of people aged 55-59 — who have a higher employment rate — has grown. Post 2000, the improvement in the employment rate for older workers has been markedly better than that for both people of prime working age (25-54) and youth (15-24). In addition, most Member States experienced a higher increase in the employment rate for older women than for older men between 2001 and 2007.[88]

Figure 7.1 Employment rates of older workers (55-64) in the EU-15 (1992-2008) and EU-27 (1997-2008)



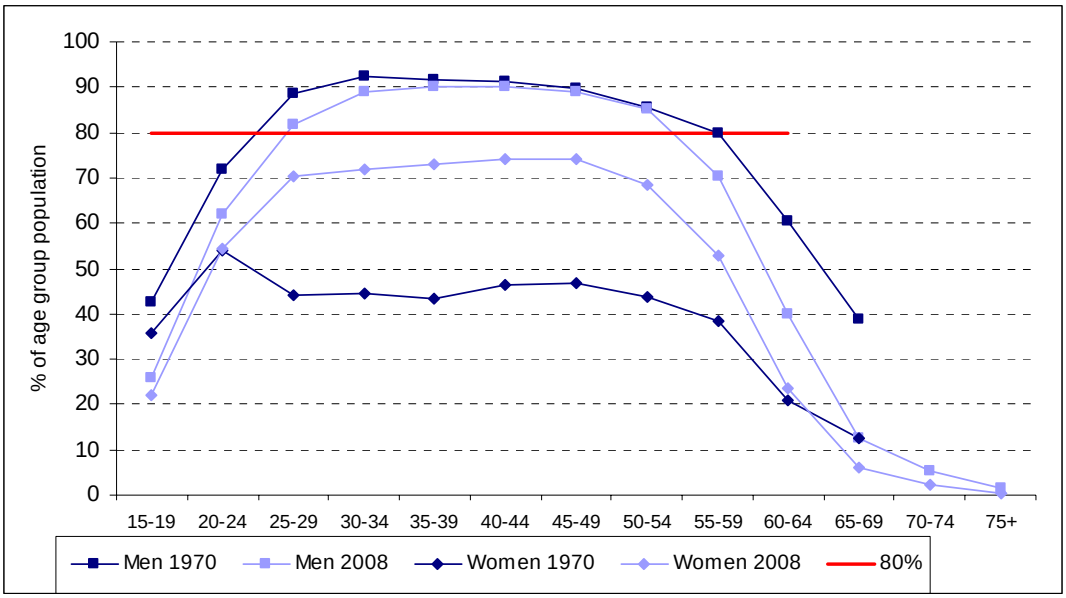
Source: Eurostat

Recent improvements in the employment rates of older workers should not hide the fact that the employment rates of older men have declined substantially since 1970, when life expectancy was much lower than today. In 1970 there were more employed men aged 55-69 than today and more women aged 65-69. In contrast, the employment rates of women aged 25-54 increased substantially by at least 25 pp.[89] Attracting more people into the labour market in the future will thus require reversal of the decline in the employment of older people (especially men) observed after 1970 and boosting of the trend towards increasing female employment.

[88] More detailed analysis can be found in the chapter 2 "Active ageing and labour market trends for older workers", *Employment in Europe 2007* Report.

[89] *Ibidem*

Figure 7.2 Employment rates by gender in the EU-15, 1970 and 2008



Source: OECD Stat base

General policies fostering economic growth and jobs together with societal changes (such as structural changes in the skill, gender and sectoral composition of older workers) have clearly formed the backdrop to much of recent progress particularly in terms of more people working more. But pension reforms have certainly underpinned developments through changes in design and incentives embedded in pension schemes. These include:

Increasing pensionable ages — i.e. the ages at which retirement benefits can be accessed, or accessed without any actuarial reductions (for instance in the UK, DE, DK before 2030, HU, MT, SI and — for women — AT), abolishing or restricting early retirement options (for instance in BE, DK, ES, LV, LT, PL) and examining critically other routes out of work prior to formal retirement, such as disability and incapacity schemes.

Improving flexible retirement options, allowing and encouraging people to continue working, perhaps in a reduced capacity, and supplementing to pensions for people who choose to defer taking them.

Increasing the link between actual contributions (number of contributions, period they are made over and their level) and eventual pension income. Due to their nature, funded pensions — both defined-benefit (DB) and defined-contribution (DC) - tend to have such links and notional defined-contribution (NDC) schemes (as in SE, IT, PL, LV) are also designed in this way. But increasingly other public pension designs (e.g. AT, DE, ES, FR, PT) also have features where longer working lives feed into higher pensions.

Linking pension benefit calculation and/or indexation of benefits to changes in longevity or dependency ratios. Many pension reforms (e.g. SE, IT, PL, DE, FI, FR, AT) have already introduced such mechanisms. While these measures may have little impact on retirement decisions, they can (if allowed to operate as intended) reduce pension benefits in relation to earnings and contribute to better alignment of expenditures with revenue.

Outlawing and reducing age discrimination in work places and labour markets at both EU and national levels.

7.1.3. Greater pre-funding of pensions

Greater pre-funding, in one form or another, has been a popular policy response by Member States to the demographic challenge. However, it is important to note that pay-as-you-go (PAYG) is and will remain the most important element in overall pension provision for most European citizens.

In macro-economic terms, pre-funding is about bringing forward some of the costs of the demographic shift to distribute them over a longer period and over different generations. Greater pre-funding can have various important implications for risk sharing, diversity, solidarity, personal responsibility, credibility and efficiency, with these impacts varying depending on the pre-funding mechanism chosen.

The three main approaches to pre-funding are:

Increasing the role of funded pensions schemes (on a compulsory, quasi-compulsory or voluntary basis)
setting up a national reserve fund (more or less explicitly ear-marked to help smooth the demographic impacts on PAYG schemes)
paying down national debt (with a more or less explicit link to smoothing demographic impacts)

Hybrid schemes combining the best features of traditional designs

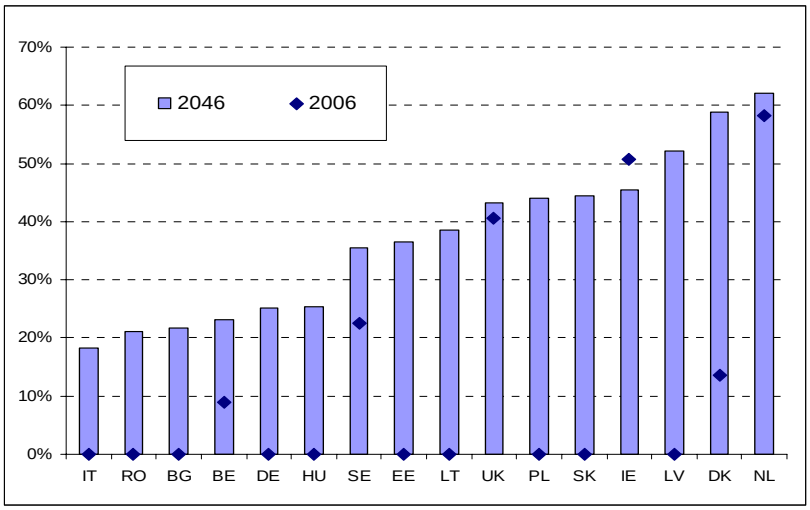
A key trend in reforms has been a much larger role in future pension systems for privately managed, fully funded schemes. Yet it would be a gross simplification to say that changes have primarily entailed a shift from public to private and PAYG to funded schemes. In fact, reforms have brought several genuine innovations into scheme design. Whether through big-bang paradigmatic changes or a sequence of parametric reforms, Member States have to a large extent developed ***new hybrid designs***. Typically, they have sought to incorporate the better features that used to distinguish public from private and PAYG from funding schemes. Through transformative NDC designs (e.g. SE, IT, PL) or simply by significantly strengthening the links between contributions and benefits, a number of statutory, public PAYG systems (e.g. DE, ES, FR, PT) now emulate the individual accounts and actuarial connections hitherto only found with private, fully funded schemes. The aim is to provide similarly strong and transparent incentives to work and contribute, while avoiding the difficulties of funding schemes such as the double payment problem and investment risks. Likewise, typical weaknesses of private funded schemes in terms of social protection, such as low, fragmented and discretionary coverage, have been overcome in pioneering Member States through the semi-compulsory extension of occupational schemes (e.g. NL, SE, DK and recently UK), making private scheme coverage mandatory (e.g. BG, EE, LT, LV, HU, PL, SE, SK, RO), or subsidies for lower-income groups in voluntary private pension savings schemes (e.g. DE). New occupational schemes also tend to be designed so they present far fewer barriers to labour market mobility (e.g. DK, SE & UK) than traditional schemes.

The majority of Member States have expanded the role of pre-funding, by setting up national reserve funds to smooth ageing effects on PAYG schemes, expanding existing or introducing new occupational and voluntary schemes, or — most importantly — shifting part of former PAYG contributions to mandatory funded schemes under private management.

Over the last ten years, a number of Member States have set up new funded pension schemes of the latter kind. These are defined-contribution (DC) schemes and the vast majority form part of the compulsory social security system (BG, EE, LT, LV, HU, PL, SE, SK, RO). In some countries, however, reforms currently under way (e.g. DK and most recently the UK) involve a national quasi-compulsory occupational pension scheme set up with employer

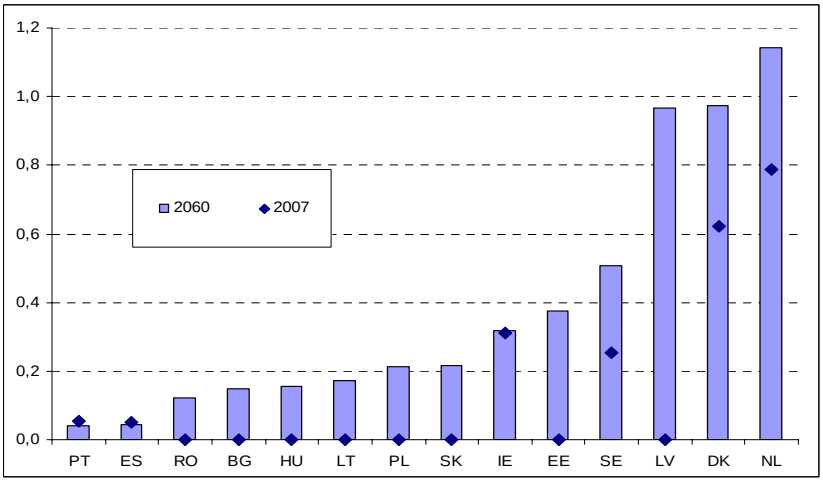
involvement. It is important to note that occupational pensions are not compulsory in many Member States, which raises concerns of coverage when looking at the overall pensions of individuals. Another different approach seen in various Member States involves encouraging voluntary individual DC pensions. In CZ and DE, on the back of generous targeted incentives, a significant increase in the importance of such voluntary schemes is expected.

Figure 7.3 Gross replacement rates of occupational and statutory funded pensions in 2006 and 2046 in selected Member States



Source: ISG 2009 report on Theoretical Replacement Rates
Note: Data available only for a number of Member States

Figure 7.4 Ratio of expenditure on mandatory occupational and mandatory private pensions to expenditure on social security pensions[90]



Source: own calculations on the basis of Ageing Report 2009, data not available for all MS, voluntary private pensions are not included

90 Values for Figure 7.4 are calculated by comparing numbers from tables extracted from the EU 2009 Ageing Report: A 57 (expenditure on occupational pensions as percentage of GDP) and A 58 (expenditure on private mandatory pensions as percentage of GDP) with numbers in table A53 (gross social security pension expenditure as percentage of GDP).

Similarly, a number of Member States have set up reserve funds more or less explicitly intended to help smooth the impact of the demographic challenge on PAYG pension schemes. These vary considerably in size, explicit purpose and controls, and their true test will come over the long term. In some countries, the reserve funds have not yet accumulated substantial assets (less than 10% of GDP, e.g. BE, EE, ES, FR, IE, NL), while in others they have become quite sizeable (e.g. LU, SE, FI), ranging from just over 20% of GDP in LU to almost 30% of GDP in SE in 2007. In other Member States the funds may not be purely pension funds but social protection or demographic funds (e.g. UK, LT, CY, PL, PT).

A final option for moving some of the costs of the demographic change forward is for countries to pay down national debt (e.g. BE, DK). However, few of the countries using this route have been able to make explicit links between particular actions to reduce national debt and the financing of future pensions.

Contrary to this increasing role for funded pension schemes, funded occupational defined-benefit (DB) schemes, which have traditionally been important in NL, UK, IE, SE and DK are in many cases in decline (notably in UK and IE). Facing the same demographic pressures as statutory PAYG schemes, DB schemes are undergoing major changes. In particular, they are increasing pensionable ages and in many cases shifting to funded defined-contribution (DC) schemes, where the investment and longevity risk lies to a greater extent with members rather than the scheme. Nonetheless the overall story of how pension systems are changing as a result of reforms is one of increased pre-funding compared to today.

7.1.4. Changes in the relative level of public pensions

Strengthening of the link between contributions and the accrual of benefit rights means that the same contributions as in the past will give people less annual pension. But given increasing longevity, this annual reduction does not necessarily imply a lower overall transfer paid out over the retirement period. Moreover, the drop in the value of annual pension will be reduced as more people will be getting pensions in the future (e.g. more women).

Given the projected reduction in working age population, the same level of contributions cannot continue to fund these increased pensions, and to avoid constant increases Member States have sought other ways to rebalance their systems. Reducing the replacement rates at a given age of retirement is one way to return to a more sustainable balance between contributions and total pension paid over (longer average) retirements. Another way is to continue to pay the same annual pension but to increase the age at which it is first payable in line with longevity increases. Most countries combine these approaches.

In funded defined-contribution (DC) schemes actuarial adjustments occur automatically. The pension fund accumulated will have to cover more or less years of retirement depending on when a person retires and how long they can expect to live on average, so the amount they will receive annually will vary accordingly. This is made most overt (and individual longevity and investment risks are most reduced) when the payout phase is via annuities. The adjustments inherent in individual DC schemes are no doubt one reason why they have been a popular policy response.

For pay-as-you-go (PAYG) pensions, other options have been considered. One approach is to move from having one fixed pensionable age with a fixed annual pension, to give people choices based on actuarial fairness. Here, people who choose to delay taking their pension will receive a higher annual amount when they do in fact take it up. Equally, people who opt

to take their pension earlier will receive a lower pension, reflecting the fact it will on average be paid for more years.

Another approach is to build global (as opposed to individual-choice) adjustment mechanisms into public pension schemes. These are designed to stabilise pension systems through automatic adjustments (e.g. SE, FI, PL, DE) or periodically required reviews and adjustments (e.g. AT, IT, FR). They intend to reflect changes in one or more factors such as longevity (e.g. in SE, FI, IT, PT), the support ratio (e.g. in DE), reserve fund performance (e.g. SE) or general economic performance (e.g. in FI, SE). The effects vary from increases in contribution rates (e.g. DE), lower (or even negative) indexation of benefits (e.g. FI, SE) and lower accrual rates (e.g. PT), to increases in pensionable ages (e.g. in DK).

Such mechanisms at least ensure that the adjustments needed are put on the agenda. But it is always easier to set up such mechanisms than to allow them to fully operate when they are triggered.

The overall decline in the relative level of pension benefits at a given retirement age emerging from reforms has given rise to questions whether key improvements in the overall financial sustainability of systems have been obtained at the cost of adequacy. While this calls for further investigation, as adequacy is a multi-level, contextual concept, it would be safe to say that greater sustainability has been secured by introducing a greater element of conditionality into future pension provision. Obtaining replacement rates similar to those of the recent past will require people to work substantially more and longer and in many cases people will also have to increase their contributions to voluntary pension savings schemes.

Box 2. The adequacy of pension systems

The **adequacy** of pension systems and the way it can be measured can be viewed in terms of the two main objectives of pensions, as posited by economic thinking:

1) Pension systems aim to provide all individuals income security in old age. As some people may be poor over a lifetime and unable to save enough during working life to ensure income security in old age, one of the stated key objectives of public pension systems is precisely to *relieve poverty*. There should therefore be programmes that reduce the risk of poverty in old age, by providing minimum adequate levels of pension income.

For the OMC, elderly poverty is basically measured relative to that of the working age population. The main indicators used are at-the-risk-of-poverty rate and the relative income of the elderly. These together give us a picture of the efficiency of minimum income pensions in providing adequate income security for the elderly.

2) Pensions are also a mechanism for *consumption smoothing*. During their retired lives people have to consume real goods and services, just as during their working years. Thus 'adequate' pension income allows for smoothing the consumption path over time, through the productive middle years and then the retired years. This also implies that 'adequacy' has to take into account the need to retain the value of income over time (i.e. indexation) so as to keep constant the *real* value of a person's pension.

In order to account for the second dimension in the definition of adequacy, the OMC indicators look at measures of replacement income, i.e. the extent to which pension systems enable workers to preserve their previous living standards when moving from employment to retirement and the relative income of the elderly. The main indicator is the aggregate replacement ratio. However, this only looks at pensions currently in payment. But given the long-term implications of pension reforms, theoretical replacement rates are useful as an additional analysis tool. This gives us the possibility to look at the adequacy of the replacement income provided by pension systems for theoretical cases. It also allows us to stress-test this adequacy by assuming macroeconomic shocks such as the change in rate of returns for funded pensions or by assuming career-breaks for individuals, for example in the case of unemployment.

These indicators may not be exhaustive in the analysis of pension adequacy, and future work can seek to identify new measurements as developments in data sources and modelling tools improve. This can also provide possibilities to look at the adequacy and sustainability of pensions more cohesively.

7.1.5. More interdependent schemes make for more complicated pension systems

Implicit in the greater role for pre-funded components is the move **towards multi-tier** systems, whether by expanding existing rudimentary tiers or by introducing new statutory, occupational or voluntary tiers. This has made systems more complicated and greatly raised the need for transparency, information and even financial education. Where individuals before could rely on single systems to provide for them they will in the future be required to make a lot of decisions and adapt their working lives to obtain sufficient pension rights for an adequate pension package.

Despite these caveats, the many innovative features in pension systems as a result of reforms have put the **majority of Member States on a sound course** towards achieving a better balance between financial, labour market and social protection concerns in their pension systems.

7.2. First effects of the crisis

The European economy is subject to fluctuations in the economic cycle. It stagnated in 2002-2003, to rebound again in 2004. Growth came to a halt in 2008 as the world entered one of the direst financial and economic crises in years. EU-27 GDP is projected to fall by 4.1% in 2009, even if the economy started to grow again in the third quarter of the year.

Current pensioners have so far been among those least affected by the crisis. With steady incomes and low inflation they have been fairly well cushioned. Thanks to improvements in recent growth years even pensioners with minimum pensions have fared somewhat better than before. People retiring now or in the near future are also unlikely to be much affected. With a few Member States as stark exceptions, this is the situation for pensioners across the Union.

The main reason for this is that current pensioners overwhelmingly draw their pensions from public (pre-reform) PAYG systems and established most of their pension rights before reforms began to take effect. Notwithstanding the trend towards a larger role for funded schemes, benefits from such schemes still generally play only a marginal role in pensioner income. In the few countries where this type of income is already important, benefits furthermore tend to be of the defined-benefit type where the investment risk is borne by the scheme. Thus, current pensioner income is not so sensitive to the short-term ups and downs of financial markets. Moreover, even though reductions in contribution revenues immediately weaken public pension scheme finances in most countries, it would still take a longer weakening of overall public finances before pensioners could conceivably be affected through lower indexing of benefits. Current pensioners are therefore also not particularly affected by the impact of the crisis on the labour market.

7.2.1. Occupational pensions schemes in deficit

Defined-benefit (DB) occupational pension schemes take on the investment risk, so in the shorter term people in general will get the pension they expect. Going forward some impacts will be felt as funded DB pension schemes that are in deficit as a result of falls in investments seek to restore their funding balance. The crisis has caused most DB funds to move into

deficit, due not only to falls in the value of investments but also to changes in the market interest rates used to translate future liabilities into today's money terms.

Member State reactions to the problems with funded schemes have in the short term been pragmatic. National pension supervisory authorities have aimed to allow pension funds more flexibility than normal. For instance, **Irish** pension funds were given more time to submit funding status reports and recovery plans in the hope that markets would become more stable, making the planning process easier and more robust. The normal maximum period allowed for recovery from deficits has been extended (e.g. IE, NL) and greater use has been made of existing flexibility, as in the UK's scheme-specific funding regime. This allows the impacts to be spread over a longer period, thus smoothing the impact of the crisis and hopefully allowing any recovery in markets to assist in a return to full funding. In **Denmark**, a financial stability package for pensions has been implemented to ensure market stability and prevent the forced sale of mortgage bonds owned by pension funds and substantial losses for pension savers. Regulators and the insurance and pension industry have agreed to temporary changes in the standards by which the solvency of funds is calculated to avoid funds locking in their losses by being forced to sell assets in the currently depressed markets. The double aim is to avoid destabilisation of the mortgage bond market and substantial losses for pension savers.

Dialogue between social partners is often a key element behind the recovery plans, as they involve attempts to share the impacts not only over time but also between different interests. A greater sharing of risks between scheme members and employers may be needed if the decline in DB provision is to be halted and such schemes are to have a viable future. In **the Netherlands,** the existing risk-sharing mechanisms have been used to lower or freeze indexation of benefits and/or increases in contribution levels. This shares the impacts between employers and pension scheme members, whether still working or retired. These mechanisms and the increase in permitted recovery periods aim to avoid the need for any last-resort adjustment of actual benefits. In contrast, **the UK**, with its legal obligation on employers to support their pension schemes, has seen increasing demands on employers to make extra contributions to schemes. In some cases, ad hoc negotiations between employers and employees have led to some burden sharing with scheme members (e.g. higher employee contributions, lower benefits).

7.2.2. Market exposure of future pensioners in the DC schemes

Defined-contribution (DC) pension schemes leave the investment risk entirely with the scheme member, so the impact of falls in investments is felt directly. On the other hand, DC plan members can benefit from any investment out-performance, unlike DB members.

DC-funded pensions can be statutory, occupational and voluntary, and all three are expected to see some growth in at least some Member States. Currently, statutory DC-funded schemes are found in the majority of new Member States (BG, EE, HU, LT, LV, PL, RO, SK — see table below) together with SE and IT. A number of Member States have DC occupational pension schemes, notably UK, IE, SE and DK, although others including NL, BE and CY also have some provision of this type. Voluntary DC provision is really only of importance in IE, UK, CZ and particularly DE, on the back of the strongly incentivised Riester pensions.[91]

[91] It is important to remind that Riester pensions are not pure DC schemes because they do not leave the investment risk entirely with scheme members. Financial institutions are obliged to offer to their customers a guarantee of maintenance of nominal value of capital.

Statutory DC schemes will grow as transitional arrangements switch some elements of provision from PAYG to funded statutory DC schemes. For occupational DC schemes, growth will stem largely from a switch from DB to DC provision. Individual voluntary DC provision is normally encouraged by tax incentives and typically used to top up other pension income. Only modest, if any, growth is expected in this type of provision.

Fortunately, the crisis came at a time when DC provision was less important than it will be in future. People with DC provision who are some way from retirement may have time for investment falls to recover at least partially. For those close to retirement the impact can be real, leading to less affluent, or possibly delayed, retirement.

For those countries that have opted for an important role for funded DC provision of whatever type, the questions seem to be:

– how to control the risk for the individual;

– how to give people a realistic idea about what can be obtained;

– how to consider for which income and career profiles these schemes are an appropriate solution; and

– how to ensure the payout phase matches the original purpose of pension savings as efficiently as possible.

In relation to the capacity to bear risk, the question is also whether mandatory schemes in particular should make provision to protect against too much volatility. This could be done by guaranteeing the principal and some minimal rate of return, but it could be very costly and possibly create incentives for excessive risk-taking if the guarantee carries no price to the scheme operators. Another more likely solution consists in gradually lowering the investment risk as people get closer to retirement age (so-called 'life-styling' or 'life-cycling' investment strategies). Not all mandatory schemes contain such options at the moment. Attempts to reduce the reliance of pension funds on more volatile assets by setting limits on the value of shares in portfolios can be also observed, but the timing of such reforms (low value of more risky assets when the crisis hit) is questionable.

The choice between investment strategies with different potential rates of return and levels of risk leads to questions as to the accuracy of information. In statutory schemes where there was a choice between continuing in PAYG schemes or moving part of the contributions to the new funded scheme, people often opted for a defined-contribution scheme even if it was questionable whether this was indeed the best solution for them. And regarding the choice of pension funds and investment strategies, evidence suggests that many people went for riskier options than would have been justified given their earning capacity and the length of their working life. These choices were driven by the information people received at the time. Rates of return observed in the past and the positive growth expectations for central and eastern European countries obviously played a role. But so did the fact that nobody told people that a sudden decline in asset values could occur. Hence, access to unbiased information is of key importance and not only in defined-contribution schemes. Additional information provided by non-partisan organisations such as consumer NGOs could help people make the right choices. Introducing limited-risk default options designed to be a reasonable choice for most people would likewise help.

The 2009 Joint Report on Social Inclusion and Social Protection stressed that Member States should give careful consideration to the proportion of overall pension income expected to come from defined-contribution schemes and whether such schemes would be sufficiently appropriate for all groups in the population. This is often not the case for less well-off people and for those with shorter or atypical employment careers. People in this situation would typically be better served by pay-as-you-go schemes, as they would not be able to accumulate sufficient benefits or absorb the inherent risks.

The payout phase in DC pension design often appears to be an afterthought when it should be central to the scheme, especially where it will form an important element of overall pension provision. A poorly designed payout phase means money supposedly saved to provide retirement income leaks out of the pension system to be used for other purposes such as bequests. This is a problem unique to DC pensions. PAYG and DB schemes and their inherent cross-subsidies between those who live for longer or shorter periods in retirement ensure that all resources are used to provide pensions. DC schemes with their increased sense of personal ownership also bring with them the risk of money being used for non-pension purposes. Allowing this with badly designed payout phases means poorer retirements or greater costs to compensate for the leakage. The closest match to the payout outcomes from PAYG and DB pensions is provided by annuity-based DC schemes. Ensuring the payout phase is well thought out and clearly explained before people join schemes reduces the likelihood of difficulties later.

An important advantage of DC schemes over DB plans is that they have a less distortionary impact on the labour market. Mobile workers who change their jobs can be often better off in terms of their pension outcome with one DC fund rather than with multiple small DB entitlements. DC schemes do not discourage job mobility to extent that DB schemes can do.

7.2.3. The problem of double payment in mandatory DC schemes

BG, EE, LT, LV, HU, PL, SE, SK, and RO have introduced mandatory or quasi-mandatory funded pension provision during the last 11 years. The situation in these countries is, however, diverse. We can observe differences according to the time of implementation of reform (from 1998 in HU to 2008 in RO), relative maturity of DC schemes (first partial cohorts retired in 2009 in PL, but will retire only in 2023 in RO), the importance of pension contributions feeding into DC schemes (contributions ranging from 5% of gross wages in BG to 9% in SK), existence of phasing-in arrangements (e.g. gradual increase in contribution levels in LV and RO, and transitional arrangements in LT, PL, or SK), and the character of the scheme (mandatory for cohorts under a certain age in BG, LV, or PL, and mandatory for those who decided to opt in on voluntary basis, e.g. in LT). More detailed information on DC schemes in central and eastern Europe can be found in the table below.

Table 7.1 Pension systems in selected Member States[92]

Country	% Wage to funded scheme	Proportion of total contribution to funded scheme	Year funded scheme started	Participation in funded scheme	Year funded participants retire

[92] Relevant EU countries extracted from World Bank Human Development Network paper "The Financial Crisis and Mandatory Pension Systems in Developing Countries Short- and medium-term responses for retirement income systems" http://siteresources.worldbank.org/INTPENSIONS/Resources/395443-1121194657824/PRPNote-Financial_Crisis_12-10-2008.pdf

Bulgaria	5%	**21.7%**	2002	Mandatory <42	Full cohorts in **2023**
Estonia	6%	**20.0%**	2002	Voluntary	Partial cohorts by **2012**
Hungary	8%	**23.9%**	1998	Mandatory for new entrants; voluntary for all others	Partial cohorts by **2013**; full cohorts by **2045**
Latvia	2% increasing to 6%	**6% increasing to 24.0%**	2001	Mandatory <30, voluntary 30-49	Partial cohorts by **2013**; full cohorts by **2033**
Lithuania	5.5%	**22.0%**	2004	Voluntary	Partial cohorts by **2014**
Poland	7.3%	**26.1%**	1999	Mandatory <30; voluntary 30-50	Partial cohorts of women by **2009** and men by **2014**; full cohorts of women by **2029** and men by **2034**
Romania	2%, increasing to 6%	**6.7%**	2008	Mandatory <35; voluntary 36-45	Partial cohorts of women by **2023** and men by **2028**; full cohorts of women by **2033** and men by **2038**
Slovak Republic	9%	**31.3%**	2005	Voluntary for all	Partial cohorts by **2020**

Source: Regional Bank Staff

A common feature for Member States that have introduced statutory DC schemes is the need to shoulder net transition costs. Often Member States divert part of the contribution for the PAYG scheme into the funded scheme while covering the shortfall from the state budget though general taxation (e.g. SK, LV, LT, EE, HU). Other strategies have included increasing total contribution rates to pension schemes, using revenues from privatising state enterprises, or shifting part of the cost to current pensioners, e.g. through the introduction of less favourable indexation rules, or to future beneficiaries of the PAYG schemes[93].

The reforms usually made participation in the funded scheme mandatory for younger generations, while people nearing retirement were excluded, and intermediate cohorts had the choice to join or not. In some Member States (e.g. LT, HU, PL, SK), however, the net transition costs turned out to be higher than anticipated, as the numbers of workers who moved to the mixed PAYG-funded system considerably exceeded official estimates.

Bringing forward costs by increasing pre-funding has placed strains on Members States' fiscal positions, and the current economic situation provides a serious stress test of the viability of such arrangements. Facing a growing fiscal gap, some Member States have decided to limit the relative burden of pre-funding future pension expenditure by reducing the proportion of social security contributions diverted to mandatory DC schemes (e.g. EE, LT, LV, SK, RO).

In **Estonia,** all compulsory contributions to the DC scheme have been cancelled from 1 June 2009 until 31 December 2010. Scheme members can restart their contributions on a voluntary basis in 2010. The government's intention is that contributions will be partially resumed in 2011 (with a 2% state and 1% member share) and will reach their original level only in 2012 (4% plus 2%). In **Lithuania**, social insurance contributions to the DC pension schemes have been reduced temporarily from 5.5% to 2% by 2012. They will be increased again to 6% after

93 According to the 2008 SPC study "Privately Managed Funded Pension Provision and their Contribution to Adequate and Sustainable Pensions", pp.18-19.

2012 for a minimum of 3 years. In **Latvia,** part of contributions to the mandatory funded DC scheme has been diverted to feed the PAYG NDC scheme. Contribution rates to the funded pillar are being reduced: in 2009 from 8% to 2%; in 2010 from 9% to 2%; in 2011 from 10% to 4%; in 2012 and subsequent years from 10% to 6%. In **Romania,** the government has suspended legal provisions that would have seen contributions to the mandatory DC scheme rise from 2% to 2.5% of employees' gross salary this year. **Slovakia** has allowed workers to opt out of the funded scheme and return to the PAYG scheme for the second time in 2008, and the DC scheme will be optional for all new entrants to the labour market. In **Poland,** the government is discussing a reduction in contributions to the DC scheme from 7.3% to 3% of gross wages and to divert the difference to the PAYG scheme. Another solution under consideration of the government is to revise the way in which public debt is calculated by excluding the debt resulting from transfers to the funded pension scheme.

Shifting part of contributions from funded schemes to PAYG schemes helps to reduce the aggregate savings rate, so can be treated as an anti-cyclical measure. However, there are also arguments against decreasing the pre-funding burden. The inflow of contributions to funded schemes is reduced when prices of assets are low and offer greater growth prospects. This might imply a decline in the expected rates of return. While it is understandable that public authorities see the need to adjust their mandatory private funded schemes, one should not forget that pension systems need stability over the long term if they are to have the necessary credibility among citizens. Hence, transparency and long-term planning are important.

7.2.4. Distribution of the burden of the crisis in PAYG systems between different generations

PAYG schemes also have not been immune to the crisis. The effect of the crisis on different cohorts of pensioners varies depending on how much future pension systems will differ from the current arrangements. In most Member States, most retired cohorts today obtain their pensions under pre-reform rules providing for guaranteed pension levels. Younger cohorts in reformed schemes may be affected to some extent depending on the design of the scheme.

Member States in the majority of cases are keeping their promises towards current pensioners, even at the expense of soaring public debts that will add to the costs of ageing and increase future burdens on the current working age population. LV and LT are exceptions here as they are recording the deepest fall in GDP in the EU in 2009 (both economies are expected to contract by 18%)[94] and current pensioner cohorts have also had to bear the burden of economic adjustment.

Pension benefits for current pensioners in **Latvia** have seen an overall 10% reduction (70% for working pensioners) since the 1st of July 2009. According to the judgment of the Constitutional Court (21 December 2009), these deductions will be removed from 1st February 2010 and deductions for the time period 1st July 2009 to 1st February 2010 will be reimbursed to pensioners. The amount of early retirement benefit has also been decreased. Nevertheless, given the collapse in the labour market, the number of early retirement and disability pensions increased considerably in 2008 and especially in 2009. Moreover, there will be no indexation of pensions in 2009 and 2010, and from 2011 price indexation will be applied (the previous method also considered wages).

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94 European Economic Forecast of Autumn 2009.

In **Lithuania**, social security schemes are facing huge pressures from decreasing income and increasing numbers of unemployed. Seeking to stabilize an increase of the deficit of the State and the State Social Insurance Fund budgets and to ensure timely payments of social security benefits, a reduction of social security benefits (social insurance pensions, state pensions and other social benefits) was introduced since 1st January (temporarily until 2012). They are reduced progressively according to income received (pensions and labour income). On average old age pensions are lowered by 5%. Pensions for working old age pensioners will be reduced proportionally to their insured income received, with a maximum reduction of 70%.

7.2.5. Shrinking contribution base in PAYG schemes

It is the economic crisis, rather than the financial crisis that precipitated it, that is affecting PAYG pensions. The sustainability of PAYG pensions ultimately depends on the strength of the underlying economy, so fewer people working and paying contributions, lower economic growth and higher levels of national debt all weigh down on PAYG schemes. At least over the short term the effects are very limited. Where they occur, impacts may take the form of lower indexation (e.g. EE, LV), higher contributions (e.g. CY, LV, RO) or delayed reforms.

The strength of PAYG pensions is that they are resilient to shocks in the short term, and these impacts can be smoothed and shared over long periods.

The majority of Member States have preferred to accept increased deficits in their social security schemes, so that automatic stabilisers can play their role. Anti-cyclical behaviour in social spending is an important part of supporting an economy in recession. This is one of the factors contributing to ballooning general government deficits and a dramatic increase in the level of gross general government debt in the EU, from 58.7% of GDP in 2007 to 83.7% of GDP in 2011.[95]

In order to limit the increase in public debt some countries have decided to deplete their reserve funds (e.g. IE, LV) whereas in others this is being considered (e.g. PL). While in LV the reserve fund partially covers the deficit of the social security system, the reserve fund in IE was used as a means to help solve the effects of the crisis in the banking sector. While this can be considered an effective use of resources in times of constraint, it is important to consider the long-term demographic pressures on the pension system. The use of funds earmarked for pensions can also lead to a loss of social confidence and acceptance for the pension system.

7.2.6. The effects of the crisis on automatic mechanisms in PAYG systems

While automatic mechanisms enhance the transparency of a pension system, they do so only if they are allowed to be activated. Automatic adjustment and indexing rules boost the transparency and credibility of a system only if the triggers are allowed to function.

Most automatic mechanisms have not yet been applied in practice, and experience from 2006-2008 shows that it is critical to monitor the functioning of these mechanisms, some of which are close to activation given the financial and economic pressures on pension systems as a result of the crisis. Prior to the crisis a few countries had already taken political decisions to postpone automatic adjustments. Changing the regulations before the adjustments are to be activated may damage their credibility.

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95 European Economic Forecast, Autumn 2009, European Commission, p. 208.

In **Italy,** the automatic updating of life-expectancy projections for annuity calculations has been delayed. In **Germany,** pension benefits have been temporarily increased beyond what would have been allowed by the automatic adjustment mechanism, which aim to balance contributions and federal subsidies against pension expenditure during the year. A part of the increase in pension benefits resulted from the so called 'sustainability factor' which takes into account the demographic imbalances between the working population and the retired. Positive change in the relation between the working population and the retired triggers an increase in pension benefits.

The activation of the automatic adjustment mechanism in DE would require contribution rates to be raised. Whiles there is a cap of 20% on contribution rates, this can be balanced with a decrease in pension indexation. In 2002 to 2005, contribution rates would have had to be increased to over 20% or pension indexation would have had to be suspended. However, this was alleviated by the introduction of the 'Riester factor' in the adjustment mechanism, which takes into account the increase in total contributions outside the statutory system.

In **Sweden**, the fall in financial markets has triggered the adjustment mechanism. The activation of the mechanism reduces the indexation of pensions and earned pension entitlements, and depends on the calculation of a surplus or deficit in the system. This calculation is regulated by law. The Swedish government has recently decided to re-evaluate the calculation performed for the balancing mechanism and the proposal that has been decided by the Swedish parliament is one that smoothens out the volatility of the buffer funds by incorporating a three year moving average of their values into the calculation of the balance rather than the current annual value of the funds. This will have the effect of sharing the burden of the financial downturn over more years. This strategy may increase the anti-cyclical nature of the mechanism.

Box 3. The role of pension systems as automatic stabilisers

Social protection systems can respond in different ways to the downturn in the economic cycle. On the one hand, anti-cyclical behaviour in public spending, especially on social expenditure, is an important part of bringing an economy out of recession, since social protection expenditure constitutes a large part of total expenditure. The role of social protection expenditure as an automatic stabiliser is to attenuate the consequences of economic shocks on the level of activity (i.e. by maintaining consumer incomes and thereby promoting demand). In that sense, given that pension spending is the biggest item of social protection expenditure, it is evident that it can play a crucial role as an anti-cyclical automatic stabiliser to sustain and re-boost the economy. The strength of the automatic stabiliser depends on the marginal propensity to consume of the group to which the benefit goes. Pensioners, a priori, should tend to consume their income as they have less incentives to save. On the other hand, at a time of crisis, as GDP contracts, government budget balances are often strained, and cutbacks in pensions or indexation due to growing budget deficits are also observed.

Both types of pension policies have been observed in the current crisis. Some countries have held back the indexation of pensions (e.g. EE), postponed planned pension payments (e.g. HU) or cut pension benefits (e.g. LT) to cope with their fiscal consolidation concerns. Other countries have increased pension benefits, typically by increasing minimum pensions (e.g. ES, FR, FI, BG) or by increasing the indexation of pension payments beyond the normally applied rules (e.g. PT, FI).

The responsiveness of pension systems to the business cycle is determined by the current capacity of public budgets to protect people. In that sense, Member States are in very different positions to face the crisis. Countries with more balanced budgets can afford to apply a higher degree of counter-cyclicality at a time of crisis as compared with countries where the consolidation of fiscal budgets is the major concern. Countries with mature pension systems and balanced budgets will thus have more budgetary room for manoeuvre at the onset of a recession and will be in a better position to protect the most vulnerable and those most affected by a downturn. In contrast, countries faced with major public finance imbalances are left with little room for manoeuvre to address the social consequences of the crisis.

7.2.7. Conclusion

Funded pension schemes have been more immediately and directly impacted by the financial crisis. Falls in the value of investments feed through into deficits in definend-benefit pension schemes and into lower individual pension fund accounts. How these then impact on actual pension incomes for individuals depends on how quickly and to what extent investments recover and what mechanisms are in place to mitigate and share investment risk.

Pay-As-You-Go (PAYG) pensions are also impacted. Ultimately, the economy determines what is affordable for PAYG pensions. Lower growth, fewer people in work to pay for those already retired and increases in national debt all weigh down on PAYG pension systems. The impact on individual pension income depends on how quickly countries return to growth and higher employment rates, what adjustment mechanisms are in place and what further reform measures are necessary to ensure PAYG schemes are sustainable in the long term.

The demographic challenge remains key, and the crisis has added to this challenge. Indeed, the financial crisis may have put into sharper focus underlying structural issues regarding the sustainability of pension systems. These issues may previously have been masked by expectations of returns on funded pension schemes or anticipated levels of economic growth and employment rates which may now seem over-optimistic.

The financial crisis and the economic downturn have outlined the need for ensuring the resilience of reformed systems in terms of ensuring sustainable financing and providing adequate pensions, both in the short and long term. Financial losses in pre-funded schemes can affect the solvency of these schemes and thus their ability to pay out pensions. The inherent risk of lower returns for future pensions in defined-contribution schemes has also been brought into sharper focus. In PAYG schemes, where the contribution base provided by the working population is key, the damage caused by long-term unemployment to the sustainability of these systems has been highlighted. At the same time, as eligibility rules are tightened in reforms, the effect of long career breaks on future pensions also becomes significant.

Though none of the present and future pension systems in the Member States have been designed to withstand a financial crisis and an economic downturn of this magnitude, they seem to have performed relatively well. However, pension reforms and resulting pension promises have been predicated on scenarios of steady economic growth and continued increases in employment.

Adjustments to all kinds of pension schemes may therefore be necessary to ensure their long-term health. But one of the few positives that can be taken from the crisis is that it may give the necessary impetus for further reforms, in particular to encourage and enable more people to work more and longer.

7.3. Long-term implications of the crisis

There is a marked uncertainty regarding economic growth over the medium and long term. The recession could have implications for the growth potential of the EU economy. On the demand side, deteriorating labour market conditions could constrain consumption in the medium term. The supply side of the economy could be also affected.[96]

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[96] For further discussion see *Sustainability Report 2009*, p. 48.

Trend growth in the next few years could be lower than projected in the pre-crisis scenarios. This would have implications for the future adequacy and sustainability of pensions.

7.3.1. Will long-term sustainability of pensions be affected?

The long-term nature of pensions gives them a certain resilience to economic shocks, as there is usually time for the systems to recover. Long transitional periods in pension reforms also tend to protect the pensions of those in or close to retirement today. However, the length of the shock and the financial situation of the system when the shock hits crucially affect how the system can handle the payment burden in the short and long term. Pension reforms have been based on certain assumptions of growth and returns on paid contributions. If pension systems are unable to handle the effects of lower than expected returns or a narrower contribution base due to unemployment, this could ultimately affect the adequacy of benefits. However, a system that cannot pay out adequate pensions is not sustainable in the long run, as its social or even political credibility will decrease.

Member States have let pension systems play the role of automatic stabilisers in the current crisis. However, anti-cyclicality should be maintained when recovery sets in, so that social protection systems are sustainable in the long run. This often implies politically difficult decisions. Meanwhile, automatic adjustment mechanisms in pension schemes may tend to be activated in a pro-cyclical rather than anti-cyclical manner, which needs to be monitored or adjusted.

In the event of protracted low growth Member States will be faced with the difficult task of adjusting social security expenditure to levels that reflect the trend growth rate of the economy and are affordable in the long run. According to an initial assessment by the Ageing Working Group, if trend growth is permanently affected, expenditure on public pensions in the EU in 2060 is projected to increase to 13.6% of GDP instead of 12.5%.[97]

7.3.2. Long-term adequacy of pensions in light of the crisis

Over the coming decades the sensitivity of pensioner incomes to the economic situation will change significantly as a consequence of the reforms presented at the beginning of this chapter. The share of funded pensions in the income packages of future pensioners is set to increase markedly. At the same time, the bulk of funded schemes will be of the defined-contribution type where investment risks are moved to pension savers. In addition, the reduced pensions from public PAYG schemes will increasingly be calculated on life-time earnings-related contributions. On present trends, only those with very long careers and largely unbroken contributory records will obtain rights to a full (maximum) pension. Adequacy will therefore not just depend on the ability of workers to respond positively to the new work incentives in pension systems. It will also be contingent on the ability of labour markets to deliver sufficient opportunities for prolonging average careers.

The effects of the crisis on pensions being paid from statutory PAYG systems are often indirect. The EU labour market is contracting and an unemployment rate of over 10% is projected for the EU in 2010 and 2011. The effect of high unemployment on pensions is two-fold. Higher unemployment, along with slower productivity and wage growth, affects both the tax and contributory base of pension systems, reducing the revenues that pension systems rely

[97] Ageing Report 2009, pp. 185-187.

on. Furthermore, long-term unemployment can negatively affect the accruals of pension entitlements, having an adverse affect on individual pensions.

The figure 2.12 presents the impact of a career break due to unemployment lasting one, two or three years on future pension income, measured in theoretical replacement rates. In a number of Member States, pension income can be reduced by an equivalent of more than 5% of wages due to a three-year unemployment break.

It is thus vital to monitor the length of the period of unemployment and actively promote a return to the labour market. Past crises have often resulted in older workers, a relatively vulnerable group on the labour market in the best of times, being prematurely pushed out of the labour market. Given the demographic challenges that PAYG systems are yet to face, it is important that Member States reduce the risk of older workers being forced into early exit pathways from the labour market, including, early retirement, unemployment and disability schemes.

7.3.3. Increases in pensionable ages

Long-term risks for the sustainability and adequacy of pensions can be limited if more people work more and longer. Member States realise that, in addition to the need to ease future expenditure pressures due to population ageing, they will have to increase efforts to reduce the swollen public debts due to the current crisis. Discussions on increasing the pensionable age are under way in a number of Member States.

In **Latvia,** the government intends to increase the retirement age from 62 to 65 by 2021. In **Hungary**, the retirement age will be gradually raised from 62 to 65 by 2022. In the **Netherlands**, the government has proposed that the pensionable age should rise to 66 years in 2020 and to 67 years in 2025. There would be special provision for people who began their careers very young and those who worked in physically demanding jobs. In **Slovenia,** the government has disclosed a plan to increase the retirement age from the current 61 for women and 63 for men to 65 for both by 2020. Early pensions would be accessible from the age of 60 instead of 58. In **Romania,** the government is considering an increase in the retirement age from 58 to 60 for women and from 63 to 65 for men by 2014.

The crisis can be used as an opportunity to carry out necessary reforms and to give an impetus to politically difficult decisions. If increases in retirement age are to be successful, they need to be coupled with other measures that give older workers the opportunity to return to the labour market, e.g. offering flexible retirement options, monitoring whether wage differentials between younger and older workers do not push out older workers from the labour market, changing the habits of employers, or outlawing discrimination on the grounds of age.

7.3.4. Increases in pensionable age for DB schemes in agreement with social partners

Just as with PAYG schemes, increased longevity is a major challenge to funded DB schemes and early retirement schemes, where comparatively young pension eligibility ages look increasingly unaffordable. Increases in pensionable age would require more or less formal agreements with social partners, usually at company or sector level.

7.3.5. Risks linked to the exposure of future pensioners to market outcomes

It is important to ensure that projected long-term rates of return on DC pension funds are reliable and take into account fluctuations in financial markets. The new statutory DC

schemes have often been introduced in boom times and on the basis of upbeat economic assumptions.

DC plan members are not only exposed to falls in financial markets, but unlike DB scheme members, can benefit from any investment out-performance. Nevertheless, the possibility of obtaining high replacement rates has to be considered in the long term (so there is a question of how far financial markets can outperform the real economy) and discussed against risks of volatility.

The crisis has exposed the vulnerability of funded schemes to volatility in financial markets and highlighted the need for policymakers, regulators and supervisors to promote more prudent management of people's retirement savings. With losses ranging from 15% to 35%, and with an even greater variation in the capacity to absorb the shock, differences in pension fund designs and investment strategies clearly matter. From the variation in impacts across the Union important lessons can be drawn about how funded schemes can be improved and greater security for pension savers achieved. Accordingly a new agenda is emerging for necessary changes to funded designs and for speedy completion of the unfinished parts of the new mandatory schemes (e.g. concerning more secure default options, life-styling, charge capping, and rules for annuitisation and the pay-out phase). Achieving this will be an important part of rebuilding public confidence in funded, privately managed pensions.

7.4. Policy implications

The longer-term challenge of ageing is no longer such a distant scenario. Over the next decade the working age population will begin to shrink. Indeed, the setbacks from the crisis and the likelihood of lower growth have thrown this into sharper focus. The balance between adequacy and sustainability — the object of a decade of pension reforms — is under pressure from the financial and economic crisis. Increases achieved in employment rates for older workers must now be defended against rising unemployment. Recovery packages have secured the ground for a thriving economy to supply the income that can pay for pensions. But they have also reduced the hard-won public finance improvements intended to provide room for extra expenditure to address ageing and this lost ground will have to be regained.

7.4.1. Shorter-term implications for current schemes

In general, current systems for those retiring now have coped quite well. A key issue to monitor is the resilience of DB pension schemes and the mechanisms designed to protect scheme members when schemes are underfunded. Box 4 below raises a few specific key shorter-term policy questions that Member States may want to consider depending on the mix of pension schemes in their system.

Box 4. Shorter-term policy questions for specific types of pensions

There are a number of short-term policy questions Member States may wish to consider, depending on the type(s) of pension schemes in their particular system:

Defined-contribution (DC) pensions

A key issue is providing good information so that individuals have a realistic understanding of the rates of return and the inherent risks of DC provision both in general and to avoid the risk of hasty actions locking in losses during downturns. More flexibility in the timing of the start of the payout phase may also need to be considered to avoid investment losses being locked in during the transition phase.

Defined-benefit (DB) pensions

Short-term flexibility may be necessary, such as on recovery plans, to smooth impacts. Adjustment mechanisms designed to share risk (e.g. potential changes to the indexation of benefits) may need to be allowed to operate fully for the long-term good. In the absence of formal risk-sharing arrangements, there may also be merit in encouraging ad hoc employer/employee negotiations to agree burden sharing, where necessary, to keep DB schemes open. In Member States with insurance-style fall-back arrangements close monitoring of such arrangements is important, to ensure they remain robust. Where there are neither adjustment mechanisms nor insurance style fall back arrangements, there is a need to urgently address DB pension security over the long term.

PAYG pensions

Reserve funds designed to cope with demographic pressures need to remain credible. Clear ring-fencing supported by public and political sentiment, as well as by rules, may help. Drawing on pension reserve funds in difficult times for other purposes reduces their credibility and needs to be carefully explained. Similarly, where public pension schemes have automatic adjustment mechanisms in place to support sustainability, any interference with the automatic outcome can reduce their credibility and social acceptance and needs careful explanation.

7.4.2. Medium/long-term implications of the crisis

In the future an increasing share of pension income is expected to be provided by DC pension systems. This is due to two factors. One is the longstanding shift from DB to DC occupational pension provision as employers find the costs and risks of DB increasingly unpalatable. The other is the introduction of new DC pension schemes often partly replacing PAYG pensions, as in many new Member States. Box 5 below raises a few specific longer term policy questions that Member States may want to consider, depending on the current mix of pension schemes in their overall system and how this is expected to change in the future. What is, however, a common challenge for all Member States and a long-term implication of the crisis is to increase overall employment rates and employment rates of older workers.

Box 5. Longer-term policy questions for specific types of pensions

There are a number of longer-term policy questions Member States may wish to consider, depending on the type(s) of pension schemes in their particular system:

DC pensions

Careful consideration should be given to the appropriate maximum proportion of overall pension income expected to come from DC pensions, particularly for the less well-off, who may be less able to absorb the inherent risks. And the greater the proportion of DC provision the more important it is that the mainstream investment choices for DC schemes should mitigate investment risk and volatility close to retirement (such as by taking lifestyling/lifecycling approaches or introducing minimum guarantee schemes). The payout phase needs to be properly worked out and explained from the outset to minimise leakage of pension savings for other purposes (e.g. bequests), otherwise the efficiency of DC pension savings can be seriously compromised. Charges need to be kept as low as economically viable and consideration has to be given to intervention to achieve this where market failure is apparent. Good information for individuals which clearly explains the risks and manages expectations is important both for individual decision-making on saving and retirement issues and for long-term public support for such schemes.

DB pensions

To have a long-term future as an important element of pension provision, some DB schemes may need to consider developing more formal risk sharing arrangements. For individuals, DB provision typically offers much less risk than DC pensions. But putting too much risk on employers instead encourages them to close schemes, so a sharing of risks may be more a viable long term approach that benefits all stakeholders. There may also be a need to examine whether there are underlying structural issues in some DB schemes, which may need addressing

via specific changes, for instance to retirement ages. There may also be merit in considering the role of DB pension schemes in the macro economy and whether such schemes could be made more anti-cyclical, while recognising that the issues are complex.

PAYG pensions

The financial crisis adds to the challenges to the long-term sustainability of PAYG pension systems and its impact will need to be closely monitored. Where underlying structural issues are revealed, further action may be needed along the lines of a long-term strategy combining working longer, reducing public debt and pension reform. In particular, further measures to support employment in general and to provide opportunities for older workers pushed out of employment to return to the labour market may be called for. Public spending, of which pensions is a key part, has an important role in supporting economic recovery via its anti-cyclical role. Government budget balances are often strained, however, which highlights the issue of how to finance this expenditure. Although often politically difficult, it is therefore important to consider developing this anti-cyclical behaviour in social spending even as the economy enters a boom.

Current pension systems for those retiring today have so far stood up reasonably well to the major stress test of the financial crisis. However, there are still some lessons emerging for current systems, perhaps especially so for the design of pension systems in future. The crisis has demonstrated the interdependence of the various pension pillars within each Member State and underlined that pension funds are an important part of the financial system. It has also highlighted the importance of common EU approaches to solvency and social adequacy. Pension systems were of course already under pressure from the demographic ageing in Europe. The crisis has added to this pressure, and brought into sharper focus underlying structural issues that pension systems are facing. With different expectations for economic growth and investment performance, these issues are now surfacing and the crisis may offer the impetus and political opportunity to see through difficult reforms.

8. GOVERNANCE

The crisis has emphasised the value of policy coordination under the Social OMC and provides a further incentive to exploit fully its potential. Since the autumn of 2008, the Social Protection Committee has engaged in a **joint exercise on monitoring the social impact of the crisis**. Member States have provided fresh information on emerging social problems and on new policy measures. This information has been collected, analysed, and presented to the Council. The exercise has also entailed **in-depth examination of specific social policy challenges in the context of the crisis,** such as minimum income schemes and funded pensions. Overall, the exercise has provided new opportunities for **mutual learning** and **exchange of best practice**. It has increased the awareness and understanding of common challenges.

The need to react swiftly to the crisis has led many Member States to reinforce their capacity to detect social problems and to intensify cooperation among social and institutional actors. Most Member States have endeavoured to **enlarge their knowledge base** on the social impact of the crisis, using administrative data or specific monitoring tools, including new surveys. Steps have been taken to improve the timeliness of social statistics drawn from EU SILC or the LFS.

As mentioned before, some Member States have commissioned ex ante impact evaluations of recovery packages (i.e. assessment of the likely impact of proposed measures before they are decided). Given that pressure aimed at limiting public expenditures is to be expected in most of the Member States in the coming years, the development of an **adequate ex ante social impact assessment capacity in the context of integrated impact assessment arrangements** should be encouraged. Strengthening such 'social' component can contribute to more effective and efficient social policy measures. Applied to non social policy measures, it can contribute to avoiding unintended negative social impacts and to better exploiting possibilities for positive synergies (mainstreaming). In this respect, the Social OMC can be used as a forum for exchanging know how between the Member States and between the Member States and the European Commission. The latter has recently taken initiatives to strengthen its own capacity to assess social impacts.

Countries that can rely on well-established **governance arrangements and practices** have benefited from the engagement and mobilisation of stakeholders. Local authorities, social partners, and NGOs are on the front line of the crisis. Social partners have often played a key role in designing and implementing short-term labour market measures to maintain people in jobs. Local authorities and NGOs across Europe have had to meet increased demand for social benefits and services while often seeing their own revenues squeezed. Cooperation and coordination among all these actors has been an invaluable asset.

In preparation for the EU strategy post-2010, the Social Protection Committee has established a Task Force to review the experience of the last decade. The **Task Force Report** — *Growth Jobs and Social Progress* — shows that the benefits of growth have not always been evenly distributed, and that poverty and social exclusion remain a major issue in most EU countries, although with substantial differences across Europe.

Drawing on the lessons of the crisis and of ten years of the Lisbon strategy, there will be a need to foster sustainable growth along with job creation and social cohesion and

systematically assess progress of social outcomes, including gender equality. To this end, reinforcing the Social OMC and increasing its effectiveness and visibility is essential.

An integrated vision for an exit strategy from the crisis and a return to long-term growth in an inclusive social market economy entails continued modernisation of social protection to deliver the dual objectives of adequacy and sustainability. This will be crucial for improving the functioning and social outcomes of labour markets, thus ensuring the optimal use of our human resources through opportunities and access for all. Employment and social policies must continue to be central to the growth and employment agenda in the next decade.

The start of the post-2010 strategy coincides with the **European Year for combating poverty and social exclusion**. Raising awareness, reinforcing partnerships between actors and reaching out to new actors will help to generate new impetus. The European Year 2010 should lead the EU and Member States to strongly reaffirm the commitment made ten years ago to make a decisive impact on the eradication of poverty and social exclusion.

9. ANNEXES

9.1. Indicators

9.1.1. Definition of the 14 overarching indicators

1a. At-risk-of-poverty rate: Share of persons aged 0+ with an equivalised disposable income below 60% of the national equivalised median income[98]. Source: EU-SILC.

+ Illustrative threshold value: Value of the at-risk-of-poverty threshold (60% median national equivalised income) in PPS for an illustrative household type (e.g. single person household). Source: EU-SILC.

1b. Relative median poverty risk gap: 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. Source: EU-SILC.

2. S80/S20: 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. Source: EU-SILC.

3. Healthy life expectancy Number of years that a person at birth, at 45, and at 65 is still expected to live in a healthy condition (also called disability- free life expectancy). To be interpreted jointly with life expectancy. Source: EUROSTAT.

4. Early school-leavers: Share of persons aged 18 to 24 who have only lower secondary education (their highest level of education or training 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. Source: LFS.

5. People living in jobless households: Proportion of people living in jobless households, expressed as a share of all people in the same age group[99]. This indicator should be analysed in the light of context indicator No 8: jobless households by main household types. Source: LFS.

6. Projected total public social expenditure: Age-related projections of total public social expenditure (e.g. pensions, healthcare, long-term care, education and unemployment transfers), current level (% of GDP) and projected change in share of GDP (in percentage points) (2007-2020; 2007-2060).

http://ec.europa.eu/economy_finance/publications/publication14994_en.pdf (Table A 134 – The cost of ageing overview)

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98 **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 (including children). Equivalisation is on the basis of the OECD modified scale.

99 Students aged 18-24 who live in households composed solely of students are not counted in either the numerator or denominator.

7a. Median relative income of elderly people: Median equivalised income of people aged 65+ as a ratio of income of people aged 0-64. Source: EU-SILC.

7b. Aggregate replacement ratio: Median individual pensions of 65-74 year-olds relative to median individual earnings of 50-59 year-olds, excluding other social benefits. Source: EU-SILC.

8. Self-reported unmet need for medical care: Total self-reported unmet need for medical care for the following three reasons: financial barriers + waiting times + too far to travel.

+ Care utilisation: To be analysed together with care utilisation defined as the number of visits to a doctor (GP or specialist) during the last 12 months. Source: EU-SILC subject to adjustment in the future.

9. At-risk-of-poverty rate anchored at a fixed moment in time (2005): Share of persons aged 0+ with an equivalised disposable income below the at-risk-of-poverty threshold calculated in the year 2005 (1st EU-SILC income reference year for all 25 EU countries), adjusted for inflation over the years. Source: EU-SILC.

10. Employment rate of older workers: Persons in employment in the 55–59 and 60–64 age groups as a proportion of the total population in the same age group. Source: LFS.

11. In-work poverty risk: Individuals who are classified as employed[100] (distinguishing between 'wage and salary employment plus self-employment' and 'wage and salary employment' only) and who are at risk of poverty.

This indicator needs to be analysed according to personal, job and household characteristics. It should also be analysed in comparison with the poverty risk faced by the unemployed and the inactive. Source: EU-SILC.

12. Activity rate: Share of employed and unemployed people in the total population of working age, 15-64. Source: LFS.

13. Regional disparities — coefficient of variation of employment rates: Standard deviation[101] of regional employment rates divided by the weighted national average (15-64 age group). (NUTS II). Source: LFS.

14. Total health expenditure per capita: Total health expenditure per capita in PPP. Source: EUROSTAT based on system of health accounts (SHA) data.

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100 Individuals classified as employed according to most frequent activity status. The most frequent activity status is defined as the status that individuals declare having for more than half the number of months in the calendar year.

101 Standard deviation measures how, on average, the situation in regions differs from the national average. As a complement to the indicator, a graph showing max/min/average per country is presented.
Possible alternative measures:
Regional disparities — underperforming regions. *Source LFS*
1. Share of underperforming regions in terms of employment and unemployment (in relation to all regions and to the working age population/labour force) (NUTS II).
2. Differential between average employment/unemployment in underperforming regions and the national average for employment/unemployment (NUTS II). Thresholds to be applied: 90% and 150% of the national average rates for employment and unemployment, respectively. (An extra column with the national employment and unemployment rates would be included).

9.1.2. Context information

The overarching indicators have to be assessed in the light of key context information and by referring to past, and where relevant, future trends. The list of context information is indicative and leaves room to other background information that would be most relevant to frame and understand better the national socio-economic context.

Context 1: Growth rate of GDP volume - percentage change over previous year**.** Source: Eurostat, Annual national accounts; forecast for 2009, 2010, 2011.

Context 1: GDP per capita in Purchasing Power Standards (PPS) - (EU-27 = 100) Source: Eurostat, Annual national accounts; forecast for 2009, 2010, 2011.

Context 2a: Employment rate (% of population aged 15-64) - Source: Eurostat - Labour Force Survey, Annual averages.

Context 2b: Unemployment rate (% of labour force aged 15+) - Source: Eurostat - LFS adjusted series, Annual average.

Context 2c: Youth unemployment rate (% of labour force aged 15-24) - Source: Eurostat - LFS adjusted series, Annual average.

Context 2d: Long-term unemployment rate by gender, selected years (% of the labour force 15+) - Source: Eurostat - Labour Force Survey, Annual averages.

Context 4: Old age dependency ratio (current and projected) - ratio between the total number of people aged 65 and over and the number of persons of working age (from 15 to 64). Source: Eurostat - EUROPOP2008 Trend scenario - baseline variant.

Context 5a: Distribution of households by age and household type (private/institutional). Source: Eurostat Census data collection 2000-01.

Context 5b: Population living in private households by household type, 2008 (percentage of total population). Source: EU-SILC.

Context 6a: General government debt - General government consolidated gross debt as a percentage of GDP. Source: Eurostat - General Government data (2000 to 2009) and ECFIN forecasts (2010-2011).

Context 6b: Projected evolution of debt levels up to 2050 (in % of GDP). Source: Commission services, 2005/06 updated stability and convergence programmes.

Context 7a: Social protection benefits by group of functions (as a percentage of total benefits). Source: Eurostat ESPROSS.

Context 7b: Social protection benefits by group of functions (as a percentage of GDP). Source: Eurostat ESPROSS.

Context 8a: Adults aged 18-59 living in jobless households by household types. Source: Eurostat - European Labour Force Survey 2008, Annual results.

Context 8b: Children aged 0-17 living in jobless households by household types. Source: Eurostat - European Labour Force Survey 2008, Annual results.

Context 9a - Unemployment traps, 9b - Inactivity Trap at 67% of Average Wage, 9c - Inactivity traps. Source: Joint Commission -OECD project using tax-benefit Models.

Context 10: Net income of social assistance recipients as % of the at-risk of poverty rate threshold for 3 jobless households types. This indicator refers to the income of people living in households that only rely on "last resort" social assistance benefits (including related housing benefits) and for which no other income stream is available (from other social protection benefits – e.g. unemployment or disability schemes – or from work). The aim of such an indicator is to evaluate if the safety nets provided to those households most excluded from the labour market are sufficient to lift people above the risk-of-poverty threshold. This indicator is calculated on the basis of the tax-benefit models developed jointly by the OECD and the European Commission. It is only calculated for Countries where non-categorical social benefits are in place and for 3 jobless household types: single, lone parent, 2 children and couple with 2 children. This indicator is especially relevant when analysing MWP indicators. Source: Joint EC-OECD project using OECD tax-benefit models, and Eurostat.

Context 11: At-risk-of-poverty rate before social transfers by gender and selected age groups. This indicator is meant to compare the observed risk of poverty with a hypothetical measure of a risk of poverty in absence of all social transfers (other than pensions) all things being kept equal. In particular, household and labour market structure are kept unchanged. This measure does not take into account other types of transfers that have an impact on household disposable income such as transfers in kind and tax rebates.Source: EU-SILC.

Context 12: Change in Theoretical replacement Rates for a worker retiring at 65 after 40 years. Change in the theoretical level of income from pensions at the moment of take-up related to the income from work in the last year before retirement for a hypothetical worker (base case), percentage points, 2004-2050, with information on the type of pension scheme (DB, DC or NDC) and changes in the public pension expenditure as a share of GDP, 2004-2050. This information can only collectively form the indicator called Projected theoretical replacement ratio. Results relate to current and projected, gross (public and private) and total net replacement rates, and should be accompanied by information on representativeness and assumptions (contribution rates and coverage rate, public and private). Specific assumptions agreed in the ISG. For further details, see 2006 report on Replacement Rates. Source: ISG and AWG

9.1.3. New indicators adopted in the field of social inclusion:

In 2009, the Social Protection Committee adopted new indicators for the monitoring of social inclusion objectives in the field of material deprivation and housing.

1. Material deprivation rate: Share of population living in households lacking at least 3 items among the following 9 items: The household could not afford: i) to face unexpected expenses, ii) one week annual holiday away from home, iii) to pay for arrears (mortgage or rent, utility bills or hire purchase instalments), iv) a meal with meat, chicken or fish every second day, v) to keep home adequately warm, or could not afford (even if wanted to): vi) a washing machine, vii) a colour TV, viii) a telephone, ix) a personal car.

2. Depth of material deprivation: Unweighted mean of the number of items lacked by the population concerned out of the nine items retained for the definition of the "material deprivation" indicator (see above, indicator SI-P8).

In July 2009, 2 secondary indicators and 2 context information were adopted in the field of housing, but further work, including further improvement of the quality of the data is needed before a primary indicator can be identified.

3. Housing costs: 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).

Housing costs include mortgage interest payments (net of any tax relief) for owners and rent payments, gross of housing benefits for renters, housing benefits for rent free households. They also include structural insurance, mandatory services and charges (sewage removal, refuse removal, etc.), regular maintenance and repairs, taxes, and the cost of utilities (water, electricity, gas and heating). They do not include capital repayment for mortgage holders.

Housing allowances include rent benefits[102] and benefits to owner-occupiers[103].

4. Overcrowding: Percentage of people living in an overcrowded household

- All households[104].

- excluding single households.

The person is considered as living in an overcrowded household if the household doesn't have at its disposal at least:

- one room for the household;
- one room for each couple;
- one room for each single person aged 18+;
- one room - for two single people of the same sex between 12 and 17 years of age;
- one room - for each single person of different sex between 12 and 17 years of age;
- one room - for two people under 12 years of age..

5. Housing deprivation by item:

Percentage of the population deprived of each housing deprivation item, and by number of items. *The following housing deprivation items are considered: - Leaking roof, damp walls/floors/foundations, or rot in window frames or floors; - no bath or shower in the dwelling; - no indoor flushing toilet for the sole use of the household; - Dwelling too dark.*

Breakdowns: sex, age (0-17; 18-64; 65+); for the 4 items only: poor/non-poor.

6. Share of housing costs in total disposable household income: Median of the distribution among individuals of the share of housing costs (net of housing allowances) in total disposable income (net of housing allowances)
- median for the total population
Breakdowns: sex, age (0-17; 18-64; 65+); poor/non-poor; degree of urbanisation

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102 Rent benefit: a current means-tested transfer granted by public authority to tenants, temporarily or on a long-term basis, to help them with rent costs.

103 Benefit to owner occupier: a means-tested transfer by public authority to owner-occupiers to alleviate their current housing costs; in practice, often help with mortgage reimbursements.

104 The calculation includes single households and considers them as deprived if they live in a studio with a bedroom not separated from the living room. This calculation based on all households should systematically be used if the overcrowding criteria is analysed together with other housing quality criteria.

9.2. Data sources

9.2.1. Indicators of income and living conditions: EU-SILC

EU-SILC data are available for 25 EU countries since 2005, Bulgaria and Romania have launched SILC in 2006. The EU-SILC instrument has been launched on the basis of the Regulation (EC) No 1177/2003 of the European Parliament and of the Council of 16 June 2003 concerning Community statistics on income and living conditions. Commission Regulation (EC) No 1983/2003 of 7 November 2003, implementing Regulation (EC) No 1177/2003 of the European Parliament and the Council concerning Community statistics on income and living conditions (EU-SILC) as concerns the lists of target primary variables established a common framework for the systematic production of Community statistics on income and living conditions. In addition to those regulations mentioned above there are various other implementing regulations, concerning e.g. definitions and updates, fieldwork aspects and imputation procedures and quality reports as well as annual regulations setting down lists of secondary target variables. In June 2006, the Social Protection Committee adopted a new set of common indicators for the social protection and social inclusion process.

The EU-SILC definitions of total household gross and disposable income and the different income components keep as close as possible to the international recommendations of the UN 'Canberra Manual'. A key objective of EU-SILC is to deliver timely, robust and comparable data on total disposable household income, total disposable household income before transfers, total gross income and gross income at component level (in the ECHP, the income components were recorded net). This objective will be reached in two steps, in that Member States have been allowed to postpone the delivery of gross income at component level and total household gross income data until after the first year of operation.

Although certain countries (e.g. Denmark) are already able to supply income including imputed rent — i.e. the money that one saves on full (market) rent by living in one's own accommodation or in accommodation rented at a price lower than the market rent — for reasons of comparability, the income definition underlying the calculation of indicators currently excludes imputed rent. This could have a distorting effect in comparisons between countries, or between population sub-groups, when accommodation tenure status varies. This effect may be particularly apparent for the elderly who may have been able to accumulate wealth in the form of housing assets. In the statistical annex, data for Denmark are therefore shown both with and without imputed rent, as an illustration of the impact of this income component on the results. Once imputed rent is taken into account, the at-risk-of-poverty rate falls for people aged 65 and over, the inactive other than pensioners and those living in owner-occupied accommodation.

It should also be noted that the definition currently used for income excludes other non-monetary income components: the value of goods produced for own consumption[105] and non-cash employee income. These components, together with imputed rent data are available for all countries from the SILC (2007) exercise onwards; Eurostat is currently assessing the quality and comparability of these components. In 2010, the Indicator's Sub-Group of the

[105] Before the introduction of EU-SILC in the new Member States, the value of goods produced for own consumption was included in the calculation of the EU indicators estimated on the basis of national sources. This transitional arrangement was intended to take account of the potentially significant impact of this component on income distribution in these countries.

Social Protection Committee will discuss the possible inclusion of each of them in the definition of income underlying the OMC indicators.

The reference year for the data is the year to which the income information refers (i.e. the 'income year'), which in most cases differs from the survey year in which the data were collected. Accordingly, 2006 data refer to the income situation of the population in 2005, even if the information was collected in 2006. EU aggregates are computed as population-weighted averages of available national values.

Limitations

The limited sample size for certain data sources used for the collection of income data and the specific difficulties of collecting accurate information on disposable income directly from households or through administrative records raise certain concerns as regards data quality. This is particularly the case for information on income at the two ends of the income distribution.

Furthermore, household surveys do not cover persons living in collective households, homeless persons or other difficult-to-reach groups.

It must also be acknowledged that self-employment income is difficult to collect, whatever the data source. It must also be kept in mind that the difficulty in recording income from the informal economy can introduce a bias in income distribution as measured by surveys.

Finally, while it is considered to be the best basis for such analyses, current income is acknowledged to be an imperfect measure of consumption capabilities and welfare, as, among other things, it does not reflect access to credit, access to accumulated savings or ability to liquidate accumulated assets, informal community support arrangements, aspects of non-monetary deprivation, differential pricing, etc. These factors may be of particular relevance for persons at the lower end of the income distribution. The bottom 10% of the income distribution should not, therefore, necessarily be interpreted as being the bottom 10% in terms of living standards. This is why reference is made to the 'at-risk-of-poverty' rate rather than simply the poverty rate.

Confidence intervals

Indicators are estimated values based on a sample drawn from the target population and thus are affected by sampling error. Statistical theory provides us with tools for calculating confidence intervals in which the population value lies with a high probability. The confidence intervals are centred around the estimated values reported and their length is a measure of the precision of these estimates. The precision depends on the design of the survey and can thus vary between countries. However, the EU-SILC Regulation provides for national samples to be designed so as to achieve a confidence interval of +/-1% around the estimated value of the total at-risk-of-poverty rate. Eurostat is computing these intervals for a number of indicators and exact values will be reported in EU quality reports. First computations show that the confidence intervals around the total at-risk-of-poverty rate are of the order of +/-0.8%. For the S80/S20 income quintile share ratio, the confidence intervals are of the order of +/-0.2. For the relative median at-risk-of-poverty gap, they are of the order of +/-1.7. For the Gini coefficient, they are of the order of +/-0.9. These indications of precision must be taken into account when interpreting the data.

9.2.2. LFS: the European Union Labour Force Survey

The European Union Labour Force Survey (LFS) is the EU's harmonised survey on labour market developments. The survey has been carried out since 1983 in the EU Members States, with some states providing quarterly results from a continuous labour force survey, and others conducting a single annual survey in the spring. From 2005, all EU Member States have conducted a quarterly survey. If not mentioned otherwise, the results based on the LFS refer to surveys conducted in the spring ('second quarter' in all countries except for France and Austria, which is 'first quarter') of each year. It also provides data for Bulgaria, Croatia and Romania.

The Annual Averages of Labour Force Data series is a harmonised, consistent series of annual averages of quarterly results on employment statistics based on the LFS, completed through estimates when quarterly data are not available. It covers all the EU-15 (for the period from 1991 to present) and all new Member States and Candidate Countries (since 1996 or later, depending on data availability) except the Former Yugoslav Republic of Macedonia. The Annual Averages of Labour Force Data consist of two series: 1) population, employment and unemployment, and 2) employment by economic activity and employment status. The first series is based mainly on the EU LFS. Data covers the population living in private households only (collective households are excluded) and refers to the place of residence (household residence concept). They are broken down by gender and aggregate age group (15–24, 25–54, 55–64 and 15–64). Unemployment data is also broken down by job search duration (less than 6 months, 6–11, 12–23, 24 months or more). The second series is based on the ESA 1995 national accounts employment data. Data covers all people employed in resident producer units (domestic concept), including people living in collective households. They are broken down by sex, working-time status (full-time/part-time) and contract status (permanent/temporary) using LFS distributions. All key employment indicators presented in this document are based on the Annual Averages of Labour Force Data series. They represent yearly averages unless stated otherwise. Where the Annual Averages of Labour Force Data series does not provide the relevant breakdowns, the original LFS data has been used for this report.

9.2.3. Age-related expenditure projections

Long-term budgetary projections were prepared in 2009 by the Economic Policy Committee and the European Commission (DG ECFIN) — see European Policy Committee and European Commission (2009), 'The 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060)', European Economy 2/2009

The projections are made on the basis of a common population projection and agreed common underlying economic assumptions that have been endorsed by the EPC. The projections are made on the basis of 'no policy change', i.e. only reflecting enacted legislation but not possible future policy changes (although account is taken of provisions in enacted legislation that enter into force over time). The pension projections are made on the basis of legislation enacted by mid-2008. They are also made on the basis of the current behaviour of economic agents, without assuming any future changes in behaviour over time: for example, this is reflected in the assumptions for participation rates, which are based on the most recently observed trends by age and gender. While the underlying assumptions have been made by applying a common methodology uniformly to all Member States, for several countries adjustments have been made to avoid an overly mechanical approach that leads to economically unsound outcomes and to take due account of significant country-specific circumstances. The pension projections were made using the models of national authorities,

and thus reflect the current institutional features of national pension systems. In contrast, the projections for healthcare, long-term care, education and unemployment transfers were made using common models developed by the European Commission in close cooperation with the EPC and its Working Group on Ageing Populations. The projection results show the combined impact of expected changes in the size and demographic structure of the population, projected macroeconomic developments and assumed neutral evolution in the health status of the population in each Member State of the European Union.

Pension expenditure

The 'pension expenditure' aggregate according to the ESSPROS definition, goes beyond public expenditure and also includes expenditure by private social protection schemes. 'Pension expenditure' is the sum of seven different categories of benefits, as defined in the 1996 ESSPROS Manual: disability pension, early retirement benefit due to reduced capacity to work, old-age pension, anticipated old-age pension, partial pension, survivors' pension and early retirement benefit for labour market reasons. Some of these benefits (for example, disability pensions) may be paid to people who have not reached the standard retirement age.

Replacement rates

The figures for current and prospective pension replacement rates are based on the methodology developed by the Indicators Sub-Group of the Social Protection Committee. The results are based on the baseline assumption of a hypothetical person (male where gender matters) retiring at the age of 65 after a 40-year full-time working career with a flat earnings profile at average earnings with contributions to the most general public pension scheme as well as to occupational and private pension schemes for some Member States.

The replacement rate represents the individual pension income during the first year of retirement relative to the individual income received during the year preceding retirement. Calculations are by the Member States.

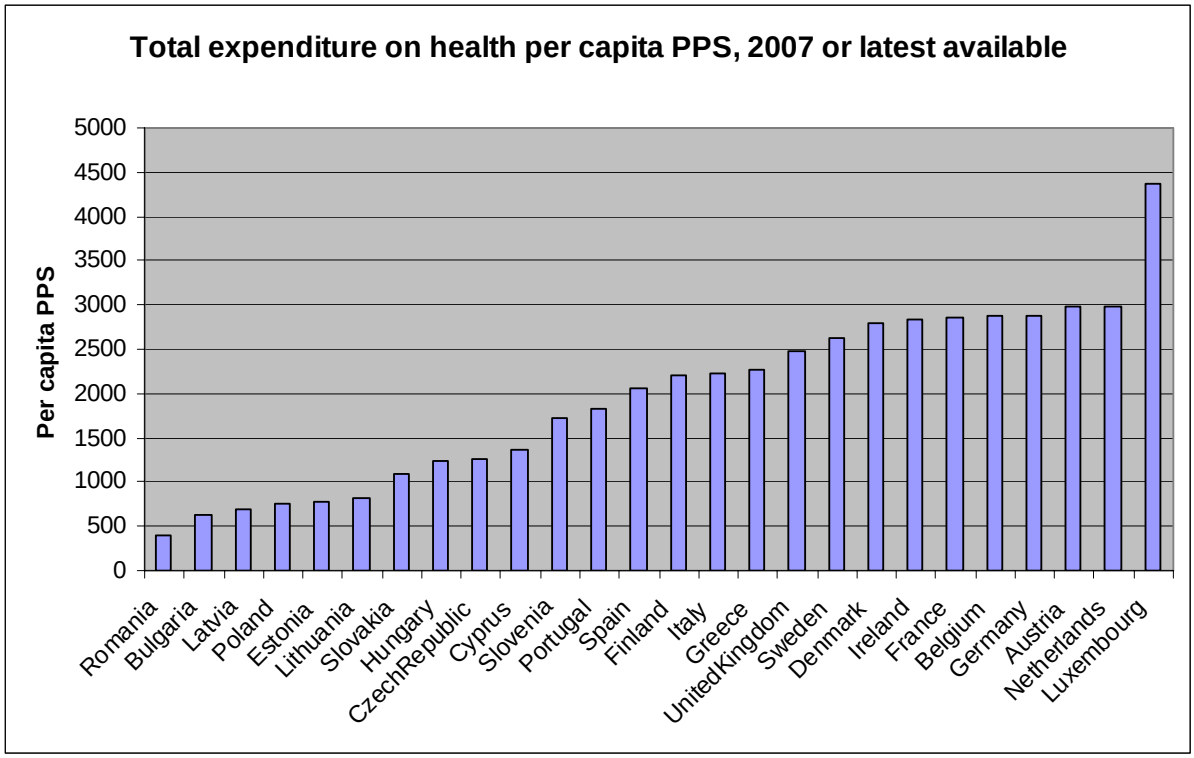
Healthcare expenditure — WHO Health for All database (www.who.int\nha)

This information is based on national health accounts (NHAs) collected within an internationally recognised framework. NHAs depict the financing and spending flows recorded in the operation of a health system. In future, the System of Health Accounts (SHA) will contain uniform data for Eurostat, the OECD and the WHO. In the meantime, the WHO database is the only one to cover all Member States.

About 100 countries have either produced full national health accounts or report expenditure on health to the OECD. Standard accounting estimation and extrapolation techniques have been used to provide time series (1998-2004). Ministries of Health have responded to the draft updates sent for their inputs and comments. The principal international references used are: the International Monetary Fund (IMF), Government Finance Statistics and International Financial Statistics; OECD health data; and the United Nations National Accounts Statistics. National sources include: national health accounts reports, public expenditure reports, statistical yearbooks and other periodicals, budgetary documents, national accounts reports, central bank reports, non-governmental organisation reports, academic studies, reports and data provided by central statistical offices and ministries, and statistical data on official websites.

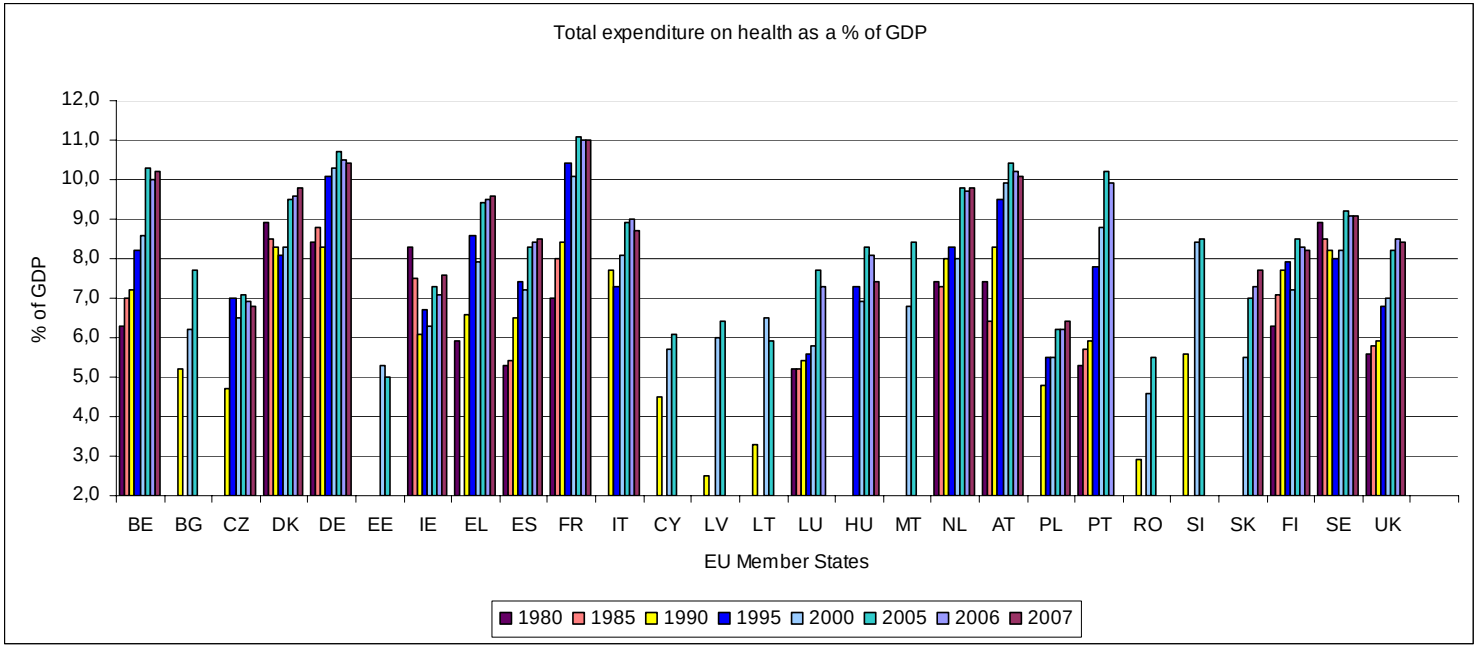
9.3. Annex to part 6 on Health

Figure A1



Source: Eurostat for all, except Ireland, Greece, Italy and UK. Source for these four Member States: OECD Health data. Malta: non available.

Figure A2



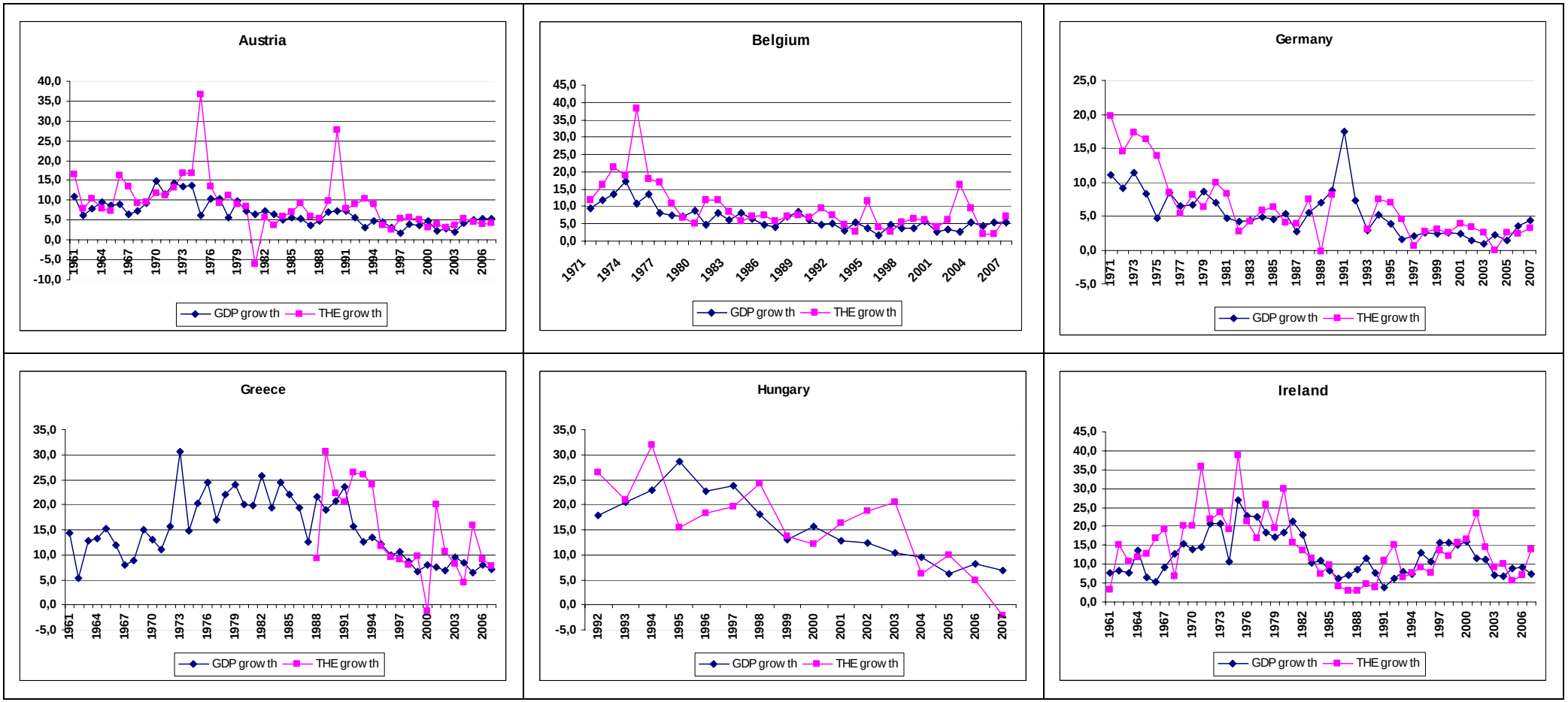
Source: OECD Health data and WHO Health for All databases

Table A1: Total expenditure on health as a percentage of GDP, 1960-2007

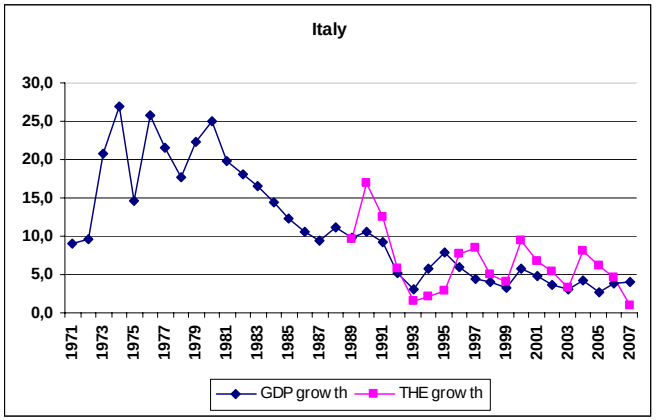
	1960	1965	1970	1975	1980	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
BE			3,9	5,6	6,3	7,0	7,1	7,3	7,3	7,2	7,2	7,6	7,7	7,9	7,7	8,2	8,4	8,3	8,4	8,6	8,6	8,7	9,0	10,2	10,5	10,3	10,0	10,2
BG											5,2								5,2	6	6,2	7,2	7,4	7,6	7,5	7,7		
CZ											4,7	4,9	5,1	6,7	6,9	7,0	6,7	6,7	6,6	6,6	6,5	6,7	7,1	7,4	7,2	7,1	6,9	6,8
DK				8,7	8,9	8,5	8,2	8,5	8,6	8,5	8,3	8,2	8,3	8,6	8,4	8,1	8,2	8,2	8,3	8,5	8,3	8,6	8,8	9,3	9,5	9,5	9,6	9,8
DE			6,0	8,4	8,4	8,8	8,7	8,8	8,9	8,3	8,3		9,6	9,6	9,8	10,1	10,4	10,2	10,2	10,3	10,3	10,4	10,6	10,8	10,6	10,7	10,5	10,4
EE																			5,5	5,8	5,3	4,9	4,9	5	5,2	5		
IE	3,7	4,0	5,1	7,3	8,3	7,5	7,4	7,1	6,7	6,3	6,1	6,5	7,0	6,9	6,9	6,7	6,5	6,4	6,2	6,2	6,3	6,9	7,1	7,3	7,5	7,3	7,1	7,6
EL			5,4		5,9			6,6	5,9	6,5	6,6	6,4	7,0	7,9	8,6	8,6	8,6	8,4	8,4	8,6	7,9	8,8	9,1	9,0	8,7	9,4	9,5	9,6
ES	1,5	2,5	3,5	4,6	5,3	5,4	5,3	5,4	6,0	6,2	6,5	6,7	7,1	7,4	7,3	7,4	7,5	7,3	7,3	7,3	7,2	7,2	7,3	8,1	8,2	8,3	8,4	8,5
FR	3,8	4,7	5,4	6,4	7,0	8,0					8,4	8,6	8,9	9,3	9,3	10,4	10,4	10,2	10,1	10,1	10,1	10,2	10,5	10,9	11,0	11,1	11,0	11,0
IT									7,3	7,3	7,7	7,9	8,0	7,9	7,6	7,3	7,4	7,7	7,7	7,8	8,1	8,2	8,3	8,3	8,7	8,9	9,0	8,7
CY											4,5								5,6	5,6	5,7	5,7	6,1	6,5	6,3	6,1		
LV											2,5								6,3	6,4	6	6,1	6,2	6,1	6,8	6,4		
LT											3,3								6,1	6,2	6,5	6,3	6,4	6,5	5,7	5,9		
LU			3,1	4,3	5,2	5,2	5,0	5,5	5,3	5,2	5,4	5,1	5,4	5,5	5,3	5,6	5,7	5,6	5,7	5,8	5,8	6,4	6,8	7,5	8,1	7,7	7,3	
HU												7,0	7,5	7,6	8,1	7,3	7,0	6,8	7,1	7,2	6,9	7,2	7,6	8,3	8,0	8,3	8,1	7,4
MT																			6,6	6,6	6,8	7,2	7,8	8,1	8,2	8,4		
NL				7,0	7,4	7,3	7,4	7,6	7,6	7,9	8,0	8,2	8,4	8,5	8,3	8,3	8,2	7,9	8,1	8,1	8,0	8,3	8,9	9,8	10,0	9,8	9,7	9,8
AT	4,3	4,6	5,2	6,9	7,4	6,4	6,7	6,8	6,8	7,0	8,3	8,4	8,7	9,3	9,6	9,5	9,5	9,8	10,0	10,1	9,9	10,1	10,1	10,3	10,4	10,4	10,2	10,1
PL											4,8	6,0	6,1	5,8	5,5	5,5	5,9	5,6	5,9	5,7	5,5	5,9	6,3	6,2	6,2	6,2	6,2	6,4
PT			2,5	5,1	5,3	5,7	6,3	6,2	6,4	5,9	5,9	6,4	6,6	6,9	7,0	7,8	8,0	8,0	8,0	8,2	8,8	8,8	9,0	9,7	10,0	10,2	9,9	
RO											2,9								4,4	4,5	4,6	4,7	5,1	5,4	4,9	5,5		
SI											5,6								8	8	8,4	8,7	8,7	8,8	8,5	8,5		
SK																		5,8	5,7	5,8	5,5	5,5	5,6	5,8	7,2	7,0	7,3	7,7
FI	3,8	4,8	5,5	6,2	6,3	7,1	7,2	7,3	7,1	7,1	7,7	8,8	9,0	8,2	7,7	7,9	8,0	7,6	7,4	7,4	7,2	7,4	7,8	8,1	8,2	8,5	8,3	8,2
SE			6,8	7,5	8,9	8,5	8,3	8,3	8,2	8,2	8,2	8,0	8,2	8,4	8,0	8,0	8,2	8,1	8,2	8,3	8,2	9,0	9,3	9,4	9,2	9,2	9,1	9,1
UK	3,9	4,1	4,5	5,4	5,6	5,8	5,8	5,9	5,8	5,8	5,9	6,3	6,8	6,8	6,9	6,8	6,8	6,6	6,7	6,9	7,0	7,3	7,6	7,8	8,1	8,2	8,5	8,4

Source: OECD Health data and WHO Health for All databases

Figures A3: GDP growth rates versus growth rates of total expenditure on health [106]



106 The relevant information (i.e. total health expenditure in absolute values) is not readily available for the eight Member States missing in these graphs, or is just available for very short time series.


Italy
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25,0
20,0
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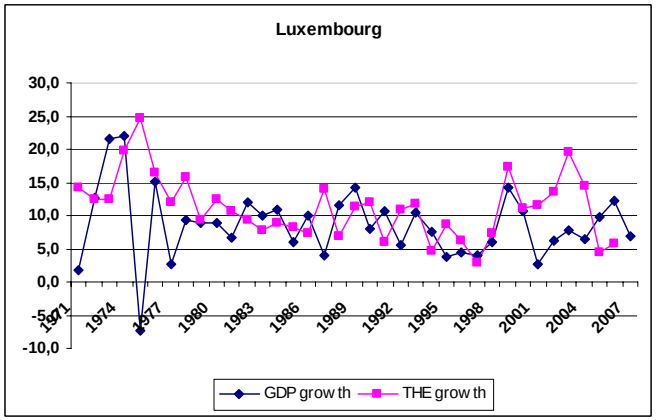
10,0
5,0
0,0
1971 1973 1975 1977 1979 1981 1983 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007
GDP grow th
THE grow th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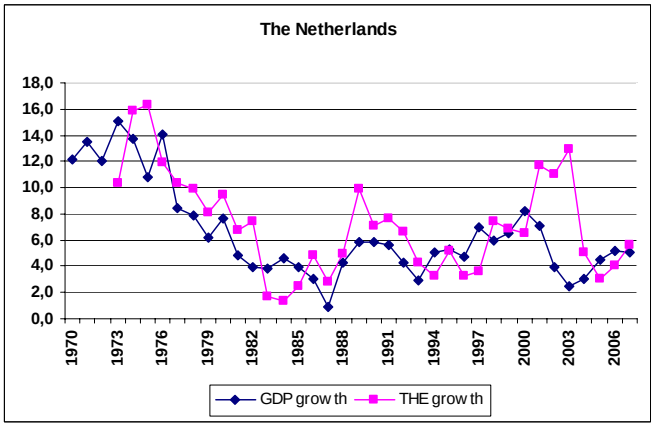
25,0
20,0
15,0
10,0
5,0
0,0
-5,0
-10,0
1971 1974 1977 1980 1983 1986 1989 1992 1995 1998 2001 2004 2007
GDP grow th
THE grow th


The Netherlands
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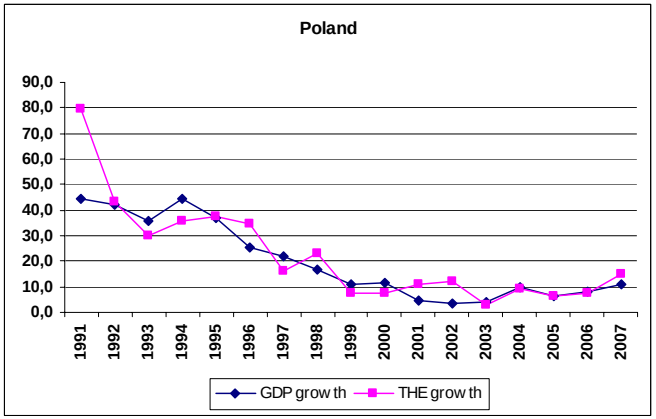
12,0
10,0
8,0
6,0
4,0
2,0
0,0
1970 1973 1976 1979 1982 1985 1988 1991 1994 1997 2000 2003 2006
GDP grow th
THE grow th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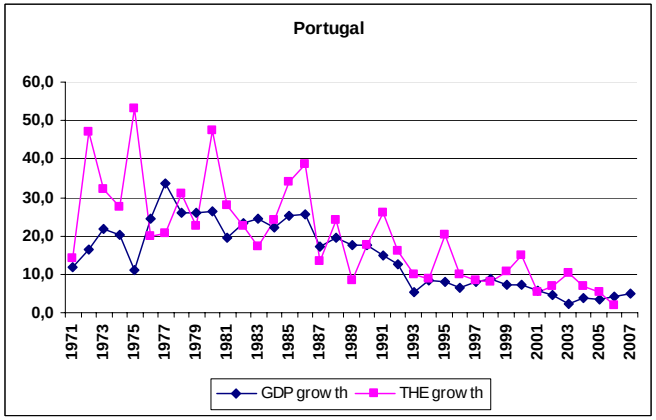
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007
GDP grow th
THE grow th


Portugal
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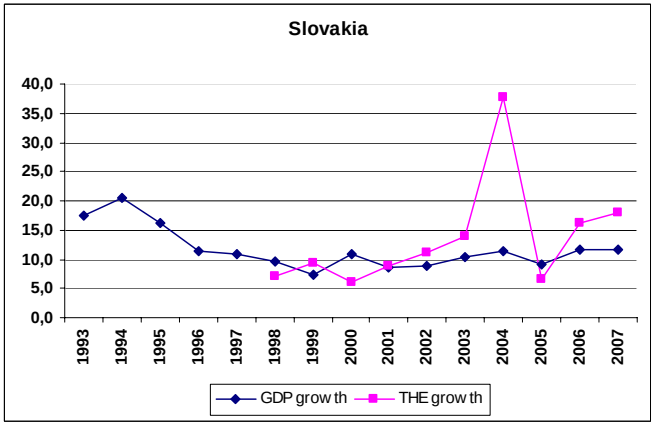
1971 1973 1975 1977 1979 1981 1983 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007
GDP grow th
THE grow th


Slovakia
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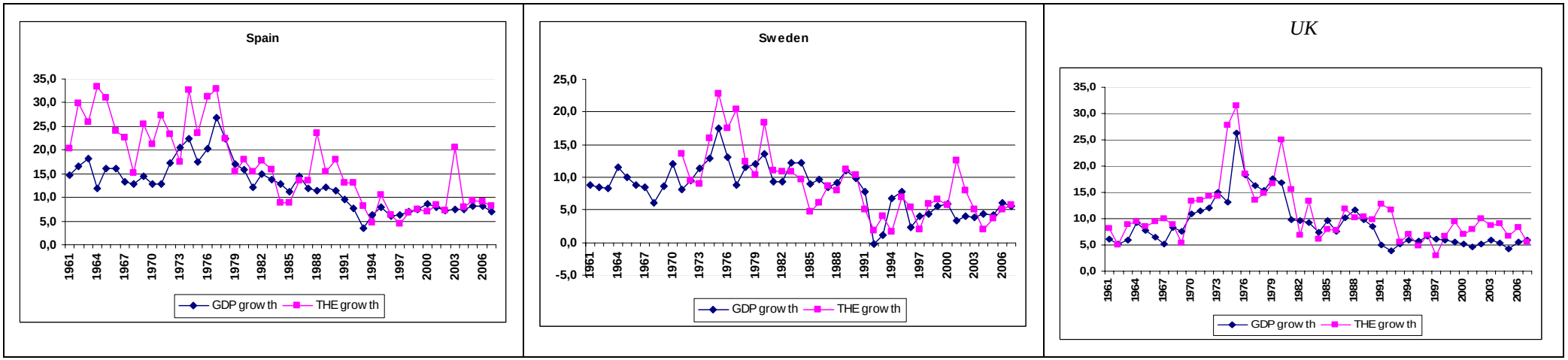
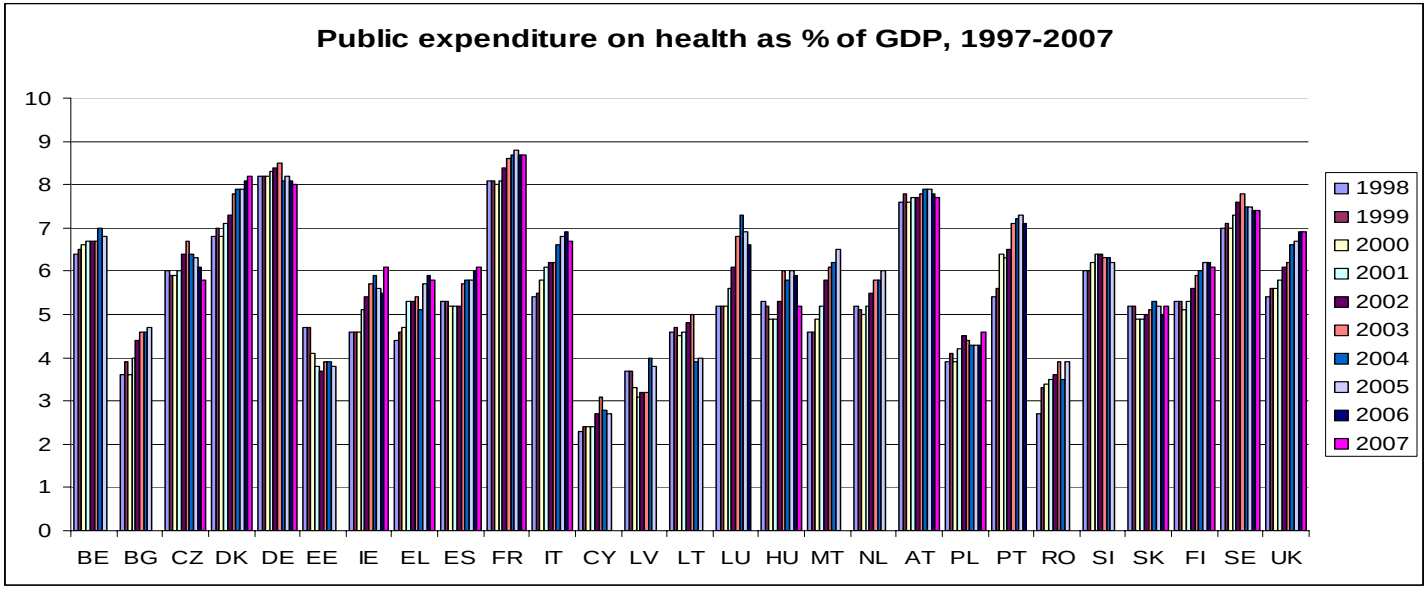
15,0
10,0
5,0
0,0
1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007
GDP grow th
THE grow th



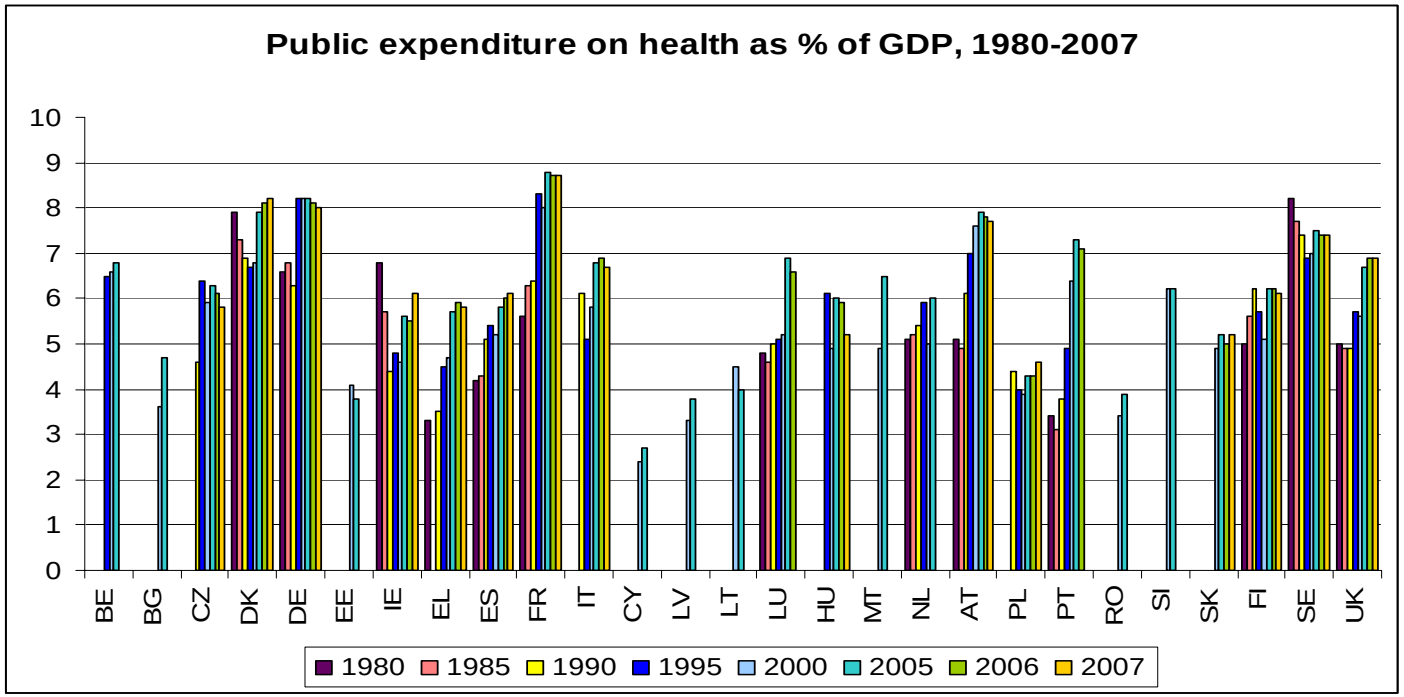
Source: OECD Health data, WHO Health for All databases and EC computations

Figure A4



Source: OECD Health data and WHO Health for All databases

Figure A5



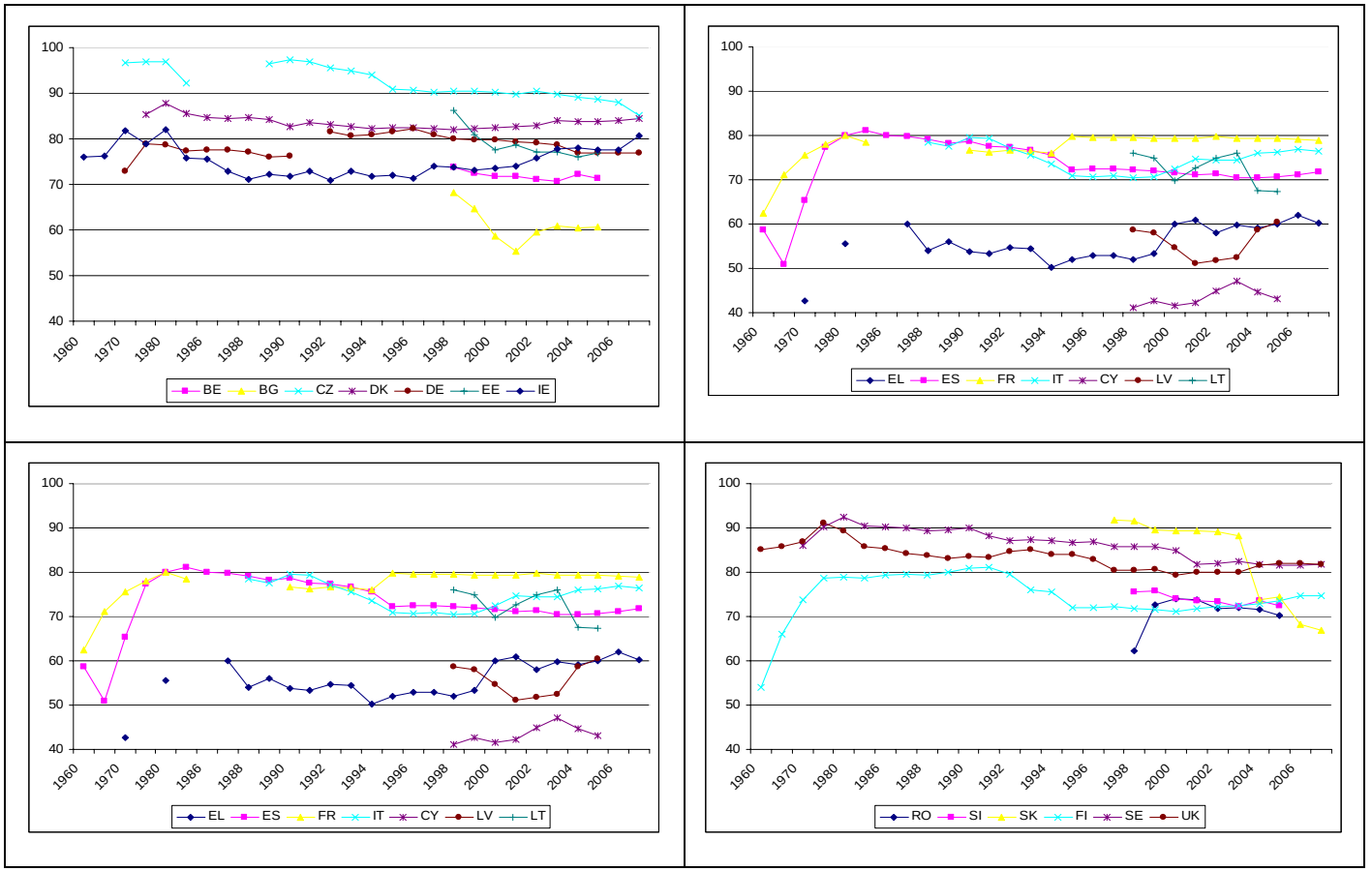
Source: OECD Health data and WHO Health for All databases

Table A2: Public expenditure on health as a % of GDP, 1960-2007

	1960	1965	1970	1975	1980	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
BE																6,5	6,7		6,4	6,5	6,6	6,7	6,7	6,7	7	6,8		
BG																			3,6	3,9	3,6	4	4,4	4,6	4,6	4,7		
CZ											4,6	4,8	4,9	6,4	6,5	6,4	6,1	6	6	5,9	5,9	6	6,4	6,7	6,4	6,3	6,1	5,8
DK				7,5	7,9	7,3	6,9	7,1	7,3	7,1	6,9	6,9	6,9	7,1	6,9	6,7	6,8	6,7	6,8	7	6,8	7,1	7,3	7,8	7,9	7,9	8,1	8,2
DE			4,4	6,6	6,6	6,8	6,7	6,8	6,9	6,3	6,3		7,8	7,7	7,9	8,2	8,5	8,3	8,2	8,2	8,2	8,3	8,4	8,5	8,1	8,2	8,1	8
EE																			4,7	4,7	4,1	3,8	3,7	3,9	3,9	3,8		
IE	2,8	3,1	4,1	5,8	6,8	5,7	5,6	5,2	4,8	4,6	4,4	4,7	5	5,1	5	4,8	4,7	4,7	4,6	4,6	4,6	5,1	5,4	5,7	5,9	5,6	5,5	6,1
EL			2,3		3,3			4	3,2	3,6	3,5	3,4	3,8	4,3	4,3	4,5	4,5	4,5	4,4	4,6	4,7	5,3	5,3	5,4	5,1	5,7	5,9	5,8
ES	0,9	1,3	2,3	3,6	4,2	4,3	4,2	4,3	4,7	4,8	5,1	5,2	5,5	5,7	5,5	5,4	5,4	5,3	5,3	5,3	5,2	5,2	5,2	5,7	5,8	5,8	6	6,1
FR	2,4	3,4	4,1	5	5,6	6,3					6,4	6,6	6,8	7,1	7,1	8,3	8,3	8,1	8,1	8,1	8	8,1	8,4	8,6	8,7	8,8	8,7	8,7
IT									5,7	5,7	6,1	6,3	6,2	5,9	5,6	5,1	5,2	5,4	5,4	5,5	5,8	6,1	6,2	6,2	6,6	6,8	6,9	6,7
CY																			2,3	2,4	2,4	2,4	2,7	3,1	2,8	2,7		
LV																			3,7	3,7	3,3	3,1	3,2	3,2	4	3,8		
LT																			4,6	4,7	4,5	4,6	4,8	5	3,9	4		
LU			2,8	4	4,8	4,6	4,5	5,1	4,9	4,8	5	4,8	5	5,1	4,9	5,1	5,2	5,2	5,2	5,2	5,2	5,2	5,6	6,1	6,8	7,3	6,9	6,6	
HU												6,3	6,6	6,6	7,1	6,1	5,7	5,5	5,3	5,2	4,9	4,9	5,3	6	5,8	6	5,9	5,2
MT																			4,6	4,6	4,9	5,2	5,8	6,1	6,2	6,5		
NL				4,8	5,1	5,2	5,1	5,2	5,1	5,3	5,4	5,6	6,1	6,2	6,1	5,9	5,4	5,4	5,2	5,1	5	5,2	5,5	5,8	5,8	6		
AT	3	3,2	3,3	4,8	5,1	4,9	5,1	5,2	5,2	5,2	6,1	6,1	6,4	6,9	7,2	7	7	7,4	7,6	7,8	7,6	7,7	7,7	7,8	7,9	7,9	7,8	7,7
PL											4,4	4,5	4,6	4,3	4	4	4,3	4	3,9	4,1	3,9	4,2	4,5	4,4	4,3	4,3	4,3	4,6
PT			1,5	3	3,4	3,1	3,3	3,2	3,4	3,1	3,8	4	3,9	4,4	4,4	4,9	5,2	5,3	5,4	5,6	6,4	6,3	6,5	7,1	7,2	7,3	7,1	
RO																			2,7	3,3	3,4	3,5	3,6	3,9	3,5	3,9		
SI																			6	6	6,2	6,4	6,4	6,3	6,3	6,2		
SK																		5,3	5,2	5,2	4,9	4,9	5	5,1	5,3	5,2	5	5,2
FI	2,1	3,2	4,1	4,8	5	5,6	5,7	5,8	5,6	5,7	6,2	7,1	7,2	6,3	5,8	5,7	5,8	5,5	5,3	5,3	5,1	5,3	5,6	5,9	6	6,2	6,2	6,1
SE			5,8	6,8	8,2	7,7	7,4	7,4	7,3	7,3	7,4	7,1	7,1	7,4	7	6,9	7,1	6,9	7	7,1	7	7,3	7,6	7,8	7,5	7,5	7,4	7,4
UK	3,3	3,5	3,9	4,9	5	4,9	4,9	4,9	4,8	4,8	4,9	5,3	5,7	5,8	5,8	5,7	5,7	5,3	5,4	5,6	5,6	5,8	6,1	6,2	6,6	6,7	6,9	6,9

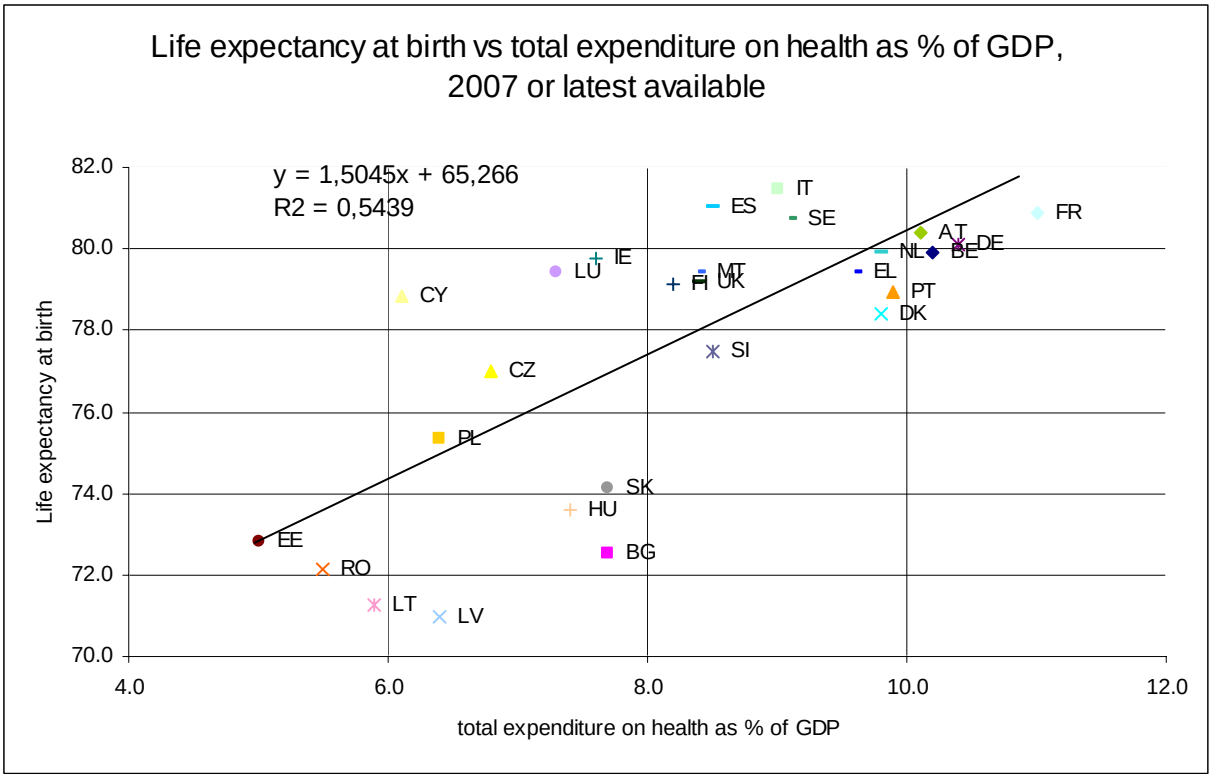
Source: OECD Health data and WHO Health for All databases

Figures A6: Public expenditure as % of total expenditure on health, 1960-2007



Source: OECD Health data and WHO Health for All databases

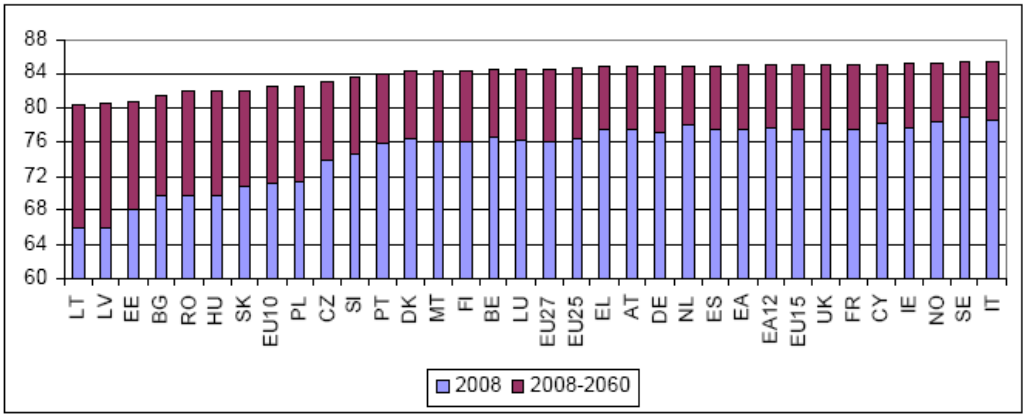
Figure A7



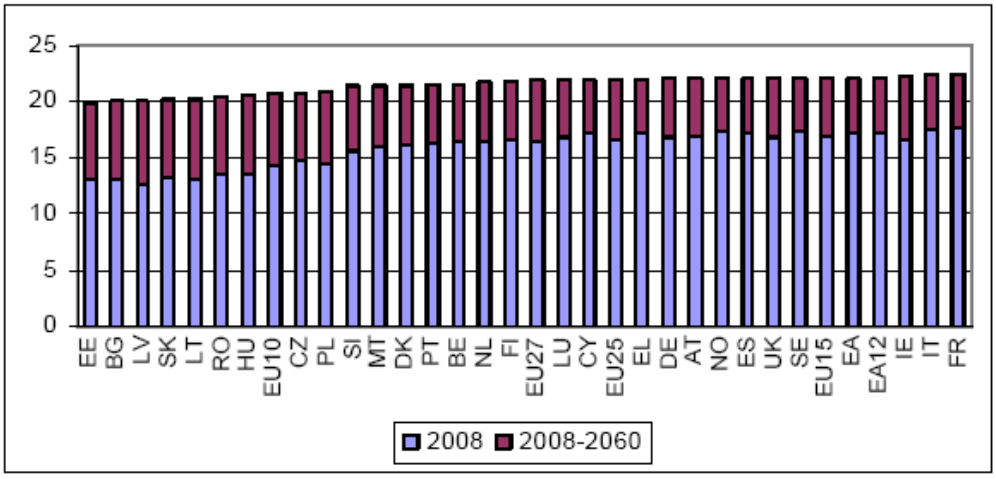
Source: Eurostat data, OECD Health data, WHO Health for All database and EC computations

Figures A8a

Projected life expectancy at birth, males



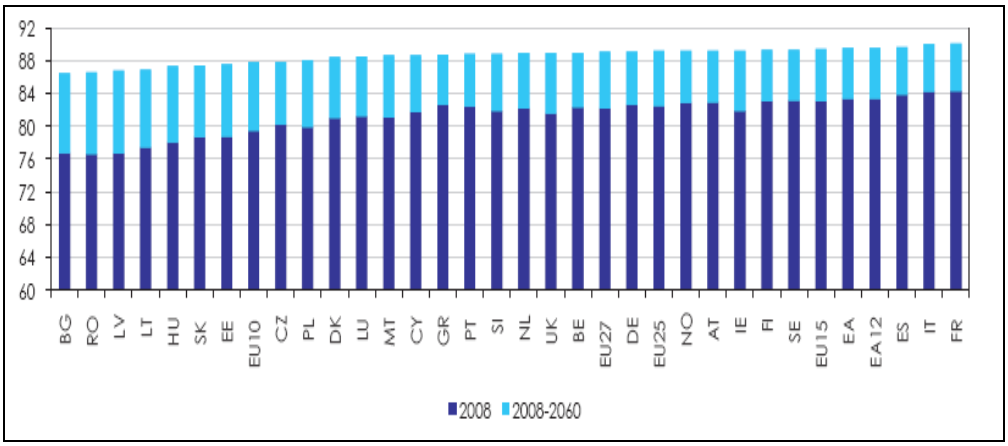
Projected life expectancy at 65, males



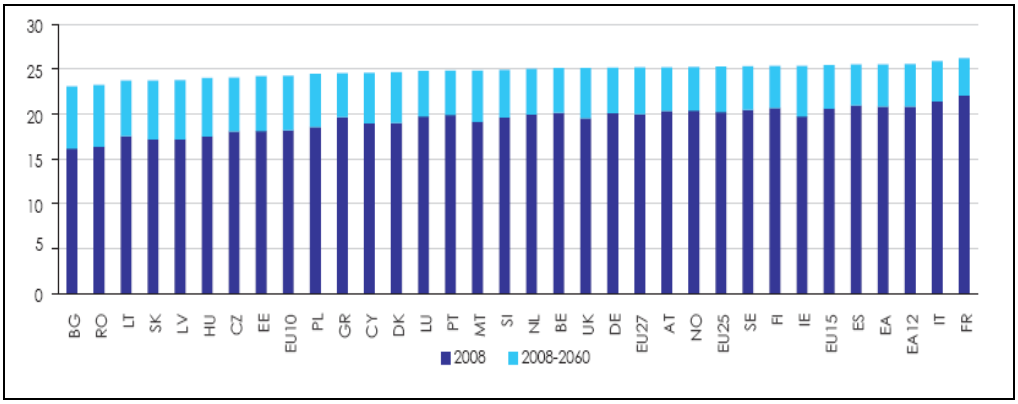
Source: Eurostat, EUROPOP2008 convergence scenario; 2009 EPC/EC Ageing Report

Figures A8a

Projected life expectancy at birth, female (in years)

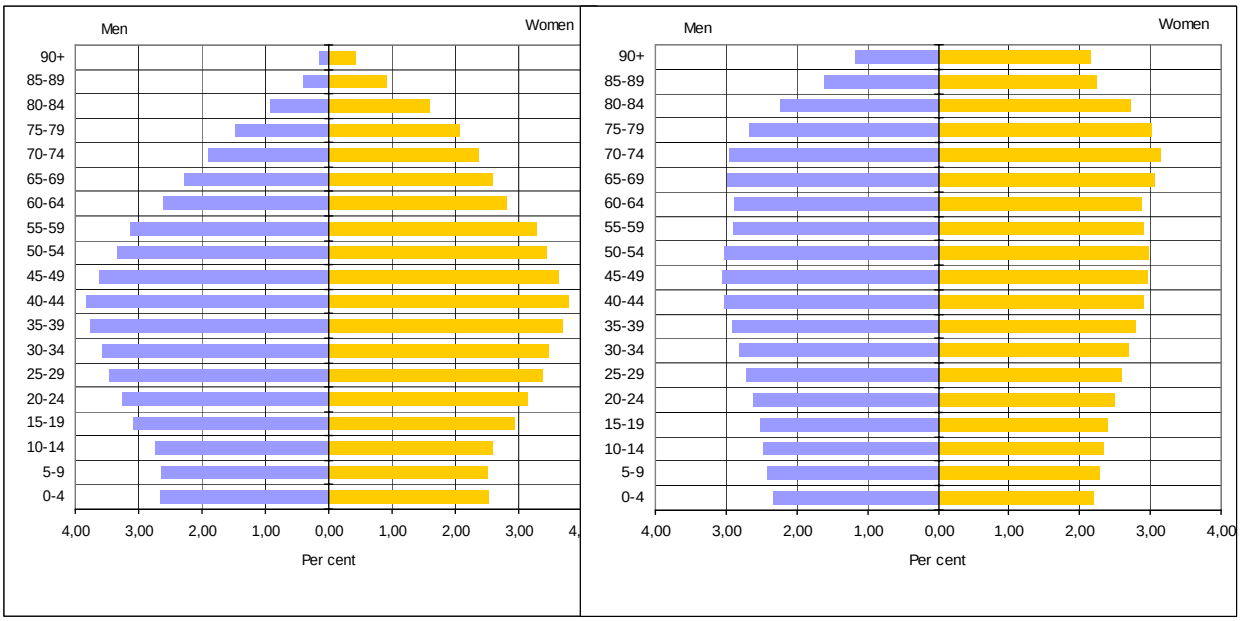


Projected life expectancy at 65, women (in years)



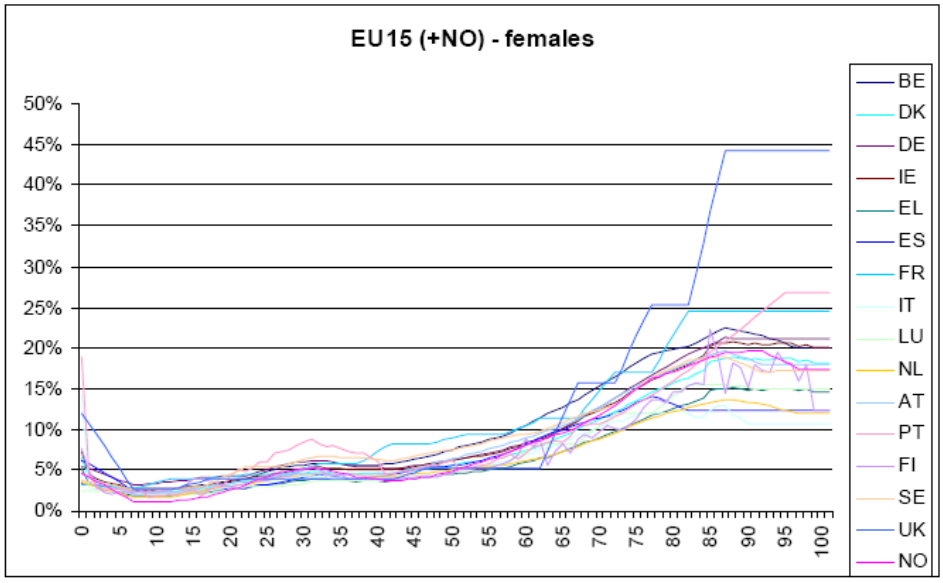
Source: Eurostat, EUROPOP2008 convergence scenario; 2009 EPC/EC Ageing Report

Figures A9: Population pyramids 2008 and 2060, EU27



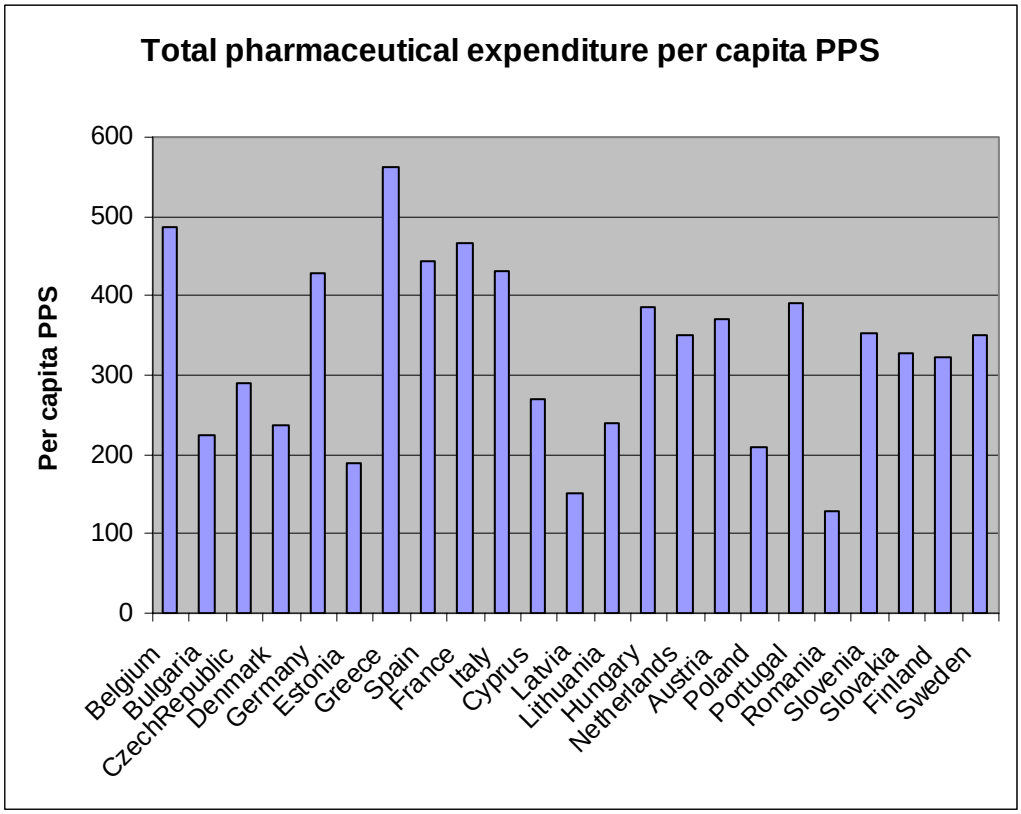
Source: Eurostat, EUROPOP 2008 convergence scenario

Figure A10 Age-related expenditure profiles



Source: EPC/EC 2009 Ageing Report

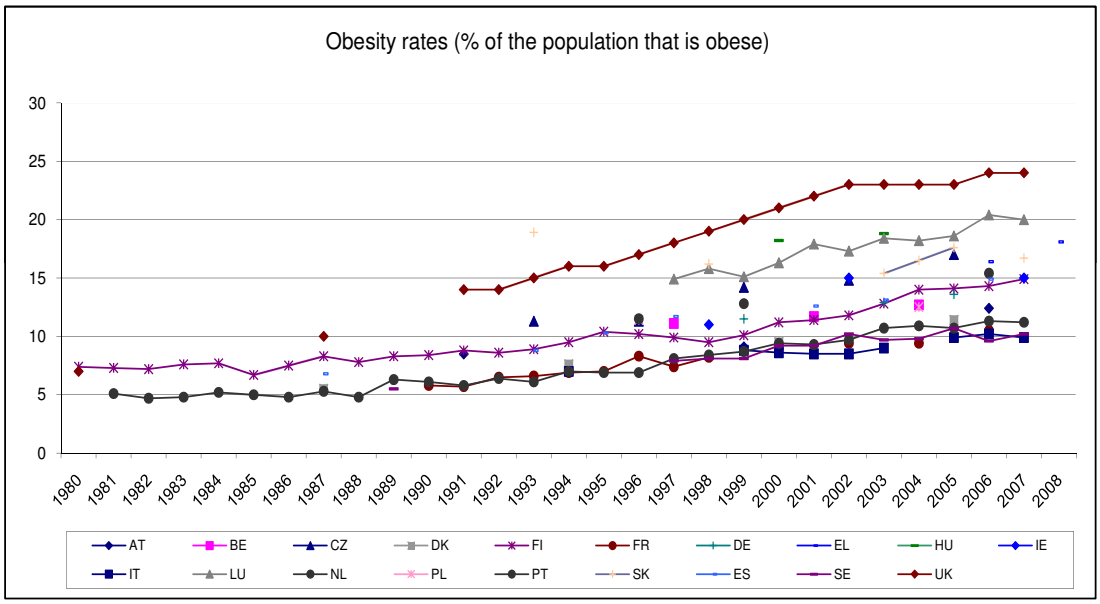
Figure A11. Pharmaceutical expenditure per capita PPS, 2007 or latest available



Source: Eurostat and WHO Health for All database

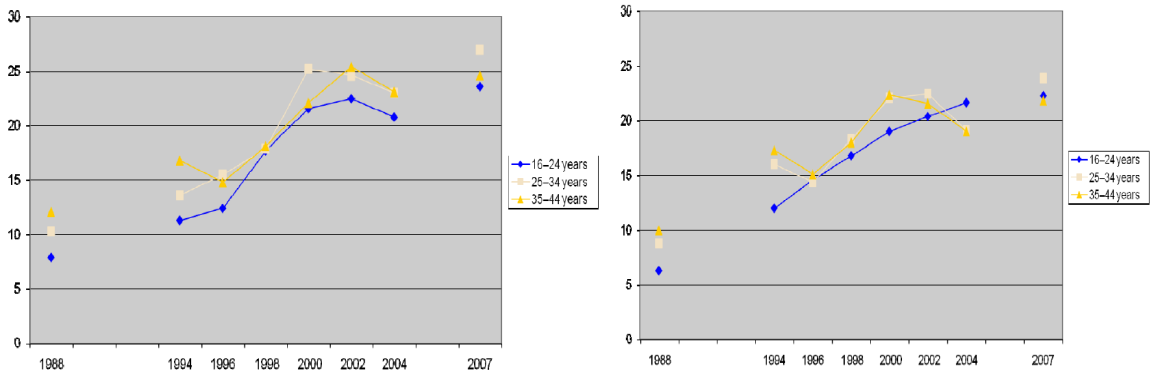
NB. It should be noted that in some Member States pharmaceutical expenditures in hospitals are not properly separated from the total of hospital expenditure.

Figure A12



Source: OECD Health data

Figure A13. Sleeping and anxiety problems in SE (% of the population) in the early 2000s



Source: Ministry of Health and Social Affairs, Sweden. See at http://ec.europa.eu/health/ph_determinants/life_style/mental/docs/ev_20090427_co06_en.pdf

9.4. Statistical tables

1a. At-risk-of-poverty rate by age and gender, 2008

		EU27	EU25	BE	BG	CZ	DK	DK(1)	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO(1)	SI	SK	FI	SE	UK
Total population	Total	17p	16p	15	21	9	12	11	15	19	16	20	20	13b	19	16	26	20	13	12	15	11	12	17	18	23	12	11	14	12	19p
	Men	16p	15p	14	20	8	12	11	14	16	15	20	18	13b	17	14	23	18	13	12	14	11	11	17	18	22	11	10	13	11	18p
	Women	17p	17p	16	23	10	12	12	16	22	16	21	21	14b	20	18	28	22	14	12	15	11	13	17	19	24	14	12	14	13	20p
Children aged 0-17	Total	20p	19p	17	26	13	9	10	15	17	18	23	24	17b	25	14	25	23	20	20	20	13	15	22	23	33	12	17	12	13	23p
People aged 18-64	Total	15p	15p	12	17	8	11	12	15	15	14	19	16	13b	16	11	20	17	13	12	12	10	11	16	16	20	10	10	12	11	15p
	Men	14p	14p	11	16	7	11	13	15	15	13	18	15	12b	15	9	19	16	12	12	10	10	10	17	15	20	11	9	13	11	14p
	Women	15p	15p	13	18	9	11	12	16	15	14	19	17	13b	18	13	20	17	14	12	13	10	12	16	17	20	10	10	11	11	16p
People aged 65+	Total	19p	19p	21	34	7	18	10	15	39	21	22	28	11b	21	49	51	29	5	4	22	10	15	12	22	26	21	10	23	16	30p
	Men	16p	16p	20	27	3	17	8	12	25	19	21	25	10b	17	43	45	17	5	3	24	10	12	9	19	21	12	4	16	10	28p
	Women	22p	21p	22	39	10	19	11	18	46	23	24	30	12b	24	54	54	36	6	5	20	9	17	13	24	30	28	13	28	21	33p

1a. At-risk-of-poverty threshold (illustrative values), EUR and PPS, 2008

	EU27	EU25	BE	BG	CZ	DK	DK(1)	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO(1)	SI	SK	FI	SE	UK
EUR '- One-person household	:	:	10788	1303	3638	14497	15917	10953	3328	13760	6480	7753	10538b	9382	10022	2899	2502	18550	2639	5743	11694	11406	2493	4878	1173	6535	2875	11800	12178	13119p
'- Two adults with two dep. ch	:	:	22654	2736	7640	30443	33426	23001	6989	28896	13608	16282	22130b	19702	21046	6088	5253	38955	5542	12061	24557	23953	5235	10243	2462	13724	6038	24779	25573	27550p
PPS '- One-person household	:	:	10146	2801	5828	10529	11561	10627	4652	10949	7249	8391	9734b	9033	11335	4403	4196	16505	3993	7831	11314	11248	3915	5768	1907	8395	4040	9632	10377	11609p
'- Two adults with two dep. ch	:	:	21307	5881	12239	22110	24277	22317	9770	22993	15223	17622	20441b	18969	23804	9245	8811	34660	8385	16446	23760	23620	8221	12113	4005	17629	8484	20228	21792	24380p

Source: SILC 2008, Income data 2007; except for UK, income year 2008 and for IE moving income reference period (2007-2008)
(1) Including imputed rent data 2007. See methodological note for an explanation
Notes: i See explanatory text (Eurostat website) p = provisional value s = Eurostat estimate u = unreliable or uncertain data (:) = data not available b= break in data series

1b. Relative median at-risk-of-poverty gap by age and gender, 2008

		EU27	EU25	BE	BG	CZ	DK	DK(1)	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
Total population	Total	22p	21p	17	27	18	18	22	23	20	19	25	24	18b	23	17	29	26	17	17	18	15	15	21	23	32	19	18	16	18	21p
	Men	23p	22p	18	27	21	19	25	24	24	20	24	25	19b	23	16	27	29	15	18	19	14	16	21	22	33	21	21	17	20	21p
	Women	21p	21p	17	27	15	17	19	21	19	18	25	23	17b	23	17	30	25	18	17	18	17	15	20	23	32	19	17	14	17	21p
Children aged 0-17	Total	22p	21p	18	40	21	19	22	19	24	20	26	26	15b	24	14	29	28	17	17	17	13	16	22	26	39	16	24	16	18	19p
People aged 18-64	Total	24p	23p	19	30	19	25	26	25	27	21	26	26	21b	26	15	30	31	17	18	18	17	17	21	24	32	20	19	19	23	22p
	Men	25p	24p	20	29	22	30	30	27	29	21	26	27	23b	25	14	29	31	14	18	20	17	20	22	23	33	22	22	20	24	24p
	Women	23p	23p	19	30	17	20	23	24	25	21	26	26	20b	26	16	30	29	20	18	17	18	16	21	24	31	18	18	18	23	21p
People aged 65+	Total	18p	17p	14	18	8	8	8	17	15	8	21	19	12b	19	19	27	17	15	10	20	14	14	14	18	23	20	9	11	11	21p
	Men	17p	17p	15	14	7	7	9	18	13	12	20	21	11b	16	18	21	12	15u	10u	19	12	14	13	17	23	18	8u	10	13	18p
	Women	18p	18p	13	20	8	8	8	17	16	6	23	17	13b	20	20	30	18	15u	10	20	16	14	14	18	23	21	10	12	11	21p

Source: SILC 2008, Income data 2007; except for UK, income year 2008 and for IE moving income reference period (2007-2008) (1) with imputed rent data 2007 (see methodological note).
Notes: i See explanatory text (Eurostat website) p = provisional value s = Eurostat estimate u = unreliable or uncertain data (:) = data not available b= break in data series
EU Aggregates: Eurostat estimates are obtained as a population size weighted average of national data.

2. Inequality of income distribution: S80/S20 income quintile share ratio

		EU27	EU25	BE	BG	CZ	DK	DK(1)	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
S80/S20	Total	5p	4,8p	4.1	6.5	3.4	3.6	3.6	4.8	5	4.5	5.9	5.4	4,2b	5.1	4.1	7.3	5.9	4.1	3.6	4	4	3.7	5.1	6.1	7	3.4	3.4	3.8	3.5	5,6p

Source: SILC 2008, Income data 2007; except for UK, income year 2008 and for IE moving income reference period (2007-2008); (1) with imputed rent data 2007 (see methodological note).
Notes: i See explanatory text (Eurostat website) p = provisional value s = Eurostat estimate u = unreliable or uncertain data (:) = data not available b= break in data series
EU Aggregates: Eurostat estimates are obtained as a population size weighted average of national data.

3. Healthy life years : Disability free life expectancy (+ life expectancy at 0, 45, 65) 1997-2008

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
life expectancy at birth - males	**eu27**	:	:	:	:	:	74.5	74.6	75.2	75.4	75.8	:	:
life expectancy at 45 - males	**eu27**	:	:	:	:	:	31.9	31.9	32.5	32.6	32.9	:	:
life expectancy at 65 - males	**eu27**	:	:	:	:	:	15.9	15.9	16.4	16.5	16.8	:	:
Healthy Life Years at birth - males	**eu27**	:	:	:	:	:	:	:	:	:	:	61,60e	:
life expectancy at birth - females	**eu27**	:	:	:	:	:	80.9	80.8	81.5	81.5	82.0	:	:
life expectancy at 45 - females	**eu27**	:	:	:	:	:	37.3	37.2	37.8	37.8	38.2	:	:
life expectancy at 65 - females	**eu27**	:	:	:	:	:	19.5	19.4	19.9	20.0	20.4	:	:
Healthy Life Years at birth - females	**eu27**	:	:	:	:	:	:	:	:	:	:	62,30e	:
life expectancy at birth - males	**eu25**	:	:	:	:	:	75.0	75.1	75.7	75.9	76.3	:	:
life expectancy at 45 - males	**eu25**	:	:	:	:	:	32.3	32.3	32.8	32.9	33.3	:	:
life expectancy at 65 - males	**eu25**	:	:	:	:	:	16.1	16.1	16.6	16.7	17.1	:	:
Healthy Life Years at birth - males		:	:	:	:	:	:	:	:	60.8	61.6	:	:
life expectancy at birth - females	**eu25**	79.7	79.9	80.2	80.2	80.4	80.8	81.1	81.3	81.2	81.9	81.9	:
life expectancy at 45 - females	**eu25**	:	:	:	:	:	37.2	37.4	37.6	37.5	38.1	:	:
life expectancy at 65 - females	**eu25**	:	:	:	:	:	19.4	19.6	19.7	19.6	20.2	:	:
Healthy Life Years at birth - females	**eu25**	:	:	:	:	:	:	:	:	62.1	62.1	:	:
Disability free life expectancy at birth - males	**eu15**	:	:	63,2e	63,5e	63,6e	64,3e	64,5e	:	:	:	:	:
Disability free life expectancy at birth - females	**eu15**	:	:	63,9e	64,4e	65,0e	65,8e	66,0e	:	:	:	:	:

Source: Eurostat - Demography; e: estimate

3. Disability free Life expectancy (+ Life expectancy at 0, 45, 65) by country, 1995-2008 Source: Eurostat – Demography database

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**BE**	74.2	74.4	74.4	74.6	75.0	75.1	75.3	76.0	76.2	76.6	77.1	:
Life expectancy at 45 - males	**BE**	31.6	31.7	31.8	32.0	32.3	32.3	32.5	33.0	33.1	33.6	34.0	:
Life expectancy at 65 - males	**BE**	15.2	15.3	15.5	15.6	15.9	15.8	16.0	16.4	16.6	17.0	17.3	:
Healthy Life Years at birth - males	**BE**	66.5	63.3	66.0	65.7	66.6	66,9(e)	67,4(e)	58,4(bi)	61.7	62.8	63.3	
Life expectancy at birth - females	**BE**	80.7	80.7	81.0	81.0	81.2	81.2	81.1	81.8	81.9	82.3	82.6	:
Life expectancy at 45 - females	**BE**	37.2	37.3	37.4	37.5	37.7	37.5	37.3	38.0	38.0	38.5	38.8	:
Life expectancy at 65 - females	**BE**	19.5	19.6	19.7	19.8	19.9	19.7	19.6	20.2	20.2	20.7	21.0	:
Healthy Life Years at birth - females	**BE**	68.3	65,4(e)	68.4	69.1	68.8	69,0(e)	69,2(e)	58,10(bi)	61.9	62.8	63.7	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**BG**	67.0	67.4	68.3	68.4	68.6	68.8	68.9	69.0	69.0	69.2	69.5	69.8
Life expectancy at 45 - males	**BG**	26.3	26.4	27.2	27.0	27.2	27.3	27.3	27.5	27.2	27.3	27.5	27.9
Life expectancy at 65 - males	**BG**	12.3	12.5	12.9	12.7	13.0	13.0	13.0	13.2	13.1	13.2	13.3	13.5
Healthy Life Years at birth - males	**BG**	:	:	:	:	:	:	:	:	:	:	:	:
Life expectancy at birth - females	**BG**	73.8	74.6	75.0	75.0	75.4	75.5	75.9	76.2	76.2	76.3	76.7	77.0
Life expectancy at 45 - females	**BG**	31.7	32.2	32.5	32.4	32.8	32.9	33.1	33.4	33.3	33.5	33.7	34.0
Life expectancy at 65 - females	**BG**	14.7	15.1	15.4	15.3	15.6	15.7	15.9	16.2	16.1	16.3	16.4	16.7
Healthy Life Years at birth - females	**BG**	:	:	:	:	:	:	:	:	:	:	:	:

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**CZ**	70.5	71.2	71.5	71.7	72.1	72.1	72.0	72.6	72.9	73.5	73.8	74.1
Life expectancy at 45 - males	**CZ**	28.1	28.6	28.8	29.0	29.3	29.3	29.2	29.7	29.9	30.4	30.7	30.9
Life expectancy at 65 - males	**CZ**	13.2	13.5	13.7	13.8	14.0	13.9	13.8	14.2	14.4	14.8	15.1	15.3
Healthy Life Years at birth - males	**CZ**	:	:	:	:	:	62,8(p)	:	:	57,9(bi)	57.8	61.3	
Life expectancy at birth - females	**CZ**	77.6	78.2	78.3	78.5	78.6	78.7	78.6	79.2	79.3	79.9	80.2	80.5
Life expectancy at 45 - females	**CZ**	34.1	34.5	34.5	34.8	34.8	34.9	34.7	35.3	35.3	36.0	36.2	36.5
Life expectancy at 65 - females	**CZ**	16.7	17.1	17.1	17.3	17.3	17.3	17.2	17.6	17.7	18.3	18.5	18.8
Healthy Life Years at birth - females	**CZ**	:	:	:	:	:	63,3(p)	:	:	59,90(bi)	59.8	63.2	

3. Disability free Life expectancy (+ Life expectancy at 0, 45, 65) by country, 1995-2008 Source: Eurostat – Demography database

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**DK**	73.6	74.0	74.2	74.5	74.7	74.8	75.0	75.4	76.0	76.1	76.2	76.5
Life expectancy at 45 - males	**DK**	30.9	31.1	31.3	31.6	31.7	31.8	32.0	32.4	32.8	32.8	33.0	33.3
Life expectancy at 65 - males	**DK**	14.6	14.9	15.0	15.2	15.2	15.4	15.6	15.9	16.1	16.2	16.5	16.6
Healthy Life Years at birth - males	**DK**	61.6	62.4	62.5	62.9	62.2	62,8(e)	63,0(e)	68,3(bi)	68.4	67.7	67.4	
Life expectancy at birth - females	**DK**	78.6	79.0	79.0	79.2	79.3	79.4	79.8	80.2	80.5	80.7	80.6	81.0
Life expectancy at 45 - females	**DK**	35.0	35.4	35.2	35.5	35.6	35.6	35.9	36.4	36.6	36.8	36.6	37.1
Life expectancy at 65 - females	**DK**	18.0	18.3	18.1	18.3	18.3	18.2	18.5	19.0	19.1	19.2	19.2	19.5
Healthy Life Years at birth - females	**DK**	60,7(e)	61,3(e)	60.8	61.9	60.4	61,0(e)	60,9(e)	68,80(bi)	68.2	67.1	67.4	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**DE**	74.1	74.6	74.8	75.1	75.6	75.7	75.8	76.5	76.7	77.2	77.4	77.6
Life expectancy at 45 - males	**DE**	31.4	31.7	32.0	32.2	32.5	32.6	32.7	33.3	33.4	33.8	34.0	34.2
Life expectancy at 65 - males	**DE**	15.2	15.4	15.6	15.8	16.1	16.2	16.2	16.7	16.9	17.2	17.4	17.6
Healthy Life Years at birth - males	**DE**	61,9(e)	62,1(e)	62,3(e)	63,2(e)	64,1(e)	64,4(e)	65,0(e)	:	55(bi)	58.5	58.8	
Life expectancy at birth - females	**DE**	80.5	80.8	81.0	81.2	81.5	81.3	81.3	81.9	82.0	82.4	82.7	82.7
Life expectancy at 45 - females	**DE**	36.9	37.1	37.3	37.5	37.6	37.5	37.5	38.0	38.1	38.5	38.7	38.6
Life expectancy at 65 - females	**DE**	19.1	19.3	19.4	19.6	19.8	19.6	19.6	20.1	20.1	20.5	20.7	20.7
Healthy Life Years at birth - females	**DE**	64,3(e)	64,3(e)	64,3(e)	64,6(e)	64,5(e)	64,5(e)	64,7(e)	:	55,10(bi)	58.0	58.4	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**EE**	64.2	63.9	64.7	65.2	64.8	65.2	66.1	66.4	67.3	67.4	67.2	68.7
Life expectancy at 45 - males	**EE**	24.9	24.2	25.0	25.1	24.8	25.2	25.6	25.7	26.2	26.2	26.2	27.2
Life expectancy at 65 - males	**EE**	12.5	12.2	12.5	12.6	12.6	12.7	12.7	13.0	13.1	13.2	13.1	13.6
Healthy Life Years at birth - males	**EE**	:	:	:	:	:	:	:	49,8(bi)	48.0	49.4	49.5	
Life expectancy at birth - females	**EE**	75.9	75.4	76.0	76.2	76.4	77.0	77.1	77.8	78.1	78.6	78.8	79.5
Life expectancy at 45 - females	**EE**	33.3	32.9	33.5	33.5	33.7	33.9	34.1	34.6	35.0	35.1	35.5	36.0
Life expectancy at 65 - females	**EE**	16.8	16.5	17.0	17.0	17.3	17.3	17.4	17.8	18.0	18.3	18.5	18.9
Healthy Life Years at birth - females	**EE**	:	:	:	:	:	:	:	53,30(bi)	52.2	53.7	54.6	

3. Disability free Life expectancy (+ Life expectancy at 0, 45, 65) by country, 1995-2008 Source: Eurostat – Demography database

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**IE**	73.4	73.4	73.4	74.0	74.5	75.2	75.9	76.4	77.3	77.4	77.4	77.5
Life expectancy at 45 - males	**IE**	30.7	30.9	30.8	31.5	31.9	32.4	33.0	33.4	34.1	34.2	34.3	34.5
Life expectancy at 65 - males	**IE**	14.0	14.2	14.1	14.6	15.0	15.4	15.9	16.2	16.8	16.8	17.1	17.2
Healthy Life Years at birth - males	**IE**	63.2	64.0	63.9	63.3	63.3	63,5(e)	63,4(e)	62,5(bi)	62.9	63.2	62.7	
Life expectancy at birth - females	**IE**	78.7	79.1	78.9	79.2	79.9	80.5	80.8	81.4	81.7	82.2	82.1	82.3
Life expectancy at 45 - females	**IE**	35.2	35.5	35.3	35.7	36.4	36.9	37.0	37.6	37.9	38.2	38.1	38.4
Life expectancy at 65 - females	**IE**	17.6	17.8	17.6	18.0	18.5	18.9	19.2	19.6	19.9	20.3	20.1	20.4
Healthy Life Years at birth - females	**IE**	:	:	67.6	66.9	66.5	65,9(e)	65,4(e)	64,30(bi)	64.1	65.0	65.3	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**EL**	75.4	75.4	75.5	75.5	76.0	76.2	76.5	76.6	76.8	77.2	77.1	77.7
Life expectancy at 45 - males	**EL**	32.9	32.8	32.9	32.8	33.2	33.4	33.5	33.7	34.0	34.3	34.2	34.6
Life expectancy at 65 - males	**EL**	16.2	16.2	16.2	16.1	16.5	16.6	16.7	16.9	17.1	17.5	17.4	17.8
Healthy Life Years at birth - males	**EL**	66.4	66.5	66.7	66.3	66.7	66,7(e)	66,7(e)	63,7(bi)	65.7	66.3	65.9	
Life expectancy at birth - females	**EL**	80.4	80.3	80.5	80.6	81.0	81.1	81.2	81.3	81.6	81.9	81.8	82.4
Life expectancy at 45 - females	**EL**	36.8	36.7	36.8	36.8	37.2	37.2	37.2	37.5	37.8	37.9	37.9	38.3
Life expectancy at 65 - females	**EL**	18.4	18.3	18.4	18.4	18.7	18.8	18.7	19.0	19.2	19.4	19.4	19.8
Healthy Life Years at birth - females	**EL**	68.7	68.3	69.4	68.2	68.8	68,5(e)	68,4(e)	65,20(bi)	67.2	67.9	67.1	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**ES**	75.2	75.3	75.3	75.8	76.2	76.3	76.3	76.9	77.0	77.7	77.8	78.0
Life expectancy at 45 - males	**ES**	32.8	32.8	32.7	33.2	33.4	33.5	33.5	34.0	34.0	34.6	34.6	34.7
Life expectancy at 65 - males	**ES**	16.4	16.2	16.2	16.7	16.9	16.9	16.8	17.3	17.3	17.9	17.8	18.0
Healthy Life Years at birth - males	**ES**	65.5	65.2	65.6	66.5	66.0	66,6(e)	66,8(e)	62,5(bi)	63.2	63.7	63.2	
Life expectancy at birth - females	**ES**	82.3	82.4	82.4	82.9	83.2	83.2	83.0	83.7	83.7	84.4	84.3	84.3
Life expectancy at 45 - females	**ES**	38.8	38.7	38.7	39.2	39.4	39.4	39.2	39.9	39.7	40.4	40.4	40.4
Life expectancy at 65 - females	**ES**	20.5	20.4	20.3	20.8	21.0	21.0	20.8	21.5	21.3	22.0	22.0	21.9
Healthy Life Years at birth - females	**ES**	68.2	68.2	69.5	69.3	69,2(e)	69,9(e)	70,2(e)	62,50(bi)	63.1	63.3	62.9	

3. Disability free Life expectancy (+ Life expectancy at 0, 45, 65) by country, 1995-2008 Source: Eurostat – Demography database

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**FR**	:	74.8	75.0	75.3	75.5	75.7	75.8	76.7	76.7	77.3	77.6	:
Life expectancy at 45 - males	**FR**	:	32.4	32.6	32.9	33.0	33.1	33.1	33.9	33.9	34.4	34.6	:
Life expectancy at 65 - males	**FR**	:	16.5	16.6	16.8	17.0	17.0	17.0	17.7	17.7	18.2	18.4	:
Healthy Life Years at birth - males	**FR**	60.2	59.2	60.1	60.1	60.5	60,4(e)	60,6(e)	61,2(bi)	62.0	62.7	63.1	
Life expectancy at birth - females	**FR**	:	82.6	82.7	83.0	83.0	83.0	82.7	83.8	83.8	84.5	84.8	:
Life expectancy at 45 - females	**FR**	:	39.1	39.2	39.4	39.4	39.3	39.0	40.1	40.0	40.7	41.0	:
Life expectancy at 65 - females	**FR**	:	21.2	21.2	21.4	21.5	21.4	21.1	22.1	22.0	22.7	23.0	:
Healthy Life Years at birth - females	**FR**	63.1	62.8	63.3	63,2(e)	63.3	63,7(e)	63,9(e)	64,10(bi)	64.3	64.1	64.2	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**IT**	75.8	76.0	76.5	76.9	77.1	77.4	77.1	77.9	78.0	78.5	:	:
Life expectancy at 45 - males	**IT**	33.0	33.1	33.5	33.8	34.0	34.2	34.0	34.7	34.8	35.2	:	:
Life expectancy at 65 - males	**IT**	16.2	16.2	16.5	16.7	16.9	17.0	16.8	17.5	17.4	17.9	:	:
Healthy Life Years at birth - males	**IT**	68.0	67.9	68.7	69.7	69.8	70,4(e)	70,9(e)	68,4(bi)	65.7	64.7	62,8(e)	
Life expectancy at birth - females	**IT**	82.0	82.1	82.6	82.8	83.1	83.2	82.8	83.8	83.6	84.2	:	:
Life expectancy at 45 - females	**IT**	38.4	38.4	38.8	39.0	39.2	39.3	38.8	39.9	39.6	40.1	:	:
Life expectancy at 65 - females	**IT**	20.2	20.3	20.5	20.7	21.0	21.0	20.6	21.6	21.3	21.8	:	:
Healthy Life Years at birth - females	**IT**	71.3	71.3	72.1	72.9	73,0(e)	73,9(e)	74,4(e)	70,70(bi)	66.5	64.1	62(e)	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**CY**	74.9	74.7	76.0	75.4	76.6	76.4	76.9	76.6	76.8	78.4	77.9	78.5
Life expectancy at 45 - males	**CY**	32.8	32.4	33.5	32.8	33.9	33.7	33.8	33.7	34.2	35.1	34.9	35.4
Life expectancy at 65 - males	**CY**	15.7	15.3	16.5	15.9	16.8	16.3	16.5	16.6	16.8	17.4	17.4	17.9
Healthy Life Years at birth - males	**CY**	:	:	:	:	:	:	68.4	:	59,5(bi)	64.3	63.0	
Life expectancy at birth - females	**CY**	80.0	79.8	79.9	80.1	81.4	81.0	81.3	81.9	80.9	82.2	82.2	83.1
Life expectancy at 45 - females	**CY**	36.5	36.2	36.6	36.6	37.6	37.4	37.4	37.8	37.6	38.1	38.4	38.9
Life expectancy at 65 - females	**CY**	18.2	18.0	18.3	18.3	19.2	19.0	19.1	19.4	19.1	19.5	19.6	20.4
Healthy Life Years at birth - females	**CY**	:	:	:	:	:	:	69.6	:	57,90(bi)	63.2	62.7	

3. Disability free Life expectancy (+ Life expectancy at 0, 45, 65) by country, 1995-2008 Source: Eurostat – Demography database

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**LV**	:	:	:	:	:	64.7	65.6	65.9	65.4	65.4	65.8	67.0
Life expectancy at 45 - males	**LV**	:	:	:	:	:	24.9	25.3	25.4	25.0	24.9	25.2	26.1
Life expectancy at 65 - males	**LV**	:	:	:	:	:	12.5	12.6	12.6	12.5	12.7	12.8	13.0
Healthy Life Years at birth - males	**LV**	:	:	:	:	:	:	:	:	50,6(bi)	50.5	50.9	
Life expectancy at birth - females	**LV**	:	:	:	:	:	76.0	75.9	76.2	76.5	76.3	76.5	77.8
Life expectancy at 45 - females	**LV**	:	:	:	:	:	33.5	33.2	33.7	33.8	33.5	33.7	34.6
Life expectancy at 65 - females	**LV**	:	:	:	:	:	17.0	16.8	17.1	17.2	17.3	17.2	17.9
Healthy Life Years at birth - females	**LV**	:	:	:	:	:	:	:	:	53,10(bi)	52.2	53.7	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**LT**	65.5	66.0	66.3	66.8	65.9	66.2	66.4	66.3	65.3	65.3	64.9	66.3
Life expectancy at 45 - males	**LT**	26.0	26.2	26.4	26.7	26.2	26.1	26.2	26.1	25.3	25.1	24.8	25.8
Life expectancy at 65 - males	**LT**	13.2	13.3	13.4	13.7	13.5	13.3	13.3	13.4	13.0	13.0	12.9	13.4
Healthy Life Years at birth - males	**LT**	:	:	:	:	:	:	:	:	51,2(bi)	52.4	53.4	
Life expectancy at birth - females	**LT**	76.6	76.7	77.0	77.5	77.6	77.5	77.8	77.7	77.3	77.0	77.2	77.6
Life expectancy at 45 - females	**LT**	34.1	34.1	34.5	34.8	34.7	34.6	34.8	34.7	34.3	34.2	34.4	34.6
Life expectancy at 65 - females	**LT**	17.3	17.4	17.6	17.9	17.9	17.8	18.1	17.9	17.6	17.6	17.9	18.1
Healthy Life Years at birth - females	**LT**	:	:	:	:	:	:	:	:	54,30(bi)	56.1	57.7	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**LU**	74.0	73.7	74.4	74.6	75.1	74.7	74.8	76.0	76.7	76.8	76.7	78.1
Life expectancy at 45 - males	**LU**	31.2	31.2	31.8	32.0	32.5	32.3	31.9	33.1	33.4	33.5	33.3	34.6
Life expectancy at 65 - males	**LU**	14.8	15.2	15.3	15.5	16.0	15.9	15.3	16.5	16.7	17.0	16.4	17.4
Healthy Life Years at birth - males	**LU**	:	:	:	:	:	:	:	59,1(bi)	62.2	61.0	62.2	
Life expectancy at birth - females	**LU**	80.0	80.8	81.4	81.3	80.7	81.5	80.9	82.4	82.3	81.9	82.2	83.1
Life expectancy at 45 - females	**LU**	36.7	37.3	37.5	37.7	37.4	37.7	37.0	38.5	38.4	38.0	38.1	39.0
Life expectancy at 65 - females	**LU**	19.2	19.5	19.9	20.1	19.7	20.1	18.9	20.5	20.4	20.3	20.3	21.0
Healthy Life Years at birth - females	**LU**	:	:	:	:	:	:	:	60,20(bi)	62.1	61.8	64.6	

3. Disability free Life expectancy (+ Life expectancy at 0, 45, 65) by country, 1995-2008 Source: Eurostat – Demography database

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**HU**	66.7	66.5	66.7	67.6	68.2	68.3	68.4	68.7	68.7	69.2	69.4	70.0
Life expectancy at 45 - males	**HU**	25.4	25.3	25.3	26.0	26.4	26.4	26.3	26.6	26.4	26.8	26.9	27.3
Life expectancy at 65 - males	**HU**	12.5	12.6	12.5	13.0	13.2	13.2	13.0	13.4	13.3	13.7	13.7	14.0
Healthy Life Years at birth - males	**HU**	:	:	:	:	:	:	53,5(p)	:	52(bi)	54.2	55.0	
Life expectancy at birth - females	**HU**	75.5	75.6	75.6	76.2	76.7	76.7	76.7	77.2	77.2	77.8	77.8	78.3
Life expectancy at 45 - females	**HU**	32.7	32.8	32.6	33.2	33.5	33.6	33.5	33.8	33.8	34.3	34.3	34.7
Life expectancy at 65 - females	**HU**	16.3	16.4	16.2	16.8	17.0	17.0	16.9	17.3	17.2	17.7	17.8	18.1
Healthy Life Years at birth - females	**HU**	:	:	:	:	:	:	57,8(p)	:	53,90(bi)	57.0	57.6	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**MT**	75.2	74.9	75.3	76.2	76.6	76.3	76.4	77.4	77.3	77.0	77.5	77.1
Life expectancy at 45 - males	**MT**	32.1	32.0	32.1	32.7	33.4	33.0	33.2	34.1	33.8	33.6	34.4	34.3
Life expectancy at 65 - males	**MT**	14.6	14.6	15.0	15.1	15.7	15.3	15.6	16.3	16.2	16.1	16.7	17.0
Healthy Life Years at birth - males	**MT**	:	:	:	:	:	65,1(p)	:	:	68,5(bi)	68.1	69.0	
Life expectancy at birth - females	**MT**	80.1	80.0	79.4	80.3	81.2	81.3	80.8	81.2	81.4	81.9	82.2	82.3
Life expectancy at 45 - females	**MT**	36.6	36.3	35.9	36.5	37.0	37.3	36.9	37.4	37.5	37.7	38.5	38.4
Life expectancy at 65 - females	**MT**	18.4	18.1	17.8	18.5	18.7	19.1	18.7	19.1	19.4	19.5	20.3	20.1
Healthy Life Years at birth - females	**MT**	:	:	:	:	:	65,7(p)	:	:	70,10(bi)	69.2	70.8	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**NL**	75.2	75.2	75.4	75.6	75.8	76.0	76.3	76.9	77.3	77.7	78.1	78.4
Life expectancy at 45 - males	**NL**	32.0	32.0	32.1	32.3	32.6	32.7	32.9	33.5	33.8	34.2	34.5	34.8
Life expectancy at 65 - males	**NL**	15.1	15.1	15.2	15.4	15.6	15.6	15.8	16.3	16.4	16.8	17.1	17.4
Healthy Life Years at birth - males	**NL**	62.5	61.9	61.6	61.4	61.9	61,7(e)	61,7(e)	:	65(bi)	65.0	65.7	
Life expectancy at birth - females	**NL**	80.7	80.8	80.5	80.7	80.8	80.7	81.0	81.5	81.7	82.0	82.5	82.5
Life expectancy at 45 - females	**NL**	37.0	37.1	36.9	37.0	37.1	37.0	37.2	37.7	37.9	38.1	38.6	38.5
Life expectancy at 65 - females	**NL**	19.3	19.4	19.2	19.3	19.4	19.4	19.5	19.9	20.1	20.3	20.7	20.7
Healthy Life Years at birth - females	**NL**	61.4	61,1(e)	61.4	60.2	59.4	59,3(e)	58,8(e)	:	63,10(bi)	63.2	63.7	

3. Disability free Life expectancy (+ Life expectancy at 0, 45, 65) by country, 1995-2008 Source: Eurostat – Demography database

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**AT**	74.1	74.5	74.9	75.2	75.7	75.8	75.9	76.4	76.7	77.2	77.4	77.8
Life expectancy at 45 - males	**AT**	31.4	31.7	32.0	32.4	32.8	32.8	32.9	33.4	33.6	34.0	34.2	34.5
Life expectancy at 65 - males	**AT**	15.2	15.4	15.7	16.0	16.3	16.3	16.4	16.8	17.0	17.3	17.5	17.7
Healthy Life Years at birth - males	**AT**	62.2	63.4	63.6	64.6	64.2	65,6(e)	66,2(e)	58,1(bi)	57.8	58.4	58.4	
Life expectancy at birth - females	**AT**	80.7	81.0	81.0	81.2	81.7	81.7	81.5	82.1	82.2	82.8	83.1	83.3
Life expectancy at 45 - females	**AT**	37.0	37.3	37.3	37.5	37.9	37.8	37.7	38.2	38.4	38.8	39.0	39.3
Life expectancy at 65 - females	**AT**	19.1	19.4	19.4	19.6	20.0	19.8	19.7	20.2	20.3	20.7	21.0	21.1
Healthy Life Years at birth - females	**AT**	:	:	:	68.0	68.5	69,0(e)	69,6(e)	60,20(bi)	59.6	60.8	61.1	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**PL**	68.5	68.9	68.8	69.6	70.0	70.3	70.5	70.6	70.8	70.9	71.0	71.3
Life expectancy at 45 - males	**PL**	27.1	27.4	27.3	27.9	28.1	28.4	28.4	28.5	28.7	28.8	28.8	29.1
Life expectancy at 65 - males	**PL**	13.2	13.4	13.3	13.6	13.7	13.9	13.9	14.2	14.3	14.5	14.6	14.8
Healthy Life Years at birth - males	**PL**	:	:	:	:	:	62.5	:	:	61(bi)	58.2	57.4	
Life expectancy at birth - females	**PL**	77.0	77.4	77.5	78.0	78.4	78.8	78.8	79.2	79.3	79.7	79.8	80.0
Life expectancy at 45 - females	**PL**	33.9	34.2	34.3	34.7	35.0	35.3	35.3	35.6	35.8	36.1	36.2	36.4
Life expectancy at 65 - females	**PL**	16.8	17.1	17.1	17.5	17.7	18.0	18.0	18.4	18.5	18.8	19.0	19.1
Healthy Life Years at birth - females	**PL**	:	:	:	:	:	68.9	:	:	66,60(bi)	62.5	61.3	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**PT**	72.2	72.4	72.6	73.2	73.5	73.8	74.2	75.0	74.9	75.5	75.9	76.2
Life expectancy at 45 - males	**PT**	31.0	31.1	31.3	31.6	31.9	31.9	32.0	32.6	32.5	32.9	33.1	33.3
Life expectancy at 65 - males	**PT**	14.9	15.0	15.0	15.4	15.7	15.7	15.7	16.3	16.1	16.6	16.8	16.9
Healthy Life Years at birth - males	**PT**	59.3	59.1	58.8	60.2	59.5	59,7(e)	59,8(e)	55,1(bi)	58.4	59.6	58.3	
Life expectancy at birth - females	**PT**	79.3	79.6	79.7	80.2	80.5	80.6	80.6	81.5	81.3	82.3	82.2	82.4
Life expectancy at 45 - females	**PT**	36.3	36.4	36.5	36.9	37.1	37.2	37.0	37.9	37.6	38.5	38.4	38.6
Life expectancy at 65 - females	**PT**	18.4	18.5	18.5	18.9	19.1	19.2	19.0	19.7	19.4	20.2	20.2	20.3
Healthy Life Years at birth - females	**PT**	60.4	61.1	60.7	62.2	62.7	61,8(e)	61,8(e)	52,00(bi)	56.7	57.6	57.3	

3. Disability free Life expectancy (+ Life expectancy at 0, 45, 65) by country, 1995-2008 Source: Eurostat – Demography database

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**RO**	65.2	66.3	67.1	67.7	67.5	67.4	67.7	68.3	68.7	69.2	69.7	69.7
Life expectancy at 45 - males	**RO**	25.8	26.4	26.9	27.3	27.0	26.7	26.8	27.3	27.4	27.7	28.1	28.0
Life expectancy at 65 - males	**RO**	12.7	13.0	13.0	13.4	13.3	12.9	13.1	13.3	13.4	13.6	13.9	14.0
Healthy Life Years at birth - males	**RO**	:	:	:	:	:	:	:	:	:	:	60.4	
Life expectancy at birth - females	**RO**	73.3	73.8	74.2	74.8	74.9	74.7	75.0	75.5	75.7	76.2	76.9	77.2
Life expectancy at 45 - females	**RO**	31.8	32.1	32.3	32.7	32.7	32.4	32.7	33.1	33.1	33.5	33.9	34.2
Life expectancy at 65 - females	**RO**	15.3	15.5	15.5	15.9	16.0	15.7	15.8	16.2	16.2	16.5	16.9	17.2
Healthy Life Years at birth - females	**RO**	:	:	:	:	:	:	:	:	:	:	62.4	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**SI**	71.1	71.3	71.8	72.2	72.3	72.6	72.5	73.5	73.9	74.5	74.7	75.5
Life expectancy at 45 - males	**SI**	29.0	29.1	29.3	29.7	29.8	30.0	29.8	30.7	31.1	31.6	31.8	32.4
Life expectancy at 65 - males	**SI**	14.0	13.9	14.1	14.2	14.5	14.5	14.3	15.0	15.2	15.9	15.9	16.4
Healthy Life Years at birth - males	**SI**	:	:	:	:	:	:	:	:	56,3(bi)	57.6	58.7	
Life expectancy at birth - females	**SI**	79.1	79.2	79.5	79.9	80.4	80.5	80.3	80.8	80.9	82.0	82.0	82.6
Life expectancy at 45 - females	**SI**	35.5	35.6	35.8	36.2	36.5	36.6	36.5	37.0	37.1	38.0	38.1	38.5
Life expectancy at 65 - females	**SI**	18.0	18.1	18.3	18.7	19.0	19.0	18.8	19.4	19.3	20.1	20.2	20.5
Healthy Life Years at birth - females	**SI**	:	:	:	:	:	:	:	:	59,90(bi)	61.0	62.3	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**SK**	68.9	68.6	69.0	69.2	69.5	69.8	69.8	70.3	70.2	70.4	70.6	70.8
Life expectancy at 45 - males	**SK**	27.0	26.9	27.1	27.2	27.3	27.5	27.6	28.0	27.8	28.0	28.1	28.5
Life expectancy at 65 - males	**SK**	12.9	12.8	13.0	12.9	13.0	13.2	13.2	13.3	13.3	13.3	13.6	13.8
Healthy Life Years at birth - males	**SK**	:	:	:	:	:	:	:	:	54,9(bi)	54.3	55.4	
Life expectancy at birth - females	**SK**	76.9	77.0	77.4	77.5	77.7	77.7	77.7	78.0	78.1	78.4	78.4	79.0
Life expectancy at 45 - females	**SK**	33.7	33.8	34.0	34.1	34.1	34.3	34.3	34.5	34.5	34.8	34.9	35.3
Life expectancy at 65 - females	**SK**	16.5	16.6	16.8	16.7	16.8	16.9	16.9	17.1	17.1	17.3	17.5	17.8
Healthy Life Years at birth - females	**SK**	:	:	:	:	:	:	:	:	56,40(bi)	54.4	55.9	

3. Disability free Life expectancy (+ Life expectancy at 0, 45, 65) by country, 1995-2008 Source: Eurostat – Demography database

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**FI**	73.5	73.6	73.8	74.2	74.6	74.9	75.2	75.4	75.6	75.9	76.0	76.5
Life expectancy at 45 - males	**FI**	31.0	31.0	31.2	31.7	32.0	32.1	32.3	32.6	32.8	33.1	33.2	33.7
Life expectancy at 65 - males	**FI**	15.0	15.0	15.2	15.5	15.7	15.8	16.2	16.5	16.8	16.9	17.0	17.5
Healthy Life Years at birth - males	**FI**	55.5	55.9	55.8	56.3	56.7	57,0(e)	57,3(e)	53,1(bi)	51.7	52.9	56.7	
Life expectancy at birth - females	**FI**	80.7	81.0	81.2	81.2	81.7	81.6	81.9	82.5	82.5	83.1	83.1	83.3
Life expectancy at 45 - females	**FI**	37.0	37.3	37.5	37.5	37.8	37.8	38.0	38.6	38.8	39.2	39.2	39.3
Life expectancy at 65 - females	**FI**	19.1	19.3	19.5	19.5	19.8	19.8	20.0	20.7	21.0	21.2	21.3	21.4
Healthy Life Years at birth - females	**FI**	57.6	58.3	57.4	56,8(e)	56.9	56,8(e)	56,5(e)	52,90(bi)	52.4	52.7	58.0	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**SE**	76.8	76.9	77.1	77.4	77.6	77.8	78.0	78.4	78.5	78.8	79.0	:
Life expectancy at 45 - males	**SE**	33.4	33.6	33.8	34.1	34.2	34.3	34.5	34.9	34.9	35.2	35.4	:
Life expectancy at 65 - males	**SE**	16.3	16.4	16.5	16.8	16.9	16.9	17.1	17.5	17.4	17.7	17.9	:
Healthy Life Years at birth - males	**SE**	62.1	61.7	62.0	63.1	61.9	62,4(e)	62,5(e)	62(bi)	64.2	67.1	67.5	
Life expectancy at birth - females	**SE**	82.0	82.1	82.0	82.0	82.2	82.2	82.5	82.8	82.9	83.1	83.1	:
Life expectancy at 45 - females	**SE**	38.1	38.2	38.0	38.0	38.2	38.1	38.5	38.8	38.8	39.0	39.0	:
Life expectancy at 65 - females	**SE**	20.1	20.2	20.1	20.2	20.2	20.1	20.4	20.7	20.7	20.9	20.8	:
Healthy Life Years at birth - females	**SE**	60.0	61,3(e)	61.8	61.9	61.0	61,9(e)	62,2(e)	60,90(bi)	63.1	67.1	66.6	

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Life expectancy at birth - males	**UK**	74.7	74.8	75.0	75.5	75.8	76.0	76.2	76.8	77.1	77.3	77.6	:
Life expectancy at 45 - males	**UK**	31.8	32.0	32.1	32.6	32.9	33.1	33.2	33.8	34.0	34.3	34.6	:
Life expectancy at 65 - males	**UK**	15.1	15.3	15.4	15.8	16.1	16.2	16.3	16.8	17.0	17.4	17.6	:
Healthy Life Years at birth - males	**UK**	60,9(e)	60,8(e)	61,2(e)	61,3(e)	61,1(e)	61,4(e)	61,5(e)	:	63,2(bi)	65.0	64,8(e)	
Life expectancy at birth - females	**UK**	79.7	79.8	79.9	80.3	80.5	80.6	80.5	81.0	81.2	81.7	81.8	:
Life expectancy at 45 - females	**UK**	36.1	36.2	36.2	36.7	36.9	36.9	36.8	37.3	37.4	38.0	38.0	:
Life expectancy at 65 - females	**UK**	18.5	18.6	18.6	19.0	19.2	19.2	19.1	19.4	19.6	20.1	20.2	:
Healthy Life Years at birth - females	**UK**	61,2(e)	62,2(e)	61,3(e)	61,2(e)	60,8(e)	60,9(e)	60,9(e)	:	65,00(bi)	65.1	66,2(e)	

4. Early school-leavers (% of the total population aged 18-24 who have at most lower secondary education and not in further education or training)

		EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
2000	total	17,6e	17,2e	13.8	:	:	11.7	14.6	15.1	:	18.2	29.1	13.3	25.1	18.5	:	16.5	16.8	13.9	54.2	15.4	10.2	:	43,6p	22.9	:	:	9,0i	7.3	18.2
	female	15,5e	15,0e	11	:	:	10.4	14.9	11,0u	:	13.6	23.2	11.9	21.7	13.9	:	12.8	17.6	13.4	56.1	14.1	10.7	:	36,3p	22	:	:	6,5i	5.8	17.5
	male	19,6e	19,3e	16.4	:	:	12.8	14.4	19.4	:	22.9	35	14.8	28.5	25	:	20	15.9	14.4	52.5	16.6	9.6	:	50,9p	23.8	:	:	11,5i	8.7	18.8
2004	total	16.1	15.7	13,1b	21.4	6.3	8.8	12.1	13.1	13.1	14.7	32	12.8	22.3	20.6	14.7	10,5b	12.7	12.6	42,1b	14.1	9,5i	5,6b	39,4p	22,4b	4,3u	6.8	10,0i	9.2	12,1i
	female	13.8	13.3	10,8b	20.6	6.6	7.1	11.9	7,8u	10	11.3	25.1	10.8	18.3	14.9	9.5	8,6u	12.7	11.5	39,8b	11.7	8,8i	3,9b	31,0p	21,1b	2,5u	6.3	7,5i	7.8	11,2i
	male	18.4	18.1	15,4b	22.2	6.1	10.5	12.2	18.6	16	18.1	38.7	14.7	26.5	27.2	19.8	12,4u	12.6	13.6	44,3b	16.4	10,2i	7,3b	47,7p	23,7b	6,0u	7.3	12,5i	10.6	13,0i
2005	total	15.8	15.5	12.9	20.4	6.2	8.7	13,5b	13.4	12.5	13.6	30,8b	12.2	22	18,2b	14.4	8.1	13.3	12.5	38.9	13.5	9.1	5.3	38,8p	19.6	4,9u	6.3	10,3i	10,8b	11.6
	female	13.7	13.3	10.5	20.3	6.3	6.9	13,7b	:u	9.5	9.7	24,9b	10.3	18.2	10,4b	10.4	5,6u	9.6	11.3	35.5	11.1	8.7	3.7	30,7p	19.1	3,2u	5.9	8,2i	9,7b	10.6
	male	17.8	17.6	15.3	20.6	6.1	10.5	13,3b	17,1u	15.4	17.6	36,6b	14.1	25.8	27,2b	18.2	10,7u	17	13.7	42.1	15.9	9.6	6.8	46,7p	20.1	6,5u	6.7	12,4i	11,9b	12.6
2006	total	15.5	15.4	12.6	17.3	5.1	9.1	13.6	13.5	12.1	15.5	30.5	12.4	20.6	14.9	14.8	8.2	14	12.6	39.9	12.6	9.8	5.4	39,1p	17.9	5.6	6.6	9,7i	12,4p	11.3
	female	13.4	13.1	10	17	4.9	7.7	13.3	:u	9	10.8	24	10.6	17.1	8.2	10.4	5,8u	10.4	11.4	36.8	10.1	9.7	3.9	31,3p	18	4,0u	5.8	7,8i	11,3p	10.2
	male	17.6	17.6	15.1	17.7	5.4	10.5	13.9	19,8u	15.3	20.2	36.7	14.4	23.9	22.5	18.9	10,5u	17.6	13.8	42.8	15.1	10	6.9	46,6p	17.8	7,1u	7.3	11,8i	13,5p	12.3
2007	total	15.1	14.9	12.1	14.9	5.2	12,5b	12.5	14.4	11.6	14.6	31	12.6	19.7	12.5	15.1	7.4	12.5	11.4	38.3	11.7	10.7	5	36,9p	17.3	4,1u	6.5	9,1i	11,4p	16,6b
	female	13	12.7	10.3	14.7	4.7	9,1b	11.8	:u	8.4	10.6	25.2	10.3	16.4	6.8	10.1	5,1u	8,4u	10.1	34.9	9.3	10.1	3.8	30,4p	17.4	2,2u	5.8	7,2i	10,0p	15,6b
	male	17.1	17.1	13.9	15.2	5.7	15,7b	13.1	21.7	14.7	18.6	36.6	15.1	22.9	19.5	20	9,6u	16.6	12.6	41.3	14	11.4	6.2	43,1p	17.1	5,8u	7.2	11,2i	12,6p	17,6b
2008	total	14.9	14.8	12	14.8	5.6	11.5	11.8	14	11.3	14.8	31.9	11.8	19.7	13.7	15.5	7.4	13.4	11.7	39	11.4	10.1	5	35,4p	15.9	5,1u	6	9,8i	11,1p	17
	female	12.9	12.6	10.6	15.5	5.4	9.2	11.2	8,2u	8	10.9	25.7	9.8	16.7	9.5	10.7	4,7u	10,9u	10.9	36.1	8.8	9.8	3.9	28,6p	16	2,6u	4.9	7,7i	9,9p	15.6
	male	16.9	17	13.4	14.1	5.8	13.7	12.4	19.8	14.6	18.5	38	13.8	22.6	19	20.2	10,0u	15.8	12.5	41.7	14	10.4	6.1	41,9p	15.9	7,2u	7.1	12,1i	12,3p	18.3

Source: Eurostat, Labour Force Survey u = data lack reliability due to low sample size / : = not available or unreliable data / b = break / p = provisional

The results for SE are provisional from 2005 as some revisions are foreseen for the variable on educational attainment and on the variable measuring participation in education and training

Due to changes in the survey characteristics or the transition to annual averages after the year 2000, data lack comparability with former years in DE and CY (from 2005)

5. People living in jobless households: children (0-17 years) and prime-age adults (18-59 years), selected years (% of population in the relevant age group)

		EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2001	Children	10,1e	10,0e	11.9	19.6	7.8	:	9.6	11.5	32.1	5.5	6.6	9.5	6.9	3.4	11.3	:	3.3	13.7	7.4	5.8	3.8	:	3.8	8	3.8	9.8	:	:	17
	Adults (18-59)																													
	Total	10,2e	10,1e	13.3	17.7	7.8	:	9.8	11.3	13.4	9.4	7.5	10.2	10.4	5	13.1	11.4	6.6	13.2	7.6	6.9	7.8	13.6	4.4	9.4	8.1	10.1	:	:	11.2
	Men	8,9e	8,8e	11.1	17.1	6.2	:	9	11.4	9.6	7	6.7	8.8	8.7	3.5	12.4	11.5	5.3	12	5.6	5.4	6.1	12.8	3.7	8.5	7	9.6	:	:	9.1
	Women	11,5e	11,4e	15.5	18.3	9.4	:	10.7	11.2	17.2	11.7	8.3	11.5	12.1	6.4	13.6	11.4	8.1	14.4	9.6	8.4	9.4	14.4	5.1	10.3	9.2	10.6	:	:	13.3
2002	Children	10,2e	10,0e	13.1	19.4	7.7	5.7	10.3	11	11.1	5.3	6.5	9.1	7	3.2	10.1	8.1	3.6	14.4	7.8	5.8	3.7	:	4.3	10,7b	3.6	11.6	:	:	17.4
	Adults (18-59)																													
	Total	10,4e	10,2e	14	17.1	7.3	8.4	10.3	10.5	8.8	9.4	7.5	10.1	10	5.2	10.3	8.9	7.1	13	7.9	6.8	7.3	15	4.8	11,8b	8.2	10.5	:	:	11.2
	Men	9,1e	8,9e	11.7	16.8	5.5	7.9	9.7	10.7	7.5	7.1	6.8	8.8	8.4	3.9	10.6	8.7	6.3	12	6.3	5.5	5.9	14.1	4.1	10,6b	7.1	10	:	:	9
	Women	11,6e	11,4e	16.4	17.5	9.1	8.8	10.9	10.3	10	11.7	8.2	11.4	11.6	6.4	10.1	9.1	7.9	14	9.6	8.2	8.8	15.9	5.4	12,9b	9.2	11.1	:	:	13.3
2003	Children	10,2e	10,1e	13.2	17.9	8.6	5.7	11.1	8.4	11.8	4.6	6.2	9	6.9	2.6	8.1	7.5	3.9	13	8.8	6.8	4.1	:	4.7	10.3	3.9	11.8	5.7	:	17.1
	Adults (18-59)																													
	Total	10,4e	10,2e	14.4	15.9	7.7	9.4	10.9	10.2	9.1	9	7.3	10.1	9.6	5.1	8.8	8.2	7.5	11.7	8.5	7.8	6.8	15	5.3	11.5	8.8	10.3	11	:	11
	Men	9,2e	9,0e	12.4	15.5	5.8	8.8	10.3	10.8	7.7	6.8	6.7	8.9	8.1	4.1	8.6	8.1	6	11	6.7	6.5	5.4	14	4.7	10.4	7.9	9.6	11.6	:	8.9
	Women	11,5e	11,4e	16.3	16.2	9.7	10	11.5	9.7	10.4	11.3	8	11.3	11.2	5.9	8.9	8.3	9	12.5	10.4	9.1	8.1	16	5.9	12.6	9.7	11	10.3	:	13
2004	Children	10,1e	9,9e	13	16.5	9.1	6	11.4	8.7	11.8	4.7	6.2	8.9	5,9b	2.7	8.1	7.1	3.4	13.1	9.2	7.1	5,2b	:	4.4	12.2	3.5	12.7	5.7	:	16.4
	Adults (18-59)																													
	Total	10,4e	10,2e	13.8	14.4	8	9.4	11.1	9.7	8.6	9.1	7.2	10.2	9,4b	5.1	8.1	7.8	7.1	12	8.8	7.9	8,2b	15.5	5.3	11.8	7.7	10.5	11.1	:	11
	Men	9,3e	9,2e	11.6	14	6.3	9.2	10.8	10.3	7.2	6.8	6.6	9	8,1b	4	8	7.9	5.7	11.2	7	6.6	6,8b	14.5	4.9	11	7	9.8	11.2	:	9
	Women	11,4e	11,3e	16	14.8	9.7	9.5	11.4	9.1	10	11.3	7.9	11.3	10,8b	6.2	8.2	7.7	8.5	12.8	10.8	9.1	9,5b	16.5	5.7	12.6	8.5	11.2	10.9	:	12.9
2005	Children	9,9e	9,7e	12.8	15.7	8.2	5.7	11,0b	8.8	11.9	4.2	5,6b	8.8	5.9	3.6	8	6.1	2.7	14.1	9.1	6.7	5.9	:	4.6	11.3	3.1	13.9	6.6	:	16.5
	Adults (18-59)																													
	Total	10,3e	10,1e	13.7	13.7	7.4	8.6	11,0b	8.6	8.3	8.9	6,6b	10.3	9.8	5.3	8.5	6.8	6.7	12.3	8.2	7.9	8.4	14.8	5.7	11.3	7.1	10.3	10.5	:	10.9
	Men	9,2e	9,1e	11.7	13.3	5.9	8.4	10,7b	9.7	6.9	6.7	6,1b	9.2	8.4	4.3	8.7	7.1	5.4	11.5	6.3	6.8	7.3	13.5	5.3	10.3	6.4	9.6	11	:	8.9
	Women	11,3e	11,2e	15.7	14.1	8.9	8.7	11,2b	7.5	9.8	11.1	7,1b	11.5	11.1	6.2	8.3	6.6	8.1	13	10.1	9.1	9.4	16	6.1	12.2	7.8	11	10	:	12.8
2006	Children	9.8	9.7	12.7	15	8.1	5	10.6	6.9	11.2	3.9	5.3	9.3	5.7	3.9	7.1	6.8	3.7	13.7	9.3	6.4	6	11.1	4.6	10.3	3.4	12.1	4.9	:	16.5
	Adults (18-59)																													
	Total	9.8	9.7	13.6	12.1	7.2	7.7	10.5	6.6	7.8	8.1	6.3	10.5	9.5	5.2	6.7	6.9	7.1	11.8	7.9	7.4	7.6	13.2	5.8	10.3	7.4	9.5	9.5	:	10.8
	Men	8.8	8.7	11.8	11.6	5.7	7.1	10.2	6.5	6.5	6	5.8	9.4	8.1	4.3	6.9	7.3	5.4	10.8	6	6.1	6.5	11.9	5.2	9.3	6.4	8.8	10.1	:	8.8
	Women	10.9	10.8	15.4	12.6	8.6	8.3	10.8	6.6	9.2	10.3	6.8	11.6	10.9	6.1	6.6	6.6	8.9	12.7	9.8	8.6	8.7	14.4	6.3	11.2	8.5	10.1	9	:	12.7
2007	Children	9.4	9.3	12	12.8	8	5.3	9.6	7.2	11.5	3.9	5.3	8.8	5.8	3.9	8.3	8.3	3.4	13.9	9.2	5.9	5.3	9.5	5.1	10	2.2	10.6	4.4	:	16.7
	Adults (18-59)																													
	Total	9.3	9.2	12.3	10.2	6.5	8.1	9.5	6	7.9	8	6.2	10	9.2	4.7	6.6	7	7	11.9	7.7	6.5	7.1	11.6	5.7	10.4	6.5	8.9	9.1	:	10.7
	Men	8.2	8.1	10.6	10.1	4.9	7.6	9.1	6.1	6.7	6	5.8	9	7.9	4.2	6.7	7.3	6	10.8	6.2	5.3	5.9	10.4	5.3	9.3	5.5	8.1	9.6	:	8.8
	Women	10.3	10.3	13.9	10.3	8.1	8.5	9.9	5.9	9.3	10	6.7	11.1	10.6	5.2	6.6	6.8	7.9	12.9	9.3	7.6	8.4	12.7	6.1	11.5	7.5	9.6	8.6	:	12.7
2008	Children	9.2	9.2	11.3	11	7.4	3.3	9.3	6.8	13.1	3.6	6.5	8.5	6.7	3.9	7.6	9.9	3.6	14.6	8.7	4.8	5.3	8.2	4.7	9.9	2.6	8.6	4.1	:	16.4
	Adults (18-59)																													
	Total	9.2	9.1	12	9	6	6.8	9	6.2	9.2	7.5	7.4	9.8	9.6	4.9	6.4	9	7.9	12.5	8.1	5.9	7	10.1	5.5	10.5	6.4	7.5	8.1	:	10.7
	Men	8.2	8.1	10.4	8.7	4.5	6.4	8.6	6.6	8.1	5.7	7.2	8.8	8.3	4.7	6.2	9.1	7.2	11.5	6.5	4.9	6	8.7	5.2	9.6	5.7	7	8.3	:	8.9
	Women	10.1	10.1	13.6	9.4	7.6	7.2	9.4	5.8	10.3	9.3	7.7	10.8	10.9	5.2	6.5	9	8.6	13.4	9.8	6.9	8	11.5	5.8	11.5	7.1	8.1	7.8	:	12.5

u = data lack reliability due to low sample size / : = not available or unreliable data / b = break / p = provisional / e: estimate

Due to changes in the survey characteristics, data lack comparability with former years in BG (from 2001), LV and LT (from 2002), RO (from 2002), LU (from 2003), HU (from 2003) and AT (from 2004: implementation of a continuous survey covering all weeks of the reference quarter).

Source : Eurostat, Labour Force Survey

6. Projected total public social expenditures

Total age-related public spending: pension, health care, long-term care, education and unemployment transfers (% of GDP) – baseline scenario

http://ec.europa.eu/economy_finance/publications/publication14994_en.pdf (Table A 134 – The cost of ageing overview)

	EU27	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2007	23.1	26.5	16.6	17.9	24.8	23.6	14.3	17.2	22.1	19.3	28.4	26	15.4	13.2	15.8	20	21.6	18.2	20.5	26	20.5	24.5	13.1	22.5	15.2	24.2	24.2	24.2
Change 2007 - 2020	0.5	1.7	-0.1	-0.7	2.6	0	0.2	1.4	1.9	1.4	0.9	0.3	1.3	-0.7	-0.7	1.2	-0.3	2.3	2.1	0.3	-2.7	0.8	2	1.8	-0.7	3	-0.3	0.8
Change 2007 - 2060	4.7	6.9	3.7	5.5	2.6	4.8	0.4	8.9	15.9	9	2.7	1.6	10.8	0.4	5.4	18	4.1	10.2	9.4	3.1	-2.4	3.4	10.1	12.1	5.2	6.3	2.6	5.1

7a. Relative median income ratio of people aged 65+ (relative to the complementary age group 0-64) (%), 2008

	EU27	EU25	BE	BG	CZ	DK	DK(1)	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
Relative median income ratio (65+/0-64) Total	0,84p	0,85p	0.74	0.66	0.79	0.7	0.65	0.87	0.62	0.73	0.86	0.78	0,96b	0.88	0.58	0.54	0.71	0.97	1	0.75	0.84	0.92	0.97	0.83	0.85	0.84	0.79	0.71	0.75	0,71p

Source: SILC 2008, Income data 2007; except for UK, income year 2008 and for IE moving income reference period (2007-2008); (1) with imputed rent data 2007 (see methodological note).

: = not available or unreliable data / b = break / p = provisional / e: estimate

EU Aggregates: Eurostat estimates are obtained as a population size weighted average of national data.

7b. Aggregate replacement ratio (%), 2008

		EU27	EU25	BE	BG	CZ	DK	DK(1)	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL(2)	AT	PL	PT	RO	SI	SK	FI	SE	UK(2)
Aggregate replacement ratio (Pensions 65-74 /Earnings 50-59)	Total	0,49p	0,5p	0.45	0.34	0.51	0.41	0.41	0.44	0.45	0.43	0.41	0.48	0,66b	0.51	0.32	0.3	0.44	0.58	0.59	0.44	0.43	0.68	0.56	0.51	0.49	0.44	0.54	0.48	0.59	0,41p
	Men	0,53p	0,53p	0.44	0.37	0.48	0.38	0.38	0.47	0.37	0.4	0.48	0.53	0,69b	0.58	0.37	0.25	0.45	0.54	0.6	0.47	0.48	0.65	0.65	0.65	0.54	0.5	0.54	0.47	0.62	0,42p
	Women	0,49p	0,49p	0.47	0.36	0.55	0.44	0.44	0.48	0.55	0.54	0.44	0.47	0,58b	0.39	0.36	0.34	0.46	0.59	0.6	0.45	0.51	0.69	0.53	0.49	0.45	0.4	0.55	0.48	0.55	0,44p

Source: SILC 2008, Income data 2007; except for UK, income year 2008 and for IE moving income reference period (2007-2008); (1) with imputed rent data 2007 (see methodological note).

: = not available or unreliable data / b = break / p = provisional / e: estimate

EU Aggregates: Eurostat estimates are obtained as a population size weighted average of national data.

(2) Pensions from individual insurance private plans are not included, if included ratio for NL and UK would be higher

8a. Inequalities in access to health care (unmet need for care by income quintile for 3 reasons: too expensive, too long waiting time, too far to travel), SILC 2008

	EU	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
1st quintile	6.6	1.4	41.6	1	0.4	7.1	14.2	5.3	10	0.1	3.6	9.2	9.2	26.2	10.2	1.4	5.2	1.2	0.4	1	10.6	18.7	20.7	0.4	3.9	1	4.1	1.2
2nd quintile	4.6	0	19.6	0.6	0.2	4.9	9.4	2.1	6.9	0	1.8	6	4.8	13.8	7.8	0.3	3.7	1.5	0.3	0.7	8.7	11.7	16.9	0.2	1.2	1	3.7	1.6
3rd quintile	3.2	0.3	14.6	1.1	0.5	2.8	7.5	2.7	5.7	0.2	0.8	3.5	2.4	11.1	6.9	0.1	2.2	0.7	0.5	0.9	6.5	9.6	13.1	0.1	0.8	0.3	3.3	1.4
4th quintile	2.5	0	10.2	0.5	0.1	2.3	6.8	1.4	4.1	0.2	0.6	3.1	1.9	8	6.6	0.5	1.6	0.7	0.1	0.3	5.6	7.3	8.4	0.2	0.6	0.2	2.9	1.5
5th quintile	1.6	0	8.1	0.6	0.1	1.2	8	0.9	1.1	0.2	0.2	1.9	0.4	4.9	5	0.3	0.9	0.1	0.3	0.4	4.8	2.3	3.2	0	0.5	0.1	2.1	1.4

Source: SILC(2008)

* This data should be interpreted with care when comparing levels of across countries due to a problem in the translation of the questionnaire.

8b. Doctor's consultations

EU-27	EU-25	BE	CZ	DK	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
:	:	7.5	12.9	7.5	6.9	:	:	8.1	6.4	7.0	2.0	5.2	6.8	6.0	12.9	1.9	5.6	6.7	6.6	3.9	7.2	10.4	4.3	2.8	5.1

Notes: (:) = data not available

Source: OECD Health Data. Calculated as the number of contacts with an ambulatory care physician divided by the population. Includes contacts in out-patient wards.

9. At-risk of poverty rate anchored at a fixed moment in time (poverty threshold of 2005), 2008

		EU27	EU25	BE	BG[(1)]	CZ	DK	DK[(2)]	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO[(1)]	SI	SK	FI	SE	UK
Total population	Total	12p	13p	15	:	6	11	8	13	5	10	19	16	12b	18	9	7	5	14	9	11	8	13	8	17	:	9	5	11	8	15p
	Men	12p	13p	14	:	6	11	9	13	6	10	18	15	11b	17	8	7	5	13	10	11	8	12	9	17	:	8	5	11	8	14p
	Women	13p	14p	16	:	6	11	8	14	5	10	19	17	13b	20	11	7	5	15	9	12	8	14	8	18	:	10	5	11	9	16p
Children aged 0-17	Total	15p	16p	17	:	10	9	8	13	6	12	21	20	16b	24	7	8	7	20	14	15	9	16	12	21	:	8	9	9	8	17p
People aged 18-64	Total	11p	12p	13	:	6	11	10	14	6	10	17	13	12b	16	6	7	5	13	9	9	7	11	8	15	:	8	4	10	8	12p
	Men	11p	12p	11	:	5	11	10	13	6	9	17	13	11b	15	5	6	6	13	9	8	7	11	9	14	:	8	5	11	9	11p
	Women	12p	13p	14	:	6	11	10	14	5	10	18	14	12b	17	7	7	5	14	10	10	8	12	8	16	:	7	4	9	8	13p
People aged 65+	Total	14p	15p	22	:	3	16	3	13	3	9	20	21	9b	20	32	8	2	6	3	17	7	16	4	19	:	17	2	17	9	23p
	Men	12p	13p	21	:	1	14	3	11	1	10	19	20	8b	17	27	4	2	5	2	18	7	12	3	17	:	9	1	12	6	20p
	Women	15p	16p	22	:	4	17	4	15	4	9	22	22	10b	23	36	10	2	6	4	16	7	18	4	21	:	22	2	21	11	25p

Source: SILC 2008, Income data 2007; except for UK, income year 2008 and for IE moving income reference period (2007-2008); [(1)] BG, RO (:) data not available; [(2)] with imputed rent (see methodological note).

: = not available or unreliable data / b = break / p = provisional / e: estimate

EU Aggregates: Eurostat estimates are obtained as a population size weighted average of national data.

10. Employment rate of older workers (% of people aged 55-64)

		EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
1998	total	36.2	35.8	22.9	:	37.1	52.0	37.7	50.2	41.7	39.0	35.1	28.3	27.7	:	36.3	39.5	25.1	17.3	:	33.9	28.4	32.1	49.6b	51.5	23.9	22.8	36.2	63.0	49.0
	male	47.0	46.6	32.1	:	53.2	61.3	47.2	62.0	60.2	56.0	52.6	32.5	41.4	:	48.1	54.4	35.2	27.0	:	47.5	40.5	41.5	62.9b	59.5	31.8	39.1	38.4	66.1	59.1
	female	26.1	25.5	14.0	:	22.9	42.0	28.3	41.6	23.1	23.5	18.8	24.4	15.0	:	27.5	28.3	15.5	9.6	:	20.3	17.1	24.1	38.0b	44.5	16.1	9.4	34.1	60.0	39.2
2000	total	36.9	36.6	26.3	20.8	36.3	55.7	37.6	46.3	45.3	39.0	37.0	29.9	27.7	49.4	36.0	40.4	26.7	22.2	28.5	38.2	28.8	28.4	50.7	49.5	22.7	21.3	41.6	64.9	50.7
	male	47.1	46.9	36.4	33.2	51.7	64.1	46.4	55.9	63.2	55.2	54.9	33.6	40.9	67.3	48.4	50.6	37.2	33.2	50.8	50.2	41.2	36.7	62.1	56.0	32.3	35.4	42.9	67.8	60.1
	female	27.4	26.9	16.6	10.3	22.4	46.6	29.0	39.0	27.2	24.3	20.2	26.3	15.3	32.1	26.7	32.6	16.4	13.3	8.4	26.1	17.2	21.4	40.6	43.8	13.8	9.8	40.4	62.1	41.7
2002	total	38.5	38.7	26.6	27.0	40.8	57.9	38.9	51.6	48.0	39.2	39.6	34.7	28.9	49.4	41.7	41.6	28.1	25.6	30.1	42.3	29.1	26.1	51.4	37.3b	24.5	22.8	47.8	68.0	53.4
	male	48.4	48.8	36.0	37.0	57.2	64.5	47.3	58.4	65.0	55.9	58.4	38.7	41.3	67.3	50.5	51.5	37.7	35.5	50.8	54.6	39.6	34.5	61.9	42.7b	35.4	39.1	48.5	70.4	62.6
	female	29.1	29.2	17.5	18.2	25.9	50.4	30.6	46.5	30.8	24.0	21.9	30.8	17.3	32.2	35.2	34.1	18.4	17.6	10.9	29.9	19.3	18.9	42.2	32.6b	14.2	9.5	47.2	65.6	44.5
2004	total	40.7	41.0	30.0	32.5	42.7	60.3	41.8	52.4	49.5	39.4	41.3	37.8	30.5b	49.9	47.9	47.1	30.4	31.1	31.5	45.2	28.8b	26.2	50.3	36.9	29.0	26.8	50.9	69.1	56.2
	male	50.4	50.8	39.1	42.2	57.2	67.3	50.7	56.4	65.0	56.4	58.9	41.7	42.2b	70.8	55.8	57.6	38.3	38.4	53.4	56.9	38.9b	34.1	59.1	43.1	40.9	43.8	51.4	71.2	65.7
	female	31.6	31.8	21.1	24.2	29.4	53.3	33.0	49.4	33.7	24.0	24.6	34.2	19.6b	30.0	41.9	39.3	22.2	25.0	11.5	33.4	19.3b	19.4	42.5	31.4	17.8	12.6	50.4	67.0	47.0
2006	total	43.5	43.6	32.0	39.6	45.2	60.7	48.4	58.5	53.1	42.3	44.1	38.1	32.5	53.6	53.3	49.6	33.2	33.6	29.8	47.7	35.5	28.1	50.1	41.7	32.6	33.1	54.5	69.6	57.3
	male	52.7	52.8	40.9	49.5	59.5	67.1	56.4	57.5	67.0	59.2	60.4	40.4	43.7	71.6	59.5	55.7	38.7	41.4	49.4	58.0	45.3	38.4	58.2	50.0	44.5	49.8	54.8	72.3	66.0
	female	34.9	35.0	23.2	31.1	32.1	54.3	40.6	59.2	39.1	26.6	28.7	35.8	21.9	36.6	48.7	45.1	27.8	27.1	10.8	37.2	26.3	19.0	42.8	34.5	21.0	18.9	54.3	66.9	49.0
2007	total	44.6	44.8	34.4	42.6	46.0	58.6	51.5	60.0	53.8	42.4	44.6	38.2	33.8	55.9	57.7	53.4	32.0	33.1	28.5	50.9	38.6	29.7	50.9	41.4	33.5	35.6	55.0	70.0	57.4
	male	53.9	54.1	42.9	51.8	59.6	64.9	59.7	59.4	67.9	59.1	60.0	40.4	45.1	72.5	64.6	60.8	35.6	41.7	45.9	61.5	49.8	41.4	58.6	50.3	45.3	52.5	55.1	72.9	66.3
	female	35.9	36.1	26.0	34.5	33.5	52.4	43.6	60.5	39.6	26.9	30.0	36.0	23.0	40.3	52.4	47.9	28.6	26.2	11.6	40.1	28.0	19.4	44.0	33.6	22.2	21.2	55.0	67.0	48.9
2008	total	45.6	45.7	34.5	46.0	47.6	57.0	53.8	62.4	53.6	42.8	45.6	38.2	34.4	54.8	59.4	53.1	34.1	31.4	29.2	53.0	41.0	31.6	50.8	43.1	32.8	39.2	56.5	70.1	58.0
	male	55.0	55.0	42.8	55.8	61.9	64.3	61.8	65.2	66.0	59.1	60.9	40.5	45.5	70.9	63.1	60.2	38.7	38.5	46.4	63.7	51.8	44.1	58.5	53.0	44.7	56.7	57.1	73.4	67.3
	female	36.8	36.9	26.3	37.7	34.4	49.8	46.1	60.3	41.0	27.5	31.1	36.0	24.0	39.4	56.7	47.8	29.3	25.7	12.5	42.2	30.8	20.7	43.9	34.4	21.1	24.2	55.8	66.7	49.0

b= break in data series / : = data not available

Source : Eurostat - Labour Force Survey, Annual averages.

11. In work at-risk-of-poverty rate after social transfers by gender (Age 18+), 2008

		EU27	EU25	BE	BG	CZ	DK	DK(1)	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
In work	Total	8p	8p	5	7	4	5	6	7	7	6	14	11	7b	9	6	11	9	9	5	5	5	6	12	12	17	5	6	5	7	9p
	Men	9p	8p	4	8	3	6	6	6	6	7	16	12	7b	11	6	11	9	9	6	6	5	6	12	12	19	6	6	5	7	8p
	Women	8p	8p	5	7	4	4	5	7	9	6	12	9	6b	6	7	11	10	10	4	2	5	6	10	11	15	4	5	5	6	9p

Source: SILC 2008, Income data 2007; except for UK, income year 2008 and for IE moving income reference period (2007-2008);(1) with imputed rent data 2007 (see methodological note).
: = not available or unreliable data / b = break / p = provisional / e: estimate
EU Aggregates: Eurostat estimates are obtained as a population size weighted average of national data.

12. Activity rates (% of population aged 15-64)

		EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
1998	Total	:	68.0	63.5	:	72.0	79.7	70.8	72.2	65.6	63.2	63.0	68.4	59.0	:	69.8	72.1	62.1	58.7	:	73.0	71.0	65.7	70.6b	68.9	68.2	69.3	72.3	76.2	75.4
	Male	:	77.4	72.8	:	80.0	83.8	79.2	79.0	78.2	77.6	77.3	75.2	73.6	:	76.4	78.2	75.9	66.6	:	82.6	80.3	72.8	79.3b	75.7	72.6	77.2	75.6	79.0	83.2
	Female	:	58.7	54.0	:	64.0	75.6	62.2	66.4	52.9	49.0	48.9	61.9	44.6	:	63.9	66.5	48.1	51.2	:	63.2	61.7	58.8	62.3b	62.3	63.6	61.7	69.1	73.5	67.4
2000	Total	68.6	68.7	65.1	60.7	71.3	80.0	71.1	70.2	68.2	63.8	65.4	68.7	60.1	69.1	67.2	70.8	64.1	60.1	58.0	75.2	71.0	65.8	71.4	68.4	67.5	69.9	74.5	77.3	75.5
	Male	77.2	77.5	73.7	66.2	79.1	84.2	78.9	75.6	79.9	77.4	78.8	75.2	74.1	81.4	72.7	74.5	76.3	67.9	80.5	84.1	80.1	71.7	79.2	75.0	71.9	76.8	77.2	79.8	82.9
	Female	60.1	60.0	56.4	55.6	63.6	75.6	63.3	65.3	56.3	50.5	52.0	62.4	46.3	57.7	62.1	67.3	51.6	52.7	35.2	66.0	62.0	59.9	63.9	61.9	62.9	63.2	71.9	74.8	68.2
2002	Total	68.6	69.0	64.8	61.9	70.6	79.6	71.7	69.3	68.6	64.2	66.2	69.1	61.1	71.2	68.8	69.6	65.2	59.7	58.5	76.5	71.6	64.6	72.7	63.4b	67.8	69.9	74.9	77.6	75.3
	Male	76.8	77.4	73.2	66.4	78.6	83.6	78.8	74.6	79.2	77.6	79.1	75.5	74.3	81.3	74.1	73.6	76.7	67.1	80.1	84.5	79.6	70.6	80.0	70.4b	72.5	76.7	77.0	79.4	82.4
	Female	60.5	60.7	56.3	57.5	62.7	75.5	64.4	64.4	57.8	51.0	53.1	63.0	47.9	61.8	63.9	65.8	53.6	52.7	36.7	68.3	63.7	58.7	65.6	56.6b	63.0	63.2	72.8	75.8	68.3
2004	Total	69.8	70.3	66.7	62.1	70.4	79.8	74.3b	70.1	70.8	66.8	69.7b	70.0	62.5	72.4	69.6	68.4	66.6	61.3	58.1	76.9	72.4	64.4	73.4	62.3	70.7	68.9	74.7	78.7b	75.4
	Male	77.3	77.9	73.9	67.0	78.4	83.6	80.6b	73.6	80.6	79.2	80.9b	75.3	74.6	82.9	74.4	72.1	76.0	67.9	79.1	83.7	79.3	70.8	79.0	69.4	75.1	76.5	76.6	80.9b	82.0
	Female	62.4	62.8	59.5	57.3	62.4	75.9	68.0b	66.9	60.8	54.5	58.3b	64.8	50.4	62.5	65.1	64.9	57.0	55.1	36.9	70.0	65.6	58.1	67.9	55.3	66.1	61.5	72.8	76.3b	68.8
2006	Total	70.3	70.7	66.5	64.5	70.3	80.6	75.3	72.4	71.8	67.0	70.8	69.9	62.7	73.0	71.3	67.4	66.7	62.0	57.6	77.4	73.7	63.4	73.9	63.6	70.9	68.6	75.2	78.8	75.7
	Male	77.6	78.1	73.4	68.8	78.3	84.1	81.3	75.8	81.5	79.1	81.3	75.0	74.6	82.7	76.2	70.5	75.3	68.7	78.1	83.9	80.5	70.1	79.5	70.7	74.9	76.4	77.1	81.2	82.3
	Female	63.0	63.4	59.5	60.2	62.3	77.0	69.3	69.3	61.9	55.0	60.2	64.9	50.8	63.8	66.7	64.6	58.2	55.5	36.5	70.7	67.0	56.8	68.4	56.6	66.7	60.9	73.3	76.3	69.2
2007	Total	70.5	70.9	67.1	66.3	69.9	80.2	76.0	72.9	72.4	67.0	71.6	70.0	62.5	73.9	72.8	67.9	66.9	61.9	58.4	78.5	74.7	63.2	74.1	63.0	71.3	68.3	75.6	79.1	75.5
	Male	77.7	78.2	73.6	70.6	78.1	83.9	81.8	77.5	81.4	79.1	81.4	74.8	74.4	82.9	77.6	71.0	75.0	69.0	77.6	84.6	81.7	70.0	79.4	70.1	75.8	75.9	77.2	81.4	82.2
	Female	63.3	63.7	60.4	62.1	61.5	76.4	70.1	68.7	63.3	54.9	61.4	65.3	50.7	65.4	68.3	65.0	58.9	55.1	38.6	72.2	67.8	56.5	68.8	56.0	66.6	60.8	73.8	76.8	69.0
2008	Total	70.9	71.4	67.1	67.8	69.7	80.8	76.5	74.0	72.0	67.1	72.6	70.1	63.0	73.6	74.4	68.4	66.8	61.5	58.8	79.3	75.0	63.8	74.2	62.9	71.8	68.8	76.0	79.3	75.8
	Male	78.0	78.4	73.3	72.5	78.1	84.4	82.1	78.3	80.7	79.1	81.8	74.8	74.4	82.0	78.6	71.4	74.7	68.3	76.9	85.3	81.4	70.9	79.5	70.6	75.8	76.4	77.9	81.7	82.4
	Female	63.9	64.3	60.8	63.1	61.0	77.1	70.8	70.1	63.1	55.1	63.2	65.6	51.6	65.7	70.5	65.5	58.7	55.0	40.2	73.3	68.6	57.0	68.9	55.2	67.5	61.3	73.9	76.9	69.4

Source : Eurostat - Labour Force Survey, Annual averages.
b= break in data series / : = data not available

13. Dispersion of regional employment rates*, selected years (%)

	EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
2000	13.0	:	7.9	:	5.8	:	5.4	-	:	5.1	10.7	6.9	17.5	-	-	-	-	9.0	-	2.2	2.5	6.9	4.3	4.6	:	9.1	6.8	4.5	7.1
2004	12.1	:	8.7	6.9	5.6	:	6.0	-	:	4.1	8.7	7.1	15.6	-	-	-	-	9.4	-	2.3	3.5	6.4	3.5	4.9	:	9.0	5.5	4.4	5.9
2005	11.9	:	8.4	7.2	5.5	:	5.6	-	:	4.3	8.3	7.2	16.0	-	-	-	-	9.9	-	2.0	4.1	5.6	3.3	4.5	:	9.8	5.5	3.0	5.7
2006	11.4	:	8.7	7.3	5.2	:	5.2	-	:	3.7	7.8	7.4	16.0	-	-	-	-	9.1	-	2.2	3.4	5.1	3.1	3.6	:	8.6	5.4	2.9	5.5
2007	11.1	:	8.6	7.1	4.6	:	4.8	-	:	3.5	7.5	6.6	16.3	-	-	-	-	9.7	-	2.2	3.8	4.5	3.3	4.6	:	8.3	5.6	2.4	5.4

* Coefficient of variation of employment rates across regions at NUTS2 level

: not available; - not applicable or real zero or zero by default

Source : Eurostat - Labour Force Survey, Annual averages

14. Total health expenditure per capita PPS

	EU	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
1990		1219	:	503	1387	1588	:	709	766	783	1301	1221	:	:	:	:	:	:	1272	1453	261	561	:	:	:	1227	1433	864
1991		1353	:	492	1447	:	:	805	794	866	1412	1339	:	:	:	:	520	:	1380	1562	314	669	:	:	:	1367	1437	955
1992		1442	:	520	1524	1808	:	922	890	941	1508	1393	:	:	:	:	563	:	1468	1677	335	735	:	:	:	1379	1483	1057
1993		1454	:	690	1594	1792	:	934	977	976	1575	1379	:	:	:	:	565	:	1505	1786	334	771	:	:	:	1252	1493	1087
1994		1485	:	733	1667	1911	:	1003	1102	999	1627	1382	:	:	:	:	637	:	1543	1923	337	800	:	:	:	1233	1496	1165
1995		1553	:	754	1569	1907	:	1009	1059	1000	1762	1289	:	:	:	1602	553	:	1508	1858	344	868	:	:	:	1242	1463	1131
1996		1628	:	777	1676	2032	:	1084	1102	1058	1831	1366	:	:	:	1686	558	:	1578	1932	405	945	:	:	:	1315	1577	1216
1997		1683	:	788	1761	2062	:	1192	1158	1110	1902	1477	:	:	:	1686	580	:	1638	2065	425	1014	:	:	381	1373	1612	1272
1998	1516	1748	:	793	1863	2127	:	1284	1184	1184	1977	1566	:	:	:	1784	654	:	1759	2202	479	1036	:	:	381	1426	1697	1335
1999	1604	1883	:	812	1973	2243	:	1406	1270	1255	2073	1626	:	:	:	2063	701	:	1884	2336	496	1150	:	:	354	1513	1843	1452
2000	1713	2071	:	854	2071	2326	:	1572	1262	1338	2214	1787	:	:	:	2224	742	:	2035	2459	507	1314	:	:	371	1614	1989	1596
2001	1813	2133	:	929	2165	2411	:	1827	1507	1405	2334	1901	:	:	:	2350	833	:	2194	2468	551	1346	:	:	397	1689	2154	1720
2002	1924	2295	:	1021	2304	2510	:	2023	1680	1492	2497	1900	:	:	:	2634	952	:	2421	2613	626	1417	:	:	440	1833	2305	1873
2003	1906	2663	526	1131	2393	2609	566	2131	1715	1705	2524	1920	1250	:	:	3853	1099	:	2607	2707	633	1542	323	1497	486	1867	2400	1964
2004	1992	2786	547	1167	2571	2660	639	2318	1762	1791	2623	2020	1247	:	623	4229	1116	:	2773	2860	680	1611	368	1565	670	2030	2494	2153
2005	2091	2832	600	1217	2639	2804	696	2371	1971	1899	2766	2123	1301	694	697	4377	1205	:	2876	2894	717	1759	405	1647	954	2127	2487	2255
2006	2195	2877	624	1258	2795	2887	786	2500	2122	2052	2849	2227	1363	:	810	:	1243	:	2990	2975	767	1832	408	1719	1101	2213	2635	2404
2007	2205	:	:	:	:	:	:	2844	2265	:	:	2232	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	2486

Source: OECD health data and Eurostat

AMECO PPS

Context 1: Growth rate of GDP volume - percentage change over previous year

	EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
2000	3.9	3.9	3.7	5.4	3.6	3.5	3.2	10.0	9.4	4.5	5.0	3.9	3.7	5.0	6.9	3.3	8.4	4.9	:	3.9	3.7	4.3	3.9	2.4	4.4	1.4	5.1	4.4	3.9
2006	3.2	3.2	2.8	6.3	6.8	3.4	3.2	10.0	5.4	4,5(p)	4.0	2.2	2.0	4.1	12.2	7.8	5.6	4.0	3.5	3.4	3.5	6.2	1.4	7.9	5.8	8.5	4.9	4.2	2.9
2007	2.9	2.8	2.9	6.2	6.1	1.7	2.5	7.2	6.0	4,5(p)	3.6	2.3	1.6	5.1	10.0	9.8	6.5	1.0	4.0	3.6	3.5	6.8	1.9	6.3	6.8	10.6	4.2	2.5	2.6
2008	0.8	0.7	1.0	6.0	2.5	-0.9	1.3	-3.6	-3.0	2,0(p)	0.9	0.4	-1.0	3.6	-4.6	2.8	0.0	0.6	2.1	2.0	2.0	5.0	0.0	7.3	3.5	6.2	1.0	-0.2	0.5
2009f	*-4.1*	*-4.1*	*-2.9*	*-5.9*	*-4.8*	*-4.5*	*-5.0*	*-13.7*	*-7.5*	*-1.1*	*-3.7*	*-2.2*	*-4.7*	*-0.7*	*-18.0*	*-18.1*	*-3.6*	*-6.5*	*-2.2*	*-4.5*	*-3.7*	*1.2*	*-2.9*	*-8.0*	*-7.4*	*-5.8*	*-6.9*	*-4.6*	*-4.6*
2010f	*0.7*	*0.7*	*0.6*	*-1.1*	*0.8*	*1.5*	*1.2*	*-0.1*	*-1.4*	*-0.3*	*-0.8*	*1.2*	*0.7*	*0.1*	*-4.0*	*-3.9*	*1.1*	*-0.5*	*0.7*	*0.3*	*1.1*	*1.8*	*0.3*	*0.5*	*1.3*	*1.9*	*0.9*	*1.4*	*0.9*
2011f	*1.6*	*1.6*	*1.5*	*3.1*	*2.3*	*1.8*	*1.7*	*4.2*	*2.6*	*0.7*	*1.0*	*1.5*	*1.4*	*1.3*	*2.0*	*2.5*	*1.8*	*3.1*	*1.6*	*1.6*	*1.5*	*3.2*	*1.0*	*2.6*	*2.0*	*2.6*	*1.6*	*2.1*	*1.9*

Source : Eurostat, Annual national accounts; forecast for 2009, 2010, 2011

f = forecast

Context 1: GDP per capita in Purchasing Power Standards (PPS), (EU-27 = 100)

	EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
2000	100	105.0	126.1	27.8	68.5	131.6	118.5	45.0	130.9	84.1	97.4	115.4	116.9	88.8	36.7	39.3	243.7	55.3	83.6	134.3	131.4	48.3	78.0	26.1	79.8	50.1	117.2	126.7	119.0
2006	100	103.9	117.7	36.5	77.0	124.2	116.1	65.1	145.5	93,0p	104.6	108.8	104.2	90.7	51.6	55.3	272.2	63.2	76.8	131.2	124.4	51.9	76.4	38.4	87.6	63.4	115.0	121.1	120.3
2007	100	103.7	115.7	37.7	80.1	121.3	115.8	68.8	148.1	92,8p	105.0	108.5	103.4	93.6	55.7	59.3	275.2	62.6	76.4	132.2	122.8	54.4	75.6	41.6	88.6	67.7	118.0	122.8	116.7
2008	100	103.4	115.1	41.3	80.3	120.1	115.6	67.4	135.4	94,3p	102.6	107.9	102.0	95.8	57.3	61.9	276.3	64.4	76.3	134.0	123.3	56.4	76.0	48.0	90.9	72,2e	117.2	120.0	116.2
2009f	100	:	*115.6*	*38.3*	*78.0*	*114.4*	*112.7*	*58.7*	*132.7*	*95.4*	*101.0*	*107.3*	*96.0*	*94.3*	*46.3*	*51.6*	*260.5*	*59.8*	*77.6*	*128.5*	*122.4*	*57.9*	*74.6*	*43.1*	*87.1*	*67.8*	*109.4*	*116.0*	*113.7*
2010f	100	:	*115.1*	*38.0*	*78.2*	*115.6*	*113.8*	*58.5*	*130.2*	*94.5*	*99.0*	*107.7*	*96.0*	*93.3*	*44.6*	*49.8*	*259.8*	*59.4*	*77.3*	*128.0*	*122.9*	*58.8*	*74.5*	*43.3*	*87.9*	*68.8*	*109.7*	*117.0*	*113.5*
2011f	100	:	*114.5*	*38.8*	*78.7*	*115.9*	*114.3*	*60.1*	*131.6*	*93.4*	*97.9*	*107.3*	*95.6*	*92.4*	*45.1*	*50.6*	*257.9*	*60.4*	*76.9*	*127.8*	*122.7*	*59.8*	*74.1*	*43.9*	*88.2*	*68.8*	*109.7*	*117.8*	*113.3*

Source: Eurostat, Annual national accounts; forecast for 2009, 2010, 2011

f = forecast / : = not available or unreliable data / b = break / p = provisional / e: estimate

Context 2a: Employment rate (% of population aged 15-64)

		EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
2000	total	62.2	62.4	60.5	50.4	65.0	76.3	65.6	60.4	65.2	56.5	56.3	62.1	53.7	65.7	57.5	59.1	62.7	56.3	54.2	72.9	68.5	55.0	68.4	63.0	62.8	56.8	67.2	73.0	71.2
	male	70.8	71.3	69.5	54.7	73.2	80.8	72.9	64.3	76.3	71.5	71.2	69.2	68.0	78.7	61.5	60.5	75.0	63.1	75.0	82.1	77.3	61.2	76.5	68.6	67.2	62.2	70.1	75.1	77.8
	female	53.7	53.6	51.5	46.3	56.9	71.6	58.1	56.9	53.9	41.7	41.3	55.2	39.6	53.5	53.8	57.7	50.1	49.7	33.1	63.5	59.6	48.9	60.5	57.5	58.4	51.5	64.2	70.9	64.7
2002	total	62.4	62.8	59.9	50.6	65.4	75.9	65.4	62.0	65.5	57.5	58.5	63.0	55.5	68.6	60.4	59.9	63.4	56.2	54.4	74.4	68.7	51.5	68.8	57,6b	63.4	56.8	68.1	73.6	71.4
	male	70.4	71.0	68.3	53.7	73.9	80.0	71.8	66.5	75.4	72.2	72.6	69.5	69.1	78.9	64.3	62.7	75.1	62.9	74.7	82.4	76.4	56.9	76.5	63,6b	68.2	62.4	70.0	74.9	77.7
	female	54.4	54.7	51.4	47.5	57.0	71.7	58.9	57.9	55.4	42.9	44.4	56.7	42.0	59.1	56.8	57.2	51.6	49.8	33.9	66.2	61.3	46.2	61.4	51,8b	58.6	51.4	66.2	72.2	65.2
2004	total	63.0	63.4	60.3	54.2	64.2	75.7	65.0	63.0	66.3	59.4	61.1	63.8	57,6b	68.9	62.3	61.2	62.5	56.8	54.0	73.1	67,8b	51.7	67.8	57.7	65.3	57.0	67.6	72.1	71.7
	male	70.4	71.0	67.9	57.9	72.3	79.7	70.8	66.4	75.9	73.7	73.8	69.5	70,1b	79.8	66.4	64.7	72.8	63.1	75.1	80.2	74,9b	57.2	74.2	63.4	70.0	63.2	69.7	73.6	77.9
	female	55.6	55.8	52.6	50.6	56.0	71.6	59.2	60.0	56.5	45.2	48.3	58.3	45,2b	58.7	58.5	57.8	51.9	50.7	32.7	65.8	60,7b	46.2	61.7	52.1	60.5	50.9	65.6	70.5	65.6
2005	total	63.5	64.0	61.1	55.8	64.8	75.9	66,0b	64.4	67.6	60.1	63,3b	63.7	57.6	68.5	63.3	62.6	63.6	56.9	53.9	73.2	68.6	52.8	67.5	57.6	66.0	57.7	68.4	72,5b	71.7
	male	70.8	71.4	68.3	60.0	73.3	79.8	71,3b	67.0	76.9	74.2	75,2b	69.2	69.9	79.2	67.6	66.1	73.3	63.1	73.8	79.9	75.4	58.9	73.4	63.7	70.4	64.6	70.3	74,4b	77.7
	female	56.3	56.6	53.8	51.7	56.3	71.9	60,6b	62.1	58.3	46.1	51,2b	58.4	45.3	58.4	59.3	59.4	53.7	51.0	33.7	66.4	62.0	46.8	61.7	51.5	61.3	50.9	66.5	70,4b	65.8
2006	total	64.5	64.8	61.0	58.6	65.3	77.4	67.5	68.1	68.6	61.0	64.8	63.7	58.4	69.6	66.3	63.6	63.6	57.3	53.6	74.3	70.2	54.5	67.9	58.8	66.6	59.4	69.3	73.1	71.6
	male	71.6	72.1	67.9	62.8	73.7	81.2	72.8	71.0	77.7	74.6	76.1	68.9	70.5	79.4	70.4	66.3	72.6	63.8	73.3	80.9	76.9	60.9	73.9	64.6	71.1	67.0	71.4	75.5	77.5
	female	57.3	57.6	54.0	54.6	56.8	73.4	62.2	65.3	59.3	47.4	53.2	58.6	46.3	60.3	62.4	61.0	54.6	51.1	33.4	67.7	63.5	48.2	62.0	53.0	61.8	51.9	67.3	70.7	65.8
2007	total	65.4	65.8	62.0	61.7	66.1	77.1	69.4	69.4	69.1	61.4	65.6	64.3	58.7	71.0	68.3	64.9	64.2	57.3	54.6	76.0	71.4	57.0	67.8	58.8	67.8	60.7	70.3	74.2	71.5
	male	72.5	73.0	68.7	66.0	74.8	81.0	74.7	73.2	77.4	74.9	76.2	69.2	70.7	80.0	72.5	67.9	72.3	64.0	72.9	82.2	78.4	63.6	73.8	64.8	72.7	68.4	72.1	76.5	77.5
	female	58.3	58.6	55.3	57.6	57.3	73.2	64.0	65.9	60.6	47.9	54.7	59.7	46.6	62.4	64.4	62.2	56.1	50.9	35.7	69.6	64.4	50.6	61.9	52.8	62.6	53.0	68.5	71.8	65.5
2008	total	65.9	66.3	62.4	64.0	66.6	78.1	70.7	69.8	67.6	61.9	64.3	64.9	58.7	70.9	68.6	64.3	63.4	56.7	55.3	77.2	72.1	59.2	68.2	59.0	68.6	62.3	71.1	74.3	71.5
	male	72.8	73.2	68.6	68.5	75.4	81.9	75.9	73.6	74.9	75.0	73.5	69.6	70.3	79.2	72.1	67.1	71.5	63.0	72.5	83.2	78.5	66.3	74.0	65.7	72.7	70.0	73.1	76.7	77.3
	female	59.1	59.4	56.2	59.5	57.6	74.3	65.4	66.3	60.2	48.7	54.9	60.4	47.2	62.9	65.4	61.8	55.1	50.6	37.4	71.1	65.8	52.4	62.5	52.5	64.2	54.6	69.0	71.8	65.8

Source : Eurostat - Labour Force Survey, Annual averages.

b= break in data series

Context 2b: Unemployment rate (% of labour force aged 15+)

		EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
2000	Total	8.7	8.6	6.9	16.4	8.7	4.3	7.5	12.8	4.3	11.2	11.1	9.0	10.1	4.9	13.7	16.4	2.2	6.4	6.7	2.8	3.6	16.1	4.0	7.3	6.7	18.8	9.8	5.6	5.4
	Males	7.8	7.6	5.6	16.7	7.3	3.9	7.5	13.8	4.4	7.4	7.9	7.5	7.8	3.2	14.4	18.6	1.8	7.0	6.4	2.2	3.1	14.4	3.2	8.0	6.5	18.9	9.1	5.9	5.9
	Females	9.8	9.9	8.5	16.2	10.3	4.8	7.5	11.7	4.2	17.1	16.0	10.8	13.6	7.2	12.9	14.1	2.9	5.6	7.4	3.6	4.3	18.2	5.0	6.5	7.0	18.6	10.6	5.3	4.8
2002	Total	8.9	8.8	7.5	18.2	7.3	4.6	8.4	10.3	4.5	10.3	11.1	8.6	8.6	3.6	12.2	13.5	2.6	5.8	7.5	2.8	4.2	20.0	5.1	8.6	6.3	18.7	9.1	6.1	5.1
	Males	8.3	8.1	6.7	18.9	6.0	4.3	8.8	10.8	4.7	6.8	8.1	7.7	6.7	2.9	13.3	14.2	2.0	6.2	6.6	2.5	4.0	19.2	4.2	9.2	5.9	18.6	9.1	6.4	5.7
	Females	9.7	9.7	8.6	17.3	9.0	5.0	7.9	9.7	4.1	15.7	15.7	9.7	11.5	4.5	10.9	12.7	3.5	5.4	9.3	3.1	4.4	21.0	6.1	7.9	6.8	18.7	9.1	5.8	4.5
2004	Total	9.1	9.1	8.4	12.1	8.3	5.5	9.8	9.7	4.6	10.5	10.6	9.3	8.0	4.7	10.4	11.4	5.0	6.1	7.4	4.6	4.9	19.0	6.7	8.1	6.3	18.2	8.8	7.7	4.7
	Males	8.5	8.4	7.5	12.6	7.1	5.1	10.3	10.4	4.9	6.6	8.0	8.4	6.4	3.6	10.6	11.0	3.6	6.1	6.6	4.3	4.5	18.2	5.9	9.1	5.9	17.4	8.7	7.9	5.1
	Females	9.8	9.9	9.5	11.5	9.9	6.0	9.1	8.9	4.1	16.2	14.3	10.3	10.5	6.0	10.2	11.8	6.8	6.1	9.0	4.8	5.4	20.0	7.7	6.9	6.9	19.2	8.9	7.5	4.2
2005	Total	8.9	9.0	8.5	10.1	7.9	4.8	10.7	7.9	4.4	9.9	9.2	9.3	7.7	5.3	8.9	8.3	4.6	7.2	7.2	4.7	5.2	17.8	7.7	7.2	6.5	16.3	8.4	7.7	4.8
	Males	8.3	8.3	7.6	10.3	6.5	4.4	11.2	8.8	4.6	6.1	7.1	8.4	6.2	4.3	9.1	8.2	3.6	7.0	6.4	4.5	4.9	16.6	6.8	7.8	6.1	15.5	8.2	7.8	5.2
	Females	9.6	9.8	9.5	9.8	9.8	5.3	10.1	7.1	4.0	15.3	12.2	10.3	10.0	6.5	8.7	8.3	6.0	7.4	8.9	5.1	5.5	19.2	8.8	6.4	7.1	17.2	8.6	7.7	4.3
2006	Total	8.2	8.2	8.3	9.0	7.2	3.9	9.8	5.9	4.5	8.9	8.5	9.2	6.8	4.6	6.8	5.6	4.6	7.5	7.1	3.9	4.8	13.9	7.8	7.3	6.0	13.4	7.7	7.1	5.4
	Males	7.6	7.5	7.4	8.7	5.8	3.3	10.2	6.2	4.6	5.6	6.3	8.4	5.4	4.0	7.4	5.8	3.6	7.2	6.3	3.5	4.3	13.0	6.6	8.2	4.9	12.3	7.4	6.9	5.8
	Females	8.9	9.0	9.3	9.3	8.9	4.5	9.5	5.6	4.2	13.6	11.6	10.1	8.8	5.4	6.2	5.4	6.0	7.8	8.7	4.4	5.2	14.9	9.1	6.1	7.2	14.7	8.1	7.3	4.9
2007	Total	7.1	7.2	7.5	6.9	5.3	3.8	8.4	4.7	4.6	8.3	8.3	8.4	6.1	4.0	6.0	4.3	4.2	7.4	6.4	3.2	4.4	9.6	8.1	6.4	4.9	11.1	6.9	6.2	5.3
	Males	6.6	6.6	6.7	6.5	4.2	3.5	8.5	5.4	4.9	5.2	6.4	7.8	4.9	3.4	6.4	4.3	3.4	7.1	5.9	2.8	3.9	9.0	6.7	7.2	4.0	9.9	6.5	5.9	5.6
	Females	7.8	7.9	8.5	7.3	6.7	4.2	8.3	3.9	4.2	12.8	10.9	9.0	7.9	4.6	5.6	4.3	5.1	7.7	7.5	3.6	5.0	10.4	9.7	5.4	5.9	12.7	7.2	6.5	5.0
2008	Total	7.0	7.1	7.0	5.6	4.4	3.3	7.3	5.5	6.0	7.7	11.3	7.8	6.7	3.6	7.5	5.8	4.9	7.8	5.9	2.8	3.8	7.1	7.7	5.8	4.4	9.5	6.4	6.2	5.6
	Males	6.6	6.6	6.5	5.5	3.5	3.0	7.4	5.8	7.1	5.1	10.1	7.3	5.5	3.1	8.0	6.1	4.1	7.6	5.6	2.5	3.6	6.4	6.6	6.7	4.0	8.4	6.1	5.9	6.1
	Females	7.5	7.6	7.6	5.8	5.6	3.7	7.2	5.3	4.6	11.4	13.0	8.4	8.5	4.2	6.9	5.6	5.9	8.1	6.6	3.0	4.1	8.0	9.0	4.7	4.8	10.9	6.7	6.6	5.1

Source: Eurostat - LFS adjusted series, Annual average
p = provisional value / b = break in data series

Context 2c: Youth unemployment rate (% of labour force aged 15-24)

		EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
2000	Total	17.4	17	16.7	33.7	17.8	6.2	7.5	23.9	6.9	29.1	24.3	19.6	27	10.1	21.4	30.6	6.6	12.4	13.7	5.7	5.3	35.1	8.6	20	16.3	36.9	21.4	10.5	12.2
	Males	16.6	16.1	14.5	36.1	18.5	6.6	8.8	23.8	6.8	21.5	18.1	17.6	23.1	6.9	21.2	32.3	6	13.6	14.9	4.9	4.7	33.4	6.2	22.2	14.6	39.7	21.1	11	13.2
	Females	18.2	18.1	19.5	30.7	17	5.7	6.2	24.1	7.1	38.1	32.5	21.9	31.9	13	21.6	28.3	7.2	10.8	12.3	6.5	6	37.1	11.6	17.2	18.3	33.8	21.6	9.9	11
2002	Total	18	17.5	17.7	37	16.9	7.4	9.1	17.6	8.5	26.8	24.2	19.3	23.1	8.1	22	22.4	7	12.7	17.1	5	6.7	42.5	11.6	23.2	16.5	37.7	21	16.6	12
	Males	17.9	17.3	17.2	40.1	16.6	7.3	11.4	14.3	9.2	19.9	19.2	17.8	19.4	7.9	20.4	22.6	5.8	13.2	17.6	5.2	6.4	41.9	9.8	24.3	15	39.5	21.2	17.7	13.7
	Females	18.1	17.8	18.3	33.2	17.2	7.5	6.7	22.5	7.6	35.3	31.1	21.1	27.8	8.3	24.2	22.2	8.6	11.9	16.7	4.8	7.1	43.3	13.9	21.8	18.6	35.5	20.9	15.5	10.2
2004	Total	18.5	18.3	21.2	25.8	21	8.2	11.9	21.7	8.9	26.9	23.9	20.6	23.5	10.5	18.1	22.7	16.4	15.5	16.8	8	9.7	39.6	15.3	21.9	16.1	33.1	20.7	21.5	12.1
	Males	18.4	18	20.2	27	22.2	8.9	13.7	21.2	9.3	19.1	19.4	19.9	20.6	9.4	16	22.5	12	16.2	16.3	7.9	9.3	37.7	13.5	24.2	13.9	34.7	22	22.5	13.3
	Females	18.7	18.6	22.4	24.3	19.5	7.4	10	22.4	8.5	36.3	30.1	21.5	27.2	11.6	21.3	22.9	21.5	14.4	17.4	8.1	10.2	41.9	17.6	18.9	19.2	31	19.4	20.6	10.7
2005	Total	18.3	18.2	21.5	22.3	19.2	8.6	14.2	15.9	8.6	26	19.7	21.1	23.9	13	13.6	15.7	14.3	19.4	16.2	8.2	10.3	36.9	16.1	20.2	15.9	30.1	20.1	22.9	12.8
	Males	18.3	18.1	21	23.4	19.3	8.6	15.8	16.6	9.1	18.7	16.7	20	21.5	11.9	11.8	15.9	12.3	19.6	16.6	8	10.7	35.7	13.6	21.6	14.5	31	20.6	23	14.4
	Females	18.4	18.4	22.1	21	19.1	8.6	12.4	14.9	8	34.8	23.4	22.4	27.4	14.2	16.2	15.3	16.9	19	15.8	8.4	9.9	38.3	19.1	18.4	17.8	28.8	19.5	22.8	11.1
2006	Total	17.1	16.9	20.5	19.5	17.5	7.7	12.8	12	8.6	25.2	17.9	22.1	21.7	10.5	12.2	9.8	15.8	19.1	16.5	6.6	9.1	29.8	16.3	21.4	13.9	26.6	18.7	21.6	14
	Males	16.9	16.7	18.8	18.9	16.6	7.9	14.2	10	9.1	17.7	15	20.9	19.1	9.9	10.5	10	16.3	18.6	17.8	6.1	8.9	28.3	14.5	22.3	11.6	26.4	19	21.1	15.7
	Females	17.4	17.3	22.6	20.3	18.7	7.5	11.3	14.7	8.1	34.7	21.6	23.7	25.3	11.2	14.7	9.6	15.2	19.8	14.9	7.1	9.3	31.6	18.4	20.2	16.8	27	18.4	22.1	12
2007	Total	15.3	15.2	18.8	15.1	10.7	7.9	11.1	10	9	22.9	18.2	19.6	20.3	10.1	10.7	8.2	15.6	18	13.8	5.9	8.7	21.7	16.6	20.1	10.1	20.3	16.5	19.3	14.3
	Males	15.1	14.9	17.1	14.5	10.6	8.2	12.2	12.1	9.9	15.7	15.2	18.9	18.2	10.7	11.2	7	13.7	17.6	15.7	5.6	8.3	20	13.5	21.1	9.4	20.4	16.4	18.9	15.8
	Females	15.6	15.5	20.9	15.9	11	7.5	10	7.1	8	32.1	21.9	20.3	23.3	9.5	10	10	18.2	18.6	11.6	6.2	9.1	23.8	20.3	18.7	11.2	20.2	16.6	19.8	12.5
2008	Total	15.4	15.4	18	12.7	9.9	7.6	9.9	12	12.7	22.1	24.6	19.1	21.2	8.8	13.1	13.4	17.3	19.9	11.9	5.3	8	17.3	16.4	18.6	10.4	19	16.5	20.3	15
	Males	15.6	15.5	17.3	13.7	9.8	6.9	10.7	12.6	15.3	17	23.7	19.2	18.9	8.4	13.2	12.6	13.4	19.1	13.6	5.4	7.9	15.2	13.3	18.8	9.9	18.5	17.1	19.8	17
	Females	15.3	15.2	18.7	11.4	9.9	8.4	9	11.3	9.8	28.9	25.8	19	24.7	9.3	13.1	14.6	21.9	20.9	9.8	5.2	8.2	19.9	20.2	18.3	11.3	19.8	15.8	20.8	12.7

Source: Eurostat - LFS adjusted series, Annual average
p = provisional value / b = break in data series

Context 2d: Long-term unemployment rate by gender, selected years (% of the labour force 15+)

		EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
2000	Total	4	3.9	3.7	9.4	4.2	0.9	3.8	5.9	1.6	6.2	4.6	3.5	6.3	1.2	7.9	8	0.5	3.1	4.5	0.8	1	7.4	1.7	3.8	4.1	10.3	2.8	1.4	1.4
	Males	3.5	3.4	3.1	9.5	3.5	0.8	3.7	6.7	2.1	3.5	2.8	2.8	4.8	0.5	8.3	9.4	0.5	3.5	4.5	0.6	0.9	6	1.4	4	4.1	10.3	2.8	1.7	1.9
	Females	4.6	4.6	4.6	9.2	5.2	1.1	4	5	1	10.1	7.4	4.3	8.4	2.2	7.5	6.5	0.5	2.5	4.5	1	1.2	9.1	2	3.5	4.2	10.2	2.7	1	0.9
2002	Total	4	3.9	3.7	12	3.7	0.9	4	5.4	1.3	5.3	3.7	3	5.1	0.8	5.5	7.2	0.7	2.5	3.2	0.7	1.1	10.9	1.8	4,6b	3.5	12.2	2.3	1	1.1
	Males	3.6	3.4	3.2	12.5	3	0.7	4.1	6.3	1.8	3.1	2.3	2.6	4	0.5	6.4	7.6	0.6	2.8	3.5	0.6	1	9.8	1.4	4,8b	3.5	11.9	2.5	1.2	1.4
	Females	4.5	4.4	4.3	11.4	4.6	1	4	4.5	0.8	8.6	5.9	3.4	6.9	1	4.6	6.8	0.8	2.2	2.5	0.9	1.2	12.3	2.2	4,4b	3.6	12.5	2	0.8	0.7
2004	Total	4.2	4.1	4.1	7.2	4.2	1.2	5.5	5	1.6	5.6	3.4	3.8	4,0b	1.2	4.6	5.8	1	2.7	3.4	1.6	1,4b	10.3	3	4.8	3.2	11.8	2.1	1.2	1
	Males	3.8	3.7	3.7	7.3	3.4	1.1	5.7	5.6	2	3	2.2	3.3	2,9b	0.9	4.8	5.5	0.8	2.8	3.6	1.5	1,3b	9.6	2.6	5.5	3.1	11.3	2.3	1.4	1.2
	Females	4.6	4.5	4.7	7.1	5.3	1.3	5.2	4.4	1	9.4	5	4.2	5,5b	1.6	4.3	6.2	1.3	2.6	3	1.6	1,4b	11.1	3.5	3.8	3.4	12.4	2	1	0.6
2005	Total	:	:	4.4	6	4.2	1.1	5,7b	4.2	1.5	5.1	2,2b	3.8	3.9	1.2	4.1	4.3	1.2	3.2	3.3	1.9	1.3	10.3	3.7	4	3.1	11.7	2.2	:	1
	Males	:	:	3.9	6.1	3.4	1.1	6,0b	4.2	1.9	2.6	1,4b	3.4	2.9	0.8	4.4	4.2	1.2	3.2	3.4	1.9	1.3	9.3	3.2	4.6	2.9	11.2	2.4	:	1.3
	Females	:	:	5	6	5.3	1.2	5,3b	4.2	0.8	8.9	3,4b	4.3	5.2	1.8	3.7	4.5	1.2	3.2	3.4	1.9	1.4	11.4	4.3	3.4	3.3	12.3	2	:	0.7
2006	Total	3.7	3.7	4.2	5	3.9	0.8	5.5	2.9	1.4	4.8	1.8	3.9	3.4	0.9	2.5	2.5	1.4	3.4	2.8	1.7	1.3	7.8	3.9	4.2	2.9	10.2	1.9	1.1	1.2
	Males	3.5	3.4	3.7	4.8	3.1	0.7	5.7	3.2	1.8	2.6	1.2	3.6	2.6	0.7	3	2.5	1.3	3.3	3	1.6	1.3	7.1	3.4	4.7	2.5	9.4	2.1	1.2	1.5
	Females	4	4	4.9	5.3	4.9	0.9	5.3	2.6	0.9	8.1	2.8	4.2	4.5	1.1	1.9	2.5	1.6	3.4	2.4	1.8	1.3	8.6	4.5	3.6	3.5	11.2	1.8	1	0.8
2007	Total	3.1	3	3.8	4.1	2.8	0.6	4.7	2.3	1.4	4.1	1.7	3.4	2.9	0.7	1.6	1.4	1.2	3.4	2.7	1.3	1.2	4.9	3.8	3.2	2.2	8.3	1.6	0.8	1.3
	Males	2.8	2.8	3.3	3.7	2.1	0.5	4.8	2.8	1.7	2.2	1.1	3.2	2.2	0.8	1.9	1.4	1.3	3.3	2.8	1.2	1	4.6	3.2	3.6	1.8	7.5	1.7	0.9	1.6
	Females	3.3	3.3	4.3	4.5	3.6	0.7	4.7	1.7	0.9	7	2.5	3.6	3.9	0.7	1.2	1.3	1.1	3.6	2.4	1.4	1.4	5.4	4.5	2.7	2.7	9.3	1.4	0.8	0.9
2008	Total	2.6	2.6	3.3	2.9	2.2	0.5	3.8	1.7	1.6	3.6	2	2.9	3.1	0.5	1.9	1.2	1.6	3.6	2.5	1	0.9	2.4	3.7	2.4	1.9	6.6	1.2	0.8	1.4
	Males	2.4	2.4	3	2.7	1.7	0.4	3.9	2	2.2	2.1	1.4	2.8	2.4	0.5	1.9	1	1.2	3.6	2.6	0.9	0.9	2	3.2	2.9	1.6	5.8	1.3	0.8	1.7
	Females	2.8	2.8	3.7	3.1	2.8	0.5	3.7	1.4	0.9	6	2.9	3	4.1	0.5	1.9	1.4	2.1	3.7	2.5	1	0.9	2.8	4.2	1.8	2.1	7.6	1.1	0.7	0.9

Source : Eurostat - Labour Force Survey, Annual averages

: = not available or unreliable data / b = break / p = provisional / e: estimate

Context 4: Old age dependency ratio (current and projected) - ratio between the total number of people aged 65 and over and the number of persons of working age (from 15 to 64)

	EU27	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2010	25.9	26.1	25.3	21.8	25.0	31.2	25.0	16.7	28.2	24.4	25.8	31.0	18.0	25.2	23.2	21.1	24.2	21.2	22.8	26.0	19.0	26.6	21.3	23.9	17.0	25.7	27.8	24.7
2020	31.1	30.6	31.1	31.1	31.9	35.3	29.2	20.2	32.8	27.4	32.8	35.5	22.3	28.1	26.0	24.2	30.3	31.3	30.7	29.2	27.2	30.7	25.7	31.2	23.9	36.8	33.7	28.6
2030	38.0	37.6	36.3	35.7	37.9	46.2	34.4	24.6	38.5	34.3	39.0	42.5	27.4	34.6	34.7	30.8	34.1	39.1	40.0	38.1	36.0	36.6	30.3	40.8	32.3	43.9	37.4	33.2
2040	45.4	42.3	43.6	42.7	42.7	54.7	39.0	30.6	48.3	46.4	44.0	54.1	30.8	40.7	42.8	36.3	40.1	41.7	46.8	46.0	41.3	44.6	40.8	49.4	40.0	45.1	40.8	36.9
2050	50.4	43.9	55.4	54.8	41.3	56.4	47.2	40.4	57.0	58.7	44.7	59.2	37.7	51.2	51.1	37.8	50.8	49.8	45.6	48.3	55.7	53.0	54.0	59.4	55.5	46.6	41.9	38.0
2060	53.5	45.8	63.5	61.4	42.7	59.1	55.6	43.6	57.1	59.1	45.2	59.3	44.5	64.5	65.7	39.1	57.6	59.1	47.2	50.7	69.0	54.8	65.3	62.2	68.5	49.3	46.7	42.1

Source : Eurostat - EUROPOP2008 Trend scenario - baseline variant

Context 5a: Distribution of households by age and household type (private/institutional)

		EU25	BE	BG	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
Total	Total ('000)	441467	10296	7904	10230	5349	82277	1370	10628	40847	58514	3852	56996	690	2377	3484	440	10198	0	15986	8033	38230	10356	21681	1964	5379	5181	0	58789
	Private households (%)	98.7	98.6	99.3	99.3	98.7	99.0	98.8	96.6	99.4	97.8	98.4	99.3	99.4	99.0	99.3	98.3	97.5	-	98.6	98.9	98.9	99.0	98.5	99.3	98.4	98.1	-	98.2
	Institutional household (%	1.3	1.4	0.7	0.7	1.3	1.0	0.9	3.4	0.6	2.2	1.6	0.7	0.6	1.0	0.7	1.7	2.4	-	1.4	1.1	1.1	1.0	1.5	0.7	0.8	0.7	-	1.8
	Total ('000)	90525	2162	1531	2057	1161	15251	312	2011	7341	13426	1009	9833	180	541	846	98	2087	0	3532	1639	8851	2053	4847	376	1277	1135	0	13346
Children (0-17)	Private households (%)	99.4	99.9	97.9	99.8	99.4	99.7	99.2	97.8	99.9	99.2	99.6	99.9	99.9	99.4	99.3	99.0	96.9	-	99.7	99.7	99.2	99.5	98.3	:	98.3	99.1	-	99.3
	Institutional household (%	0.6	0.1	2.1	0.2	0.6	:	0.6	2.2	0.1	0.8	0.4	0.1	0.1	0.6	0.7	1.0	3.1	-	0.3	0.3	0.8	0.5	1.7	:	0.4	0.4	-	0.7
18-64	Total ('000)	279593	6390	5586	6759	3396	52516	852	6824	26547	35788	2420	36517	428	1485	2148	281	6565	0	10279	5152	24522	6610	15420	1299	3444	3269	0	36103
	Private households (%)	99.0	99.5	99.4	99.5	98.9	99.6	98.9	96.0	99.7	98.2	98.9	99.5	99.7	99.0	99.4	99.0	97.7	-	99.4	99.4	98.8	99.6	98.0	:	98.7	98.4	-	98.5
	Institutional household (%	1.0	0.5	0.6	0.5	1.1	:	0.9	4.0	0.3	1.8	1.1	0.5	0.3	1.0	0.6	1.0	2.2	-	0.6	0.6	1.2	0.4	2.0	:	0.6	0.3	-	1.5
65+	Total ('000)	71306	1744	1322	1411	792	14510	205	1792	6974	9299	423	10646	80	352	489	61	1546	0	2174	1242	4853	1693	3050	289	611	777	0	9341
	Private households (%)	96.4	93.9	99.6	97.7	96.7	96.3	98.1	97.5	97.7	94.3	92.8	97.9	96.4	98.7	98.9	93.7	97.5	-	93.5	95.8	98.8	96.4	99.6	:	97.0	95.1	-	95.4
	Institutional household (%	3.6	6.1	0.4	2.3	3.3	:	1.7	2.5	2.3	5.7	7.2	2.1	3.6	1.3	1.1	6.3	2.5	-	6.5	4.2	1.2	3.6	0.4	:	2.7	3.1	-	4.6
75+	Total ('000)	30917	774	481	570	379	6191	75	642	3036	4133	184	4762	34	126	178	25	619	0	972	582	1841	701	1063	110	238	340	0	4405
	Private households (%)	93.3	88.4	99.3	95.7	94.2	92.5	96.9	96.7	96.1	89.5	87.6	96.5	92.7	98.1	98.3	87.0	95.8	-	87.2	92.4	98.1	93.1	99.4	88.4	95.4	90.8	-	91.5
	Institutional household (%	6.7	11.5	0.7	4.3	5.8	7.5	2.9	3.3	3.9	10.5	12.4	3.5	7.3	1.9	1.7	13.0	4.2	-	12.8	7.6	1.9	6.9	0.6	5.3	4.2	6.0	-	8.5
	Hospitals (%)	19.9	5.3	14.0	4.9	:	:	3.6	20.4	12.5	13.8	27.8	1.5	5.8	2.0	5.2	9.8	11.8	-	20.8	19.4	18.5	3.3	30.7	:	13.3	27.9	-	44.6
	Old people's homes (%)	68.0	85.1	83.8	86.3	:	:	95.4	34.3	56.6	79.5	56.4	73.2	91.0	97.7	89.1	69.2	83.4	-	75.9	76.3	65.8	85.8	59.4	:	75.1	58.5	-	46.0

Source: Eurostat Census data collection 2000-01

Context 5b: Population living in private households by household type, 2008 (percentage of total population)

	EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
- Single adults, no children	13	13	15	6	10	23	19	15	8	8	7	15	12	6	10	10	12	9	7	16	15	9	6	7	7	9	19	18	13
of which:																													
- Single men	6	6	7	2	4	11	9	5	4	3	3	7	5	2	3	3	5	3	3	7	7	3	2	3	3	2	8	8	6
- Single women	8	8	8	4	6	12	10	10	4	5	4	9	7	3	7	7	7	6	4	9	9	6	5	5	5	6	11	10	7
- Under 65	8	8	9	2	5	16	13	9	4	4	3	10	6	3	5	5	8	5	3	11	10	4	2	3	3	4	12	11	7
- 65 and over	5	6	6	4	5	7	6	7	4	4	3	6	6	3	5	5	4	5	4	5	6	5	4	4	4	5	7	7	6
- Single parents	4	4	6	2	4	7	5	6	8	1	2	5	3	3	5	5	4	4	3	4	4	2	3	2	3	2	5	7	7
- 2 adults below 65, no children	13	14	15	9	14	18	16	13	11	9	11	16	9	8	9	9	12	12	8	17	13	9	9	8	7	7	20	18	17
- 2 adults, at least one aged 65+, no children	11	11	10	9	10	10	14	10	8	12	9	11	12	10	8	9	9	9	9	10	10	7	12	8	9	7	10	11	11
- 3 or more adults, no children	12	12	8	20	15	2	7	9	12	24	22	7	17	14	15	13	10	14	22	6	13	15	19	14	18	18	4	3	9
- 2 adults, 1 child	12	12	11	11	12	10	12	15	10	10	13	12	13	10	14	15	13	13	11	10	11	12	16	13	10	10	11	11	11
- 2 adults, 2 children	17	17	13	10	20	19	15	15	17	25	21	18	18	30	11	18	26	16	16	20	15	15	16	14	22	17	16	18	17
- 2 adults, 3 or more children	7	7	15	2	5	10	7	6	14	3	3	11	5	7	5	5	7	7	7	13	8	7	4	6	7	7	11	10	9
- 3 or more adults, with children	11	10	7	32	11	2	5	11	14	10	13	6	11	13	24	17	8	16	18	5	12	25	16	27	17	24	4	4	8

EU aggregates based on available country data

Source: SILC 2008

Context 6a: General government debt - General government consolidated gross debt as a percentage of GDP

	EU-27	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2000	61.8	107.6	74.3	18.5	51.7	59.7	5.1	37.7	101.8	59.2	57.3	109.2	58.8	12.3	23.7	6.4	55.0	55.9	53.8	66.4	36.8	50.4	24.6	26.8	50.3	43.8	53.6	41.0
2001	60.9	106.3	67.3	25.1	47.4	58.8	4.8	35.5	102.9	55.5	56.9	108.8	60.7	14.0	23.1	6.5	52.0	62.1	50.7	67.0	37.6	52.9	25.7	27.4	48.9	42.3	54.4	37.7
2002	60.3	103.2	53.6	28.5	46.8	60.3	5.6	32.2	101.5	52.5	58.8	105.7	64.6	13.5	22.3	6.5	55.6	60.1	50.5	66.4	42.2	55.5	24.9	28.1	43.4	41.3	52.6	37.5
2003	61.7	98.3	45.9	30.1	45.8	63.8	5.5	31.0	97.3	48.7	62.9	104.4	68.9	14.6	21.1	6.2	58.4	69.3	52.0	65.4	47.1	56.9	21.5	27.5	42.4	44.4	52.3	38.7
2004	62.1	93.9	37.9	30.4	44.5	65.6	5.0	29.4	98.6	46.2	64.9	103.8	70.2	14.9	19.4	6.3	59.1	72.5	52.4	64.8	45.7	58.3	18.7	27.2	41.4	44.2	51.2	40.6
2005	62.7	92.1	29.2	29.7	37.1	68.0	4.6	27.6	100.0	43.0	66.4	105.8	69.1	12.4	18.4	6.1	61.8	70.2	51.8	63.9	47.1	63.6	15.8	27.0	34.2	41.8	51.0	42.2
2006	61.3	88.1	22.7	29.4	31.3	67.6	4.5	25.0	97.1	39.6	63.7	106.5	64.6	10.7	18.0	6.6	65.6	63.6	47.4	62.2	47.7	64.7	12.4	26.7	30.5	39.3	45.9	43.2
2007	58.7	84.2	18.2	29.0	26.8	65.0	3.8	25.1	95.6	36.1	63.8	103.5	58.3	9.0	16.9	6.6	65.9	62.0	45.5	59.5	45.0	63.6	12.6	23.3	29.3	35.2	40.5	44.2
2008	61.5	89.8	14.1	30.0	33.5	65.9	4.6	44.1	99.2	39.7	67.4	105.8	48.4	19.5	15.6	13.5	72.9	63.8	58.2	62.6	47.2	66.3	13.6	22.5	27.7	34.1	38.0	52.0
2009F	*73.0*	*97.2*	*15.1*	*36.5*	*33.7*	*73.1*	*7.4*	*65.8*	*112.6*	*54.3*	*76.1*	*114.6*	*53.2*	*33.2*	*29.9*	*15.0*	*79.1*	*68.5*	*59.8*	*69.1*	*51.7*	*77.4*	*21.8*	*35.1*	*34.6*	*41.3*	*42.1*	*68.6*
2010F	*79.3*	*101.2*	*16.2*	*40.6*	*35.3*	*76.7*	*10.9*	*82.9*	*124.9*	*66.3*	*82.5*	*116.7*	*58.6*	*48.6*	*40.7*	*16.4*	*79.8*	*70.9*	*65.6*	*73.9*	*57.0*	*84.6*	*27.4*	*42.8*	*39.2*	*47.4*	*43.6*	*80.3*
2011F	*83.7*	*104.0*	*15.7*	*44.0*	*35.2*	*79.7*	*13.2*	*96.2*	*135.4*	*74.0*	*87.6*	*117.8*	*63.4*	*60.4*	*49.3*	*17.7*	*79.1*	*72.5*	*69.7*	*77.0*	*61.3*	*91.1*	*31.3*	*48.2*	*42.7*	*52.7*	*44.1*	*88.2*

Source: Eurostat - General Government data and ECFIN forecasts / F = forecast

Context 6b: Projected evolution of debt levels up to 2050 (in % of GDP)

Programme scenario

	EU-25**	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2005	63	93.3	:	30.5	35.8	67.7	4.8	27.6	107.5	43.2	66.8	106.4	70.3	11.9	18.7	6.2	58.4	74.7	52.9	62.9	42.5	63.9	:	29.1	34.5	41.1	50.3	42.8
2010	61	72	:	30	18	64	0	17	90	30	60	97	57	9	16	10	61	65	46	54	45	65	:	27	31	25	34	42
2030	79	31	:	43	23	37	-25	37	18	33	41	32	42	26	22	74	51	16	70	23	-33	64	:	65	16	26	-3	44
2050	180	83	:	188	98	65	-82	157	-56	198	66	1	172	92	76	240	155	-58	176	18	-163	208	:	270	66	96	-1	114
2005 budget scenario																												
2010	55	74	:	43.2	14.4	73.6	0.9	13.6	96.9	25.7	69.2	108.9	64.3	13	22.4	11.5	76.1	80.2	44.2	58.9	53.2	76.3	:	25.1	38.7	23.7	30.3	47
2030	33	52	:	95.7	-61.2	116.2	-39.3	7.9	165.2	-13.5	132.8	127.6	116.3	14.9	46.7	56.1	143.6	92.9	67.8	54.9	20	195.4	:	68.5	66.8	7.9	8	90.1
2050	76	129	:	320.3	-135.5	232.4	-117	100.4	451.3	42.6	269.9	208.9	269.9	49.6	135.7	179.1	247.6	79.6	177.7	67.5	-42.5	517.4	:	287.2	176.9	61.6	58.8	186.7

* Adjusted gross debt.

** aggregates exclude Greece

Source: Commission services, 2005/06 updated stability and convergence programmes.

Context 7a: Social protection benefits by group of functions (as a percentage of total benefits) - 2007

	EU-27	EU-25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
Sickness, health care	29,1p	29,2p	26.5	27.1	33.9	23	29,8p	33.4	41.1	28.1	31,2p	29,9p	26,1p	25,2p	29,7p	30,7p	26	25.5	29.2	32,5p	26	22.1	28.3	23.8	32,1p	30,8p	26.3	26,1p	30,6p
Disability	8,1p	8p	6.6	8.3	8.1	15	7,7p	9.3	5.5	4.9	7,6p	6,1p	6p	3,7p	7p	10,4p	12.3	9.6	6.3	9,1p	8	9.6	10	10	7,8p	8,5p	12.6	15,3p	9,8p
Family and children	8p	7,9p	7.1	8.6	9.2	13.1	10,6p	11.6	14.7	6.2	6p	8,5p	4,7p	10,8p	11p	8,7p	16.6	12.8	5.9	6p	10.2	4.5	5.3	13.2	8,7p	10p	11.6	10,2p	6p
Unemployment	5,1p	5,1p	11.7	2	3.5	5.6	5,8p	1.2	7.7	4.5	11,7p	6,1p	1,8p	4,8p	3,3p	1,9p	4.9	3.4	2.8	4,3p	5.3	2.2	5.1	2.2	2,3p	3,6p	7.8	3,8p	2,1p
Old age and survivors benefits	46,2p	46,2p	45.3	51.4	43.9	38.1	43,1p	43.8	27.4	52	41,3p	45,3p	61,1p	46,7p	46,8p	47p	37.3	43.9	52.4	40,2p	48.9	60.2	50	47.3	46,7p	43,8p	38.5	41p	44,9p
Housing and social exclusion	3,6p	3,6p	2.8	2.5	1.4	5.1	2,9p	0.8	3.6	4.3	2,2p	4,2p	0,3p	8,7p	2,3p	1,3p	2.9	4.8	3.3	7,8p	1.5	1.4	1.2	3.5	2,4p	3,3p	3.2	3,8p	6,5p

e = Eurostat estimate / p = provisional

Context 7b: Social protection benefits by group of functions (as a percentage of GDP) - 2007

	EU-27	EU-25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SL	SK	FI	SE	UK
Total expenditure*	26.2p	26.4p	29.5	15.1	18.6	28.9	27.7p	12.5	18.9	24.4	21.0p	30.5p	26.7p	18.5p	11.0p	14.3p	19.3	22.3	18.1	28.4p	28.0	18.1	24.8	12.8	21.4p	16.0p	25.4	29.7p	25.3p
Social protection benefits	25.2p	25.4p	28.0	14.6	18.0	28.1	26.7p	12.3	17.6	23.8	20.5p	29.0p	25.5p	18.1p	10.7p	13.9p	19.0	21.9	17.9	26.8p	27.1	17.8	23.4	12.6	20.8p	15.4p	24.6	29.0p	24.8p
Sickness/Health care	7.4p	7.4p	7.4	3.9	6.1	6.5	8.0p	4.1	7.2	6.7	6.4p	8.7p	6.7p	4.6p	3.2p	4.3p	4.9	5.6	5.2	8.7p	7.1	3.9	6.6	3.0	6.7p	4.7p	6.5	7.6p	7.6p
Disability	2.0p	2.0p	1.8	1.2	1.5	4.2	2.0p	1.1	1.0	1.2	1.6p	1.8p	1.5p	0.7p	0.7p	1.4p	2.3	2.1	1.1	2.5p	2.2	1.7	2.3	1.3	1.6p	1.3p	3.1	4.4p	2.4p
Family/Children	2.0p	2.0p	2.0	1.3	1.7	3.7	2.8p	1.4	2.6	1.5	1.2p	2.5p	1.2p	2.0p	1.2p	1.2p	3.2	2.8	1.1	1.6p	2.8	0.8	1.2	1.7	1.8p	1.5p	2.9	3.0p	1.5p
Unemployment	1.3p	1.3p	3.3	0.3	0.6	1.6	1.5p	0.1	1.4	1.1	2.4p	1.8p	0.5p	0.9p	0.3p	0.3p	0.9	0.8	0.5	1.2p	1.4	0.4	1.2	0.3	0.5p	0.6p	1.9	1.1p	0.5p
Old age and survivors	11.7p	11.7p	12.7	7.5	7.9	10.7	11.5p	5.4	4.8	12.4	8.5p	13.1p	15.6p	8.5p	5.0p	6.5p	7.1	9.6	9.4	10.8p	13.3	10.7	11.7	6.0	9.7p	6.8p	9.5	11.9p	11.1p
Housing and Social exclusion n.e.c.	0.9p	0.9p	0.8	0.4	0.3	1.4	0.8p	0.1	0.6	1.0	0.5p	1.2p	0.1p	1.6p	0.2p	0.2p	0.6	1.1	0.6	2.1p	0.4	0.3	0.3	0.4	0.5p	0.5p	0.8	1.1p	1.6p
Administration costs	0.8p	0.8p	1.0	0.4	0.6	0.8	1.0p	0.1	1.3	0.6	0.5p	1.2p	0.7p	0.3p	0.2p	0.4p	0.3	0.4	0.2	1.3p	0.5	0.3	0.5	0.2	0.4p	0.6p	0.8	0.6p	0.5p
Other expenditure	0.2p	0.2p	0.5	0.1	0.0	:	0.1p	:	0.0	0.0	0.1p	0.2p	0.5p	0.1p	0.1p	0.0p	0.0	:	:	0.3p	0.4	0.0	0.9	0.0	0.1p	0.0p	:	0.0p	0.0p

* including administrative costs; e = Eurostat estimate / p = provisional

Context 8a: Adults aged 18-59 living in jobless households by household types, 2008, in % of total number of adults living in jobless households

	EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
Alone without children	26.5	27.5	33.3	17.3	25.7	:	43.0	34.0	19.4	21.5	14.7	31.0	18.2	9.9	24.6	37.3	33.6	14.5	15.7	45.0	37.8	15.8	14.2	10.9	27.3	13.3	51.8	:	27.5
Alone with child(ren)	10.2	10.7	13.7	4.4	14.5	:	10.3	12.4	18.2	3.2	4.8	11.7	4.0	8.0	9.1	11.2	5.5	6.5	7.8	14.1	5.9	7.6	6.8	2.9	4.0	4.6	3.7	:	23.3
Couple without children	19.9	19.9	23.1	19.9	23.3	:	19.1	9.5	11.4	26.9	15.5	26.8	17.3	26.5	12.0	10.9	32.8	21.4	21.0	22.1	23.8	25.2	23.4	20.3	32.4	18.3	22.8	:	14.0
Couple with child(ren)	15.7	15.4	10.7	13.4	11.7	:	14.6	12.1	21.2	11.0	21.3	14.1	17.5	18.3	11.0	11.8	11.7	18.7	18.2	11.5	12.0	13.0	14.1	22.8	6.7	14.5	11.5	:	16.3
Other households without children - total	19.7	19.4	12.5	28.4	19.1	:	9.3	27.4	20.8	32.6	31.9	12.2	33.5	33.0	32.5	21.6	11.6	25.2	28.1	5.9	16.8	26.3	32.0	22.5	25.0	30.2	9.3	:	13.5
- without elderly (65+)	9.5	9.2	7.6	13.7	7.7	:	4.8	7.8	13.0	13.1	11.4	6.7	16.3	25.4	8.3	8.4	7.1	12.1	12.1	3.4	7.6	11.6	10.4	12.7	12.3	14.5	3.2	:	8.1
- with at least 1 elderly (65+)	10.3	10.2	4.8	14.7	11.4	:	4.5	19.6	7.8	19.5	20.5	5.4	17.2	7.6	24.2	13.2	4.5	13.1	16.1	2.4	9.3	14.8	21.6	9.8	12.7	15.7	6.0	:	5.5
Other households with child(ren) - total	7.9	7.0	6.8	16.5	5.7	:	3.6	4.7	8.9	4.7	11.7	4.3	9.5	4.3	10.8	7.2	4.8	13.6	9.2	1.5	3.5	12.1	9.4	20.6	4.7	18.9	0.9	:	5.4
- without elderly (65+)	6.0	5.4	5.8	12.4	4.1	:	3.2	2.0	7.8	3.0	7.9	3.4	7.7	2.7	5.1	4.2	3.9	10.7	6.2	1.2	2.8	8.2	5.8	13.6	3.5	15.5	0.9	:	4.9
- with at least 1 elderly (65+)	1.9	1.6	1.1	4.2	1.6	:	0.5	2.8	1.1	1.7	3.8	0.9	1.8	1.6	5.7	2.9	0.9	3.0	2.9	0.3	0.7	3.8	3.6	7.0	1.2	3.4	0.0	:	0.5

Source: Eurostat - European Labour Force Survey 2008, Annual results.

: = not available or unreliable data / b = break / p = provisional / e = estimate

Context 8b: Children aged 0-17 living in jobless households by household types, 2008, in % of total number of children living in jobless households

	EU27	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
Alone with child(ren) - no elderly	45.7	47.9	57.7	23.4	57.3	:	46.9	56.1	49.9	27.7	23.5	51.5	22.4	43.1	36.9	50.7	35.1	25.7	39.0	63.0	37.6	37.7	34.5	8.4	32.7	20.1	27.5	:	66.3
Alone with child(ren) - at least 1 elderly	0.4	0.3	0.4	1.1	0.3	:	0.4	0.4	0.1	0.7	0.8	0.2	0.2	0.0	7.8	1.5	1.2	0.3	0.0	0.4	0.8	0.5	1.2	1.2	0.0	0.0	0.0	:	0.1
Couple with child(ren) - total	40.0	39.1	29.6	39.7	30.8	:	45.2	28.6	37.3	53.4	48.7	41.2	59.1	46.1	26.6	29.2	37.5	51.0	42.3	34.4	50.9	31.9	44.8	57.3	44.7	39.3	71.0	:	26.8
- without elderly (65+)	38.9	38.2	28.5	34.7	29.6	:	44.5	27.9	36.9	49.3	47.1	40.2	58.1	43.8	21.0	27.8	35.4	50.5	40.7	33.3	49.9	31.0	40.6	55.5	44.3	39.1	70.0	:	26.1
- with at least 1 elderly (65+)	1.1	1.0	1.1	5.0	1.3	:	0.7	0.6	0.4	4.0	1.7	1.0	1.0	2.4	5.5	1.4	2.1	0.5	1.6	1.1	1.0	0.9	4.1	1.8	0.4	0.3	1.0	:	0.7
Other households with child(ren) - no elderly	14.0	12.6	12.3	35.9	11.6	:	7.5	14.9	12.7	18.3	27.0	7.1	18.3	10.8	28.7	18.6	26.1	23.0	18.7	2.2	10.7	30.0	19.5	33.1	22.6	40.5	1.5	:	6.8
- without elderly (65+)	9.4	8.7	9.8	25.4	8.1	:	5.4	4.3	10.7	8.8	14.7	5.7	13.0	7.4	13.8	10.2	21.4	16.8	11.8	1.5	7.2	16.1	8.9	17.9	14.5	31.4	1.5	:	5.9
- with at least 1 elderly (65+)	4.6	4.0	2.5	10.4	3.6	:	2.1	10.6	2.0	9.5	12.3	1.4	5.3	3.5	15.0	8.4	4.7	6.1	6.9	0.7	3.5	13.9	10.6	15.2	8.0	9.1	0.0	:	0.9

Source: Eurostat - European Labour Force Survey 2008, Annual results.

: = not available or unreliable data / b = break / p = provisional / e = estimate

Context 10: Net income of social assistance recipients as % of the at-risk of poverty rate threshold for 3 jobless households types, 2006

	LT	SK	PT	MT	EE	HU	ES	LV	CZ	BE	PL	LU	CY	FR	SI	AT	DE	FI	SE	DK	UK	IE	NL
single	0.3	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.9	1.0	1.1	1.1	1.2	1.2	1.3
lone parent, 2 children	0.7	0.6	0.7	0.4	0.6	0.9	0.6	1.3	0.8	0.9	0.9	0.8	0.8	0.8	1.0	0.9	1.2	0.9	0.9	1.0	1.2	1.0	1.1
couple with two children	0.7	0.5	0.8	0.3	0.5	0.9	0.4	1.1	0.8	0.6	0.7	0.7	0.7	0.7	0.9	0.8	1.1	0.9	0.8	0.9	1.0	1.0	0.9

Source : Joint EC-OECD project using OECD tax-benefit models, and Eurostat.

Context 11: At-risk-of-poverty rate before social transfers by gender and selected age groups

Before all social transfers except old-age and survivors' benefits

		EU27	EU25	BE	BG	CZ	DK	DK(1)	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
Total population	Total	25(p)	25(p)	27	27	20	28	27	24	25	34	23	24	23(b)	23	22	30	27	24	30	23	20	24	25	25	31	23	18	28	29	29(p)
	Men	24(p)	24(p)	26	26	19	26	25	23	22	32	22	23	23(b)	22	20	28	25	23	31	22	19	23	25	24	30	21	18	26	27	27(p)
	Women	26(p)	26(p)	28	29	21	29	29	25	27	36	24	25	23(b)	25	24	32	29	24	30	24	21	26	25	25	32	25	19	29	30	31(p)
Children aged 0-17 years		33(p)	32(p)	32	31	30	22	22	31	26	40	26	29	34(b)	32	20	32	32	34	47	32	23	36	33	30	43	23	27	30	34	39(p)
People aged 18-64 yea	Total	23(p)	23(p)	26	22	19	28	28	25	20	31	22	21	22(b)	21	16	24	24	23	30	20	20	23	25	23	27	21	17	26	27	24(p)
	Men	22(p)	22(p)	25	22	17	26	26	24	19	30	21	20	21(b)	20	15	23	24	23	30	18	19	22	26	22	27	21	17	26	26	22(p)
	Women	24(p)	24(p)	27	23	20	29	29	26	20	33	22	22	23(b)	22	18	25	25	24	30	21	21	24	24	24	27	21	17	26	28	26(p)
People aged 65 years a	Total	23(p)	22(p)	25	41	14	36	31	16	41	38	27	31	13(b)	23	53	53	32	8	10	26	16	17	15	25	30	33	15	31	26	38(p)
	Men	20(p)	19(p)	24	35	11	32	27	14	27	32	24	28	12(b)	20	46	47	19	8	7	26	15	13	11	22	23	26	8	23	16	33(p)
	Women	26(p)	25(p)	26	46	17	39	34	18	49	42	29	32	14(b)	26	58	56	39	8	11	25	16	20	17	27	35	37	19	36	33	42(p)

Source: SILC 2008, Income data 2007; except for UK, income year 2008 and for IE moving income reference period (2007-2008); (1) with imputed rent data 2007 (see methodological note).

: = not available or unreliable data / b = break / p = provisional / e: estimate

EU Aggregates: Eurostat estimates are obtained as a population size weighted average of national data.

COUNTRY PROFILES
ON HOMELESSNESS AND HOUSING EXCLUSION

SEC(2010)99

BELGIUM

1. CURRENT SITUATION

The population of Belgium, which stood at 10.85 million at 1 August 2009, grew 0.8% from 1 January 2007 and 1 January 2008 (the strongest growth since 1965). The average size of households in 2007, which was unchanged from 2006, was 2.31 persons (it was smaller in Brussels at 2.04 and larger in Flanders at 2.37). The distribution among types of household also remained constant at around 27% for single-person households and around 6% for families. In 2008 there were nearly 5 million dwellings in Belgium. Single-family houses make up the very large majority (75.3% in 2001), except in Brussels (where they comprise 28.2%). The percentage of households owning their dwelling is very high (69.5% in 2001), with the exception of Brussels (42.7%). No national statistics are available on the number of empty dwellings, but in 2006 the water distribution agency in Brussels put the number in Brussels at 15 000 in 2006.

The risk of poverty is nearly three times higher for a tenant than for someone who owns the property they live in (10.2% against 28.4%) and is over three times higher in Wallonia. Those at risk of poverty are twice as likely to be unsatisfied with their accommodation than the population as a whole. 17% of the population live in housing with a structural problem, which is close to the EU average (18.1%). The percentage of the population for whom the cost of accommodation exceeds 40% of their disposable income is 3.2% (2007) for owners, 4.5% for owners with a mortgage, 11.4% for tenants paying a moderate rent or who pay no rent and 33% for 'normal' tenants. Only the latter category are in a clearly less favourable situation than the European average (25.4%). The median percentage of the share of disposable income (with or without a housing allowance) allotted to accommodation is 17%, which is much lower than in Germany or the Netherlands. The overcrowding rate is very significantly below the European average (5.7% against 16.9%); nonetheless, the rate rises for tenants renting at market prices (11.6% against 17.6% for the EU) and is higher than in Germany and the Netherlands in almost all cases. Lastly, the purchase price of dwellings doubled from 2000 to 2008.

There are no national statistics on homelessness, probably because of Belgium's complex institutional set-up. Flanders is the only region with a fairly uniform, comprehensive and effective registration system (*Tellus*). However, the number of homeless in Belgium can be estimated at 17 000, although the reliability of such figures varies significantly with the region. A recent survey in Brussels puts the number of homeless in the capital at 2 766 while regional surveys have estimated the number at 18 000 in Wallonia and 10 315 in Flanders. According to a survey of *centres publics d'aide sociale* (CPAS – municipal public social assistance centres) under way, young people and those with psychiatric problems or problems of dependency appear to make up a growing percentage of the homeless. A Flanders Region study covering the period 1982-2002 also notes a clear increase in women, non-nationals and persons in debt among the homeless in Belgium.

2. POLICY FRAMEWORK – GOVERNANCE

The players are the political authorities at national, regional or community level, the municipalities (which run the CPAS), charities (which may be subsidised), specialised bodies such as the *Centra voor Algemeen Welzijnswerk* (CAW – centres for general welfare work),

assisted by the *Steunpunten Algemeen Welzijnswerk* (SAW – support centre for general welfare work) in Flanders, social housing companies, rental agencies, and organisations of owners which rent out the latters' properties for them. Consultation bodies, such as the *Concertation bruxelloise de l'aide aux sans-abris* and *La Strada* in Brussels, exist at each level. All actors also take part in implementing the national social inclusion action plan (*PAN-Inclusion*).

Housing and homelessness are to a very great extent the responsibility of the regions (housing and exclusion) and the communities (homeless), while the federal authorities remain mainly responsible for legislation on rents, taxation, urban policy and policy on poverty (emergency accommodation); major land reserves belong to certain State departments. The CPAS (municipalities) are the most important public actors in the system. This complex situation has the advantage of subsidiarity but calls for extensive coordination of the actors. An interministerial conference on coordinating policies applied took place in 2005 but did not bring very tangible results. A cooperation agreement between the Federal State, the Communities and the Regions on continuity of policy on poverty (http://www.luttepauvrete.be/accordcooperation.htm) was approved by Belgium's six Parliaments in 1998.

The right to lead a life in dignity and the right to housing are recognised by the Constitution (Article 23) and are reflected in regional legislation. Nevertheless, the right to lead a life in dignity, which is implemented by the CPAS, is not enforceable. Moreover, rents are not subject to general surveillance.

The major national policy framework is the Belgian social inclusion plan. Its general goal is to offer decent, adequate accommodation to all and it approaches the housing issue from the viewpoint of both access and quality. Its target for 2010 is a national percentage of social housing in the rental sector equal to 8% of the total number of households (compared with 6.2% in 2006); this focus on social housing is criticised by the experts, who would prefer a reference to a general accessibility target. The 'housing' programme of the national urban policy also has access and quality as priorities; a total budget of €69 million has been set aside for investment programmes at local level. The regions and communities have set other, generally unquantified, targets with the stress on the supply of decent, accessible housing (without any target for the homeless). Various programmes exist:

(7) Flanders: establishment of supplementary social housing through the development of public-private partnerships; supported accommodation and introduction of a rent allowance scheme;

(8) Wallonia: aid for the establishment of community housing; improvement in quality; development of public-private partnerships; investment in public housing; utilisation of empty property and supply of accommodation vouchers;

(9) German-speaking Community: aid for establishment of emergency accommodation, accommodation designed to encourage residents' social inclusion and transitional accommodation;

(10) Brussels: easier access to private rental accommodation (with planned supply of 5 000 extra dwellings, reform of rent allowance, trial with subsidised rent); support for homeless centres; training of social workers (assistance to homeless in underground); supported accommodation and aid for access to property ownership.

Very little information is provided on spending at national and regional level.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Access

In terms of prevention, joint landlord/tenant committees were set up in 2007 in three cities to regulate relations between landlords and tenants, mediate in conflicts and establish a scale of rents. The trial does not appear to have been followed up. Furthermore, the judiciary must notify the CPAS where persons are under threat of eviction. In Flanders and in Brussels homeless reception centres and supported or guidance centres also play a part in forestalling the eviction of social tenants. Rent allowance mechanisms also play a role.

Various measures are applied to stimulate the supply of housing for persons with a low income, such as increasing the stock of low-cost housing (new buildings and renovation), rent allowances and removal and installation allowances. Construction of new housing is encouraged by the imposition of town-planning rules, support for social housing agencies, management of private housing by the latter (and incentives for owners to entrust their property to them) and the establishment of public-private partnerships.

In 2006 Belgium had 62 social housing units for every 1 000 households, not including low-cost accommodation belonging to local authorities or entrusted by private owners to public bodies such as *agences immobilières sociales* (AIS – social real-estate agencies). These had 2 000 housing units in Brussels and 3 000 in Wallonia. The supply of low-cost housing seems to be far from adequate: in 2006 the waiting list was equivalent to 60.5% of social accommodation existing across the country; it was less in Wallonia (45.6%) but much more in Brussels (79.2%). Flanders adopted a decree in March 2009 setting a target of an extra 43 000 social housing units by 2020 (in collaboration with the private sector). Conditions of access to social housing vary with the region: Flanders recently made its criteria stricter.

In terms of access to privately owned accommodation, Flanders has gradually extended the rent subsidy system in the last few years. Social housing agencies in Flanders rent accommodation on the private market and sublet it. Aid towards payment of rent guarantees has been introduced. Wallonia is seeking to develop public-private partnerships, the establishment of collective accommodation managed by approved private associations, the utilisation of empty private property and the supply of accommodation vouchers. Although it has been the subject of discussion for several years, no system for controlling rents (currently a federal competence) has yet been introduced and this seems to be holding back the introduction of a rent-allowance mechanism on a wide scale.

To help former inmates on their release from penal establishments or asylums, the preference is for collective accommodation (independent living units with communal areas). In Brussels a system called *Concertation de l'aide aux justiciables* was set up in 2006 to coordinate assistance to such persons.

Emergency accommodation (subject to an eight months maximum), managed by the CPAS and financed by the National Lottery, has been in place since 2006 at federal level, with assistance in searching for long-term housing. Similar systems, at times for certain target groups (such as battered housewives) also exist at regional level.

The supply of supported accommodation is a regional responsibility. In Flanders the service is seen as an intermediate stage between residential accommodation and independent housing.

The support is flexible in form and degree: special home services may be provided. The regions are also responsible for finding long-term solutions. Flanders has designated seven pilot regions since 2002: bodies help the homeless to find social housing and to become autonomous.

Certain services are there for specific target groups in Brussels (shelters for women, who may also have priority access to social accommodation) and in Flanders (special temporary accommodation for young people, men and women; accommodation for battered housewives, non-nationals and victims of human trafficking). Lastly, ensuring a social mix is a political goal for each region.

3.2. Quality

The regions, which are responsible in this area, have set binding quality criteria and clearly defined legal categories for housing. Progress in improving quality is encouraged by positive and dissuasive incentives: an administrative authorisation is required in Flanders and Brussels for renting out certain accommodation against which there is a question mark. Regional and federal urban regeneration programmes have been put in place and renovation premiums introduced. No information has been provided on Structural Fund assistance in this area.

4. HOMELESSNESS AND ACCESS TO SERVICES

No clearly defined active inclusion strategy seems to exist. However, social workers within the social welfare services monitor pathways to integration. A comprehensive approach to the problems encountered (education, training, childcare and employment) and networking of the actors involved are promoted. Work experience is offered in the social economy sector (for example, via the *wep-plus* plan in Flanders) and certain social groups, e.g. women (*M/V United* in Flanders) and immigrants (*inburgering*), are given priority. Flanders also holds training courses in ICT (*AKMC*).

Access to health care is facilitated through medical centres open to all and local nurses in Brussels and local health centres in Flanders (*wijkgezondheidscentra*), projects in place since 2007 to combat drug, alcohol and tobacco abuse, particularly among disadvantaged groups and free vaccination campaigns and campaigns to promote a healthy diet. One of the CPAS' tasks is also to facilitate access to care.

Quality standards have been laid down by law in Flanders on the quality of services.

5. MONITORING AND EVALUATION

Belgium still seems to be looking for a coherent, coordinated policy on homelessness. The *Service de lutte contre la pauvreté*, a body set up by the interparliamentary agreement of 1998 (see above) to combat poverty, has the task of making recommendations, while the regions have published reports and convene coordination meetings of the actors. Bodies like *La Strada* in Brussels help with the work of gathering the necessary data, which are still incomplete; in Flanders the CAW are under an obligation to provide the authorities with data on registration each year.

BULGARIA

1. CURRENT SITUATION

While there is no official definition of "homelessness" and "housing exclusion", an unofficial definition entered standard use in the last couple of decades and includes only those citizens who are clearly without shelter: people who sleep on the streets, in parks and in other public places. Information on housing conditions and the housing fund in Bulgaria is collected via the regular census of the population (last one in 2001). Following a review of the ETHOS typology, it was estimated that the National Statistical Institute (NSI) can provide data for some of the 13 operational categories but only under the more generalised category of primitive dwellings. The Bulgarian Academy of Sciences suggested a typology which was not accepted by the government and which, to a certain extent, corresponds to the ETHOS one. Experts on housing tend already to use the ETHOS typology, albeit informally. Relevant national statistical data does not exist at the moment and, as a consequence, Eurostat is limited in the data it can provide for Bulgaria. The next national census is foreseen for March 2011 at which point data in compliance with Eurostat requirements and the ETHOS typology should be available.

According to data from national statistics[107], the housing stock (as of 31.12.2008) amounts to 3 767 081 dwellings, 2 391 516 of which are in the cities and 1 375 565 in villages. The rate of dwellings availability in 2008 is 495 dwellings per 1000 people with an average of 2.02 people living in one dwelling (2.26 in the cities, 1.60 in the villages).The average floorage per person for the country is 20.35 square meters –17.87 square meters in cities and 26.45 square meters in the villages.

As per research data in 2005[108], the allocation of the available housing stock was as follows: 96.8% private and 3.2% public (municipal or state). The share of the latter was the highest in and around the capital (6%) and the big cities (3.6%).

There remains a serious need for construction of financially-affordable dwellings and mass renovation of the existing housing stock. Data shows that more than half of the investment in construction is in residential buildings. The constructed buildings are primarily in the private sector with the share of public investment barely exceeding 10%. Housing generally is considered to be a private issue and not a concern of the authorities. The municipalities have legally-defined responsibilities regarding the care for the housing stock but have no resources for its maintenance. Nevertheless, they are entitled to undertake investment projects for renovation and restructuring of blocks of flats. At the same time, the National housing strategy[109] shows that only 3% of all blocks are State or municipal property.

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107 National Statistical Institute

108 Homeless and Homelessness in Bulgaria, Iskra Dandolova, Bulgarian Academy of Sciences - 2005 - http://www.cuhp.org/admin/EditDocStore/Dandolova.pdf

109 National housing strategy - http://www.mrrb.government.bg/index.php?lang=bg&do=law&type=4&id=220

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

The two most important levels of policy management are the national and municipal ones. At national level, the Ministry of Regional Development and Public Works (regarding the implementation of the national housing policy) and the Ministry of Labour and Social Policy, State Agency for Child Protection and Agency for Social Assistance (regarding the social inclusion aspects) are the main stakeholders. The government adopted in 2004 the National Housing Strategy which, although not limited in time, does not contain clear measurable and comparable outcomes. Moreover, there is no evidence of what funding has been allocated to implement the strategy and what has been achieved as regard targets for the last five years of implementation.

In reality, responsibility to undertake action regarding the needs of housing of homeless people rests at municipal level. While each municipality should have its own strategy, permanent lack of financial resources does not allow for any real action on the ground.

It remains unclear to what extent the central level supports the development and most importantly the implementation of the municipal strategies on homelessness within a concise policy and especially those in big cities where the most vulnerable appear to reside.

In relation to the Roma population in particular, there is an operational strategic document related to real funding - the National Programme for Improvement of the Housing Conditions of the Roma in Bulgaria until 2015 which was adopted by the government in 2006. The programme involves ambitious measures and not insignificant financial resources - 1.26 billion BGN until 2015 - from the State and municipal budgets and EU Structural Funds. Funds absorption, however, is extremely low (only 10 million BGN for 2007 and 20 million BGN in 2008 were used).

It is clear that, at national level, the authorities should take political commitment in the field of housing policy and homelessness which, at present, remains marginal to the social inclusion process. There is a need of a new realistic strategy having timeline objectives and activities linked to specific funding, not only from the EU funded Operational Programmes, but also from the state budget with responsibility clearly defined in reference to the implementation of these policies.

In general, although there is legislation regarding housing, in reality there are difficulties in guaranteeing shelter and residence to citizens who are in serious housing need. Moreover, social services for people without housing are not well developed. It is, accordingly, necessary to enforce the existing legislation and create special one if needed, backed up by appropriate funding, which could ensure temporary or permanent housing, as well as accessible social services, to people who have found themselves without shelter. This is particularly necessary for big cities where the number of homeless people grows steadily as reported by NGOs.

3. ACCESS TO AND QUALITY OF HOUSING

Given the general situation and the overall policy, it is evident that, in general, access to housing is extremely limited. In practice, preventive measures do not exist with a resulting lack of support for people who have been evicted or are in danger of being evicted from their homes. In effect, the issue is left to the local governments with no state involvement as such.

Data from of the Social Assistance Agency[110] clearly show that the existing 12 Temporary accommodation centres in the country have the capacity to accommodate 713 people. There are 30 Centres for Home-Type Accommodation in the country. The centres are for children and have capacity for 353 people. There are 4 Shelters in the country with capacity of 65 people with all of them for children and not adults. There are 11 centres for street children with capacity of 186 people. There are 94 services providing protected housing for 783 people (all of them are adults). All of these services are funded by the state budget. Such services are also provided by private providers but their number is rather limited. Accommodation for homeless people is provided by specialized institutions as well. Urgent placement in temporary accommodation was extremely difficult until November 2009 especially for people who have lost their IDs and do not have health insurance. Obtaining accommodation in such institutions required 8 different documents and allows the person to stay there for up to 3 months. However after November 2009 all the necessary paper work is done by the social workers, including for obtaining ID cards. Unlike in the mid 90s when a lot of street children existed, according to the NGO sector observations, the number of homeless adults is now visibly higher with all their attendant needs.

In general, the reports of different experts from the NGO sector[111] conclude that the social policy of Bulgaria in this particular area is inadequate. There is no statistical data and, moreover no adequate social services based on modern social work type approaches to overcoming housing exclusion related issues and homelessness. Access to independent housing is also very limited. What remains a serious issue, although limited services are available, is the access to housing for the most vulnerable and helpless people who have lost their housing – mostly people with mental and personality disorders, people who have gone out of institutions, drug addicts, alcoholics, etc.

As regards the quality of the housing stock, it is evident that, again due to the lack of regulation and overall policy strategy, the quality varies depending on the level of commitment of the local authorities. Issues like illegal housing for Roma, deteriorating housing conditions on State-owned properties, although well below acceptable standards, still do not elicit an adequate political response.

4. HOMELESSNESS AND ACCESS TO SERVICES

As homelessness is not in the focus of social policy, very limited number of services are provided to people without shelter. Moreover, there is no data to what extent the social work for integration of people with housing problems that is in place in relation to access to the labour market – training, retraining, employment initiatives, communication skills etc. gives tangible results and leads to a change of the life of the homeless people or the children from the Centres for street children.

While in theory opportunity for access to health care exists (the state budget provide funds for the health insurance of the people subject to social assistance and for diagnosis and medical treatment of people without incomes and/or property that allow their personal participation in the health insurance process), in reality this is a very complicated issue. The latest changes in the Law on health insurance seem to add additional burden on the homeless people in that respect.

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110 http:// www.asp.government.bg

111 **HOMELESSNESS IN BULGARIA**. Douhomir Minev. Prepared for FEANTSA – September 2003 - http://www.feantsa.org/files/enlargement/research_bulgaria.pdf

5. MONITORING AND EVALUATION

There is limited statistical data on homelessness. Information so far is available only by research commissioned by NGOs or the Council of Europe[112]. Since November 2009 registering of homeless persons in Social Assistance Directorates has been introduced. As per the Law on Census of the population and the housing stock, the next census will be in March 2011. It is at that point that all the current gaps in statistics might at least be partially filled. The Law on Census of the population states that a preliminary pilot census is to be carried out as a first phase in order to test the process and the means for the census. It is at that stage that a careful analysis of the indicators on homelessness and housing is to be made and corrective actions taken if needed. This will help the policy makers adapt the required actions to homeless people which, by that point, should be supported by an appropriate system for monitoring of progress and evaluation of results.

112 *TRENDS AND PROGRESS IN HOUSING REFORMS IN SOUTH EASTERN EUROPE* – October 2005 - http://www.coebank.org/upload/infocentre/Brochure/en/Housing_reforms_in_SEE.pdf

CZECH REPUBLIC

1. CURRENT SITUATION

According to the Population Census of 2001, there were 4,366,293 flats in the Czech Republic (427 flats per 1000 inhabitants) and since then the number of private flats and houses being constructed has been increasing but there has been almost no construction of rental housing. The main problem remains a lack of financially affordable flats for low income households. Significant part of the housing stock transferred to municipalities from the state after 1989 was sold and only very small part is recently used for social purposes. In recent years the state expenditure on housing has been 0.7-0.9% of GDP.

The share of population with housing costs exceeding 40% of the total income was 10.3% in 2007, which was lower than the EU average (12.3%). However, when broken into categories by tenure status, only the share of tenants with reduced price or free (9.7%) was lower than the EU average (13%), households of outright owners, with mortgage or market price rents was above the EU average. The overcrowding rate is very high (32% in 2007, EU: 17.3%) with a considerable difference between non-poor (28.8%) and poor citizens (63.1%). The proportion of people deprived was lower than the EU average, 81.5% of people reported to live in acceptable living standards (EU: 75.2%). However, there are several seriously deprived localities inhabited mostly by Roma with worsening conditions.

The Czech definition of homelessness covers only "roofless" and "houseless". There is no system of regular collection of data neither monitoring. Partial data can be obtained from three sources: the Population Census of the Czech Statistical Office (CZSO), the Ministry of Labour and Social Affairs (MoLSA) data on people living in institutions and shelters, occasional surveys of NGOs working with the homeless. There are thousands of citizens that can be classified as homeless in the Czech Republic, concentrated in the largest cities.[113]

The homeless are mainly men, middle-aged, long-term unemployed, disabled, alcohol and drug users. The main reasons for homelessness are broken family relationships, economic problems (unemployment, over-indebtedness, etc.), the lost of housing, addictions, psychological and mental problems. People released from prisons, institutions and children's homes are also vulnerable in this respect. Present crisis factors are increasing prices of rents and energies and the lack of social housing. Special housing benefits and housing supplement allowance are provided for people in need, but latter only in case of legally contracted housing.

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[113] According to the NGOs statistics, the numbers are following for roofless: Prague (3074 in 2009), Brno (452 in 2006), Ostrava (2158 in 2009); houseless: Prague (1696 in 2009), Brno (380 in 2006), Ostrava (521 in 2009), in the CR (4484 in 2005 according to NGOs and 4542 in 2007 according to the MoLSA). According to the CZSO, there were following numbers of people in insecure housing (17213 subletting according to the 2001 Census); inadequate housing: 222 in mobile housing, 3232 in unfit provisory housing, 12519 in recreation chalet or country house and around 129 thousand of people, who do not live in standard housing (institutions, austerity shelters, recreation objects).

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

The Czech legislation does not acknowledge the right to housing, only specific social benefits for housing are guaranteed for low-income groups. The system of administration is decentralised and thus responsibility for housing is with the municipalities. The government (Ministry for Regional Development) sets the rules and provides financial contributions to the local governments for the construction of municipal flats via targeted programmes. Otherwise it does not have a tool to influence municipalities to allocate specific number of flats to people in need or to influence their way of dealing with socially excluded localities and people facing eviction. The Ministry of Labour and Social Affairs is responsible for the methodology and for setting the rules for social services that are delivered by the regions and municipalities. The regions must elaborate the Medium Term Plans for the Development of Social Services on the basis of the Act on Social Services. A key role in delivering social services for the homeless is played by NGOs that are well organised and trusted.

There are weaknesses in the housing policy. The social housing sector is almost non-existent and there is a preference to target directly citizens with special social benefits than support the building of social housing. There is no prevention strategy with regarding to loosing one's home and to homelessness, and financial support to NGOs working in this field is insufficient. Municipalities use only a very small part of their stock of flats for people in need and before social work and solving the situation of people in danger of loosing their housing they prefer zero tolerance and evicting people to sub-standard housing usually in the suburbs. As a consequence, problems with socially excluded localities have been increasing.

In 2005, the Concept of Housing Policy was approved by the government with fairly vague objectives to increase financial affordability and overall offer of housing, its quality and preservation, etc. In 2000, the State Housing Development Fund was established with fluctuating budgets, reaching 16,899 Mio CZK in 2008, however, the share devoted to municipal rented housing is small and decreasing due to EU regulations of state aid. Since 2003, the Programme for the Construction of Subsidised Housing for socially disadvantaged groups (the elderly, people with disabilities, people leaving the institutions, etc.) of Ministry for Regional Development is in place, however, also with decreasing allocation.

3. ACCESSIBILITY AND QUALITY OF HOUSING

As already mentioned the sector of social housing is underdeveloped and there are not enough dwellings for low-income groups. The government support is focused especially on support to ownership of dwellings and on reconstruction of prefabs built before 1989 (1.5 billion CZK), where significant part of the middle and low income groups live. Special social benefits are available: the housing benefit (since 1995) and the new housing supplement allowance (since 2007) that is, however, provided only in case of legally contracted housing. People living in non-standard housing cannot get this allowance. Moreover, the amount is limited by the normative costs in the particular locality.

The leases are protected by the Civil Code, which lays down the obligation in certain cases to provide substitute housing in case of lease termination. The municipalities are not obliged to help people without housing to access one and furthermore, they prefer evicting people with arrays. Social work is ongoing in socially excluded communities (inhabited mainly by Roma) carried out by NGOs and some municipalities but their capacity is insufficient to meet the demand.

Temporary accommodation for the homeless is provided by means of low threshold day centres and overnight shelters, hostels, temporary housing. The maximum length of stay is one year in one facility, many people move among different facilities over the years. Supply of provisions is not sufficient.[114] For example according to the 2004 Prague's Survey only 37% of the homeless were living in temporary accommodation. Several thousand places are available for women with children but there are no places for men with children.

As there is almost no social housing, transition from emergency to permanent accommodation is almost impossible. Only the programme for supported housing (2003) is implemented through direct subsidies to municipalities for the construction or modernisation of housing without barriers for the disabled, the elderly and people in difficult life situation. Rents in these dwellings should not exceed the average market price. As regards the entry flats, the target group is defined by low income and by difficulties in accessing the rental market (people leaving institutions, children's homes, hostels for the homeless, members of ethnic minorities, refugees). Contracts are for two years and it is possible to renew them.

Low-income groups of the population have problems with the affordability of housing due to high selling prices. At the same time the rental market is getting expensive as well due to the gradual rents' deregulation and increases of energy prices. In 2006 an act was approved by the government with the aim to align regulated rents with market prices by 2010. This change will affect approximately 20% of the population. After the rapid rent growth in years 2006 – 2009, the government decided, according to social impacts of deregulation, to divide the last phase finalizing deregulation in 3 following years (2010, 2011, 2012) in the selected cities.

All new buildings are governed by regulations to ensure the minimum building quality, such as the Building Act and the Act on Public Health Protection. Otherwise, there are no minimum standards guaranteeing the quality of temporary housing for the homeless. This type of housing is defined as social service, and thus has to follow the standards of quality of social services.

A large part of the housing stock (the panel apartment blocks) that was built before 1989 from the prefabricated technologies does not have the satisfactory technical parameters. Moreover, dwellings are fairly small. Thus the improvement of quality of these houses is one of the biggest priorities of the Czech housing policy with significant amount allocated (for loans and subsidies) through the programme PANEL. The overcrowding rate is high as compared to the EU, but the proportion of people deprived is significantly lower in all monitored categories.[115]

Since 2001 Program on recovery of panel housing estates of Ministry for Regional Development has been in force. The subsidy is provided to municipalities for reconstruction of public areas within panel housing estates in order to make these parts of town attractive. Subsidies of this national program do not cover reconstruction of the block of flats that is the reason why the Czech Republic has taken advantage of drawing financial sources from ERDF and created Integrated Operation Programme (IOP). IOP includes activities on renovations, reconstructions and modernisations of the blocks of flats in socially deprived localities and also targeted projects aiming at prevention and reduction of spatial and social segregation

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[114] According to the Ministry of Labour and Social Affairs 2007 Statistics Yearbook, there were 4208 places in 162 night shelters; 334 places in 29 halfway houses; 459 places in 29 hostels. As regards half-way houses (for persons up to 26 years of age), which provide also mediation, therapy and advocacy, there is around 330 places but more than 1000 youngsters are released from children's homes each year.

[115] Proportion of people deprived in 2007: leaking roof 15.6% (EU: 18%), bath or shower 0.8% (EU: 3.3%), indoor toilet 1.2% (EU: 3.6), dark dwelling 4.4% (EU: 8.1%)

estates especially inhabited by Roma. Moreover, the Regional Operational Programmes support the creation of the Integrated Development Plans of the cities.

4. HOMELESSNESS AND ACCESS TO SERVICES

Attention is paid to active inclusion to support entering the labour market, but especially by means of increased conditionality of benefits. A complex social protection system is in place but as regards the employment services still more needs to be done to increase their capacity and ensure individualised approach. No specific strategy is focusing on the homeless, who are usually long-term unemployed. The Act on Social Services (in force since 2007) created the basis for the obligatory standards of quality together with the Inspection of Quality. The scope and quality of services have been increasing and positive development has been stimulated also by the community planning of social services (based on the Act as well).

All citizens are entitled to health care that is based on compulsory health insurance; however, the homeless usually do not pay insurance and therefore are sometimes refused treatment. Only one specialised medical service exists in Prague. The homeless have approximately ten times higher prevalence of TBC and also are more often exposed to chronic diseases, infections, and mental disorders.

5. MONITORING AND EVALUATION

No regular monitoring system or evaluation is in place. NGOs have been carrying out surveys on an irregular basis in the largest cities. Sources of data are incomplete and not entirely reliable. Some evaluations were elaborated by researchers and representatives of the NGO sector, for example the National Reports on Homelessness 2005 and 2006.[116]

116 http://www.nadeje.cz/index.php?q=node/28

DENMARK

1. CURRENT SITUATION

A national definition of homelessness has been adopted as part of the national count of homelessness which was carried out in 2007 and 2009. It consists of a conceptual definition and an operational definition with 8 categories, which are based on the ETHOS typology adapted to the Danish context.

The national count of homeless people showed that approximately 5000 individuals were homeless in the reference week (week 6, 2009). This corresponds to 1 per 1000 inhabitants (in Copenhagen 2.9 per 1000). It is estimated that 11000 to 13000 persons are affected by homelessness per year. Of the 4998 persons registered in the national count, 506 persons were sleeping rough, 1952 were sleeping in homeless hostels, and 1086 were staying temporarily with family and friends. The rest belong to the remaining categories. 2432 (49%) of the homeless were registered in the Copenhagen metropolitan area.

Homelessness in Denmark is to a very large extent related to substance abuse and/or mental illness. A majority of homeless are men (78%) and 22% are women. Around 20% among the homeless are young (18-29), while more than 50% are 30-49 year olds and few (5%) are above 60 years. Approx. 20% belong to ethnic minority groups. For 20% of the homeless, evictions were mentioned as an important reason for their situation. The number of evictions has increased during recent years from 1823 in 2002 to 3762 in 2008[117].

There is substantial regional variation in waiting lists for public housing but no official national statistics are available. There are relatively short waiting lists in most provincial towns and cities but relatively long waiting lists in the Copenhagen area. Waiting lists for public housing are open to all Danish residents, but municipalities can refer at least 25% of vacancies to individuals with social needs.

The share of population living in a household where housing costs represent more than 40% of the total household income was 13.4% in 2007 (EU average: 12.3%). By tenure status, the share is bigger for the tenants paying a market price rent (25.4% (EU average: 25.4%)).

The overcrowding rate is very low (6.8% in 2007, EU: 17.3%). As to the proportion of people deprived, it was significantly below the EU average in 2007 (the rate of population reported to live in acceptable living standards was 85.0% in Denmark, 75.2% in EU).

Denmark's social expenditure destined to housing benefits (% of total benefits) was 5.3% in 2006 (EU27: 2.3%).

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

While there is no statutory right to housing in the Danish legislation, the law on social services defines a range of interventions such as homeless hostels, medium-term supported housing, long-term supported housing, social support attached to the individual, social drop-in

[117] Figures provided by the Danish Courts

centres and substance misuse treatment. The provision of these services is the responsibility of local authorities (municipalities). The law on public housing enables municipalities to refer 25% of vacancies in public housing to socially vulnerable groups. The Ministry of the Interior and Social Affairs has the overall administrative responsibility for policies and services for homeless people. The Ministry of Employment has the responsibility for general labour market activation policies and social assistance to homeless people.

A national strategy to combat homelessness has been adopted for the period of 2008-2011 with four objectives: a) reduction of the number of people sleeping rough; b) young people should be offered better options than staying in a homeless hostel; c) the average time spent in a homeless hostel should be reduced to 3-4 months; d) housing problems should be solved prior to release from prison or treatment centres. The strategy links efforts to the principle of "housing first".

The Danish government has reserved funding of €66 Mio for the implementation of the strategy. The main part of the funding will be distributed to selected municipalities with the largest homeless populations. An important aim is to develop methods with documentation of their effectiveness and to distribute this knowledge to municipalities in other parts of the country. Each selected municipality will adopt an action plan to reduce homelessness within one or more of the four national objectives. The action plan will also include an obligation to continue the initiatives after the 4-year period. The main stakeholders are municipalities, central government and NGOs.

NGOs also play an important role in services for the homeless. They often operate services such as homeless hostels and social drop-in centres. The management of social drop-in centres is generally supported by municipalities but also partly funded by the NGOs themselves.

A national user organisation (SAND) has been established among the homeless facilitated by the central government. SAND is often consulted in matters such as policy development and implementation.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

The law on social services specifies a municipal obligation to provide temporary accommodation for the homeless (individuals who have no dwelling or cannot use the dwelling they have due to social problems). Homeless hostels exist in almost all larger cities and towns and are organised in a national association. The supply of places generally meets demand, though normally places are utilised to a high degree. It can occur that hostels are full for the night and that users will have to use emergency night shelters. There are no general national standards for quality of accommodation, but the hostels are like all other public institutions subjected to rules of general inspection.

The most important general mechanism for accessing permanent accommodation is the referral to social housing via municipal waiting lists. In the Copenhagen region in particular, there is excess demand for public housing and relatively long waiting lists. Social housing is generally open to all but locally there can be barriers which act against the re-housing of

certain groups. This may be the case for example of active substance users, making up a large proportion of homeless people, who could be a problem for the neighbours.

According to the law on social services, social support in own home can be provided. A continuous challenge is to provide sufficient social support to individuals in there own homes in order to enable them to stay there. One of the key priorities in the national homelessness strategy is to strengthen the provision of social support at municipal level.

Social housing is non-profit (cost) based. Segments of the private rental stock (based on age and status of renewal) are subject to rent control. Individuals with low income can uphold a rent subsidy based on income, rent and size of the dwelling.

The number of evictions has increased over the last years. A new initiative aims to provide counselling for people who are at risk of eviction and obliges housing authorities to notify municipalities of individuals with eviction orders.

Institutional release can be a pathway into homelessness. A recent project has focused on better procedures with regard to release from prisons. One of the four goals of the national homelessness strategy is to secure that a housing solution is established upon institutional release and projects under the strategy will focus on strengthening procedures of coordination in this area.

Besides the referral to social housing, there are targeted forms of supported housing available for groups with specific needs in the law on social services. An example is the so-called alternative nursing homes for individuals who are in need of care due to long term substance use and where there is a relatively high staff ratio to provide specialised care. A continuous challenge is to provide more places of supported housing for those with special needs. The so-called 'skaeve huse' (untraditional housing) consist of small independent housing units with social support attached and provide a housing alternative for those who do not fit into ordinary housing.

It is an objective to have a socially sustainable composition of dwellers in social housing areas. Thus, rules may be applied locally to the effect that priority is granted to people with stronger resources in order to create a more balanced composition of dwellers in the area.

3.2. Quality

There are no national definitions of inadequate or overcrowded housing. The rental housing stock is generally subject to municipal supervision. There is a general emphasis on renewal of the public housing stock through both large scale renewal of estates and local renovation projects.

There has generally been emphasis on providing area based interventions in disadvantaged neighbourhoods. Many larger housing areas have undergone intensive renewal programs and there is a tradition for programs of social activities and interventions in disadvantaged neighbourhoods. Social services in disadvantaged neighbourhoods are generally integrated into mainstream municipal social services.

At 6.8% in 2007, the overcrowding rate is very low (EU average: 17.3%). As to the proportion of people deprived, it was significantly below the EU average in 2007.

4. HOMELESSNESS AND ACCESS TO SERVICES

The services for homeless people are specified in the law on social services and thereby included into general social service provision. As described above, the national strategy on combating homelessness aims at strengthening service provision. Particular aims are to strengthen the municipal provision of individualised social support for individuals with complex needs.

Homeless people receiving cash benefits are subject to the legislation on activation, where consideration of individual resources should be given. Counselling services at local job centres are available to individuals without employment. The national count of homeless people showed that 14% among the homeless were participating in labour market activation. This indicates that there is a considerable distance to the labour market for most of the homeless people, and this generally reflects the complex social problems of many homeless individuals.

Homeless persons are like other inhabitants in Denmark covered by universal health care services free of charge. There can be practical barriers of access, for instance due to lack of knowledge of the particular needs of the homeless among staff in the general health care system, or due to individual circumstances. Specialised outreach health care services have been set up in some larger cities to reach homeless people with health needs who do not seek assistance from the general health care system.

Street outreach work is aimed to render general support to rough sleepers and to facilitate their use of existing services. The law on social services gives the legal base for so-called social contact persons aiming at social outreach work in municipalities. Social drop-in centres (many run by NGOs) exist in most large cities to provide support to rough sleepers.

There are no national standards for quality of social services for homeless people.

5. MONITORING AND EVALUATION

There is a national system of documentation of the use of homeless hostels. Numbers of users are registered together with basic client information. Annual statistics are published. A national count of homeless people was carried out in 2007 and 2009 and a third count is planned in 2011 as part of the monitoring of the implementation of the national strategy. The reporting system is generally good, even if it remains difficult to estimate with accuracy the number of rough sleepers.

No general policy evaluation has been carried out recently. An evaluation of the so-called city programme ("Storbypuljen" 2003-2005) in 2007 concluded that the programme had succeeded in establishing more targeted interventions towards the most marginalised individuals including the homeless, but that there was a continued need to further develop services and interventions.

GERMANY

1. CURRENT SITUATION

In official reports (such as its Report on Poverty and Wealth[118]), the German government refers to a definition of homelessness ("*Wohnungslosigkeit*") used by the BAG W[119], an association of public and private bodies and institutions that offer services and assistance to people suffering from homelessness. According to this definition, a person/a family is considered as "homeless", when they live in a dwelling without having a leasing contract for it or being the owner of that dwelling. The definition encompasses both, dwellings that are provided by an institution or on an informal basis (e.g. by friends). The government operates with the notion of "people in very difficult life situations"[120] and links it with the issue of homelessness. The government does not make references to the ETHOS-typology.

The Government quotes estimates presented by the BAG W according to which 254,000 people (0.3% of the total population) have been homeless in 2006 (18,000 rough sleepers), suggesting that the overall number of homeless people has halved since 1998. 25% are estimated to be women, 64% men and the remaining 11% children or adolescents.

There is a lack of empirical data but it appears that the overall situation on the housing market is good in view of the overall offer of accommodation, its quality and its price level: the different dimensions of deprivation show low figures (e.g. leaking roof: 14% for DE (2008) and 18% for EU27 (2007); bath/shower: below 1% to 3%; indoor toilet 1 % (2008) to 4% for EU27 (2007) etc). "Overcrowding" is not an issue[121] . Between 1997 and 2007, rents have increased more slowly than the general inflation rate. While for the time being[122], no data are available on the share of housing costs in total disposable income and the share of population whose housing cost burden exceeds 40%, housing costs in general or access to housing for people with a low income do not appear to be of major concern.

Data on waiting periods for social housing and the different dimensions of the ETHOS-typology are not available.

As to the reasons for homelessness, the government sees primarily an accumulation of problems people have been or are still confronted with (such as unemployment, high debt, problems within the family, social problems, psychological problems etc). In view of the relaxed situation on the housing market and of the effectively working social protection

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118 Lebenslagen in Deutschland. Der 3. Armuts- und Reichtumsbericht der Bundesregierung ("Life Situations in Germany". The German Federal Government's 3rd Report on Poverty and Wealth), in particular chapter XI 1.

119 Bundesarbeitsgemeinschaft Wohnungslosenhilfe e.V.

120 "Personen besonderen Lebensverhältnissen mit sozialen Schwierigkeiten" (Achtes Kapitel SGB XII)..

121 The respective rates are low, amounting to 4% for all households (17% for EU27) and even lower when one-person households are excluded, amounting to 3% (18%. for EU27). They do not show any gender gap with higher figures for the young (5.1%) and a very low rate for people above 65 (1% – EU27: 7%). Overcrowding occurs more often in densely populated areas (4%; EU27: 17%) than in rural areas (2%; EU27: 24%). In terms of household composition families composed of two adults and one or two children are better off (2% and 3% respectively) than families with 3 or more children (6%) or lone parents (12%).

122 It is expected that data will be available in 2011.

system, the government doubts that homelessness could be explained in general by a shortage of affordable housing space.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

At the Federal level, the Ministry of Transport, Building and Urban Development[123] is responsible for housing allowances (*Wohngeld*); the Ministry of Justice is responsible for the law of tenancy, the Ministry of Labour and Social Affairs for social assistance benefits, including housing costs *(Kosten der Unterkunft)*. The competence for providing social accommodation is with the regions (*Länder*) and the task to provide rough sleepers with an accommodation or shelter lies with the local authorities (*Kommunen*).

The government identifies as the overall objective ensuring an appropriate provision of housing space for all households that do not have enough resources at their disposal to provide themselves with sufficient housing space.

In view of preventing and combating homelessness, the government uses legal provisions (protecting tenants), benefits and allowances, the provision of – affordable - social accommodation and other legal instruments (such as the referral of people that run the risk of becoming rough sleepers into temporary accommodation).

Explicit target groups are low-income households, households with children, lone-parents households, pregnant women, older and disabled people, homeless people and other needy persons. The German Constitution obliges to mainstream the gender aspect in all policy areas.

Given that the relevant action is organised at the federal, regional and local level, there is not a single, nation-wide dedicated budget to fight homelessness. Within the Operational Programme for the federal level (*Bund*), the ESF lends financial support (€124 Mio) to a programme "Die Soziale Stadt – Bildung, Wirtschaft, Arbeit im Quartier (BIWAQ)"[124] that sets out to integrate measures in the field of housing, employment and social inclusion in a local context.

Social housing policy is implemented primarily at the level of and by the local authorities in cooperation with social NGOs fighting homelessness (*freie Träger der Wohnungslosenhilfe*).

The German Constitution contains a general social policy objective that encompasses the housing dimension; however, this provision does not give rise to an individual right.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

There is a broad range of instruments in place to reduce the risk of eviction: (1) the tenancy law protects tenants against eviction to a large extent. In principle, lease contracts run without any limit of time. A termination of a contract is possible only in case of serious reasons e.g. if the landlord shows that he needs the dwelling for himself or for close relatives. In any case, the tenant can contradict the termination if it constitutes a non acceptable burden. A landlord

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123 Ministerium für Verkehr, Bau und Stadtentwicklung.

124 http://www.esf.de/portal/generator/834/programm__soziale__stadt.html

that wants to terminate a contract has to motivate his/her decision with reasons that can be checked. (2) households with low income can apply to receive a housing allowance (*Wohngeld*). The amount depends on the number of people living in the household, the total income and the rent to be paid. (3) in the framework of minimum income provisions, the amount of benefits covers housing costs. In the case of impending loss of accommodation, the competent public body pays the costs for housing and heating directly to the landlord. There is also a possibility to bail out a tenant that has not paid the rent for some time; (4) in the framework of the promotion of social accommodation (*soziale Wohnraumförderung*), the state provides affordable accommodation to households facing problems in accessing housing; (5) in emergency cases, there is a possibility of referral to social accommodation/shelter.

In view of temporary accommodation, the local authorities are obliged to provide, equip and maintain appropriate facilities to offer housing space for homeless people and their families. In case of need, it is a subjective right to get access to a temporary accommodation in at least some sort of shelter (*Notunterkunft*). In the case of emergencies, the provision of a shelter should be temporary (in principle not longer than 6 months but de facto it happens that some people (have to) stay much longer). The local authorities can work together with - and delegate parts of their task to provide accommodation to - social NGOs (such as the Red Cross).

Although there are no empirical data, it appears that the supply of temporary accommodation is generally sufficient. Quality standards are defined at the regional level. Given that such accommodation is supposed to be temporary, their standards, in terms of size and equipment, are below normal accommodation. Jurisprudence has ensured that, on grounds of respecting the human dignity, a minimum standard has to be respected.

There is no nation-wide policy on how to support the move from emergency accommodation to more permanent solutions; these vary from region to region and sometimes from city to city. Evaluations about the effectiveness of these policies are not available.

In view of affordability, a combined approach is used: legal stipulations ensure that the rent cannot be increased in an inappropriate way; the construction of affordable accommodation for low-income households is subsidised by the State and households with a low income can receive the housing allowance or housing costs in the framework of social assistance benefits.

3.2. Quality

In the case of non-social accommodation, the tenant has the right to reduce the rent when the quality standard is insufficient. In the case of social accommodation, quality standards reached such a high level that the respective stipulations were not needed any longer and were abolished in the mid-eighties.

In view of the links between policies to promote adequate housing and other urban regeneration policies, the mainstream policy (*soziale Wohnraumförderung*) described above, is complemented by targeted action at the local level (BIWAQ-programme).

4. HOMELESSNESS AND ACCESS TO SERVICES

Most people affected by homelessness are considered as "capable of work" (*erwerbsfähig*) and are entitled to the same benefits as any other job-seeker (in the first place a job-seeker's allowance). They are also entitled to receiving support to find or keep a dwelling. The same

applies for employment measures (such as training, job counselling etc), however public authorities usually take into account the specific problems linked to being homeless and focus on establishing first of all a stable relationship between them and the client before considering activation measures (such as an insertion contract that encompasses obligations and sanctions).

Since the last health care reform, all citizens have a right to be ensured. In addition, a range of measures tries to reach out to people more distant from the mainstream medical system (e.g. medical streetwork; medical visits in temporary accommodation/shelters). Streetworkers also try to get in contact with rough sleepers to help them make use of the possibilities offered by the social protection system.

To the extent that homeless people are considered fit to work and therefore are entitled to receive the entire range of benefits and services for job seekers, the quality control for these measures is carried out by the Public Employment Service (and, in the case of so-called accompanying measures, such as debt advice service or counselling for drug addicts, by the local authorities).

5. MONITORING AND EVALUATION

There is not nation-wide statistics on homelessness. The government did not report on any evaluations carried out.

ESTONIA

1. CURRENT SITUATION

For a total population headcount of 1.340 million living in Estonia (Statistics Estonia, 2009), there were 638,200 dwellings (2007) with 96% of them in private ownership. In 2006, the estimated number of households was 573,400, the average household had 2.3 members. Approximately 85% of households live in dwellings wich they own, and 15% are tenants. 65.7% of dwellings are in urban areas, and 34.3% in rural areas. One third of the total households lived in Tallinn or in its surroundings in 2006.

Housing costs represent 15.2% of the expenditure of households in 2006, and household costs 5.9%. Housing costs were the highest in Tallinn. The share of population living in a household where housing costs represent more than 40% of the total household income was 5.2% in 2007 (EU average: 12.3%). By tenure status, the share is bigger for the tenants paying a market price rent (24.6% EU average 25.7%). In case of social housing, the housing lease and other costs are generally paid by local government while the person pays rent and other utility costs.

Statistical data on people needing social housing or night shelters is available from year 2000, when the Ministry of Social Affairs[125] started gathering data from the local governments that are responsible for providing social care and housing services. At the end of 2006 the number of places in establishments providing night shelter services was 383 (as Tallinn has the biggest number of homeless peoplme, the number of places was 130 in 2006 and 160 in 2009) and there were 11establishments providing 24h services. This service was used by 1535 people (2006): 1250 (81%) were homeless and 285 (19%) had other reasons.[126] NGOs have been very active and have the biggest experience in dealing with homelessness.[127]

The peak for the need for night shelter services was in 2004, the number of homeless decreased by 21% in 2006 compared to that of 2003.[128] In 2007 the number of homeless people in night shelters was 1346 and in 2008 it had decreased to 957. There are very few homeless people in the counties and in those that provided such service, the demand was fully met (average occupancy rate of one shelter place was 59 % in 2007).

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125 The Ministry of Social Affairs provides national and regional annual statistical data on: 1) night shelter services for the homeless (the number, age, sex, etc.) 2) shelter services and rehabilitation services to people released from penal institutions; 3) housing services in the form of social housing, premises, support homes.

126 An expert opinion puts the number of homeless people in Estonia in 2006 at 3000-3500, Norway 2006, National strategy to prevent and tackle homelessness, Comment paper, Estonia, Jüri Kõre, Tartu University.

127 In Tallinn the Centre of Welfare Services provides shelter and counselling service; Tallinn Centre for Social Work provides social accommodation, shelter services and emergency social care (clothes, food), since 2006 they also provide debt counselling service, and since 2007 counselling those who own rent for municipal dwellings (so-called social counselling). Catering for the homeless in soup kitchens are organised in Tallinn by the Estonian Red Cross Tallinn section, JK Taverni OÜ, Salvation Army in Estonia, SA Social Work Centre Sõbra Käsi (Friend's Hand). In Tartu NGO Iseseisev Elu (Independent Life) is providing homeless day centre services and the service of supported housing (living); SA Varjupaik (Shelter) provides lodging service, etc.

128 The Environment Strategy until 2030

National statistical data is collected on the basis of service users and for this purposes a person is considered homeless[129] if he or she does not have any legal relationship (ownership, tenancy, permanent accommodation agreement) with any dwelling, room or part of these that can be qualified as a living area. People in this group do not have a residence; they do not earn the income to purchase or rent a residence, and they lack the social abilities to change the situation they are in.[130]

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

The principle of the social State is reflected in the Constitution where it is stated that "the State cannot let a citizen down, it must take care of those who cannot earn a living by themselves as well as guarantee subsistence for them". The right to housing as a social right has been indirectly recognised by the Civil Chamber of the Supreme Court.[131]

The right to housing (right to State assistance in case of need) is realised with mechanisms set in place under the *Social Welfare Act* (1995). These include: 1) the right to apply for social housing from the local government in case the person or family is not able to ensure it for itself and 2) the right to receive inevitable social assistance that also includes the opportunity to use temporary shelter.

Local governments have according to the *Local Government Organisation Act* (1993) responsibility for: provision of public services and amenities, social care, welfare services, housing and utilities, spatial planning, etc. The financial resources for provision of the services to the homeless are included in local government budgets. Every local government is free to set exact rules on who is eligible for public housing. Many local governments have specified priority target groups in their procedures for allocating social apartments that aim to prevent people from becoming homeless. These target groups include single parents, elderly people living alone, disabled people, and people who start independent life after being raised in a substitute home.

The main policy instrument for housing in Estonia is the Estonian Housing Development Plan (EHDP) 2008-2013[132]. On the basis of EHDP the state shall invest into: increasing municipally owned housing stock, making available housing services, enhancing the quality and energy efficiency of the housing stock and into works needed to develop residential areas. The budget for EHDP is nearly 140 MEUR. This EHDP until 2013 is a follow-up to the previous plan for 2003-2008. The objectives and measures of the EHDP served as a basis for planning the state budget resources as well as for funding from the EU Structural Funds and the Cohesion Fund during the period of 2007- 2013.

Both the Estonian National Report on Strategies for Social Protection and Social Inclusion 2008-2010 and especially the EHDP foresee measures to support families with difficulties to

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129 There is no definition in law, neither is ETHOS typhology officially used though all the categories of that typhology receive support.

130 FEANTSA Annual Theme 2008 Housing and Homelessness – National Report Estonia.

131 Decision of the Civil Chamber of the Supreme Court, 18 October 2000 (3-2-1-104-00). – Riigi Teataja (The State Gazette) III 2000, 25, 278 (in Estonian). Namely, it is forbidden to evict from a municipal dwelling in case the local government is obliged to provide social assistance to the person living in the apartment, and the rent debt has arisen for valid reasons. The court in delivering its judgment also referred to section of the Constitution, which stipulates that families with many children and people with disabilities are under the special care of the local governments.

132 http://www.valitsus.ee/failid/_eluasemevaldkonna_arengukava_2008_2013.pdf

cope to cover housing expenses and help to find possibilities for housing acquisition. The themes and objectives of the Estonian Environmental Strategy 2030 and National Environmental Action Plan of Estonia for 2007-2013 are closely related to EHDP.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

In order to buy a 120 m² property in early 2009, 23 years of rent were needed, which corresponds to the EU average. Nevertheless, in early 2009, the ratio of the square metre price on disposable income per capita for Estonia was still around 35% higher than that in the EU.[133]

In 2000, housing provision was divided between sectors as follows: 81% were in owner occupied sector, 4% co-ops, 11% in private rentals, and only 4% in public rentals (of which 25% was state owned and 75% constituted municipal housing fund). Such distribution of the housing stock is the result of the large-scale privatisation and restitution programmes that took place in the 1990s. The share of public housing dropped from 61% in 1992 to 4% by 2000. As a result, the public sector has retained only a minimal opportunity to directly influence housing provision by offering affordable rental dwellings.[134] Therefore between 2003 and 2006, local governments used state financing (EHDP) for building 1032 municipally owned dwellings.

According to the legislation, a distinction should be made between the social housing (which is also in a municipal ownership) and municipal housing in general (includes dwellings which have not yet been privatised as well as 'social dwellings'). Usually, the same rent level and rental conditions apply to both types of social dwellings and other dwellings in a municipal ownership.[135] At the end of 2007, 157 local governments (69.2% of local governments) possessed social or municipal housing. In total, local governments owned 6,393 residential spaces that could be used to provide the housing service at the end of the 2007. 302 or 4.7% of these residential spaces had been adapted for people with special needs; 5.796 or 90.7% of the residential spaces were occupied. The use of social housing is generally regulated by a contract with a term of one or two years, which can be extended if the need persists. Social housing services are also provided by private or the non-profit sector.

There are no direct limits on housing costs, although regulations exist on prices of electricity, thermal energy (heat), water and sewage services, natural gas where prices must be approved by local municipalities or by Estonian Competition Authority. Some local municipalities have also set rent controls on municipal buildings.

In 2006 subsistence benefits, foreseen by the *Social Welfare Act*, were paid to 19,229 households (ca 3.4% of the total number of households) and an estimated 46% of the amount was used to compensate housing costs. The global economic and financial crisis has had considerable impact on Estonia. The local governments have paid out 92.1% more support in Q2 2009 than in Q2 2008 in order to guarantee the minimum income for its inhabitants (64 € per first person and additional 51 € per person).

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133 Balázs Egert & Dubravko Mihaljek, 2007. "Determinants of House Prices in Central and Eastern Europe," CESifo Working Paper Series CESifo Working Paper

134 FEANTSA Annual Theme 2008 Housing and Homelessness – National Report Estonia.

135 FEANTSA Annual Theme 2008 Housing and Homelessness – National Report Estonia.

3.2. Quality

In 2006, around 50% of the housing stock dated back to before 1970, while the stock of low-quality Soviet era apartment blocks, built during 1971-1989, accounted for some 44% of the total housing stock. Around 20% of them were of very low quality. Dwellings of less than 15 years of age accounted for only 6%. Fewer than 1000 dwellings were added annually from 1996 to 2001. Construction activities accelerated to 5100 units in 2005 and more than 7000 in 2007.

70.5% of all households live in an apartment, 19.5% in family dwellings and terraced houses and 10% in farmhouses. In the first half of 2007, 91.8% of the dwellings were permanently inhabited. The average floor area per capita was 28.9 m² in 2008.[136] Two-room apartments make up the largest share of dwellings, i.e. 229 860 apartments or 36% of the total.

The quality and energy consumption of the housing stock is poor. Dwellings in Estonia are smaller, older and in some cases have poorer standard amenities and the share of apartments is larger than that of private houses. In addition to the amortisation of the structures and technical systems of residential buildings the supporting infrastructure and utility systems are obsolete. However, only one tenth of the households regarded the condition of their dwelling as poor, more than 40% of the households regarded the conditions of their dwellings as good, and almost a half of the households thought that it was satisfactory.[137]

Housing deprivation by item is higher than EU-27 average (21.6% and 18.0%, respectively), whereas deprivation proportion is higher than average in the case of more than one deprivation item. The rate of population reported to live in acceptable living standards was 64.7% in Estonia in 2007, whereas it was 75.2% in EU.

Comparison to the other EU countries demonstrates that the Estonian overcrowding rate (42.8%) is one of the highest compared with other EU countries (EU-27 17.3%). At the same time the number of 1-person households that are excluded from such statistics is also very high (44.9%, the EU average 18.1%). Overcrowding by gender is the highest for females (43.4%; EU-27 16.8%); by age groups the highest for 0-17 (54.6%; EU-27 22.1%); by poverty status for poor (47.3%; EU-27 26.8%); by degree of urbanisation for intermediate (55.9%; EU-27 10.8%); by tenure status for tenants - market price (70.7%; EU-27 17.6%); by quintiles for the first quintile (46.9%; EU-27 25.5%); by households with dependent children for other household type (68.4%; EU-27 44.2%); by households without dependent children for other household type (43.3%; EU-27 19.4%).

According to a study analysing the housing-related problems 17% of households claim that their dwelling is too small and that the number of rooms is not sufficient, compared to the overcrowding rate of nearly 43% it might be surprising. However overcrowding occurs in apartments that are mainly in the capital where people prefer to come to work from all over Estonia, therefore they tend to put up with overcrowding while attempting to improve their situation.. 11% of the households claims that the lack of conveniences is a very important problem; for 10% of the households the poor condition of the dwelling is a very important concern.[138]

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136 http://ec.europa.eu/economy_finance/publications/publication15590_en.pdf

137 Anneli Kährik, Ene-Margit Tiit, Jüri Kõre, Sampo Ruoppila. Access To housing for vulnerable groups in Estonia, Praxis Centre For Policy Studies, 2003, http://pdc.ceu.hu/archive/00001650/01/raport.pdf

138 Ibid.

4. HOMELESSNESS AND ACCESS TO SERVICES

According to FEANTSA report[139] on Estonia's situation the typical chains of events leading to becoming homeless are the following:

– Alcohol abuse -> unemployment -> rent debts -> eviction or sale of apartment (29% of cases);

– Release from a detention institution -> incapability to find employment -> incapability to rent housing in the private market due to no income and the social background (25%);

– Unemployment -> alcohol abuse -> rent debts -> eviction or sale of apartment (15%);

– Unemployment -> alcohol abuse -> family falling apart or end of partnership -> loss of housing (15%).

All local government authorities are required to provide assistance and counselling service, irrespective of the place of residence of the person in the population register. Counties have developed county-level information and counselling centres that provide people with special needs and their families with comprehensive advisory and counselling services (social, psychological, family, legal and debt counselling).

In the capital the number of homeless people is bigger but more financial means to figth the problem are available, therefore they have been able to provide social accommodation whereby every service user receives 24-hour accommodation in combination with a plan that specifies actions to reintegrate society. The objective is to assist the person in relocating to social or municipal housing or a rental apartment. In smaller local governments, the movement from night shelter to social housing is smoother and faster.

5. MONITORING AND EVALUATION

The national housing policy (EHDP) is implemented by the Ministry of Economic Affairs and Communications, the Ministry of Social Affairs, the Ministry of Internal Affairs, the Ministry of Justice, the Ministry of Culture and in cooperation with the Credit and Export Guarantee Fund KredEx, Enterprise Estonia, National Heritage Board as well as by local governments and the relevant non-profit associations active in this field.

The EDHP shall be updated at least once every four years. The Development Plan shall be implemented on the basis of annual implementation plans, defining the specific nature, volume and organisation of the activities to be carried out during the nearest year. The Ministry of Economic Affairs and Communications shall be directly responsible for the implementation of the Development Plan and evaluate the progress of the activities undertaken on the basis of the impact and output indicators specified in the Development Plan. Evaluations shall be conducted on a quarterly basis and also at the end of the year, based on the quarterly reports and comprehensive annual reports submitted by KredEx.

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[139] Estonia – National Report, Housing Solutions for People who are homeless, FEANTSA Annual Theme 2008, Housing and Homeless, p. 9.

IRELAND

1. CURRENT SITUATION

The general issue of access to housing in Ireland has been significantly affected by both population and economic growth in recent years. The population increased by 9% between 2001 and 2006 to 4.11 million while the average household size declined to 2.82 in 2006 from 3.33 in 1991[140]. These demographic patterns helped create huge demand for housing and a consequent 'boom' in house construction - 93,419 housing units were constructed in 2006 compared to 33,725 in 1996). Despite this, the average price of a house in Ireland rose from €102,222 in 1997 to €322,634 in 2007 (although they dropped to €305269 in 2008)[141].

The 2006 census[142] estimated that there were 1.452 million occupied permanent housing units in Ireland with a further 216,500 (12% of total) unoccupied housing units and a 50,000 (3% of total) holiday homes.

Eurostat figures reveal that, in terms of affordability, 3.1% of the population had a housing cost burden of more than 40% in 2007, compared to an EU average of 12.3%, with the first quintile the most represented among this at 11.3% (compared to 35.2% in EU). However, there is a marked difference in this group between 'owners' and 'tenants', with only 1.5% of the former (with a mortgage) exceeding the 40% threshold (compared to 8.5% in EU), but 23% of the latter group (paying market rates), just below the EU average of 25.4%. The median for the population as a whole of the share of housing costs in household income was 10% (compared to 18% in EU) falling to 9% when housing allowances are taken into account. The highest median for different groups of the share of housing costs in household income was for households headed by a lone parent or classed as 'poor' – 15% for both after housing benefits (compared to 28% in EU), and 'tenants' – 16% compared to 27% in EU.

In relation to the incidence of 'homelessness', the 2008 Housing Needs Assessment, carried out by all local authorities, found that, of those households experiencing a form of ' housing need', over 50% related to ability to meet housing costs, while 3% were classed as 'homeless', 3% lived in 'unfit accommodation', 9% were in overcrowded accommodation and another 9% in involuntary sharing. The survey also found that while 31% of those with a housing need have that need met within 12 months, a further 29% waited between 12 and 36 months[143].

However, a disadvantage to the Housing Needs Assessment is that it only takes account of those who have registered as having a housing need. The 'Counted In' survey[144], on the other hand, is a point-in-time assessment of those using homeless services which was extended

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140 According to Census of Ireland, http://www.cso.ie/census/

141 Housing construction and housing cost figures are taken from national statistics from the Department of Environment, Heritage and Local Government, http://www.environ.ie/en/Publications/StatisticsandRegularPublications/HousingStatistics/

142 www.cso.ie

143 The result of the assessment was included in the reply to the SPC HHE questionnaire by the Irish authorities.

144 'Counted In' is the 2008 version of a survey of homelessness carried out in Dublin every 3 years by the Homeless Agency and is available here: http://www.homelessagency.ie/getdoc/10ba727c-4a3f-4450-9478-15c083b899de/Counted-In,-2008.aspx

from Dublin to the cities of Cork, Galway and Limerick in 2008 and so can be considered as more comprehensive in coverage. For Dublin, this survey found that 1361 households (covering 1634 individuals) were homeless, compared to 1361 households in 2005 (a 5% increase which is the same as the population increase during the same period), while a further 708 households were regarded as living in long-term of transitional accommodation. The number of people sleeping rough in Dublin was reported to have fallen by over 40%, to 110 from 185 in 2005. In the cities of Cork, Limerick and Galway, a further 767 households were reported to be homeless, including those in transitional and long-term accommodation. Males made up more than two thirds of the homeless (68% in Dublin) while the majority of individuals were single – accounting for 60% in Dublin. The average age of homeless people was 39 in Dublin and 43 – 44 in other urban centres. 16% of homeless people in Dublin were of non-Irish nationality.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

Ireland has not adopted a formal definition of homelessness but, in operational terms, it is narrower than that developed by ETHOS (although there is a commitment to review the operational definition). Access to housing is neither a legal nor a constitutional right in Ireland, although the Housings Acts and associated legislative and administrative provisions do aim at ensuring that housing needs are adequately addressed.

Overall responsibility for homelessness and housing exclusion is dispersed across a number of areas, mainly in relation to the division between housing and adult homelessness (The Department of Environment, Heritage and Local Government) and child homelessness (Health Service Executive - HSE) while policy implementation is primarily the responsibility of the HSE and local authorities.

Attempts at improving the coordination of governance arrangements have recently been made with the establishment of a Cross Departmental Team on Homelessness (which oversaw the preparation of the latest homelessness strategy and includes representatives of all relevant government departments and agencies) and a National Homeless Consultative Committee. The consultative committee marks a move towards more a 'partnership' based governance model (as it brings together statutory and voluntary bodies) which is further in evidence in the new homelessness strategy and the establishment of the Homeless Agency – which oversees the integrated implementation of the strategy in Dublin and whose board of management includes statutory and voluntary stakeholders.

Reflecting the definition of homelessness used, Irish public policy objectives primarily reflect a concern with housing, in so far as they are focused on preventing homelessness and, where it does happen, to ensuring it is as short as possible. These objectives are set out in the national strategy. *The Way Home: A Strategy to Address Adult Homelessness 2008 – 2013* which also sets out roles and responsibilities for implementation across the different levels and sets out an integrated long-term system for funding. The strategy also envisages a strong role for locally based homeless fora which help coordinate action at local level and which involve non-statutory stakeholders.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

In terms of prevention, Ireland has focused in recent years on strengthening the rights and responsibilities of landlords and tenants in the private rental market through the Residential Tenancies Act, which legislates for issues such as minimum periods of notice. The follow-up of people due to be released has been addressed by homeless strategies since 2000 but an independent review has recommended that actions be improved in this area, including through better integration of services for those leaving institutional care.

Emergency accommodation for the homeless in Ireland is provided through hostels or bed and breakfast establishments while voluntary services also provide other services such as day centres and outreach services. The reports notes that there is a sufficient number of emergency places for this wishing to avail of them while also stating that policies are being put in place to support the move from emergency to more permanent accommodation. However, the details of these policies are not yet available.

Two new schemes (Support to Live Independently and Homeless RAS Initiative) are being developed by the authorities in order to promote independent living with appropriate supports. These involve sourcing accommodation through long-term leasing in the private sector combined with procurement of support services, where required. While these are currently based in Dublin, plans are afoot to roll them out nationally.

Housing in Ireland is dominated by private ownership (approximately 3 in every 4 houses are privately owned), leaving private rental (about 10%) and social rented housing (about 10%) very much as less favoured options[145]. However, given affordability issues brought on by the housing boom of the last 15 years, Ireland has invested significantly in social and affordable housing in recent years (delivered mainly by local authorities and voluntary and cooperative bodies) in order to help those on low incomes to gain access to housing. Access to social housing can be provided through either discounted houses for purchase (at significantly below market value), shared ownership (with the local authority) or social housing for rent. Access to housing through these avenues is based on a persons 'housing need' which in turn is assessed by the relevant local authority.

Increased investment in recent years ensured that 21,250 'affordable' units were made available for purchase between 2002 and 2008. In addition, the government significantly increased resources for other forms of social housing, including direct construction by local authorities and voluntary housing groups, with the result that between 1997 and 2007 the annual provision of all forms of 'social and affordable' units almost doubled from 9,296 to 18,341[146]. The official Government target is to address the housing needs of 60,000 households between 2007 and 2009. Given the low rents and subsidised purchase prices, affordability of social rented accommodation is not a major issue. However, the rapid rise in private rents in recent years means that those working on low wages, or families with one income, are most concerned by affordability issues while the increase in unemployment may now lead to increased affordability problems for those with mortgages.

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145 According to Census 2006, 1,068,368 dwellings in permanent housing units are 'owner occupied' out of total number of dwellings in permanent housing units of 1,462,396. http://beyond2020.cso.ie/Census/TableViewer/tableView.aspx?ReportId=76512

146 Figures provided by national authorities in the reply to the SPC HHE questionnaire.

3.2. Quality

Ireland has traditionally focused on structural criteria when legislating for 'quality' housing. Local authorities are empowered to inspect dwellings under these criteria and to force owners to make improvements. The issue of 'over-crowding' is also legislated for in that two people of the opposite sex, who are over ten years of age and not living together as husband and wife, who must sleep in the same room shall be regarded as living in an over-crowded house. The rate of inspections of properties by local authorities has also increased significantly in recent years.

4. HOMELESSNESS AND ACCESS TO SERVICES

Housing and health are the two main elements of the policy response to homelessness in Ireland although the latest strategy document does show a more integrated approach in recognising the need for cooperation among a wide range of service providers, including in relation to education, training and employment. Here, a number of supporting measures are set out while guidance has been provided and protocols signed between agencies on providing access to these employment and education related services. Such cooperation among service providers in this area is a relatively new departure in Ireland so the success of the strategy in terms of service provision will depend on the availability and coordination of these services on the ground.

5. MONITORING AND EVALUATION

Data availability and its use for monitoring and evaluation has been an issue for some time in Ireland, in particular with different techniques for gathering data in use across different local authorities. However, the new homeless strategy does appear to target this issue by setting specific performance indicators for each of its six strategic aims. In addition, the roll-out of a new data collection across the country following its piloting in Dublin should address the deficiencies in how data is collected. Evaluation of strategies and their implementation is carried out under the aegis of the cross departmental team on homelessness and the national consultative committee.

GREECE

1. CURRENT SITUATION

In 2008, population in Greece increased to more than 11 million people[147] due mainly to the continuation of influx of immigrants. According to the 2001 population Census, the number of households exceeded 3,6 Mio units. There were 36,600 people living in non-regular dwellings (tents, caravans, mobile homes, etc), while there were 76,200 people sharing their dwelling. According to a recent survey, in 2009, there were 7.720 homeless people and people confronted with housing exclusion (excluding Roma and refugees). However, other studies show that their number has been on the increase over recent years: approximately 14,000 people in 2005 and 20,000 people in 2008.

As regards the number of houses, official data show that in 2000 there were 5.4 Mio houses, 3.6 Mio of which were inhabited and 1.8 were empty[148]. Home ownership amounted to 74.2 % of the total population, 20.2% were tenants and 5.6% occupied their dwelling under other arrangements (donation, free of charge, etc). In general, the difficulty in acquiring a house in Greece does not stem from a shortage of houses, but is rather due to the imbalance between the price of a house and the household income. Over the last few years one observes that although there is an estimated excess supply of dwellings and the prices of flats are dropping (-1.4% in 2009 in Athens)[149], the demand for houses keeps decreasing. The share of the population living in a household where housing costs represent more than 40% of the total household income was 16% in 2007, higher than the respective EU-27 average (12.3%). By tenure status, this share was found to be higher (24.1%) for tenants paying a market price rent, which, nevertheless, is slightly less than the EU-27 average (25.7%).

The overcrowding rate in Greece is very high (27.6 % in 2007, EU-27 17.3%). The rate of population reported to live with zero deprivation items was 76.3%, slightly higher than the EU-27 (75.2%). However, some vulnerable groups, like the Roma, low income earners, immigrants and refugees, still face significant deprivation in terms of housing quality.

The role of the Greek State in housing has been limited until recently, despite the increase of urban population and the increase of immigrants. The lack of a legally binding definition of homelessness has not allowed the adoption of a concrete methodology which would enable the quantification and analysis of the phenomenon in Greece and the development of an integrated strategy.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

The Greek Constitution acknowledges that "the acquisition of a house for those who are deprived of or are inadequately sheltered constitutes a special objective for the State" (Article 21, paragraph 4). Yet, thus far, the State has not issued the relevant laws for this right to be enforceable, and as a result people are not eligible to claim for public housing support. In

147 Data extracted from: http://www.statistics.gr/portal/page/portal/ESYE

148 : http://www.statistics.gr/portal/page/portal/ESYE/BUCKET/A1604/OTHER /A1604_SAP05_TB_DC

149 http://www.bankofgreece.gr/Pages/el/Statistics/realestate.aspx

general, the acquisition of a house has been traditionally a private affair for the general public and the role of the State has been very limited.

Greece has not developed as yet an overall policy framework for preventing and combating homelessness and housing exclusion, neither a policy focusing on specific social groups. The exceptions in this respect are the policy actions pursued for social housing at national level, where an array of means-tested measures (rent subsidy, interest-free loans and construction projects) are being implemented by the Workers Housing Organization (OEK) which is under the responsibility of the Ministry of Employment and Social Protection. These are addressed to low income workers in order to upgrade their living conditions, while there are some small scale actions for promoting housing inclusion for Roma people in the context of an Integrated Action Plan aiming at the social inclusion of Roma.

Moreover, the Ministry of Health and Social Solidarity subsidises a small number of NGOs and a few Municipalities with the purpose of running a very small number of structures (hostels) offering short stay sheltering for homeless people or victims of violence and trafficking and ex-prisoners. The Ministry provides also financing to the Prefectures for a) the provision of apartments to families in need and b) the provision of a housing subsidy amounting to €310 to a certain number of uninsured and needy old people (over 65 years of age).

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

A new law (L 3714/7.11.2008) has been in force, which is considered very useful under the present economic circumstances. It aims to protect borrowers from eviction through new foreclosure auctions arrangements. Still, there is a need for introducing provisions for supporting or re-housing the evicted.

Moreover, the Workers Housing Organization (OEK), responsible for social housing, implements actions such as: (i) rent subsidy (€ 220,000,000 for 120,000 beneficiaries), (ii) interest-free loans, addressed to disabled people and large families and for the fire-stricken (€250 Mio for 2,500 beneficiaries), (iii) new houses granted to beneficiaries with social and financial needs (following a lottery procedure). These actions are addressed to workers who fulfil certain insurance and employment prerequisites, while there are some exceptions in the cases of specific population groups such as repatriates of Greek origin, residents of border areas, etc. Apart from this array of provisions, no other provisions are in force to secure alternative forms of sheltering to all those citizens with housing needs.

The rent market is not controlled by the State and the level of rents is exclusively an individual agreement between the property owner and the tenant. The State's housing allowances (rent subsidies for low income workers and people over 65 years old, free-interest and interest subsidies for low income workers, tax-relief for borrowers) are short of securing either an outright house or decent housing conditions to every person living in the country. The majority of low income and poor people spend approximately 40% of their incomes on housing costs, which means that they are negatively affected by housing market changes.

As far as supported accommodation to homeless people is concerned, this is confined mainly to providing short stay shelter and food in hostels or other structures and, on certain

occasions, some related services. These are carried out by a small number of agencies (mainly NGOs) and cover only a small part of homeless people.

3.2. Quality

Greece lacks a legally binding policy which sets quality housing standards, other than the construction standards concerning the technical characteristics of a building as provided by the General Building Code (GBC). The persisting lack of policies both in terms of ensuring a minimum quality of housing and of linking local economic development with housing living standards, have resulted, as evidence suggests, to a relatively high rate of low quality housing mainly in terms of overcrowding as well as accessibility problems to various services. Comparable data based on the Eurostat's indicators on housing show that the overcrowding rate in Greece in 2007 was 27.6%, much higher than the respective EU-27 average of 17.3%. Urban areas presented higher overcrowding rates in comparison to other areas, tenants at market prices were confronted with higher overcrowding rates in comparison to owners and tenants at reduced price or for free. As to the proportion of people deprived, the respective EU-27 (75.2%) and Greek averages (76.3%) in 2007 were found to be more or less similar.

4. HOMELESSNESS AND ACCESS TO SERVICES

Homeless people in Greece consist of various groups such as: women victims of intra family violence, young people, drug addicted, newcomer immigrants and refugees, Roma and repatriated people of Greek origin from ex USSR, ex-prisoners, ex- patients from psychiatric institutions, people who were evicted from rented houses and people who have lost their homes because of their inability to repay mortgages. Although there is a severe lack of reliable official data, the phenomenon of homelessness and housing exclusion presents an upward trend and the services provided are limited (in terms of coverage, budget and administrative and staff capacity). Apart from the running of a small number of short stay shelters, some supportive services are occasionally provided to homeless people such as consultancy, health insurance and health tests, unemployment card, psychological support and legal advice. Consequently, there is a need for the development of national standards on the quality of services and of integrated approaches to tackling homelessness and housing exclusion in Greece.

5. MONITORING AND EVALUATION

There is no evaluation and reporting system for homelessness and housing exclusion in Greece, either national or regional. However, considering the economic and demographic changes, it is imperative to improve data collection in the area of homelessness and housing exclusion and establish monitoring and evaluation arrangements in the context of the overall social inclusion policy framework. This, in turn, would allow a better understanding of the situation and the design of appropriate measures to cope with these phenomena.

SPAIN

1. CURRENT SITUATION

Access to housing has been severely influenced by recent developments in the socio-economic situation of Spain: The economic and financial crisis has affected severely access to housing, but the population has also continued to grow over the last years, accounting for more than 46 million people (distributed among 16,226 households) in 2007.

According to national data[150], there were 21,900 homeless in Spain in 2005[151], of which 82.7% were men, 51.8% of Spanish nationality, with an average age of 37.9 and an average income of EUR 302 / month. 37.5% took more than three years without any own lodging and 46% have children, (although only 10% live with them).

In Spain there is a dwelling by 1.88 inhabitants[152], and the number of housing units amounts to 24.5 Mio[153]. The average size of a Spanish household, according to national data, is 2.8 people, although recent demographic and family structure changes have resulted in an increased number of people living alone. It can be assumed that, in general terms, the roots of homelessness do not lie with a shortage of housing, but in the imbalance between the housing prices and household incomes. With the unemployment rate rapidly increasing (up to 19.4% in November 2009), and the rate of people below the at-risk-of-poverty threshold practically unaltered in the last years, (20% in 2008[154], EU average: 16%), and although there is an estimated supply excess of 650,000 dwellings and the prices of flats are going down (-2.3% in 2008)[155], housing sales keep decreasing (from January to July 2008, the fall of housing sales has exceeded 30%)[156]. The share of population living in a household where housing costs represent more than 40% of the total household income was 6.8% in 2007 (EU average: 12.3%). By tenure status, the share is bigger for tenants paying a market price rent (33% vs. an EU average of 25.7%).

The overcrowding rate is very low (3.5% in 2007, EU: 17.3%). As to the proportion of people deprived, it was very similar to the EU average in 2007 (the rate of population reported to live in acceptable living standards was 74.7% in Spain, 75.2% in EU). However, some vulnerable groups, like the Roma, still face important needs in terms of housing quality.

Spain's social expenditure destined to housing benefits (% of total benefits) was 0.8% in 2006 (EU27: 2.3%).

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150 National Homeless Survey, 2005, conducted by the National Institute of Statistics (NSI).

151 Other sources provide homeless figures nearer to 30.000 people.

152 National Register of Inhabitants, data of 01/01/2008 and Ministry of Housing data on accommodation units, data of 31/12/2007.

153 It is estimated that there are about 3 Mio empty houses (NSI, Population and Housing data, 2001)

154 19.7% in 2007, according to national data (National Statistic Institute, Living Conditions Survey). To note that, for the first time in 2007, including imputed rent for the ownership of the first residence in the definition of income leads to a 15.5% at-risk-of-poverty rate for the elderly.

155 FEANTSA national report

156 FEANTSA national report

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

The Spanish Constitution acknowledges the right to a *decent and adequate housing*. Due to the high degree of decentralisation in Spain, the competency over housing policy is shared between the central, regional and local levels.

The main legal instrument is the Housing and Rehabilitation Plan 2009-2012. It addresses two large fronts: access to housing-related problems, as a result of increasing housing prices (with specific consideration to vulnerable groups); and the effects of the current economic and financial context on housing and construction management. The Plan aims to optimise the use of existing dwellings, to ensure a sufficient production of accommodation units and to establish the necessary conditions to guarantee equal access to housing. Specific objectives have been set up, namely to reduce the share of housing costs to a third part of the household's disposable income and increasing the rent-related activities share of the state subsidised housing). The Plan's estimated budget is €17 billion (current Plan + previous Plans) and €33 billion (agreed loans).

As part of the social services area, support policies to the homeless are an exclusive competence of the Autonomous regions in cooperation with the Municipalities. The central Government guarantees the coordination among the different public administration levels (Coordination Plan on Social Services Basic Assistance of 1998, managed by the Ministry of Health and Social Affairs).

The cooperation with NGO has been strongly developed in recent years. The current NAPincl (2008-2010) establishes the objectives, among others, of reinforcing the debate on the homeless with social organisations and of subsidising itinerant multidisciplinary social attention programmes, in cooperation with NGOs.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

The new national legislation on land use[157] introduced several measures in order to promote access to housing, including increasing the proportion of land earmarked for protected or subsidised housing (30%). The public social services system manages the so-called 'social emergency financial aid' (granted by municipalities), created to address the needs of citizens facing eviction.

Furthermore, in order to tackle the effects of the global economic crisis, the government has adopted a series of ad-hoc measures, i.e. a partial and temporary moratorium on mortgage repayment (under specific conditions)[158], fiscal bonuses related to housing acquisition, the prepayment of the tax deduction for first residence, and the State's guarantee of 50% of the value of mortgages of subsidised housing. Other measures set a more detailed regulation of

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157 RDL 2/2008 of 20 June, which establishes a minimum reserve of 30% of land for building subsidised housing. It also sets up public land patrimonies for the construction of subsidised housing + the social service system has traditionally envisaged the granting of "emergency aid" by town halls in cases of eviction.

158 RD 1975/2008 of 28 November, regarding "urgent measures to be adopted in matters of economy, taxation, employment and housing access"

the guarantees for access to mortgages[159], and a reduction in the cost of electricity for domestic use for vulnerable groups[160].

Temporary lodging for homeless people is regulated by Law 7/1985, which stipulates the creation and maintenance of *shelters* (defined as centers designed to provide food and lodging for homeless people or passers-by in situation of need for a determined period of time, including other services such as information and guidance), and of *reception centers*, (defined as residential centers addressing the needs of people in social difficulty).

The provision of social services is shared between the Autonomous regions and the Local Corporations. However, there are some measures managed at national level, like those intended to support the transition from temporary to permanent accommodation (included in the Housing and Rehabilitation Plan 2009-2012). The Plan stipulates that preferential access to State-subsidised housing should be given to particular groups including the homeless, people affected by slums eradication operations and other people socially excluded; one support mechanism are the Public Registers of People seeking subsidised housing.

According to the Housing Ministry, in 2007 the housing pool in Spain was 1.791.475 (58.1% concentrated in Cataluña, Madrid and Andalucía). The rental prices are regulated[161] and subsidised for young people[162]. The creation of the *Sociedad Pública de Alquiler*, an instrument whose aim is to promote access to houses for rent, is also worth mentioning.

3.2. Quality

Law 38/1999, on Construction Management, sets up the basic construction requirements concerning functionality, safety and habitability. Additionally, all Autonomous Communities have also adopted their own housing quality standards regulations.

Housing policies are strongly linked to urban regeneration policies[163]. One of the priorities of the Housing and Rehabilitation Plan 2009-2012 is related to urban regeneration, including the eradication of slums and substandard housing. Included in the HaR Plan 2009-2012, the RENOVE programme is intended to facilitate aid for the rehabilitation of accommodation units and buildings. Urban regeneration is also a priority of the Structural Funds in Spain: 43 cities have been selected under the Urban Initiative program (ERDF: €344.66 Mio).

At 3.5% in 2007, the overcrowding rate is considerably lower than the EU average (17.3%). As to the proportion of people deprived, the EU and Spanish averages were very similar in 2007, namely regarding bath/shower, indoor toilet and leaking roof. Concerning dark dwellings, Spain is doing slightly worse than the EU average (10.5% in Spain, 8.1% EU).

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159 Act 2/2009 of 31 March

160 RDL 6/2009, of 30 April

161 Law 29/1994, which determines the prices update in line with the consumer price index evolution

162 RD 1472/2007 regulates the basic emancipation income for young people with economic aid for the payment of rent accommodation (210 € / month for 4 years). The measures have reached more than 158.227 beneficiaries, € 176.717.004 € distributed between January 2008 and March 2009.

163 Some examples are the Law 51/2003 on Equal Opportunities and General Accessibility and the Royal Decree Law 9/2008, creating a State Local Investment Fund and a Special State Fund with the objective of boosting the economy and the employment, including among others, specific aid to adapting, rehabilitating or improving urban public spaces, construction, rehabilitation or improvement of educational, cultural and sports facilities; removal of architectural barriers, etc. These Funds have a total budget of EUR 11.000 million.

4. HOMELESSNESS AND ACCESS TO SERVICES

According to national data[164], there were 21.900 homeless people in Spain in 2005[165]. Although social services are a regional competence, the national Government secures homogeneous services and assistance through the already mentioned Coordination Plan, and is responsible for the provision of Primary Social Service Assistance (*Servicios Sociales de Atención*) and alternative housing solutions.

The Homeless Survey, developed in 2006 by the National Statistic Institute, covered a total of 445 temporary accommodation centers and shelters, accounting for 13.033 daily available beds (of which 2.112 are in drop-in centres, 388 in pensions and 10.533 in shelters and residencies). The results of the survey showed that the average daily number of occupied beds was 10.829, which takes on an average occupancy of 83.1%.

In the framework of the European active inclusion strategy, Spain has established the following objectives: (a) support to the participation of the homeless in the labour market, including access to social insertion companies, (b) increased support to NGOs working with the homeless, (c) development of global social intervention programmes in cooperation with NGO, (d) guarantee, in the framework of the minimum economic resources, access to minimum income of insertion, (e) facilitate access to alternative lodging and to resources linked to the Public Social Service System.

5. MONITORING AND EVALUATION

The Ministry of Housing, in cooperation with the Ministry of Economy and Finance (through the National Statistic Institute), is responsible for the follow-up of the Housing and Rehabilitation Plan 2009-2010, A provisional closure evaluation of the previous Housing Plan (2005-2008) shows an over-fulfillment of the initially agreed financed objectives of 121% (objectives initially agreed: 544.232, extended to 720.000).

The elaboration of housing regulations is done in partnership, by a consultation process that includes the central Government, the Autonomous Communities, the Spanish Federation of Municipalities and Provinces, the Economic and Social Committee, the Consumers' Council, etc.

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164 National Homeless Survey, 2005, conducted by the National Institute of Statistics (NSI).

165 Other sources provide homeless figures nearer to 30.000 people.

FRANCE

1. CURRENT SITUATION

For a population of 64.3 million people and 26 million households in 2009, the number of housing units amounts to 33 million in France, of which 6% are vacant (i.e. 1.95 million). The rate of ownership is growing regularly and reached 57% in 2006 for owner occupied dwellings. 20.4% of the households rent their accommodation in the private sector and 17.1% in the social housing sector. The quality of housing improved between 1996 and 2006: according to national data sources the share of houses without sanitary comfort diminished from 4% to 1.5% and the average number of person per accommodation decreased slightly to 2.3%. The percentage of households suffering form overcrowding is estimated at 9%. The proportion of the population reported to live in acceptable living standards is 79.9% in France (75.2% in the EU); however, the number of rehabilitated houses through state aid has been decreasing in recent years.

Demand for housing is influenced by social and demographic trends, such as the increase in the number of households, in particular of one or two people. The housing crisis in France thus results from a quantitative shortage but also from the gap between households' income and the cost of housing (for both the real estate and rental markets). The sharp increase in the cost of housing since the middle of the 1980s has been indeed a major problem. Housing is the largest item of household expenditure and accounts for 22% for tenants against 14% in the 1980s[166]. The share of the population living in a household where housing costs exceed 40% of the total disposable income amounts to 5.6% (12.3% in the EU) and to 16.4% for tenants in the private sector (25.4% in the EU). This situation explains the low level of residential mobility in the social housing sector.

Until the financial crisis, the recent recovery in the construction of residential buildings made it possible to meet annual needs without allowing to make up for the deficit accumulated over more than 20 years (for that purpose, 500,000 houses a year would be necessary over the period 2005-2010, then 470,000 during the following decade, a threshold never reached in recent years: in 2007, the number of new dwellings constructed or started reached 438,000 – which was the highest number in years). In addition, the supply does not always match the characteristics of demand: social housing accounts for 43% of the rental stock. In spite of the effort to develop social housing, it cannot meet the needs, in particular of the poorest people, because of the increasing share of intermediate housing, of increased duration of authorisation procedures and of an inadequate geographical distribution. After the real estate crisis worsened in the autumn 2008, the lack of dwellings was estimated at 900,000 at the end of 2009 by the Foundation Abbé Pierre.

National data is not very precise as regards homeless or housing exclusion. A 2001 INSEE survey measured that during an average week of January 2001, 86.500 different people of 18 years old or more, benefited, at least once, from an accommodation service or a hot meal distribution[167].

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166 National data

167 In 2009 INSEE produced an estimate, not excluding double counts, according to which there were 14 600 people living rough, 9100 in night shelters, 43 000 in homeless centres, 1500 in transitional supported accommodation, 4500 in women's shelter accommodation, 12 850 in temporary

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

The right to housing is not in the Constitution but access for all to decent housing is an aim of constitutional value according to the Constitutional Council. In order to ensure a certain level of social housing and a socially balanced mix of population, under the Solidarity and Urban Renewal Act (SRU Act) of 13 December 2000, social housing must represent at least 20% of the principal habitations in all municipalities of more than 3500 inhabitants (1500 in the Ile de France) located in urban areas of more than 50,000 inhabitants including a commune of more than 15,000 inhabitants. The Right to Housing Act (DALO Act) of 5 March 2007 institutes an enforceable right to housing and imposes now on the public authorities a result based obligation as regards housing: the recipients can lodge amicable and then contentious appeals.

Developing housing corresponding to the needs of the most disadvantaged in the public sector and in the regulated private sector at affordable costs is one of the objectives of the last national strategies reports for social protection and social inclusion. This report underlines the need for a specific effort in the regions and areas suffering from a deficit in social housing, in particular Ile de France region.

The policy to fight homelessness is under the responsibility of the State with the support of NGOs and of local authorities (the "départements" being in charge of families). NGOs play an important role in the definition and the implementation of policies to fight homelessness, in particular through the National Council for the Fight against Exclusions (CNLE). Housing policies are under the responsibility of the municipalities, which requires a complex exercise of coordination of both policies through a common programming framework. The reinforcement of this framework is foreseen by the Mobilisation for Housing and Fight against Exclusions Act (MOLLE law) of 25 March 2009. In view of these various levels of intervention and of the deregulation of rents, the 2009 report of the Council of State points to a split model of governance characterised by the predominance of the market.

The national objective as regards the support to homeless people, set in the framework of the organic law concerning the Finance Acts (LOLF), is to improve the fluidity and efficiency in the supply of services to the most vulnerable. This objective is linked to intermediate objectives with indicators (proportion of people finding accommodation after an emergency call, share of people finding a permanent housing and/or employment, share of specific accommodations…).

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

The policy to promote the affordability of housing is based on the building of rent regulated housing units (social housing and subsidies for investments in the regulated rental housing sector) and means-tested housing allowances, which also depend on the level of the rents. Housing allowances benefit 5.7 million households. A rise in the percentage of total disposable income devoted to the cost of housing was observed between 2000 and 2007, in particular in the private sector, owing to the increase in rents and insufficient indexation of

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accommodation, 16 000 in temporary accommodation or reception centres for asylum seekers or refugees. These data are based on a light versionof the ETHOS nomenclature and are drawn from a variety of sources.

allowances. Better indexation of these allowances on the rental index has been in place since 2007.

The Social Cohesion Plan (2004) set the ambitious goal of 500 000 social housing units over five years (with 140 000 housing units planned for 2010). There is, however, a shift recently towards promoting home-ownership with the objective of selling 40 000 social houses a year. The social housing objective of the SRU Act has not yet been met and the penalties laid down by the law are not very effective (moreover, only 140 infringement procedures were initiated in 2004 for 500 municipalities in breach of the law). An overall deterioration in access to housing has been observed, especially for the most disadvantaged households, and the economic crisis has worsened this. In 2007, only one third of the 1.2 million applicants for social housing obtained satisfaction.

The Fight against Exclusion Act of 29 July 1998 provides for the prevention of evictions through an emergency mechanism for tenants acting in good faith (and who have priority for relocation under the DALO Act), departmental charters for the prevention of evictions, the conducting of social surveys, a section on prevention in departmental plans for housing disadvantaged people and specialised coordinating of. However, the number of evictions rose in 2007 to 106 000 eviction orders.

Even though the DALO Act seeks to facilitate access to social housing for persons in difficulty, its effects are still limited and there seems to be a lack of information for the potential beneficiaries. In addition, there are indications that the quotas of housing units reserved for priority households are only 45 000 a year for the 600 000 to 800 000 households concerned and are distributed unevenly across the territory.

The Government has launched a major priority programme for 2008-12 for accommodation and access to housing for homeless people and persons suffering from housing exclusion based on the following principles: stepping up the fight against substandard housing (the goal being 15 000 housing units in 2008), preventing evictions of tenants, preventing homelessness for those leaving an institution, offers of decent accommodation solutions, making use of all existing housing, meeting the objectives set for the construction of very low-cost social housing units (20 000 a year) and of places in relay houses (9 000 over the period). This multi-annual investment plan amounts to €250 million.

Following three successive plans from 2006 to 2008, the capacity of temporary accommodation increased significantly in conjunction with the development of social alert services. This system includes a general sector divided into emergency (29 639 places), stabilisation (7 871 places) and integration accommodation (30 957 places) and a sector comprising 33 094 places for asylum-seekers[168]. The economic recovery plan adopted at the end of 2008 provided for an additional 1 000 places. Specific solutions are provided for women, in particular those who are victims of violence. In addition there is a supply of temporary housing (social residences, houses managed or sub-leased by NGOs etc.). Bridging the gap between temporary accommodation system and access to permanent housing are intermediate solutions, such as relay or boarding houses (7 160 places). Despite a constant increase in the supply of housing over the last 20 years, it is still insufficient to meet demand and sometimes has the perverse effect of keeping people in temporary accommodation. This is due to rigidities in the system and lack of flows between temporary accommodation and permanent housing, in particular because of the congestion of supported transitional

168 Data from 30/09/2009.

accommodation, which is supposed to be an intermediate stage. In the new national strategy adopted for 2009-12, access to housing is a priority. Given the inadequate results of a system that does not form a whole and where the actors are too dispersed, the new strategy aims to set up a proper public service for temporary accommodation and access to housing in order to smooth the way.

3.2. Quality

The National Urban Renewal Programme (PNRU) set up by the Law of 1 August 2003 aims to rehabilitate 530 vulnerable areas (dwellings, public facilities and urban renewal) accounting for four million inhabitants by the end of 2013. The national programme for upgrading old degraded areas for 2009-16, provided for by the MOLLE Act, supplements the PNRU on 100 sites featuring insalubrious housing or a high proportion of empty housing units. The housing section includes a programme for the construction of social housing, renovation and demolition.

600 000 housing units are affected by a lack of comfort or as substandard, which accounts for approximately one million people. The National Pole for the Fight against Substandard Housing set up a specific plan which includes the identification of substandard housing units and the obligation on prefects to enforce the legislation on substandard and hazardous housing. The Fund for Aid to Emergency Relocation aims to encourage the relocation of households living in hazardous housing.

A national quality framework indicates the nature and the quality criteria of services provided by reception, accommodation and inclusion centres.

4. HOMELESSNESS AND ACCESS TO SERVICES

Homeless people benefit from the same type of support as all persons suffering from severe social exclusion. They are therefore potential beneficiaries of the newly implemented Active Solidarity Income (RSA), which guarantees an income progression to the recipients of minimum income (RMI) or of the lone parent allowance of the allowance for lone parent taking up employment.

The Universal Medical Cover (CMU) gives free access to health care to persons with very low incomes, even though out-of-pocket payments remain very high for optical equipment and dentistry.

In addition to accommodation services, homeless people can benefit from a first help (in particular through a dedicated helpline for homeless people), and from day centres offering showers, restrooms, soup kitchens, cultural services, administrative and social assistance and a postal address.

5. MONITORING AND EVALUATION

The law provides for an internal and external evaluation of accommodation centres.

In the context of the LOLF, the publication of the indicators attached to the objectives should help to measure the results of policies implemented in this field. However, no scientific evaluation of homelessness policies is available yet. Many bodies deal with the subject in various reports and working papers raising the following issues: lack of smooth flow between

accommodation and housing, which keeps many households in precarious situations, insufficient knowledge of the people concerned and their needs, inadequate quality of facilities, shortcomings in monitoring and evaluation.

More generally, the 2009 report from the *Conseil d'Etat* stresses the need to develop statistics in the field of housing, notably to improve knowledge of demand and be able to adapt policies.

ITALY

1. CURRENT SITUATION

In Italy there is no official recognition of homelessness, and no official definition. Different surveys estimate the number of homeless people to be between 17,000 and 64,000 people, others around 80,000 people, plus another 40,000 "invisible" homeless people, who have no contacts with voluntary associations[169]. Recently Caritas wrote that there could be up to 120,000 homeless people[170]. This data brings the number of homeless to roughly 0.2% of the total resident population.

The profile of homeless people shows a prevalence of men (around 80%); aged around 40; 60-80% unmarried, divorced or similar; 30% also with higher education; 30% in work although mainly in precarious jobs and informal economy; with a clear increase in immigrants 60 - 80%.

11 million people live in Italy in 4,327,617 rented accommodations; and owner-occupied houses amount to about 15,453,656 units for 41 million inhabitants. According to ISTAT, 23.1% tenant-occupied houses belong to a Public Body. The general census by ISTAT assessed that more than 2 million houses were overcrowded, as well as 1.4 million people lived in sub-standard conditions; the demand was estimated at 344,000 new houses.

The share of population living in a household where housing costs represent more than 40% of the total household income was 7.7% in 2007 (EU average: 12.3%). The share of population whose housing cost burden exceeds 40% by tenure status is 25% (tenant's market price) in 2007 vs. an EU average of 25.4%.

The overcrowding rate is high, 23.7% in 2007, compared with EU: 17.3%. As to the proportion of people deprived, it was very similar to the EU average in 2007; the rate of population reported to live in acceptable living standards was 75.6% in Italy, 75.2% in EU.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

In Italy, HHE is a multifaceted issue where several policy fields converge with different levels of responsibility. The Constitutional Law No 3/2001 attributed legislative competence to the regions for social policies, which includes housing and urban planning, vocational training and employment policies. The law attributed a dual converging legislation between the State and the Regions in health and land use policies. The State is required to determine only the essential levels of services concerning civil and social right and is responsible for migration policy and social insurance (e.g. pensions and unemployment benefits). The national objectives are promoted through OMC (open method of co-ordination) mechanisms.

Each region is required to define territorially integrated plans which should promote and implement consistently social policies. There are differences between regions.

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169 Tosi A., The construction of Homelessness in Italy, September 2003 (paper)

170 Caritas Ambrosiana, *Persone senza fissa dimora*, Carocci, Roma, 2009

As to public housing, the national level allocated resources from the taxation, which are then distributed to the regions according the number of inhabitants, the regional level plans and implement the interventions and the local levels calls for the access to social housing. With the national Law 133/2008, a national housing plan has been launched to increase housing stock for disadvantages group.

The National Strategy Report on Social Protection and Social Inclusion (NSRSPSI) 2006 – 2008 announced initiatives to face HHE like a national public housing plan and an updated survey on homelessness. In the 2008–2010 NSRSPSI extreme poverty and homelessness are explicit priorities with the following expected initiatives: research on statistics, needs, reasons and services concerning homeless; a national scheme to recognise a legal residence for homeless people (population registry) in collaboration with municipalities and their national association (ANCI) in order to allow homeless to access services devoted to vulnerable people; national guidelines to fight against extreme poverty in the larger urban areas; a national round table open to those experiencing poverty; a national plan for public housing support including refurbishment of existing houses and urban renovation projects.

The Ministry of Health, Labour and Social Policies with a view to further surveying and investigating this phenomenon in Italy, by improving the collection of statistical data and the knowledge of the needs, causes and progress of these "carriers in poverty", as well as the services provided to these social groups, decided to launch a quantitative survey in partnership with Istat, Caritas and the Federazione Italiana Organismi Persone Senza Dimora (abbreviated as FIO.Psd), the Italian Federation of Organisations working with Homeless People, the Italian member of the European Federation of National Organisations Working with the Homeless (FEANTSA). At the same time, an ethnographical survey was launched in 5 among the largest cities in Italy: Milan, Genoa, Bologna, Rome and Bari, on the daily life of homeless people, how they survive, their relationship with reality and their spaces, and, above all, with the homeless care services. The aim of this survey is to further investigate the problem, in order to identify any appropriate policies, targeted actions and projects for improving the living conditions of these people. The related research work, outsourced to several important Italian research centres and universities, was launched in January 2008 and is still under way.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

Between 2007 and 2008, there was an 11% increase in executed evictions, a percentage similar to those recorded between 2002 and 2003 (+13%) and between 2003 and 2004 (+10%). Measures to mitigate the impact of evictions do not concern evictions for non-payment of rent, but only those for the lease ending (amounting to 20% of all eviction orders in 2008 and 26% of all those issued between 2001 and 2008). These measures (introduced by Law No 431/1998) consist in suspension of eviction orders and in a national fund that includes monetary support to pay the rent. The fund came into operation since 2001 after the identification (made by Law No 388/2000) of the share devoted to economic support and the target groups (vulnerable tenants such as people aged over 65, disabled and terminally ill patients), while the yearly low income threshold was successively fixed at €27,000 per households (Law No 9/2007). A series of laws followed to postpone, year by year, the eviction orders up to the end of 2009, according to the latest act (Law No 102/2009), while waiting for the implementation of a national plan for public housing.

3.2. Quality

In Italy the legal definition of "inadequate"/"unfit for habitation" and "overcrowding" is contained in a Ministerial decree of 5 July 1975. It measures the minimal dimension of housing on the base of the family size. Except for the minimal area for each family member, no other constrains are fixed by this law.

According to the response, the existing links between housing and urban regeneration policies are difficult to analyse due to differences in regional and local plans (only three questionnaires filled by the regional and provincial authorities are annexed for consultation).

Anyway, a clearer general frame is provided by regional and local authorities and by the land registry offices that define standards and regulations concerning housing typologies. Statistically, a dwelling is usually considered as a set of rooms or even a single useful room, but huts, caves, containers and other precarious housing are not recorded; so it is not easy to have an evaluation of this category of possible users.

Basic housing services are generally available in all houses, but in the South and in the islands for instance a percentage of householders don't have heating systems. The overcrowding could be reduced in the next years if the criteria for social dwellings (m.d. 22 April 2008) is applied throughout the national territory and if the national housing plan is implemented, capitalising on significant experiences of urban renovation and fostering new initiatives of sustainable spatial planning that merges social and environmental dimensions.

4. HOMELESSNESS AND ACCESS TO SERVICES

The response confirms that local authorities consider homelessness in developing their social plans. The answer mentions also typology and contents of some services (e.g. health, distribution of food and clothing, shelters and dormitories, street units and reception centres), also if this specific theme did not receive a sufficient attention by the national authority.

The national reforms (laws N. 328/2000 and N. 285/1997) favoured the development of integrated local HHE schemes aimed at promoting active inclusion. However, a national plan on HHE does not exist, but local authorities incorporate HHE policies into local welfare systems. Elaborating on the most recent data (ISTAT 2006 published in 2009), expenditure for housing policies represents 3% of the total amount for social services in 2006. Approximately 40% of costs for housing direct services (€6,663) is assigned to poor people and immigrants (17,250 people globally, with €386 per capita). Nearly 53% of housing economic subsidies (€89,483) is devoted to poor people (45%) and immigrants (9%); 95,300 people in all, with €939 per capita. Local authorities spend 4% of their annual budget for welfare policies (€ 5,546) to provide housing support and territorial facilities to poor people and immigrants who constitute the core of HHE issues. Recent acts show that difficulties exist on the immigrants policies. For instance, the recent law N. 133/2008 stated eligibility for a national public housing linked to the minimum permanency time of ten years in Italy or five years in the same region; the so-called social card is reserved only for Italian citizens resident in Italy; a minimum social pension allowance (for people aged over 65) is reserved since the first January 2009 to those who live permanently and have worked legally for ten years in Italy with an income at least equal to the allowance amount. Allowances for families with at least three under age children were not extended to non-EU citizens (Law N. 448.1998).

The most innovative local plans were developed in regions such as Toscana, Emilia Romagna, Veneto and Lombardia, to favour networks between services, partnerships between public institutions, private and social sectors also to rationalise the utilisation of available resources. Data concerning homeless people can be extrapolated from the amount devoted to poor people (€425 million); 81,440 homeless recipients (9% of the poor recipients).

5. MONITORING AND EVALUATION

The specific theme did not receive sufficient attention in the national response. However some initiatives are described in the 2006-2008 NSRSPSI.

A first experimentation at national level with methods aimed at promoting participation of people experiencing poverty and their associations in the analysis and assessments of living conditions and schemes for social inclusion was launched.

Monitoring and evaluation on homelessness issues are not systematically developed up until now. The applications of different methodologies produced results that are not comparable.

CYPRUS

1. CURRENT SITUATION

Homelessness is not experienced in Cyprus in the conventional understanding of the phenomenon. Rough sleeping is not observed, and presence of a traditionally strong family support culture minimises the risk of homelessness in most cases. People from certain social backgrounds and specific vulnerable groups (such as large families, low-income families, people with disabilities, immigrants, victims of trafficking and sexual exploitation) are, however, prone to a risk of housing exclusion, which is addressed to some extent through an array of housing support schemes provided by the Government.

Overall share of the population with excessive housing cost burden (cost exceeding 40% of household income) is observed at 1.9% which is by far the lowest figure among EU27 countries. This in part relates to high levels of home ownership among the Cypriot population.[171] When data is segregated by tenure status, it is seen that the percentage of people facing excessive housing cost burden increases to 12% for those who reside in rental accommodation, while only 0.2% of 'home owners' and 1.5% of 'home owners with mortgage' face a similar burden. Although those residing in rental accommodation face a relatively higher burden than home owners, the figures are still largely favourable in comparison to the rest of EU27.[172] Cyprus also has the lowest overcrowding rate among EU27 with 1.5%.

When data is segregated by risk of poverty, it is seen that excessive housing cost burden stands at 8% (38.1% for EU27) and the overcrowding rate increases to 4% (26.8% for EU27). These are still some of the lowest figures in Europe. Considering that Cyprus has been facing a challenge due to high rates of poverty risk especially among the elderly population, it is of importance that the HHE indicators signal a positive situation. Figures imply that a large proportion of people under risk of poverty are not exposed to further risks due to housing-related problems.

Available indicators do not segregate data by nationality, country of birth, or residency status. As such, it is difficult to assess whether the immigrant population is facing a relatively higher risk of housing exclusion due to their vulnerable status in the labour market. As indicated in LFS and national labour statistics of Cyprus, there is an increasing number of foreign-born participants in the labour market, and currently around 18% of the known labour force is foreign-born. Most of these workers are employed in relatively low-paid sectors (private households, hotels and restaurants, construction) and unlike the local population, they may not always have a strong family network to depend on for support. With unemployment expected to increase to 6% in 2010 due to economic slow-down especially in tourism and construction sectors, the risk of housing exclusion and possible problems of availability, accessibility, and quality of housing faced by immigrants needs to be monitored more carefully.

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171 68% of all homes are owner-occupied according to the 2001 Population Census of Cyprus. 14% is under rent, 6% is vacant. The rest is mostly composed of certain housing schemes provided by the Government.

172 Respective figures for excessive housing cost burden for EU27 is 25.4% for tenants, 6.7% for home owners, and 8.6% for home owners with mortgage.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

Housing policies of the Cypriot Government focus on strengthening access to adequate housing, especially for certain risk groups. Large families, low-income families, people with disabilities, persons residing in rural areas, the Roma, and people displaced following the Turkish military operations in 1974 are in the centre of Government policy. Division of building plots, provision of special grants and loans for purchasing or building homes, provision of grants for home repairs, subsidisation of rents are some of the available support measures for different risk groups. While the Ministry of Interior is responsible for housing policy, Social Welfare Services (SWS) of the Ministry of Labour also get involved in the provision of certain housing support benefits (such as rent allowance for recipients of public assistance).

2009 annual budget for housing policies implemented by the Ministry of Interior amounts to around €170 Mio. Majority of the budget is devoted to various housing schemes operating in big cities, and other support schemes in the form of subsidies, loans, and grants provided for construction, maintenance and repairs. Two housing projects for the Roma are also included within this budget.

It needs to be noted that the changing demographic structure of the society, partly due to increased migration, may lead to the emergence of new risk groups, other than those already addressed by Government policy. In this regard, development of a uniform risk identification framework in the area of HHE could prove valuable in strengthening the continuity of the Government's success in ensuring access to adequate housing.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

Access to adequate housing is not a problem for a majority of the population, mainly due to high levels of home ownership. There are also no major problems regarding accessibility of rental housing. Rent Control Law of 1983 establishes rent-controlled areas where the market price of rental housing is kept under control according to limits established by two-yearly Council of Ministers Ordinances. The Law also prohibits eviction of tenants unless ordered by the Rent Control Court. Recipients of public assistance can qualify for a special rent allowance under the Public Assistance and Services Law of 2006. Low-income households can qualify for grants and low-interest loans as assistance towards purchase of a home. Large families and people with disabilities are also eligible for a variety of grants and loans under the Unified Housing Scheme of the Government.

3.2. Quality

When housing deprivation indicators are taken into consideration, it is seen that Cyprus has largely favourable housing quality standards in comparison to the rest of EU27. It is only with regards to leaking roofs that Cyprus experiences a deprivation proportion of 30.1% which is the second highest value among all Member States. This is indeed a very surprising result, considering the overall positive performance maintained in other HHE indicators, and may be attributed to how the respondents perceived the relevant question of the EU-SILC

questionnaire[173]. Certain home repair benefits are available to low income households, and the consumer price index for household equipment and supplies has seen little inflation over the past few years.

As to the quality of housing available to immigrants, more indicative data is needed to conclude whether the overall favourable housing quality situation is maintained within this social group as well.

4. HOMELESSNESS AND ACCESS TO SERVICES

In the absence of rough sleeping and severe forms of housing exclusion, Cyprus does not operate emergency reception centres or special housing services for the homeless. Various temporary accommodation services are, however, available in specific cases. Association for the Support of Prisoners is known to provide a certain degree of assistance to those recently released from prisons in finding accommodation. People who have been under the care of the Social Welfare Services are eligible for different forms of further assistance after they cease to be under SWS care. A reception centre provides a degree of temporary accommodation for asylum seekers until alternative accommodation is found. The 2008-2010 National Strategy Report on Social Protection and Social Inclusion for Cyprus also reports that a State Shelter was opened in 2007 for victims of sexual exploitation. It could be of great value if a uniform monitoring and evaluation framework could be devised to establish standards, and assess the extent to which all these separate services function purposefully, effectively, and provide the persons in need with adequate protection they require.

5. MONITORING AND EVALUATION

As Cyprus has not traditionally experienced homelessness and severe housing exclusion, there are no national or regional regular reporting structures in practice. There is also no evaluation or study carried out regarding the policies addressed to homelessness and housing exclusion. In the case of homelessness, this is understandable as severe forms of housing exclusion, such as rough sleeping, are not relevant to the Cypriot context. However, considering the changing demographic composition of the Cypriot population – which impacts upon the traditional reliance on family support structures in society – monitoring and evaluation instruments may need to be developed to pre-empt possible problems of housing exclusion before they begin to occur, especially among vulnerable social groups.

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[173] Specifically, the instructions for the relevant question from 2005 to 2007 were: "Whether, **in the judgement of the household respondent**, the dwelling has a problem with a leaking roof, damp ceilings, dampness in the walls, floors or foundation or rot in window frames and doors". From 2008 onwards, the instructions were modified with a view to getting an **objective measure** of the condition of the dwelling. The modification of the instructions started to have an impact on the result, which decreased to 26% in 2008. Although it is still high, more objective results are expected to be recorded from 2009 onwards.

LATVIA

1. CURRENT SITUATION

Latvia's population of 2.270 894 people (in 2008) has been on a declining trend. This will continue according population projections reaching 1.745820 by 2055. In 2007 there were 868 000 private households (compared to 954 in 2001). The size of households is also on a decrease, while the number of single person households is increasing.

The housing stock is dominated by comparatively small apartments in urban or densely populated areas and by comparatively deprived houses in rural areas. It is mostly privately owned. The share of households with mortgage is high (24.8%). Latvia has the second highest EU-27 indicator after Slovakia (the EU average rate being 8.6%). This indicator may reflect the high rent and housing prices in Latvia as well as the comparatively easy access to loans during the boom. Considering the current bleak social and economic developments, this indicator might even be on a growing trend, unless the difficulties in the banking sector hamper the possibilities to obtain mortgage. The demand for social housing is growing.

In terms of affordability, 9.5 % of the population had a housing cost burden of more than 40%, which seems low compared to the EU average of 12.3%. However, the poorest population (the 1st income quintile) is overrepresented (31.4%), especially if compared to Estonia and Lithuania. Data on social assistance reflect the rapidly growing numbers of beneficiaries of the housing benefit and the high proportion of social assistance expenditure for this type of support. There is also a marked difference between 'owners' and 'tenants', with 24.8% of the former (with a mortgage) exceeding the 40% threshold (compared to 8.5% in the EU). Tenants seem to perform well below the EU-27 average, but this result would deserve a cautious interpretation.

The total overcrowding rate (59.1%) is the highest in the EU and compares badly to the average of 17.3%. This situation could be linked to historical legacy of soviet period and limited public investment afterwards. The highest overcrowding rate (77.6%) can be observed in smaller towns, where the housing stock has undergone depreciation and the construction of new housing has been at its lowest Overcrowding almost equally affects the poor and non-poor, with tenure status making no significant difference. The category 'others' performs badly and would require attention. Overall, the children live in overcrowded conditions most often (72.1%). The median of the distribution among the individuals of the share of housing costs in the total disposable income in 2006 is slightly lower than the EU average. However, it should be taken into account that during 2008-09 payments for rent and utility prices have substantially increased. Also, no data are available on the possible impact of housing allowances.

In 2007 the population living in dwellings deprived at least by one item represented 17.9%. The highest share in the EU or 3.1% is deprived of 4 items. A formal definition or typology of homelessness and housing exclusion has not been adopted. Only those people who do not have a declared domicile and use the services of night shelters or shelters are deemed to be homeless. Thus, the actual number of the homeless could be higher than the data on temporary housing suggest. In Latvia data on the number of evictions as well as number of persons without any shelter or in insecure and inadequate accommodation is not collected. In 2008 the local governments provided temporary housing for 208 persons (according to the legislation such premises can be leased for a period up to one year).

Severe economic crises and surging unemployment together with decreasing wages, benefits and pensions are among causes for growing homelessness in 2009. Some of the developments in legislation (lifting of 'ceiling' for rent of housing and the land where the house is built, if belonging to another private owner) might further contribute to difficulties. Currently those overburdened with debts, the unemployed, orphans, ex-convicts and individuals suffering from addictions evicted from their apartments are the most frequent clients of night- shelters.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

Latvia has not elaborated a national strategy on homelessness. The Ministry for Economics is responsible for developing and implementing the housing policy (including tackling housing exclusion and social housing policy). Policies related to benefits addressing poverty risk and provision of social care and rehabilitation services are under the responsibility of the Ministry of Welfare. However, the responsibility for actual provision of housing (social included) and housing benefits rests with the local governments. Under the anti-crises measures (Social safety net activities) it is intended to earmark 20% of the total housing benefit amount in the state budget to provide support to individual local governments unable to ensure a full payment of housing benefits due.

The current approach to homelessness problem is narrow and more linked to the provision of night- shelter services. Thus, in accordance with the L*aw on Social Services and Social Assistance,* shelter and night shelter provides services for persons without a definite place of residence. However, a more ambitious approach during the current fiscal adjustment and economic contraction period could not realistically be expected.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

In the current economic situation households are facing increasing difficulties in paying their mortgages. To address this situation, there are discussions on the possibilities to draft legislation supporting the people overburdened by debt and in danger of losing their only home. The difficulties to proceed with this initiative are linked to lack of financial resources. There are no special measures to support people under the threat of eviction (for utility, rent and other debts) except for some protection for families with minor children. Also, to protect lower income groups from eviction, housing benefit has become mandatory part of social assistance in 2009.

There were intentions to provide financing for overall housing policy instruments in 2009, 2010 and 2011 in the amount of LVL 12 million per year, but due to the crisis the initiative has been significantly reduced. In 2009 the central government participated (by providing 50% of financing) in a support scheme administrated by the local governments. This support targets the tenants from denationalised houses who have to vacate the residential space. For this purpose LVL 1 599 713 were spent. Additional LVL 251 091 were allocated for helping the owners of apartments to improve energy efficiency. In 2010 measures for improving energy efficiency will continue (LVL 554 thousand allocated).

Temporary accommodation for the homeless is provided by means of shelters and night-shelters. Night shelter provides lodging, dinner and personal hygiene opportunities for people with no place of residence or those in crises situation. Shelter is a social institution that helps persons without a defined place of residence or people in a crisis situation with the possibility

of short-term residence, food, opportunities for personal hygiene and the services provided by social work specialists. In 2008, there were 15 municipal night shelters, 3 shelters for homeless persons operated by non-governmental organisations and 2 private night- shelters. As example, currently the night shelter of the Rezekne local government is able to shelter 30 people, but during the cold months of the year up to 56 people. The Riga shelter is able to shelter 170 people, but if required, during the cold months of the year even up to 230 people. The growing number of the homeless in Riga exceeds the number of places in this shelter therefore in 2009 the local government purchases services already from five NGOs.

3.2. Quality

Requirements for service providers to ensure quality standards in shelters and night- shelters are defined in the *Law on Social Services and Social Assistance*. The Cabinet of Ministers has adopted "*Requirements for Social Service Providers"* already in 2003. The concept of residential space suitable for living is defined by the *Law on Assistance in Solving Apartment Matters*: a lighted, heated room suitable for long-term human accommodation, for placing household items and complying with the construction and hygiene requirements set by the Cabinet of Ministers. The quality of housing is mostly linked to the purchasing power of households. The share of the population living in dwellings deprived at least by one item was 17.9% in 2007 compared to 18,1% on average in the EU. 26.3% lived in dwellings with a leaking roof, 22.1% had no bath or shower, 19.5% had no indoor toilet. The total overcrowding rate was the highest in the EU: 59.1% compared to the EU average of 17.3%. In the current social and economic situation population and local governments lack financing even to fully cover expenditure for current quality.

4. HOMELESSNESS AND ACCESS TO SERVICES

Homeless people are entitled to the basic general services as all other residents of Latvia. They can register in the State Employment Service and take part in all active labour market measures, including the ESF supported complex aid measures. This includes psychological, consultative and employment aid for the unemployed facing special social exclusion risks (like disability, low level of education, addictions or dependencies).

Social workers in shelters, night shelters and crisis centres work with clients. Also street-work with people sleeping rough is provided in some municipalities, mostly during winter.

In addition, anti-crisis measures (social safety net activities) that have just been introduced, apart from improving access to income- tested benefits in local governments, will also improve access to healthcare for the poor.

5. MONITORING AND EVALUATION

Housing policy issues are not subject to systematic monitoring and evaluation. Data are accumulated and published on the housing stock and its quality as well as the information provided by local governments concerning assistance in housing matters. However, a clear institutional mechanism using this data for coherent policy development does not seem to be in place. Currently there is a fragmentation, as each line ministry concentrates on the sector under its responsibility. Also, the EU-SILC data on housing seem to be neglected in the process of policy monitoring.

LITHUANIA

1. CURRENT SITUATION

In 2008 Lithuania had a population of 3.3 million people. They lived in 1,413 thousand households. The dynamics of the demographic situation and the changes in the number of households can be characterised by reverse trends. While the population shrunk by over 100 thousand people, the number of households increased by 236 thousand in 2003-2008. The demand for social housing grew by 20% per year on average, while the availability of the social housing stock increased only by 2.3% yearly in 2004-2008. In 2008, there were 23,761 pending demands registered for the rent of social housing.

The housing stock is dominated by private ownership. Over 97% of residents lived in privately-owned dwellings in 2008. The share of households with a mortgage is comparatively low. The housing stock is dominated by comparatively small apartments in urban or densely populated areas and by comparatively deprived houses in rural areas or thinly populated areas. In 2007 the population living in dwellings deprived at least by one item represented 40.4% compared to 24.8% in the EU. The total overcrowding rate in Lithuania was 51.8% (56.5% in 1st and 40.9% in 5th quintile) compared to the EU average of 17.3% in 2007. Very high overcrowding rates in all quintiles reveal overall shortage of housing in Lithuania. Households with dependant children and tenants' household were overcrowded the most, 66% of children aged 0-17 (EU: 22.1%) and 80.2% of tenants at market price (17.6% in the EU) lived in overcrowded households. The overcrowding rate was lower for people aged over 65 and for households without dependent children.

The share of population living in households where housing costs burden exceeded 40% of the total household income was relatively low at 4.9% in 2007 (EU average: 12.3%). That can be linked to a very high share of privately owned dwellings, comparatively low share of households with mortgages and sharing of utility and other costs among a larger number of people because of high overcrowding rate. Housing costs exceeded 40% of income among 20.2% of poor people and only among 1.2% of the rest of the population (EU: 38.1% and 7.2%). That reflects large income inequalities. Housing costs burden exceeded 40% of income among 32.6% (EU: 25.4%) of tenants at market price compared to 4% (EU: 6.7%) among outright owners and 5.1% (EU: 8.6%) among owners with mortgage. However, the housing costs burden for owners with a mortgage can increase significantly due to the rise in unemployment, deteriorating people's incomes and high interest rates for mortgages in the national currency (LTL). By different population groups, housing costs represented the highest share in the income among lone parents, single households, people over 65, tenants and people at risk of poverty.

The official data on the number of homeless people is from the 2001 population census where homeless people were defined as people who had no fixed place of residence and lacked funds to rent or buy at least minimal housing. The data was collected in the gathering places of homeless people, sewage and heating structures, landfills and other random places. In the 2001 census, 1,250 homeless people were recorded, of which 75% were men, 63% lived in towns, and 93% were aged 16-65. The number of people provided with a temporary shelter in homeless hostels and crises centres was 600. According to the Lithuanian authorities, the

estimated number of homeless people with no permanent place of residence reached 3,000 – 4,000 people in 2008.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

Lithuania does not have a national strategy on homelessness. There is no formal definition of homelessness beyond the definition used in the 2001 population census. It is not addressed in the Lithuanian National Report on Strategies on Social Protection and Social Inclusion for 2008-2010. On the operational level, funding is being allocated in the municipal social services plans for temporary shelters in the homeless hostels and the crises centres and for social services in those shelters. Temporary shelters and social services to homeless people are provided by municipalities and by NGOs.

The issue of housing exclusion is to some extent addressed by the Social Housing Fund Development Programme 2008-2010 which is an integral part of the Lithuanian Housing Strategy. Entitlements to social housing are given to people whose income and property are below the limits established by the Government. The Ministry of Environment is in charge of supervising the implementation of the housing strategy. In addition, there are 6 other ministries and 60 municipalities which are involved in the implementation of this strategy. Social housing units are owned by municipalities. Their function is to provide social housing to people entitled to it.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

In 2007, the social housing stock counted 26,000 flats according to the authorities. The objective of the Social Housing Fund Development Programme 2008-2010 is to increase the current share of social housing in the total national residential housing from 2.4% to 3% in 2010 and to 4-5% by 2020, which would account for 25-30 thousand new social housing apartments. In the period 2007-2013, 11.8 million EUR from the European Regional Development Fund will be allocated to the development of social housing and the improvement of its quality.

Supply of social housing has been substantially outdistanced by demand. In 2004-2008, the demand increased 2.8 times. It grew by 20% per year on average, while the size of the social housing stock increased only by 2.3% yearly. In 2008, there were 23.761 pending demands (people or families) registered for the rent of social housing, 821 demands were satisfied and, in addition, 429 households received state supported mortgages. The average waiting time for a social housing is 10-15 years, in some big cities it can take about 20 years. Social housing can be provided to people whose income and property are below the limits established by the Government. The priority groups are young families, families with many children, former orphans (or persons left without parental care), disabled people and families caring for a disabled person who do not own any accommodation or whose accommodation's living space is less than 10 sq meters.

Since 2008, the difference in private and social housing rent for households eligible for social housing according to the Law on State Support for the Acquisition or Rent of Housing and Modernisation of Apartment Houses can partly be reimbursed by municipalities. There is no data on the number of people who have made use of this facility. It also has to be taken into account that the housing rental market (housing available for rent) is considerably smaller in

Lithuania compared to the EU average. Furthermore, families with low to medium income can hardly afford the rent in some regions with higher employment opportunities due to a high rental and wage ratio.

The social housing policy does not address homeless people directly. Homeless people can be provided with temporary housing for up to six months (extendable at certain conditions) in the homeless hostels. People in a crisis situation can be provided with a shelter in the crises centres for up to three days. In 2008, there were 22 homeless hostels and 24 crises centres. The demand to stay in homeless hostels was satisfied for 97% (1,900 people lived in those hostels) according to the national authorities. The crises centres were offering 1,168 places.

> In the current economic downturn, households are facing increasing difficulties in repaying their mortgages. To address this situation, the Lithuanian Parliament is debating a draft law on bankruptcy of natural people and an alternative draft law on the possibilities to suspend the repayment of debts of natural people for up to three years. Both proposals are facing fierce opposition from the banking sector. There are no measures to support people under the threat of eviction (for utility, rent and other debts), except for families with under age children. For such families, debt repayment schedules are developed by social workers.

3.2. Quality

National legislation regulates the size of social housing units. The maximum space provided per family member cannot be bigger than 14 sq meters. The size of a one-room apartment should be at least 26 sq meters. Exceptions are applied, subject to the actual size of the social housing units under the disposition of the municipalities and a need to provide separate rooms for certain groups of people. Social housing is governed by general construction and other norms (hygiene, fire safety, etc.).

The share of the population living in dwellings deprived of at least one item was 40.4% of the total population in 2007, compared to 24.8% on average in the EU27. 25.2% people lived in dwellings with a leaking roof, 18.2% had no bath or shower, 20.1% did not have indoor toilet. The total overcrowding rate in Lithuania was 51.8% compared to the EU average of 17.3% in 2007.

4. HOMELESSNESS AND ACCESS TO SERVICES

There are no special social services designed for homeless people at national level. Homeless people are entitled to the basic general services as all other residents of Lithuania who do not have social and health insurance. They can register in the Labour Exchange and take part in all active labour market measures: upgrade or acquire new qualification, participate in public works, etc. There is no data on how many homeless people have made use of this facility. In case a homeless person does not have a personal identification document, he or she would be precluded from registering in the Labour Exchange. Homeless people are also entitled to first aid and emergency assistance free of charge.

Municipalities and NGOs provide social assistance to homeless people. The availability and variety of services provided to homeless people differs in the municipalities. For example, in the municipality of Vilnius homeless people can receive information, counselling and intermediation services, free food and bathing coupons, people released from the penal institutions are provided with lump sums of money, etc.

5. MONITORING AND EVALUATION

The official data on the number of homeless people is from the 2001 population census. A new population census will be conducted in 2011. Another source of information about the homeless people is the annual statistical reports about social services provided in the municipalities aggregated at national level. Those reports include data on the occupation rate of temporary shelters and the breakdown of their residents by age, gender, periods and reasons of staying in the shelter. The groups which stayed in the shelter were: people released from the penal institution, victims of domestic violence, underage mothers, orphans without housing, victims of natural disasters, victims of trafficking, persons released from social and psychological rehabilitation institutions, people deported from foreign countries, asylum seekers and people without housing.

In 2007-2008, the National Audit Office carried out a performance audit of the Social Housing Fund Development Programme. One of its findings was that it is not sure that social housing is provided to people who need it most. Concrete changes in the legislation were recommended to address this situation. Another important recommendation to the Government was to integrate the issues of social housing into social policy and to make the Ministry of Social Security and Labour the institution in charge of it.

LUXEMBOURG

1. CURRENT SITUATION

When assessing and dealing with homelessness and social exclusion, Luxemburg adopted the formal definition or typology of ETHOS. Luxembourg chose to apply the ETHOS typology from the beginning in order to facilitate the comparability with other Member States.

The recent trends of the housing market is given by figures of the Public constructor for Social Housing "Fonds du Logement" in 2008:

55% of renting-applicants are between 35 and 55 years
25% of renting-applicants are people benefiting from the minimum income scheme "Revenu minimum garanti"
26,5% are couples with one child
23% are couples with 2 children.

The demand in general decreased by 8.4% in comparison to 2007 and almost 6% of the housing opportunities of the National Agency for Social Housing is rented by different NGOs.

In 2008 the National Agency for Social Housing had 53 collective sleeping places at its disposal and reserved for political refugees and immigrant workers. Compared with 2007 there is also a slight decrease (-2.9%) of the average monthly rent which amounts to €345 in 2008.

According to the Ministry of Family and Integration, there were 715 people experiencing extreme housing exclusion in 2006. The main reasons for HHE are different for women and men. For women, personal purposes prevail followed by financial and economic causes, whereas for men this order is inversed. For both sexes, there is a strong relationship of the mentioned reasons with health problems and predominantly addictions.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

In its declaration on the general politics in 2005, the government earmarked housing as an "important" issue. It was decided to stress a new and more efficient collaboration between the local bodies and government in order to increase the supply of housing availabilities. At national level, the Ministry for Housing ("Ministère du Logement") is in charge of legislation and directives to ensure a sufficient number of housing opportunities at an affordable price.

The Ministry for Family is in charge of homelessness and works with the National Agency for Social Housing or the municipalities. Specific tasks are managed by the Ministry for Equal opportunities (a.o. domestic violence) or of Ministry for Health (a.o. addictions, mental illness).

Homelessness is a small scale issue in Luxemburg where subsidising is actually mostly done through the government and additionally by the two main cities of Luxemburg and Esch-sur-Alzette.

The main ministries in charge of financing and monitoring the implemented measures are the Ministry for Family and Ministry for Health. The measures offered to the public are managed by NGOs working with the ministries through coordination groups. A working partnership approach between ministerial departments, municipalities and non-governmental institutions has been established.

Currently, the right to housing is not part of the constitutional rights but will available through the fact that municipalities must ensure as far as possible housing of all persons living on their territory. The law modified on 25th February 1979 eases access to housing for less favoured people by reserving the state aid to those who belong to families with modest wage with children. In 2008, the state subsidized these policies with €67 Mio.

There are also specific policies for disabled people, for young persons, for families with small income, for migrants as well as for aged people.

Concerning the "Social Real Estate Agency" (*Agence Immobilière Sociale*) targeted at households with low effective income and people facing multiple problems, the State is co-financing in certain cases the dwellings as well as their running costs; it is also in charge of the personnel's and employee's salaries.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Access to housing

Policies are available to reduce the risk of eviction and to support people in threat of eviction through:

– social services at regional and municipal level,

– the conditional benefits of guaranteed minimum wage,

– the possibility of an additional housing allowance,

– the existence of a yearly allowance to support the increasing cost of living ("allocation de la vie chère") and

– legal proceedings as protection against the negative effects of over-indebtedness.

The Ministry for Family and Integration and the Ministry for Equality provide temporary lodging whereas different NGOs are in charge with the service. Different types of accommodations (emergency, medium and longer term+/- 2years) are available and cover the country.

People with a low income looking for an independent living place have a hard time to find an accommodation and are therefore obliged to rent one on the open market. To increase the access to housing for this group of people, a law was introduced in November 2002 which enables the State to help tenants responding to the criteria fixed by that law with the financing of rental guarantees required by property owners.

The government decided to support the "Social Real Estate Agency" (*Agence Immobilière Sociale*) created in September 2009 and targeted at households with low effective income and people facing multiple problems. The goals of this structure integrate the following aspects:

real-estate prospection, rental management (intermediate role on rental contracts and control of payments), technical assistance (repairing of accommodations), role of ombudsman between owners and tenants, and if needed collaboration with social services.

Concerning the "Social Real Estate Agency", 21 dwellings were offered by the end of 2009 and an increase of 50 accommodations per year is foreseen . In the middle-term, about 500 accommodations should be available in Luxemburg.[174]

To promote access to housing the "*pacte logement"* has been adopted on the 11th of June 2008. Efforts to ensure a social mix are part of the "housing pact" by the government which foresees that municipalities are advised to guarantee that 10% of buildings are set aside for low cost ones.

3.2. Quality of housing

The policy and standards to safeguard an adequate level of housing are legally based on a regulation ("règlement grand-ducal") according to the modified 25th February 1979-law which is defining the average standards for habitation and security.

Housing policies are strongly linked to urban regeneration policies. According to chapter 4 of this modified law, the Ministry for Housing is promoting the renewal of neighbourhoods in insalubrious areas. That is a very important issue in the program of social housing in which 4 so-called regenerated areas, intending to generate 1400 housing units are planned.

Only indirectly linked to urban renewal and housing for deprived peoples is a financial aid for renovating buildings. It is accessible to all owners of accommodation that meet certain requirements and not specially addressing small incomes.

Regarding dark dwellings Luxemburg's situation is slightly below the EU27 average (12% in LU and 11% EU27). The number of housing with leaking roofs, damp walls, floors of foundation is low in Luxemburg (21% in LU and 26% EU27).[175]

4. HOMELESSNESS AND ACCESS TO SERVICES

Integrated strategies for tackling homelessness are rare in Luxemburg. Currently *Caritas Accueil et Solidarité* are implementing such strategies. A pilot project called DECLIC aiming at improving the instruments used for evaluating and improving the competence of the users as far as the housing structure is concerned as well as the professional development. Other experimental efforts have been undertaken in this field by different NGO's beforehand with considerable efforts and financing.

The system of supported accommodation distinguishes between two levels accordingly to the intensity of the follow up. Intensive follow-up ("logement encadré") means that social workers are available on location during working hours whereas low level follow-up ("logement accompagné") means that social workers are accessible for advice on demand and at scheduled times. The objective is to accompany the people on their way to a self-managed life. Health services are sometimes offered on place, but most of the time dispatched by medical services outside.

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174 NAP-Inclusion 2008

175 EUROSTAT 2008

5. MONITORING AND EVALUATION

The current implementation of a new reporting system in the framework of the community MPHASIS programme (Mutual Progress on Homelessness through Advancing and Strengthening Information Systems) is a positive approach. This programme enables to get reliable information at short notice on the exact number of people excluded for housing reasons. The solidarity department of the Ministry for Family and Integration is responsible for the coordination and the payment of this project.

According to the new law on social aid and the obligation of reporting on the at-the-risk accommodations it will be possible to provide a prevention programme. The objective is to reduce the number of very low standard accommodations and get started with adequate measures and projects on time.

HUNGARY

1. CURRENT SITUATION

The Hungarian population has decreased steadily from the 1980s to approximately 10 million in 2005. The number of households was slightly above 4 million, with an average household size of 2.5 people. The stock of housing units counted 4.2 million in 2007, which is a result of an increase of 200,000 since 2001.[176]

Housing exclusion has been an ever increasing social problem in Hungary since the collapse of the socialist regime in 1989, and is being particularly aggravated by the current economic downturn. According to a comprehensive survey conducted in 2007 on institutions providing services for homeless people, approximately 9,000 people spent the night in various types of accommodation for the homeless.[177] Each year on the same date, a data survey routine is performed in the capital and in other large cities about people living rough. The 2009 survey reports ca. 2,800 homeless people sleeping without any shelter in winter conditions, half of them in Budapest.[178] According to the latest surveys, the average proportion of people living rough or residing in accommodation for the homeless is 0.2% of the population; it ranges from 0.1% to 0.39% in the largest cities. The majority of people living without shelter are men, though the rate of homeless women has shown an increasing tendency in the past two years.

The main reason for housing exclusion is the affordability of housing costs that represents a serious problem for low-income groups. Although the share of the population whose housing costs burden exceeds 40% of the total household income is below the EU average (7.3% in HU against 12.3% in the EU), the average price of an apartment is 5-6 times higher than the average yearly income in comparison with the corresponding 3-4-fold figure in the EU. As a consequence, the number and volume of housing loans is very high and increasing. In 2008, the actual stock of housing loans was almost four times larger than in 2002, and amounted to 839,000 contracts of a total value of €15 billion.[179] As a negative effect of the crisis, the conditions of housing loans are stricter and stricter, with many mortgage holders facing serious difficulties in redeeming instalments.

The overcrowding rate is 46.2% (2007) which is one of the highest rates in the EU (average: 17.3%), but does not deviate significantly from the EU-12 average. 73% of the population lives in acceptable living standards (EU average: 75.2%). However, broad segments of some disadvantaged groups, e.g. the Roma, are particularly affected by difficult housing conditions. The room for manoeuvre of social housing has narrowed significantly over the last years, since the proportion of lease apartments owned by local governments has dropped from 22% to 4% due to the privatisation in the 1990s, resulting in an unmet need of 300,000 social housing units.

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176 Central Statistical Office, Hungary (CSO); www.ksh.hu

177 Public Foundation for the Homeless; www.hajlektalanokert.hu

178 3th February Task Force; www.bmszki.hu/f3/2009f3

179 CSO

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

The main responsibility for homelessness issues at national level lies with the Ministry of Social Affairs and Labour coordinating social services and benefits, other aspects of housing belong to the scope of the Ministry of Local Governments. Two national NGOs, namely the Public Foundation for Homeless People and the 'Solidarity' Public Foundation for the Houseless and Homeless in Budapest, play important roles in implementing government programmes under the supervision and monitoring of the Ministry. According to the Social Act[180], the provision of services for homeless people falls under the responsibility of local governments. Related tasks are financed partly by their own, and partly by governmental resources. In 2007, 53% of temporary accommodation services, 63.3% of residential institutional services and 72.2% of day-care services for the homeless were provided by NGOs.[181] These NGOs have come together under two umbrella organisations; in Budapest the 'Council of Ten' and nationally the 'HAJSZOLT' Association. Housing issues, except housing exclusion, is the responsibility of the Ministry of Local Government. The Act regulating all forms of dwelling ownership[182] delegates several tasks to local governments also concerning housing.

The first national Strategy for Homeless people was prepared as an expert document in 2007.[183] The key objectives of the strategy were the prevention of homelessness, primarily by means designed to strengthen the financial security of housing; the revision of the financing and legal regulation of the institutional system of services to homeless people in order to improve result-oriented operation and the reintegration of homeless people in the labour and housing markets; and finally the transformation of the operation of current institutions for homeless people aimed at encouraging the admission of people living rough and facilitating housing and employment reintegration. The strategy has not been approved by the government but, on the basis of the document, the Municipality of Budapest prepared its Strategy for Homeless People in 2008. Furthermore, in 2007, a separate government decree specified certain measures and quantified targets concerning homelessness for 2007-2013.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

In promoting access to housing, prevention plays an important role. Beyond a set of legal instruments for the protection of people under threat of eviction, cash benefits (e.g. housing support) and social services (e.g. debt management service) are available especially for housing to alleviate liquidity problems of people in need. In response to the crisis, and as a result of the amendment of the respective law, the state can act as bail instead of mortgage holders in need as of August 2009. For those mortgage holders that lost their jobs as a result of the crisis, temporary loans are available with a state warrant of up to 80% of the amount. For those who have already lost their homes, local governments have pre-emptive right for purchasing real estates to be sold at auction, thus former owners have the possibility to stay in and rent it back from the local government. The estimated amount of governmental housing

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180 Act III of 1993 on social administration and social services

181 CSO

182 Act LXXVIII of 1993 on certain rules concerning the leasing of apartments and other premises as well as their alienation

183 In Hungarian: http://bmszki.hu/tanulmanyok/strat; in English: www.bmszki.hu/english

allowances as a percentage of the GDP doubled between 1999 and 2006 to 1.1%, but shrank again to 1% by 2007.

As a temporary solution for those in trouble, there are night shelters. Another type of temporary accommodation provides services for assisting the homeless with their social, individual and housing problems, including ensuring accommodation. These temporary services operate across the country in larger cities, and have a capacity of 7,500 people. Minimum conditions prescribed by law are often not met. In order to assist people in these institutions in finding permanent solutions, a special government programme is available for supporting social integration of homeless people and offering housing opportunities outside institutions. The programme provides the so-called 'integration support' with 12-month follow-up assistance. In 2006-2007, the independent housing of some 1,000 people was addressed.

As for social housing, the respective law[184] forces local governments to ensure social housing services for those in need only if the housing unit had been destroyed by natural disaster. However, the act empowers local governments to determine rental conditions of apartments of their own, including applying the so-called 'social fees' of a reduced amount.

3.2. Quality

The Housing Act[185], together with other regulations on technical construction, defines requirements for different types of housing units and all structures suitable for housing purposes. National goals or standards for ensuring minimum quality of housing have not been specified. The 5th highest overcrowding rate of the EU (46.2%) is particularly high for children under 17 years (60.6%). 27% of the population does not live in acceptable living standards.

The Population Census collects data also on housing conditions, primarily on the number of people living in non-housing units. According to the latest census in 2001, more than 3% of the population lived in apartments less than 20 square meters, 17% lives in apartments with walls made of loam or wood.[186] Moreover, latest data show that, in 2007, 10.5% of people live in a dark dwelling, 3.2% has neither bath/shower nor toilet for the sole use of the household.

4. HOMELESSNESS AND ACCESS TO SERVICES

No integrated national strategy has been adopted so far for fighting homelessness. The homeless are addressed as an eligible or exclusive target group under active inclusion policies and programmes for disadvantaged people. The first programme of this kind was launched in 2000, and more followed later, financed mostly by the Labour Market Fund and the Structural Funds. Employment programmes support job-seeking services, social work, mental-hygiene training, supply of equipment needed for work and, lately, contribution benefits to employers employing homeless people. According to the Social Act, basic health care services are universally available also for the homeless even if they are not insured; however, the enforcement of this right in their case is not always carried through. The National Health

184 Act LXXVIII of 1993 on certain rules concerning the leasing of apartments and other premises as well as their alienation

185 Act LXXVIII of 1997 on forming and protection of built environment

186 http://www.nepszamlalas.hu/eng/index.html

Insurance Fund also operates general practitioner services for homeless people; 1 in each region and 8 in the capital.

In 2008, daily 6,300 people visited one of the 93 daytime facilities available for the homeless for cleaning of cloths, washing or having a meal. Besides, street social workers in 85 service centres help identify people living rough, offering different services for them and encouraging them to use institutional services. Quality standards for social services are defined in a Ministerial Decree[187]. Services also for homeless people can be provided only by institutions meeting these infrastructure and human resources requirements.

5. MONITORING AND EVALUATION

The Hungarian Statistical Office collects fundamental data on social services but these are available only with an 18-month delay. More up-to date data are provided by the register of social services set up in 2006 and the regional homeless dispatcher service network collecting data on a daily basis on the available capacities of institutions concerned. Efforts have been made to channel this information together with the data collected by the individual institutions in one comprehensive database.

The State Audit Office published its report on the 'Control of the institutional system for homeless people' in 2006[188]. Its main findings state that tasks in this field are not in line with the needs and services actually rendered. The modification of the relevant regulations is not coherent and sometimes even contradictory. No national up-to-date data are available. Local governments only partly have the means and motivation to prevent or tackle homelessness, however, in the capital and bigger cities information base and coordination of tasks has significantly improved.

187 Decree No. 1/2000 of the Ministry for Social and Family Affairs on tasks and operational conditions of social institutions providing personal care

188 www.asz.hu/asz/jeltar.nsf/0/3ebeaafce0cc7b21c125719400463d36/$file/0613j000.pdf

MALTA

1. CURRENT SITUATION

Malta is a country that, given its geographical characteristics and the number of inhabitants (410.000 in 2007), doesn't have a sizeable problem of homelessness. There is no official recognition of homelessness, no definition and thus, not many programmes to alleviate the phenomenon. The problem of homelessness is essentially hidden under the façade of strong family ties, community cohesion and the State.

There are no visible signs of homelessness in Malta similar to what can be seen in the other European Union countries, yet there are few hundred homeless who stay in shelters and another few thousand households that are at risk of being homeless. Nevertheless, the combined effect of a constant, inexorable growth of unemployment rate (forecast to 7.6% in 2010), with at-risk-of-poverty threshold practically unaltered in the last years (14% in 2007 against EU average: 16%), could involve a potential growth of people affected by homeless ness.

The share of the population living in a household where housing costs represent more than 40% of the total household income was 2.6% in 2007 (EU average: 12.3%). By tenure status, the share is bigger for tenants paying a market price rent (33.1% vs. an EU average of 25.4%): the average monthly rent for a home in Malta was € 2.10./m² in 2007. The overcrowding rate is very low (3.6% in 2007, EU: 17.3%). As to the proportion of deprived people, the data is good and higher than the EU average in 2007 (the rate of population reported to live in acceptable living standards was 90.7% in Malta, 75.2% in EU). Maltese's social protection benefits expenditure destined to housing benefits (% of total benefits) was 0.5% in 2006 (EU27: 0.9%).

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

With the Housing Authority Act (1976) (amended in 2007) Malta created the main public agency accountable for implementing all Government programmes to provide affordable housing to those people who need it. This statute and the Home Ownership (Encouragement) Act of 1988 are the most important rules concerning housing policies. Nevertheless, apart from the two acts indicated above, and the Reception of Asylum Seekers (Minimum Standard) Regulations (LN320/05), that are functioning as legal guarantee to housing, in Maltese legislation the provision of housing to homeless people is largely a matter under the responsibility of the Housing Authority (hereinafter "HA").

The HA aims are to reduce homelessness, promote living conditions that are more independent, delay the admission to institutional care and provide a safer accommodation environment for its clients.

Together with the HA, the voluntary organizations and NGOs play a vital role when reaching out to the more vulnerable and disadvantaged[189]. In fact, the current National Report on Strategies for Social Protection and Social Inclusion (2008-2010) establishes the objectives, among others, of reinforcing the debate on the disadvantaged groups (included homeless) with the social organizations and of subsidizing itinerant multidisciplinary social attention programmes, in cooperation with NGOs. The support given enables the vulnerable people to live as independently as possible within the community and thus combats their social and housing exclusion. The National Housing Authority gives assistance to the organizations operating in the social field which provide housing services to people in housing need. This should empower the NGOs to reach the above-mentioned common objectives and obligations in the best interest of the individual and the community.

In substance, as a part of the social services area, support policies to the homeless are a competence of the HA, the State Agencies (APPOGG and SAPPORT) in cooperation with the most significant NGOs. The central Government supports the HA, as coordinator among the different public and private subjects operating in this field.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

Even if the current legislation is included in a few rules, the HA has proposed several measures to promote access to housing, including increasing the proportion of land earmarked for protected housing. For example: issue units for sale at facilitated prices targeting families with children and couples to help them purchase their home; making 10% of these units reserved to people with disability; and help the first time buyers to access affordable housing by paying a grant[190].

The HA has not only competence for launching initiatives but also for managing financial aids addressed to citizens facing the risk of eviction. In this case the NGOs submit their request of aid – as for example premises, by sale or lease, cash grants for alterations or repairs to premises owned, etc…- to the Authority, which evaluates them and takes a decision. Furthermore, also in order to tackle the effects of the global economic crisis, the government continues to support the HA to invest in urban renewal projects which provide accessible housing. Temporary lodging for homeless people is not regulated by specific rules, apart when it comes to asylum seekers. On the other hand, the policy of support covers different types of temporary accommodation and target groups: residential homes for children and young people; shelters for people who are victims of domestic violence; semi-independent living for people with disability or mental difficulties. In these cases the HA works in cooperation with NGOs and the Government agencies SAPPORT and APPOGG. Consequently, as previously mentioned, the provision of social services for the homeless is shared between the Housing Authority, NGOs and the Agencies SAPPORT and APPOGG.

According to the last data, Malta's housing boom of 2003 and 2004, which was characterized by tremendous house price increases and sharp rises in construction activity, now seems

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189 During 2008, the Housing Authority has assisted different organisations as YMCA, Dar Terza Spinelli, Dar Patri Leopoldo, Richmond Foundation,etc…

190 The 'Grant on Loan Repayment scheme' provides for a grant up to a maximum of 30% of the annual loan payments given by a financial institution to the applicant and which does not exceed the amount of 850 Euro per year. This grant will be given for a period of 10 years.

officially over. The over-all house price index fell by 0.8% in Q1-2008 from a year earlier. When adjusted for inflation, house prices actually fell by almost 5% over the same period. This was in sharp contrast with to the impressive price increases of 20.3% (17% in real terms) in 2004 and 13.3% (11.8%) in 2003. The price of apartments in Malta averages around €3,042 per sq. m.

3.2. Quality

In Malta there is no legal definition of "inadequate"/ "unfit for habitation" and "overcrowding". However the HA has developed its own standards to implement its policies.

In many cases, when the HA carries out inspections to verify the conditions of house units, it checks different conditions, such as:

- Presence of structural hazards;
- Inadequate sanitation;
- Inadequate plumbing;
- Unsafe electricity;
- Inadequate ventilation;
- Faulty weather protection;
- Damp;
- Inadequate habitable space for occupants (>2.5 people per bedroom);
- Inadequate accessibility for occupants' needs.

When evaluating applications for alternative accommodation, the HA looks at the current housing conditions of the applicants and applies a scoring system with a high number of points meaning that the housing conditions are bad.

The HA invests in urban renewal projects with the objective of regenerating disadvantaged areas and improve the quality of life of residents. Very old blocks of apartments are, if in a state of disrepair, pulled down and rebuilt; if historically valuable, they are restored. These social housing units are eventually allocated for rent. The Authority is also partner in an integrated urban regeneration project for the Cottonera funded under the ERDF 2007-2013. This project incorporates measures in line with accessibility measures for people with disability, embellishment of public areas, energy efficiency measures and housing renovation. Currently a Cost Benefit Analysis (CBA) is being carried out - the implementation of the project is dependent on the results of this CBA.

At 3.6% in 2007, the overcrowding rate is considerably lower than the EU average (17.3%). As to the proportion of people deprived, Malta with 5.4% is widely below the EU average of

18% regarding bath / shower, indoor toilet and leaking roof. Concerning dark dwellings, Malta is doing better than the rest of the EU (4.3[191] % respect 8.1% EU).

4. HOMELESSNESS AND ACCESS TO SERVICES

Even if there is no clear definition in the Maltese legislation of homelessness, the number of people covered by this phenomenon are around a few hundreds. Although social services are a State competence, the central Government secures homogeneous services and assistance through the already mentioned HA and is responsible for housing solutions, among other measures.

In 2008 the HA assisted, with the support of NGOs, 564 homeless people who were victims of domestic violence, people suffering from mental problems, etc…. The number of shelter places available given by NGOs is around 150 beds, with a waiting list for alternative accommodation of 149 homeless people, 1061 shared accommodation, 54 household living under threat of eviction, 643 applications living in unfit housing, 893 applications with overcrowding. .

In the framework of the European active inclusion strategy and its National Report on Strategies for Social Protection and Social Inclusion (2008-2010), Malta has put forward as one of its priority objectives the promotion of active inclusion. Housing forms an essential part of this policy. The report makes reference to the EQUAL "Headstart" project targeting the living conditions of young people. The project includes the provision of affordable accommodation to young men and women between 16 and 25 years who have spent at least two in the past five years in residential care.

5. MONITORING AND EVALUATION

The HA is currently working to develop a national database on homelessness. The database aims at identifying the demand for shelter and the causes of homelessness, which will ultimately assist the Authority to develop better policies to meet the needs of these people. An independent study on homelessness and housing exclusion entitled ‘Counting the homeless in Malta’ has been carried out by Cyrus Vakili-Zad (2006). However, it seems that the inexistence of a complete register, drawn up not only on the basis of specific demand (people calling in for help) but on the basis of an outreach/research programme, remains an open gap in social welfare provision in Malta.

[191] The concept used by Malta for this variable is not harmonised with the other countries. The question is whether the building and the lightening installations can provide adequate light for acceptable living standard in the house..

NETHERLANDS

1. CURRENT SITUATION

Since different definitions and estimation methods are used, estimates of the total number of homeless people differ in the Netherlands. According to the Salvation Army, who provides approximately a quarter of the provisions for the homeless in the Netherlands, its headcount is decreasing: it was estimated at 42.000 in 2007, while in 2005 it was estimated at 50.000 and in 2003 at 65.000. The number of young runaways was estimated at 6.000 in 2008[192].

In the four biggest cities roughly 21.800 people are living in a precarious situation. This group is split into a group of 10.000 actual and residential homeless people and a group of 11.800 people who are not or not yet all visible in the care and assistance sector, but who do belong to the group of the socially vulnerable people.

The main problem on the Dutch housing market (in certain regions) is the shortage of affordable housing for the lower and middle income groups. As a result the through-flow in the housing market is not fast enough and it takes longer for certain groups to realise their wish to move (for instance the young, who have to continue to live longer at home with their parents).

The housing shortage amounts to just 2%, approximately 140.000 houses. Apart from this, there is an estimated demand for 500.000 houses as a result of population growth and individualisation in the period 2010-2020.

Approximately one-third of the housing stock in the Netherlands is made out of social housing. The housing corporations jointly own over 2.4 million social housing units. Of these, 29% are cheap (rent up to €339), 65% are payable (rent between €340 and €520) and 6% are expensive (rent above €520). For each social housing unit offered for rent there are on average 60 interested parties. The average waiting period for a social housing unit is 2.9 years. According to national data[193], the number of evictions by housing corporations increased in 2007 by 14% to over 8.500. By far the major reason for eviction was rent arrears (78%). At the end of 2007, more than 237.000 households had rent arrears, compared to 203.000 households in 2006.

The share of population living in a household where housing costs represent more than 40% of the total household income was 18.6% in 2007 (EU average: 12.3%). By tenure status, this share is the biggest for tenants paying a market price rent (28.5%) and lowest for tenants paying a reduced price (1.4%).

In 2007, the overcrowding rate was very low (1.5%) compared to the EU-average (17.3%), while the proportion of people deprived was very similar to the EU average (18.3% against 18.0%). The proportion of the population reported to live in acceptable living standards was 78.0% (EU average: 75.2%).

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192 National Audit Office.

193 Aedes, *Meer uitzettingen door huurachterstand*, 12 December 2008.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

On 1 January 2007 the Social Support Act (Wmo) came into force in all municipalities in the Netherlands. Under this Act, municipalities are now responsible for setting up social support. In the Social Support Act the concept of social support has been expressed in nine performance areas, of which 3 are relevant in combating homelessness (social relief, public mental healthcare and addiction policy).

Social relief includes activities consisting of temporarily providing shelter, guidance, information and advice to people who because of one or multiple problems, have left their home, either forced or not, and who are not able to cope in society by their own. Many decisions on service provisions are taken on the local or regional level. The main task of the national government in this field is providing funding.

Together with the four biggest cities (Amsterdam, The Hague, Rotterdam and Utrecht), the Dutch government presented the '*Strategy Plan for Social Relief*' in 2006. The Strategy Plan entails an integral approach to the issue of homelessness. It is based on two pillars:

A person-oriented approach by using individual programme plans and client managers linked to individual people.
A one hundred percent sound chain co-operation between all the involved parties and institutions under the direction of the municipality and the care office.

Early detection of payment problems is a key concept in the approach. In 2008, in order to realise national cover, a start was made to extend the Strategy Plan to the other 39 central municipalities under the title of Municipal Compass.

The Subsidised Rented Sector Decree (BBSH) includes the regulations which must be observed by housing corporations and municipal housing departments. The BBSH has six performance fields: quality of the houses, letting of the houses, involving occupants in the policy and management, financial continuity, quality of life and living and care. Moreover, the BBSH includes rules about financial reporting and the supervision of housing corporations.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

The government supports citizens in finding appropriate housing accommodation by the following measures: rent allowance, rent policy, social housing, housing allocation on the basis of the Housing Allocation Act, promoting home ownership.

By means of an income-dependent rent allowance, the Government makes sure that the affordability of good quality rented housing accommodation is guaranteed for households which because of their income situation cannot themselves provide or cannot sufficiently provide for affordable housing accommodation. About 1.1 million households are in receipt of rent allowance. This represents approximately 2 billion euro per year.

The Housing Allocation Act offers municipalities the option to intervene in the housing allocation and the composition of the housing stock in order to promote a balanced and justified allocation of housing in short supply. Municipalities are able to designate specific target groups at local level, who experience difficulties in finding housing accommodation due to their low income or other circumstances. Housing corporations have to give priority to

accommodating people who belong to these target groups, for example former delinquents, disabled or elderly people who need houses with special facilities.

In the Housing Allocation Act, refugees with a residence status are specifically designated as a target group. On the basis of the number of inhabitants, municipalities have a duty to find accommodation for these refugees. There is no such housing provision for labour migrants. Migrants can register at a municipality and apply for social accommodation options. However, many cities have a waiting list, which does not make it easy to find accommodation in the short term. This results in labour migrants moving on to quicker ways of finding accommodation. As their numbers are increasing and they tend to prefer cheap housing/lodging, it is a point of attention for the Dutch government to prevent them from illegal housing situations, which are often overpopulated and unsafe.

The Cabinet not only supports tenants but also (first-time) buyers by means of various regulations such as the Promotion of Homeownership Act (BEW) and first-time buyers' loans.

3.2. Quality

Minimum quality requirements regarding safety, health, usefulness and energy saving are set on buildings by the Buildings Decree.

Together with municipalities, housing corporations, inhabitants and other relevant players, the Dutch government has dedicated itself to improve the situation in 40 so-called *'Districts needing attention'*. These are districts in which - because of an accumulation of problems - the quality of the living environment trails badly behind in comparison with other districts in the city. These districts have formulated long-term ambitions for living, working, learning & growing up and integrating, as well as for safety. Departments, local professionals and inhabitants are busy as partners to achieve progress within 8 years in all policy areas. Their ambitions are focussed on: good quality housing for lower income groups, a varied housing supply in the districts, more people in work, stronger district economy, more extended schools, less school drop-out, Centres for Youth and Family, more policemen on the beat, meeting places for inhabitants and district-oriented integration. In doing so this '*District approach*' focuses simultaneously on encouraging the social rise of the inhabitants in the district, on properly affordable houses for the lower-income groups as well as on encouraging a varied housing stock in the districts. Knowledge and experience are widely spread, so that other districts can also benefit from these.

4. HOMELESSNESS AND ACCESS TO SERVICES

There are many different sheltered facilities in the Netherlands, which vary from 24/7 living accommodations to low-threshold day or night shelter facilities. 24/7 activities are usually linked to the provision of assistance, care, (psychosocial) guidance or treatment. The policy responsibility regarding shelter for the homeless is decentralised to 39 so-called centre municipalities. These large and medium sized municipalities are responsible for policy and practise of homeless shelters in their regions, for which they are in receipt of special funds from the central government. During the period 2000-2008 the national budget for the specific payments for social relief, addiction policy and public mental health care rose from 140 million euro to 257 million euro.

In 2003, an Interdepartmental Policy Survey into social relief was conducted to achieve proposals for more effective and efficient operation of the social relief chain. The provisions in the social relief chain did not synchronise well with each other and the pressure on social relief increased. Despite the growth in capacity there was a growing shortage of sheltered facilities and the provision of care sometimes appeared to be difficult to access.

Arrangements were made to ensure that the supply of sheltered facilities covers the demand better. There has been extra dedication to the expansion of existing accommodation and proper development of new types of accommodation. For instance, more permanent living accommodation has been constructed as well as sheltered facilities for the homeless with addiction problems where the use of drugs is allowed. In addition, 'Skaeve Huse' have been realised according to the Danish example. This type of accommodation is intended for single people who are excluded from corporation houses or who cannot or can no longer be placed in regular social relief due to their highly anti-social behaviour. Guidance and treatment is offered on an individual basis. The objective is that a perspective is being offered.

5. MONITORING AND EVALUATION

In the Netherlands efforts are being made to improve the existing registration systems. Institutions to which financial resources are granted for social relief, must register their activities and client details. This has been legally provided for in the Social Support Registration Regulation. The picture of social relief is improving but the rules of the Registration Regulation about client registration in social relief can still not be fully applied. Data technical and organisational problems hamper the proper implementation of the Registration Regulation.

It is expected that the information provision will improve because of the Strategy Plan for Social Relief in the four biggest cities. At the request of the Ministry of Health, Welfare and Sport the progress and results of the Strategy Plan are annually reported. The Ministry also intends to start monitoring the progress of the Strategy Plan in the other 39 central municipalities. In addition, there are various monitors at regional level with regard to the demand, the supply and the occupancy rate in social relief.

AUSTRIA

1. CURRENT SITUATION

Overall, the problem of homelessness and housing exclusion in Austria may be seen as less prominent than in other countries. Housing appears to be fairly affordable, although in the past 10 years rents have increased twice as much than the consumer price index. The share of population whose housing costs burden exceeds 40% is 5.4% compared to 12.3% for the EU (2007). Among poor people the share amounts to 31.6% (EU: 38.1%). The overcrowding rate is overall slightly below EU average (14.8% in 2007, EU: 17.3%). It is, however, considerably higher than EU average for lone parents with dependent children (29.7% in 2007, EU 22.5%).

Social housing (owned municipalities) and subsidised non-profit housing in Austria constitute a fairly large share of the total housing stock (around 20%) and the majority of rented dwellings (70% of all newly allocated non-owner occupied dwellings). Subsidised housing is targeted at the majority of the population, with the aim of damping the price level of housing on the private market, and thus fostering social cohesion. As a result, social segregation in housing is generally relatively low in Austria. People with very low incomes may, however, face difficulties in accessing subsidised non-profit housing, as in some cases, substantial accession costs have to be paid. As a consequence, the latter often have to rely on the private housing market where only partial and complex regulations on maximum rents are in place. Access to affordable housing is particularly difficult for migrants in Austria.

A number of facilities and services are provided, mostly by NGOs, to prevent homelessness and support the homeless. Their availability, however, varies a lot from one federal province ("Land") to the other. Services are most developed in larger cities, whereas rural areas are generally not well covered.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

In Austria there is no integrated approach to tackling homelessness and housing exclusion. A nationwide common framework does not exist. The system of responsibilities and competencies regarding housing policies and support to the homeless is rather fragmented, resulting in considerable regional differences in service provision, as well as in a lack of available comparative data.

Responsibility for providing benefits, services and programmes to the homeless lies largely with the Länder. Rules on financial support and legal provisions for providing accommodation for individuals in need are set out in the Länder's social assistance legislation. This includes responsibility for new housing developments and the renewal of flats, residential buildings and residential homes, as well as housing benefits. As a result, legal provisions and social services differ substantially from one federal state to another. A more integrated approach for planning and implementing facilities and services for the homeless has notably been adopted by Vienna, Upper Austria and Vorarlberg, and to some extent also by Lower Austria. In the federal province of Burgenland, assistance to the homeless is not established as an independent policy field at all.

The national state, on the other hand, has the responsibility for civil law regarding housing, including landlord and tenant law, condominium law and regulations on 'limited profit housing associations'.

NGOs play an important role not only in the delivery of services for the homelessness, but also in the dissemination of data and evaluations with the aim of putting homelessness and housing exclusion on the (national) political agenda.

The right to housing is not as such recognised by law or under the Constitution in Austria, but people in need are in principle legally entitled to most benefits from the social assistance scheme of the Länder to secure their subsistence needs, including housing benefits. The system is, however, fairly non-transparent and leaves a large scope for administrative discretion. A lack of information and possibly also social stigmatisation lead to a high non take-up rate. This means that in practice, a large number of people do not receive social assistance, although they would in principle be legally entitled to.

The lack of a standardised nationwide definition and lack of coherent data collection do not allow for a sound analysis of the respective policies and their impact. Clear common targets are missing. Monitoring and evaluation of this policy area, as well as co-ordination between relevant actors appear to be underdeveloped. A more integrated approach would be desirable to facilitate policy planning, monitoring and evaluation.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

Six out of Austria's nine Länder have introduced early warning systems to avoid evictions. Around 5,600 evictions were executed in 2008, with a particular concentration in Vienna. Transparent and consumer-friendly legal provisions concerning the termination of rental agreements are aspects which would deserve particular attention in this context.

A number of actors provide support for people leaving institutions, such as prisons, hospitals or children's homes, but there are not enough data available for a closer analysis. It appears that the housing situation of people leaving penal institutions is to some extent problematic.

Temporary accommodation and supported accommodation are provided under the Social Welfare Acts of the Länder. Services include counseling and outreach supervision to prepare clients for moving to flats of their own; support to enable residents of socially supported housing facilities to live independent lives; debt counseling; assistance for visiting doctors or hospitals, etc. Access to these facilities and services varies considerably between the Austrian provinces, as well as between urban and rural areas. The full range of support is not available in all provinces and generally not in rural areas. Empirical evidence about the availability of such facilities is, however, largely missing.

The most important instruments to facilitate access to independent housing is social housing provided by municipalities (9% of all dwellings in Austria), subsidised dwellings built by Limited Profit Housing Associations (10% of all dwellings in Austria), and housing benefits under social assistance law of the Länder.

Furthermore, a regulation on maximum rents applies to parts of the private housing market. However, this regulation offers considerable margin for discretion, and does not cover large

parts of the private housing market. In practice, due to a lack of alternatives and knowledge and resources regarding the legal enforcement of their rights, people may accept higher rents.

Social housing and subsidised non-profit dwellings in Austria are targeted at the majority of the population, as relatively high income ceilings are applied for means testing. On the one hand, housing segregation is therefore relatively low in Austria, but on the other hand, people with very low incomes may find it difficult to access subsidized housing, as sometimes considerable one-time access costs have to be paid, such as down-payments amounting to a certain percentage of construction cost.

Access to affordable housing is particularly difficult for migrants in Austria, who, as a consequence, often live in insecure and unacceptable housing conditions. Discrimination against migrants is a widespread practice in the private housing market. Access to social housing is also more difficult for migrants, in spite of the fact that social housing is in principle open to everyone with permanent residence in Austria who meets the other relevant criteria. A lack of information about often complex and fairly non-transparent rules, both regarding rental agreements as well as regarding the entitlements for housing assistance, aggravate the problem.

3.2. Quality

Municipalities and limited-profit housing associations have made substantial efforts to refurbish social housing in the last decade. In these types of housing, indicators for over-crowdedness and precarious housing conditions, based on EU-SILC, are applied.

In Austria, around 2% of all people do not have a toilet/bathroom in their flat. Around 9% have problems with humidity and mildew and around 6% report dark living space (see Statistik Austria 2009[194]). These problems are more often found on the private housing market than in social housing, which is of relatively high quality in Austria. Low income alone does not lead to a significant increase of such problems. However, if other indicators of financial deprivation apply as well, then poor quality housing is significantly higher among those groups.

4. HOMELESSNESS AND ACCESS TO SERVICES

In Austria, there is a whole range of services provided to alleviate and fight homelessness. These include streetwork, easy-access day centres, emergency hostels, transitional housing and socially assisted forms of living. There are, however, considerable regional differences in the provision of such services, which are especially well developed in Vienna.

At present, most homeless individuals have no access to active labour market measures. This is due to the institutional gap between social assistance delivery and the Public Employment Service training measures. However, a reform of the social assistance schemes towards a means-tested guaranteed minimum income is planned to be implemented in 2010. It is foreseen that the new scheme will provide support for the (re)integration of recipients of social assistance into the labour market, unless they are not able to work. It will also provide coverage under the statutory health insurance for all recipients. It will be a challenge to

[194] Statistik Austria (2009). Einkommen, Armut und Lebensbedingungen. Ergebnisse aus EU-SILC 2007, Vienna

improve the administrative provisions of social/housing assistance and increase its take-up rate under the new scheme.

Specialised health care services are available in Austria's three largest cities Vienna, Graz, Linz. Furthermore, social services to prevent homelessness and to assist the homeless are provided by a number of NGOs with public and/or private funding. The availability of these services varies, however, greatly from one Land to another. The highest grade of facilities is available in the big cities, whereas in many Länder rural areas are not well covered. However, no sound and systematic information is available on these aspects which would allow for a more detailed analysis.

5. MONITORING AND EVALUATION

Data and information on homelessness and housing exclusion are extremely sketchy in Austria. No systematic monitoring and evaluation is in place. So far no comprehensive attempt has been made at national level to collect data and analyse these problems.

POLAND

1. CURRENT SITUATION

Over the past few years the developing building industry and relatively easy access to mortgages resulted in an increasing supply of dwellings in Poland. Between 2002 and 2007, the average annual supply of new dwellings was above 100 thousands, reaching over 165 thousands in 2008, which means a 24% increase in relation to the previous year.[195] This resulted in a 5% increase or more in the number of dwellings over the last years. Still in the 1st half of 2009 an almost 10% increase in the number of new flats was noticed in comparison to the same period in 2008. However, due to decreasing number of new investments and construction permits granted (in 1st half of 2009 they have decreased by 28% and 23% respectively, in comparison to the same period in 2008), it is not expected that similar trends will be observed in the nearest future.[196]

Irrespective of the progress mentioned in the construction industry, the scales of the investments and supply of dwellings have not met the significant housing needs. The overcrowding rate in Poland (51.6%) is one of the highest in Europe and much above the EU average of 16.9%. The highest rates are noted among the young and the poor. At the end of 2007, the average living space was 69.8 sq metres (23.8 sq metres per person), and the average size of household was 2.9 people. Although the average size of dwellings completed in 1st half of 2009 (100 sq metres) was relatively high in comparison to the above figures, the decreasing trend should be noted here (107 sq metres in 2007).[197]

Due to the fact that over the last years the majority of mortgages were granted in foreign currencies, the decline of national currency has negatively influenced the situation of the borrowers who - in result - suffered from the overall increase of the loans' values. This effected in a – relatively slight - increase in the share of "at-risk" mortgages (payment delays over 60 days) which, at the end of July 2009, was equal to 1.2% (1.1% in 2008) of total value of mortgages. On the other side, the recent peak of value of mortgages affected by pay–off delays was stopped and a declining trend was observed in 2nd and 3rd quarter of 2009. As a result of the above circumstances and of the global economic crisis, the banks' policy towards loans granting is now stricter. This followed an increase of formal requirements for those applying for loans, especially in foreign currencies, and of the value of their own resources expected to co-finance the credited investment. In effect, the value of mortgages granted in 1st quarter of 2009 was approx. 40% lower in comparison to the same period of the previous year. The recent 2009 monthly data shows however, that the value of credits granted is increasing again e.g. the value of mortgages contracted in June was almost 65% higher than in January 2009.

At the end of 2007, there were 13 million dwellings in Poland, 59% of them owned by individuals, 26% by housing cooperatives, and over 9% belonged to municipalities. The share of housing cooperatives, municipalities and social housing societies among housing investors

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195 Report on construction activity in 2008, National Statistic Office, March 2009

196 Information on construction activity 1st and 2nd Quarter of 2009, National Statistic Office, September 2009

197 ibidem

is decreasing over the last years, as the main housing investments are conducted by the individuals and real-estate developers.

According to the 2002 National Census data, 35.5% of the population lived in poor or very poor housing conditions: 6.5 million in sub-standard conditions (lack of sewage, or water supply; old buildings in poor technical condition), and in addition 11.9 million people lived in overcrowded spaces (more than 2 people per room). In Poland, 70 % of people between 18 and 29 lived with their parents. In 2006, 1.8% of total social protection benefits were dedicated to housing and social exclusion (EU average: 3.6%).

The share of the population whose housing cost burden exceeds 40% was 10.5% (below EU average of 12.3%). By tenure status, the share is bigger for tenants paying market price rents (32.3% against 25.4% EU average). In the past several months, the prices of dwellings have dropped by 5-10% (depending on the region) and similar changes were observed as regard the costs of renting. Due to the decrease in number of new building investments one should not exclude that increase of housing prices and rentals will continue in the next years.

According to official data – collected by local social assistance institutions - there are around 35-45 thousands homeless people in Poland, while the data provided by NGOs increases this figure to over 100 thousands.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

The Constitution of Poland states, that *public authorities shall pursue policies conducive to satisfying the housing needs of citizens, (…) combating homelessness,* [and] *promoting the development of low-income housing.* In general, the housing policy is implemented both by central and self-governmental (local) authorities and is stemming from regulations included in several acts on social policy and local administration. In practice, most decisions related to housing are taken at local level and local authorities create and regulate their own housing policy, although it must be consistent with national housing programmes.

Local authorities should respond to the housing needs of communities. An obligation was imposed on them to plan and implement respective actions in the area of housing policy, including addressing the housing needs of low-income households, as well as provision of social substitute dwellings.

The tasks of the Ministry of Infrastructure within the scope of national housing policy includes the development of programmes aimed at supporting the creation of social housing resources and social, night shelters and homeless hostels. One of the programmes implemented by the Ministry is called *Family on its Own* and offers financial support (in form of subsidised interest rates on loans) to individuals who intend to purchase or build their own flat or house. By the end of November 2009 over 38.5 thousands families benefited from this programme and the value of loans was over €1,500 Mio. The *Programme of financial support for housing construction addressed to the poorest* provides the possibility of obtaining financial support, approx. 30–50 % of investment costs, by e.g. municipalities or NGOs that assist people in need. The eligible actions include renovation or reconstruction leading to setting up shelters or hostels for the homeless.

The draft *National Programme of Coming out of Homelessness and Development of Social Construction for years 2010 –2015* was prepared in 2009. Its strategic objective is to improve overall policy towards homelessness through implementation of quality standards of services

addressed to people in need, wider use of social activation tools in measures addressed to homeless people, developing statistical instruments, certification of entities providing assistance to homeless people, and introducing legal changes facilitating the process of social dwellings construction. However, due to the current economical situation and financial shortages further works on this Programme have been suspended.

In 2006 the *Act on financial support for setting up social flats, night shelters and accommodation centres for the homeless* was adopted. Within 2 years (2007-2008) a financial support of €23,3 Mio was allotted for setting up 4,268 social apartments and 331 accommodation places in shelters for the homeless.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

In order to protect tenants, and particularly those in difficult financial situation, an obligatory system of housing allowances was introduced. Eligible to a housing allowance are those with a per capita household income of less than 175% of the amount of the lowest old-age pension (in a single person household) and 125% of that amount in a multi-member household, provided that the floor space of the housing unit does not exceed defined norms. The allowance amount represents the difference between the amount of housing costs for the floor space falling within the norm and 10-20% of the household income, depending on household size and its income. In 2008, the amount of housing allowances paid was €200 Mio and its average value was less than €36. Since 2004, they are financed by local authorities.

As supported accommodation in Poland one can classify the social housing units, mainly for people evicted under court order. The obligation to ensure social units falls onto local authorities. Within the programme of social units launched in the years 2007-2008, municipalities submitted applications for creating a total of 4,595 social units (5,428 including spring 2009 edition for submitting applications) whereas the shortfall of social units is estimated at 120 – 130 thousand units.

Protected housing for specific groups in need is a form of social assistance, preparing people accommodated in such units, under tutelage of specialists, to independent living or replacing stays in a facility providing round-the-clock care. Protected housing ensures conditions for independent functioning in the community, and for integration within the local community. It may be operated by local social assistance institution and non-public entities.

It is estimated that the stock of social housing units held by municipalities meets no more than 1/5 (1/6 in big cities) of the needs. Waiting lists of people to whom municipalities awarded the right to social premises due to difficult financial circumstances, but who due to shortage of housing stock cannot move in, are so long that the waiting time extends to many years.

3.2. Quality

Social units are units of reduced standard and provide floor space of no less than 5 sq. m. (no less than 10 sq. m. for a single household). Temporary accommodation facilities for the homeless are not required to meet any specific standards (other than meeting general safety rules). Currently, there are plans for introducing standards of service to be provided by such facilities. In reality, the insufficient standard of temporary accommodation is noticed. As a result of special inspection action carried out in 2009 by the Central Office for Building Supervision, 100 social buildings were ruled to be shut down and another 41 partly shut down

as unfit for habitation. 609 summonses were issued for immediate fixing or elimination of faults.

It is planned to introduce specific legal changes in a future to facilitate the process of social dwellings construction; in addition the expected ERDF 2007-2013 contribution for social housing is €243 Mio.

4. HOMELESSNESS AND ACCESS TO SERVICES

The number of homeless people in Poland varies from 35 thousands registered by the local social assistance institutions to over 100 thousands reported by NGOs.

Local authorities are obliged to provide assistance to homeless people and to allocate financial resources for various forms of support: counselling, meals, clothe, care services. They may also be covered by *individual programme for lifting people out of homelessness.* This programme consists of supporting homeless people in addressing life problems, in particular those relating to family and housing, and assisting in securing employment. The programme is designed by a social worker, jointly with the homeless person concerned. In 2007, such programmes were provided for 2,713 homeless people[198]. The beneficiaries are covered by health insurance, providing with free access to health care services. Other homeless people may be covered by one-time health procedure funded by the social assistance institution or covered by health insurance at the request of local authorities. In addition, some shelters for the homeless have their own staff doctors (nurses). It should be also noted that programmes counteracting homelessness are offered also by some NGOs helping homeless people.

Social assistance statistics specify the existence of 662 overnight lodging establishments, shelters and homes for the homeless offering 22,772 places (2008 data). It is estimated that help was given to 33,794 homeless persons[199].

So far services for homeless people have not been standardised but introducing of standardisation will be among measures planned for implementation in the future.

5. MONITORING AND EVALUATION

The Ministry of Labour and Social Policy collects data on homeless people collected and delivered by local social assistance institutions. The monitoring of implementation of specific programmes and actions is also conducted by the Ministry. A comprehensive set of statistical database on homeless people is lacking, but its development in cooperation with the regions is planned.

Poland has experience in operating programmes for lifting people out of homelessness, but so far no adequate standards have been developed for working with homeless people. Work on such standards and on monitoring homelessness is to be carried out now as part of projects co-financed with ESF resources.

198 Data from regional governors' reports

199 Ibidem

PORTUGAL

1. CURRENT SITUATION

A national definition has been approved under the framework of the 1st National Strategy for the Integration of Homeless People (NSIHP), and concerns those who are in the following situations:

Rooflessness - without a shelter of any kind, sleeping rough.

Houselessness - with a place to sleep but temporarily in institutions or shelter.

The definition contained in the National Strategy is based on ETHOS categories (1, 2 and 3) but does not cover all the houseless categories in ETHOS.

It should be stressed that until March 2009 there was no official definition of homelessness in Portugal and the adoption of a national definition is a positive development in this field, even if all ETHOS categories are not covered.

In Portugal, an accurate number of homeless people is not known. However according to a study carried out in 2005[200] the homeless people in Portugal are, above all, men of active age (30-70 years), single and divorced, Portuguese citizens, with basic schooling, distributed essentially throughout the large metropolitan areas (Lisbon and Porto), followed by the mid-sized cities of Setúbal, Faro and Braga, Coimbra and Aveiro. Another emergent trend has been the growth of immigrants in their ranks, namely Eastern European migrants. Women are also affected by this phenomenon but are not as visible as they more often resort to other informal network support but also because institutional services for victims of domestic violence and for young mothers are not considered as services for the homeless.

The structural causes of homelessness seem linked to drug addiction, alcoholism and mental illness or family relationship rupture, often related to other causes like low levels of education, informal work market, unemployment, insufficient health system responses and difficulties in the individual's access to adequate and affordable housing.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

The Ministry of Labour and Social Solidarity is responsible for the recent National Strategy on Homelessness, represented by the Institute for Social Security (ISS, I.P.). The Ministry responsible for housing policies is the Ministry of Environment, Planning and Regional Development (represented by the Institute of Housing and Urban Rehabilitation (IHRU). Other Ministries involved in the National Strategy are: the Ministry of Health, of Internal Affairs, of Justice, and the Chairmanship of the Council of Ministers. In 2010, the Ministry of Defence, the Ministry of Education and the National Statistics Institute will also sign a

200 Instituto da Segurança Social (2005) Os Sem-Tecto: realidades (in)visíveis. Lisboa.

commitment to participate in the implementation of the National Strategy for the Integration of Homeless People.

The national strategy recognises the existence of local dynamics in the provision of services not only in homelessness, but also regarding the promotion of social inclusion and thus provides guidelines for the implementation of local homelessness plans, which will be defined and implemented within these local social networks. These entities are expected to present and implement local plans according to the strategy's orientation. One of the challenges facing the implementation of the national homelessness strategy is the continued strong involvement of the wide range of stakeholders (public and private). The national level Group for the Implementation, Monitoring and Evaluation of the Strategy is responsible for disseminating the guidelines, and for providing support to the local networks and units responsible for designing those plans.

The two main strategic axes comprise measures aiming at:

1) achieving more evidence-based knowledge on homelessness, namely by the use and dissemination of an agreed definition of homelessness, and of a shared information and monitoring system; promoting sensitisation initiatives addressed both at the school and the media environments to tackle the social stigmatisation of the homeless population;

2) promoting quality in the provision of homelessness services and responses, namely by eliminating the need to sleep rough, by increasing the quality of temporary accommodation, by preventing the lack of accommodation and support upon discharge from an institution, by reinforcing permanent housing solutions, by improving access to social benefits, by improving access to health care (namely to mental health care services), by promoting training and qualification opportunities for workers in this field, by enhancing the drafting of local homelessness plans, and by promoting the adoption of specific methodological orientations in intervention practices.

The strategy defines three specific areas to be tackled by the different measures proposed under the two strategic axes:

a) a focus on preventative actions in order to avoid situations of homelessness arising from evection or discharge from an institution;

b) direct intervention in situations of homelessness focussing on the clarification of procedures and responsibilities within a specific intervention model, and also on the experimentation of innovative projects;

c) and the follow-up of situations, ensuring the continuity – when needed – of support after resettlement.

Special importance is given to the implementation of:

a) an information and monitoring system, with service providers and clients registers

b) an integrated and client-centred approach , with individual insertion contracts

c) local diagnosis including risk indicators

d) local homelessness plans within the *social network program* and homelessness strategy 's framework

A budget of €75.000.000 is dedicated for this Strategy. Nevertheless an identification of the costs related to many measures needs improvement.

3. ACCESS TO HOUSING

The main objective in this area is to promote local diagnoses which include the identification of risks factors in order to prevent homelessness .The biggest challenge is to create efficient communication system with different bodies, namely the justice system.

In Portugal there are three main types of accommodation as follow: 1. Temporary accommodation; 2. Integration Community; 3. Reintegration Apartments.

To create professional support in the transition from emergency or temporary accommodation to more permanent solutions is one of the National Strategy specific goals. Emergency situations are covered by the existent measures but there is a lack of responses that give continuity to individual's trajectory of reinsertion, and it deserves a special attention. For the moment any assessment can be done in this area.

Supported housing – a *Housing First Project* is being implemented in Lisbon since September 2009 involving 50 homeless people with mental illness that are placed in houses for rent with permanent technical social support. However other examples of supported accommodation already existing in Portugal, addressed to people having drug addiction or HIV problems.

Access to independent housing – Programmes to facilitate access to independent housing have been carried out by the Public Services: programmes for supporting families facing serious housing problems (access to controlled cost housing, rehabilitation programmes, direct financial support in emergency situations); promotion of the rental market particularly aiming at young people; specific programmes in particularly disadvantaged neighbourhoods.

3.1. Affordability

For many years rents were frozen, promoting a non-competitive rental market and increasing considerably home owning. In the present days new rents are very expensive and this phenomenon leads people to buy accommodation instead of renting. There is no system to control rents. A housing allowance can be asked for by people under 65 if the family gross annual income is less than 3 minimum wages or by people over 65 having a family gross annual income inferior to five annual minimum wages. This allowance is decided by the IHRU.

3.2. Quality of housing

A specific programme – Prohabita (Financial Programme of Housing Access) – was created for those living in shanties or in buildings lacking adequate conditions and/or with no viable rehabilitation as well as situations of destruction of the dwelling and situations of overcrowding witch represented in 2007 15.5 % of the total population . The Program is executed through the establishment of cooperation agreements between IHRU and public regional and national services, such as municipalities or associations of municipalities, public institutes and the entrepreneurial public entities

4. HOMELESSNESS AND ACCESS TO SERVICES

Homeless people as any other vulnerable groups can benefit from the available measures/programmes of training and employment as well as the existent Portuguese National Health Care.

The direct engagement of the Ministry of Health and the Institute for Employment and Professional Training in the process leading to the conception of the Strategy and their commitment towards specific measures in order to promote access to opportunities and services which although existing where not reaching the homeless population may enhance improvement in these areas, depending on how these measures will be implemented.

5. MONITORING AND EVALUATION

Portugal is still in an initial phase of implementation of the national strategy. A first evaluation report is foreseen in December 2009. An intersectorial group, with representatives of the Ministries and other stakeholders is responsible for the monitoring and evaluation of the National Strategy.

ROMANIA

1. CURRENT SITUATION

There is no official definition of homelessness in Romania, where it is a relatively new concept. Access to housing has been guaranteed by the State to all citizens since around 1990. Local authorities, which are mainly responsible for programs to fight homelessness, have often come to develop operational definitions of the phenomena. The lack of a common definition and understanding of homelessness hinders the proper quantification of the problem. According to different national statistics available, the number of homeless people varies from 5 554[201] to 15.000[202]. The main causes of homelessness include financial difficulties, the restitution to former owners of dwellings nationalised during the Communist period and insufficient number of dwellings for the people evicted, changes to the legal status of the land and natural disasters. Vulnerable groups include the young, people with disabilities, large families, the Roma, the unemployed and people living on low income[203].

In Romania social housing is scarce and targeted at the very poor. There is also a large gap between supply and demand for housing, especially for affordable dwellings.

According to EU statistics, Romania is one of the EU countries with a high proportion of home ownership. However, most apartment buildings are in bad conditions due to insufficient maintenance over the years and lack of investment in renovation. Romania is also the country with the highest overcrowding rate in the EU (54% against 17,3% on average in the EU in 2007). 18.4% of the population live in a household for which housing costs represent more than 40% of disposable income, one of the highest rate in the EU (compared to 12.3% on average in the EU in 2007). The high cost of energy and heating, low income, natural disasters and the bad condition of buildings are all factors contributing to housing exclusion and homelessness.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

Romania does not have a specific policy to address homelessness, even though a number of measures have been adopted to face the new challenges of society in this area. Overall objectives of the Romanian government for the 2009-2012 period in the area of housing are: 1. to increase the state budget dedicated to rural infrastructure, roads and social housing (the country report does not provide further details); 2. to implement the national programme for the construction of social housing; 3. to build social housing for young people at national level, initially attributed through rental contracts.

The general framework for the development of policies to prevent housing exclusion is based on the constitutional right to social assistance for the vulnerable groups (e.g. the young,

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201 Statistics from the Ministry of Administration and home affairs indicatte a decrease in teh nmber of homeless people between 2004-2008 from 7.879 to 5.554 people;

202 The Quality of Life Institute (2005) evaluates that there are between 11.000 and 14.000 homeless at national level, of which 10.800 are in urban areas and approximately 5.000 in Bucarest.

203 The Quality of Life Institute (2005), Housing in Romania – the right to housing, Adrian-Nicolae Dan,

people evicted following the restitution of their dwelling to the original owners, the Roma, people on low income, people with disabilities, young people living in institutional care, etc.). Romanian housing legislation foresees the right to "*free access and without restriction to housing and to an adequate standard of living*" for all citizens. The legal framework for social housing includes 3 laws: the law on housing 114/1996 (which recognizes the right to housing and defines social housing), law 116/2002 on preventing and fighting social exclusion and law 48/2002 against all forms of discrimination. The law on housing defines the income threshold under which people are eligible for social housing, but the actual criteria to attribute social housing are defined at local level. The law limits the maximum rent level to be paid to 10% of the tenant's income and provides for the local authorities to finance the difference.

Responsibility for housing is divided between several institutions and levels of government. At the national level, the main actors are the Ministry of Labour, Family and Social Protection (in charge of the coordination of social inclusion policies), the Ministry of Regional Development and Housing (in charge of housing policy, including social housing), the National Roma Agency (including the "housing" strand) and the National Housing Agency which is responsible for the coordination of the financing of housing construction. At the local level, local authorities are responsible for the management of social housing, and together with the increasing support and active involvement of NGOs, are the main service providers for the homeless.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

In the field of prevention, the country report focuses on the legislation aimed at protecting people at risk of eviction, notably those evicted during the restitution to former owners of dwellings that were nationalised. Support is aimed at providing accommodation for the people evicted and at offering solutions to allow them to buy or rent accommodation at below-market prices. The document lists a number of on-going construction programmes, but the information provided remains descriptive and doesn't allow for a detailed analysis.

Concerning people that are temporarily without accommodation, the Nomenclature Of the Romanian Social Assistance Entities foresees two types of institutions night shelters and emergency centres. At national level, there are 69 emergency centres, 35 night shelters and 123 public or private providers of social services for the homeless. These figures appear modest, even for the Romanian authorities which acknowledge the lack of official quantification of the number of homeless people. Such quantification is essential to allow a proper estimate of the need for this type of accommodation.

An important issue facing the Romanian authorities is ensuring the transition from emergency centres and night shelters to permanent and stable accommodation. At the moment, solutions seem limited and largely depend on the volume of social housing, either existing or currently being built. Another issue concerns how to motivate local authorities to make building land available. Currently, local authorities tend not to make their land available for the construction of social housing because it is not profitable for them.

3.2. Quality

2007 SILC data points to problems with the quality of Romanian housing: 29.5% of the population live in houses with a leaking roof, as against 18% on average in the EU-27; 42%

of Romanians live in a dwelling without bath or shower, as against 3.3% on average in the EU-27; 44% live in a dwelling without in-door flushing toilet for the sole use of the household, as against 3.6% on average in the EU-27. Another worrying indicator is the percentage of people living in an overcrowded accommodation which is the highest in Europe (54% as against 17.3% on average in the EU in 2007). The country report indicates that an significant share of Structural Funds (notably the FEDER) will be used to improve, rehabilitate, modernise, develop and fit out social infrastructure.

4. HOMELESSNESS AND ACCESS TO SERVICES

The main instrument to promote access to services is the National Strategy for the Development of the National System of Social Services. Even though homeless people are consistently mentioned among the vulnerable groups in most national strategic documents (e.g; the National Strategy Report for Social Inclusion and Social Protection), their actual access to services remains very limited especially for those who do not have official identification. Access to employment also seems limited and there is no specific and individualised program for these people. While homeless people can receive free meals from social canteens, their access to health care is limited to emergency care (which sometimes also offers temporary shelter for these people, substituting for social assistance services). Specific attention needs to be paid to the imbalance between the services available in urban areas and in rural or remote communities.

5. MONITORING AND EVALUATION

Data on homelessness or housing exclusion are still difficult to find and most figures available are produced by NGOs. The Ministry of Labour, Family and Social Protection is responsible for the national coordination of social policies in Romania and also has responsibilities for the monitoring and evaluation . The monitoring and evaluation of social policies are based on decision n° 488/2005 of the government concerning the national system of social inclusion indicators. Up until now, indicators in the field of housing cover four dimensions: housing quality (adequacy), access to utilities (water, electricity, heating); basic necessity durables (fridge, phone); and overcrowding (households where there are more than 2 persons per bedroom). There is a need to improve the data collection system.

SLOVENIA

1. CURRENT SITUATION

The term social housing itself has not been in use in Slovenia since 2003, and the concept does not exist anymore. When used, it is only for "practical reasons". However, there are three types of housing in Slovenia: profit, non-profit and temporary emergency accommodation.

Slovenia has not adopted the typology of HHE and there is no reference to ETHOS typology. Homeless people are not recognised as a separate group. Therefore, they are in the same position as any other person applying for non-profit housing.

According to the share of population whose housing cost burden exceeds 40% by income quintile and poverty risk status in 2007, Slovenia is well below the EU average (EU27: 12.3%). This share is 5.1% in total, out of which 16.1% in the first quintile and 0.5% in the fifth quintile.

According to the share of population whose housing cost burden exceeds 40% by tenure status in 2007, with 2.9% Slovenia is well below the EU average (EU27: 6.7%) for the outright owners; Slovenia is also below the EU average for tenants with reduced price or free rent (5.5% for Slovenia and EU27: 13%). However, with 16.5% Slovenia is well above the EU27 average (8.6 %) for owners repaying a mortgage, while when it comes to tenants with market price rent, it is close to the EU average (Slovenia 25.5% and EU27: 25.4%).

Slovenia is much above the average according to the overcrowding rate in all households (Slovenia 39.1 % and EU27: 17.3% in 2007) and also above the average when 1-person households are excluded (Slovenia 40.1% and EU27: 18.1% in 2007).

With regard to the proportion of people deprived in 2007, Slovenia is close to the average when considering the item 'leaking roof' (Slovenia 17.5% and EU26*: 18% in 2007), 'dark dwelling' (Slovenia: 9.7% and EU26*: 8.1% in 2007), 'indoor toilet' (Slovenia: 1.1% and EU26*: 3.6% in 2007), and 'bath or shower' (Slovenia 1% and EU26*: 3.6% in 2007).[204]

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

The Slovenian Constitution acknowledges that the State should set possibilities for citizens to gain access to adequate housing. The Ministry of Environment and Spatial Planning (MoESP) has the overall competency for housing policy.

The two main legal instruments are the "Housing Act" and the "National Housing Programme". However, none of these documents includes homelessness, which is mainly the domain of the Ministry of Labour, Family and Social Affairs (MoLFSA). Moreover, there is no consistent intersectional policy or co-ordination in the area of Homelessness and Housing Exclusion. MoESP does not integrate the HHE in housing policy and MoLFSA can offer only

[204] * No data for Bulgaria.

accommodation in the form of residential units and shelters. There is no joint governmental plan for tackling homelessness.

In 2008, national budget allocated €5 Mio for the acquisition of non-profit housing. However, the Cohesion Policy funds have not been used in any housing projects and it is not envisaged in the future.

The State prescribes the conditions for housing allocation, the amount of the highest non-profit rent and subsidy amounts. It also invests in the construction of new rental housing through the Housing Fund of the Republic of Slovenia together with municipalities. Local communities provide housing and assign residential units and subsidies to tenants. The cooperation of local communities with NGOs is in place. MoLFSA is also funding the work of NGOs in this area and 16 NGOs have received funding in year 2009.

The main objective in the field of housing is to provide suitable housing to a maximum number of citizens in need of accommodation, giving the priority to handicapped people, young families, and families with several children. However, there are no objectives set for the homeless. There is also no gender dimension within housing policy, for example tenders published for non-profit housing did not give any priority to single mothers, since they are not treated as a family according to national legislation.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

Housing shortage for people with low incomes is most evident in larger cities. Housing legislation was therefore changed on 1 January 2009 to include subsidies for persons who reside in apartments rented at market price, yet meet the requirements for renting non-profit housing. Funds for non-profit housing are provided from the State and municipal budgets. The Housing Act entitles tenants of non-profit rented accommodation to unlimited tenancy for a low-income rent. Consequently, tenancy agreements cannot be terminated as long as the tenant complies with all the provisions of the agreement. Tenants cannot be evicted if defaulting due to difficult economic situation, provided they also applied for subsidy.

Temporary residential units are intended as a temporary solution for the most socially disadvantaged individuals. It is not known whether the number of these units is sufficient, as local communities have to provide them and as there is not central monitoring of supply.

A network of accommodation options for the homeless is currently set up in eight different cities in Slovenia. In addition to accommodation options (such as shelters and temporary residential units), various support programmes have also been set up (first care services for people without health insurance, hygiene treatment, food distribution points), and field work with the homeless. MoLFSA funded 16 programmes for homeless people, some of which also offer accommodation.

3.2. Quality

Rules on renting non-profit apartments prescribe the apartment size according to the number of household members. The minimum level of quality is defined under the Rules on minimum technical conditions for the construction of apartments. The standards are high and satisfactory.

Temporary emergency housing in cases of no transfer to permanent housing remains an issue of quality. The standards for temporary accommodation are very low and situations where a family with several children end up in a single room with shared bathroom and shared kitchen still occur. Such situations are only an option for a short period of time.

4. HOMELESSNESS AND ACCESS TO SERVICES

Homelessness in not a political priority, therefore no specific comprehensive homelessness policy or approach exists. Homelessness in its most acute form – sleeping rough – is still relatively hidden and it is not very widespread. Nevertheless, some improvements have been made in increasing the quantity and quality of housing provided to vulnerable groups. In 2008, there were 107 places available in shelters and 78 places in the programmes of admission centres and day centres.[205].

The issue of homelessness is partially addressed also in the field of social care. Homeless people can claim social benefits under the same conditions as other Slovene citizens. They can obtain social assistance under the Social Security Act to cover basic survival needs, and in extreme circumstances, additional financial aid may also be authorised, either as a one-off aid or on a periodic basis. Homeless people cannot get any additional financial aid to cover costs such as health care or transportation. The rights of the public health care are accessible to anyone with proper health insurance; however, a recent research[206] conducted for the Ministry of Health showed that the majority of homeless people do not have such insurance. They mostly go to two voluntary health centres that have been set up by retired general practitioners.

There are currently no national standards in place for the quality of social services dedicated to homeless people.

5. MONITORING AND EVALUATION

Currently, there are no statistics available and no systems of monitoring or evaluation put in place. It is difficult to find data on rent subsidies since they are the responsibility of local communities and there is no central register.

The lack of data poses a serious problem to policy makers; therefore it is crucial to establish a national data base which would enable better monitoring and evaluation.

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205 National Report on Strategies for Social Protection and Social Inclusion 2008-2010.

206 Razportnik, S., Dekleva, B., Brezdomstvo, zdravje in dostopnost zdravstvenih storitev (Homelessness, health and accessibility of the health care), Ljubljana, Ministry of Health, 2009.

SLOVAKIA

1. CURRENT SITUATION

Access to housing has been severely influenced by the suspended State support to the housing construction in the 1990's and its relatively slow increase in this decade. In 2001[207], the population accounted for 5.4 Mio people distributed among 1.6 Mio households. The number of dwellings was 1.9 Mio out of which 1.7 Mio were permanently occupied.

The lack of housing confirmed in the 2001 Census also revealed that the proportion of flats with two and more households was 18.8% compared to 11.8% in 1991. According to estimates, there was a shortage of ca. 230-250,000 flats in 2005. Available data indicate that the owner-resided housing, representing 85% of the dwelling stock, is not an option for young households, due to a mismatch between housing prices and household incomes. The financial crisis has even worsened this situation. Even though housing prices have slightly decreased[208] (from €1,511 per sq. meter in 2008 to €1,***342 in 2Q 2009),*** with the unemployment rate rapidly increasing (12% in July 2009 vs. 9% in August 2008), housing sales are on the decline.

Though the housing shortage has not been compensated by a more generous funding in the building sector, the importance of investing in social housing, declared at political level, has strengthened in the last years: since 2004, the emphasis on the development of social housing is in all strategic documents, such as NAP/inclusion or National Reform Plan. By way of example, 17,184 flats in total were completed in 2008, out of which 2,632 represented rental flats.

The share of population living in a household where housing costs represent more than 40% of the total household income was 18.9% in 2007 (EU average: 12.3%). By tenure status, the share is higher for the tenants paying a market price rent (37% vs. EU average 25.4%). In 2005, the net expenses for housing per capita per month were 68 EUR, while the average monthly wage was 573[209] EUR (with substantial differences between regions). The overcrowding rate is fairly high (41.1% in 2007, EU: 17.3%). As to the proportion of people deprived in 2007, it was below the EU average – the rate of population reported to live in acceptable living standards was second highest in the EU at 89.8% vs. 75.2% in the EU.

However, some groups threatened by social exclusion, in particular Roma, still face important challenges in terms of basic housing quality. There are no official statistics on homeless people. According to estimates by the NGO "Proti prúdu"[210], there are around 2,000 homeless people in Bratislava.

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207 2001 Census, carried out every 10 years

208 Source: National Bank of Slovakia, www.nbs.sk

209 Source: Statistical Office of the Slovak Republic

210 Information cited in the National report on strategies of social protection and social inclusion 2006-2008

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

The Slovak constitution does not acknowledge the right to housing, though it guarantees the inviolability of the residence. Slovakia did not commit to Article 31 Right to housing in the revised European Social Chart in 2008. The development of SK legislation has gradually reduced the warrants of safe housing, the most important amendment being probably the change of the Civil Code in 2001 which considerably weakened the legal position of tenants in municipal apartments.

The overall housing policy, in particular creating a market environment for the provision of housing, is in the competence of the Ministry of Construction and Regional Development (MCRD). The Ministry of Labour, Social Affairs and Family (MLSaF) is in charge of establishing the social instruments such as a provision of social services or housing allowances. The responsibility for social services facilities is split between the MCRD, which provides resources for their re/construction and the MLSaF, which does the same for their running.

The present key objective of housing policy presented also in the National Strategies Report (NSR) 2008 is to support the affordability of (rented) housing and the construction of apartments intended for vulnerable groups. However, the exclusive focus on rental housing in NSR neglects the complexity of the issue of homelessness.

Due to the high degree of decentralisation in the housing policy, the responsibility is shared at all three levels of the administration (national, regional, and local). The state budget allocations for housing support consisting of mortgage loan interest subsidy, home savings bank bonus, and State Housing Development Fund have been steadily decreasing in the last years, reaching level of 0.24% of GDP in 2007. Following the decentralised policy, the local governments are free to design and implement their own housing policies since the early 1990 without being obliged to follow any common standards. Some of them started the process of pushing low-income families (very often Roma) out of central parts of towns and villages to their immediate outskirts, concentrating rent-debtors in the same neighbourhoods, thus creating local ghettos. The long-term concept of low-standard housing for marginalised groups was elaborated (a flushing toilet or basin is not required); however the participation of municipalities in the programme is voluntary.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

The homelessness prevention is the issue of a complex multidepartment approach (4 Ministries, 8 self-governing regions, NGOs, all under the administration of the Deputy Prime Minister) that risks being too complex to be correctly implemented into practice.

Three categories of social housing are established (rental flats in the public rental housing sector, flats for low income families, and flats of lower standards for non-payers of rent). However they are not interconnected and generally not very accessible, partly because there are not enough of them (only 5 % of occupied dwelling stock is for rental[211]) and partly because of their relatively high monthly rent. Other services provided depend on the towns: for instance, some of them operate overnight facilities for the homeless in winter (in 2006, 18

[211] Housing statistics in the EU

homeless people had frozen to death in Bratislava, as there was not any low threshold shelter); others may financially support NGOs working with the homeless.

As a rule, the tenancy contracts are time limited. The rent regulation adopted by the Ministry of Finance effective as of 1 May 2008 concern only flats returned to original owners on the basis of restitution, while in municipal rental flats the "market" rent is set up. The prices of utilities, which represent another serious problem (90.5% of the total population are able to pay total housing costs only with difficulties or great difficulties)[212], are with some exceptions not regulated at all. The coverage of the housing allowance established in Act 599/2003 on assistance in material need is considerably limited by the strict conditions of eligibility on the one side (members of Roma marginalised communities as well as homeless people are in principle not covered at all due to problems with official approval of ownership and other legal difficulties), and on the other hand, by fairly low amounts (€52.12 monthly for 1 person, €83.32 for a family). For the above reasons, jobless families often cannot afford to rend a standard social flat. Social housing is not seen as a core solution for homeless people, as the requirement of a permanent residence and often certain income level exclude this possibility.

The main institutional tool for provision of housing for low income groups is the State Housing Development Fund, established in 1996. It allocates funds annually for the construction, reconstruction and purchase of flats and houses, intended for individuals, legal entities, municipalities, as well as for NGOs. In 2008, the Fund spent ca. €160 Mio for the support of the housing development, out of which 99% represented a loan.[213]

New Act No 448/2008 on Social services defines 6 temporary types of housing, namely overnight facilities, shelters, halfway houses, low-threshold day centres, emergency housing facilities, and low-threshold centres for families and children. These types of housing facilities still need to be more significantly translated from the law into daily life. The supply of temporary accommodation differs from region to region, for example in Bratislava the demand substantially exceeds the capacity of available facilities. The programmes of transition from emergency accommodation to more permanent or safe housing do not exist.

Limited social assistance and social work may have contributed to increasing debts in some cases; the municipalities routinely use the non-payment of rent as the reason for evicting tenants. In some districts, the town curators do not have any other tools for helping people released from prison than their advice.[214]

3.2. Quality

Minimum conditions for adequate housing were introduced in Act 355/2007 on the protection, support and development of public health, and Order 259/2008 of the Ministry of Health on the details and requirements for the internal equipment of buildings and minimum requirements for lower standard flats and housing facilities. As a matter of fact, Slovakia's legal system does not include the exact definition of the term "inadequate housing". As stated above in part II, the low standard housing being built for marginalised groups in the framework of the long-term concept require only the technical possibility to install facilities for cooking, a flushing toilet, or a basin (their actual fitting is apparently up to the tenant).

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212 EU SILC 2008

213 Official webpage of the State Housing Development Fund, http://www.sfrb.sk

214 Personal research experience of EC expert

The quality of housing is not mentioned in national key strategic documents, neither covered by targets and indicators in NAP/incl. 2008-2010. The quantitative approach is the basis of Slovakia's policy, based on the factual overcrowding of dwellings. The issue of improving the quality of housing depends on the availability of financing, which is limited as the rent defaulting is deeply manifested in vulnerable groups.

At 41.1% in 2007, the overcrowding rate is considerably higher than the EU average (17.3%). But there is a considerably smaller proportion of people deprived on all five indicators than the EU 27 average (leaking roof, bath or shower, indoor toilet, dark dwelling, and bath and toilet). It is worth mentioning however that the poorest households, coming from segregated Roma communities, are under-represented in the EU-SILC sample.

4. HOMELESSNESS AND ACCESS TO SERVICES

The standards of the provision of social services are established by Act 448/2008 on social services – shelters and over-night facilities should provide temporary accommodation, social counseling and conditions for basic personal hygiene and preparation and provision of food. The Act 576/2006 on Healthcare provides good access to health care for homeless people, with exception of dental care.

The Government has no official estimates available of the total number of homeless people in Slovakia.[215] Unofficially their number is estimated at 2-3000 people[216] in Bratislava, it could be half in the second biggest city Košice. According to the SK Statistical Office[217], as to 31 December 2007 Slovakia offered the services of 12 establishments of protected housing (available places: 246), 26 houses for lone parents (available places: 611), and 69 shelters (available places: 1,754).

At the local level, at the beginning of 2009[218], 360 clients used the services of the lodging house, 9 clients used the low threshold daily centre, and 22 clients used the low threshold daily centre for families and children. At the regional level, 0 clients used the services of the half-way home, 7 persons used the facility of the emergency housing, and 0 clients used the services of the integration centre.

5. MONITORING AND EVALUATION

The key negative aspect is the fact that local governments have no reporting obligation about the housing situation and/or data collection on homeless people in their municipalities. There is no regular monitoring or research, leading to a significant lack of data, a non-existence of standards, and a lack of co-ordination.

Currently, it is officially only possible to monitor social services facilities according to the type of social service provided (shelters, etc.). Any other (isolated) monitoring and evaluation

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215 NAP/SISP 2008

216 Estimation from February 2006 by the Initiative of ten NGOs stated that the highest number of homeless in Slovakia was in Bratislava, ca. 2-3 000 persons.

217 Report on the social situation of the population of Slovakia in 2008 by the Ministry of Labour, Social Affairs, and Family

218 The Institute for the Research of Labour and Family: First monitoring of the implementation of the Act 448/2008 on social services for the period 1 January – 31 March 2009.

is run by NGOs and funded by human rights organisations. There are plans to build a database on the housing situation and for monitoring housing needs at national and regional levels.

FINLAND

1. CURRENT SITUATION

According to the latest report by the Housing Finance and Development Centre of Finland, the number of single homeless people is estimated to have declined from over 18 000 people in the end of 1980's to about 8 000 people (November 2008). The number of homeless families has declined to 300 from 1 370 in 1987. The largest group of homeless people is those living temporarily with friends and relatives (almost 5 000 people). In addition, it is estimated that about 1 500 people are living in different kinds of institutions. Furthermore, approximately 1 000 people live in shelters, whereas the amount of people living outdoors is very small.

The share of women is about 25% and nearly as many young people are without permanent dwelling. Immigrants represent about 4-5% of single homeless, and about 15% of homeless families. The data on immigrants is, however, imperfect as not even all the biggest cities estimate the share of immigrants in the data. It has been estimated that one third of all homeless are long-term homeless, approximately 2 500, of whom approximately 2 000 live in the Helsinki Metropolitan Area. Long-term homeless are considered to be people whose homelessness is classed as prolonged or chronic or is at risk to be that way, because conventional housing solutions fail and there is an inadequate supply of other solutions.

The Finnish homelessness survey does not count as homeless those living under threat of eviction or under threat of violence. Nor does it include people receiving support for accommodation, as this is seen as a permanent solution to homelessness. The survey is done by the municipalities based on examination of the situation on a one single calendar day (15.11.). Although there are guidelines, there can be some differences between municipalities in how they count the homeless. The guidelines have also changed a bit and municipalities have themselves changed the principles what to exclude and what not, which may reflect in statistics independently of real change.

Recently the number of homeless people has visibly increased. Mainly because the municipalities in growth centres have not produced enough rental accommodations, especially small flats with reasonable living cost, although the demand has been increasing. The economic recession and increasing unemployment (8.9% in 2009 and 9.3% in 2010, ECFIN Spring forecast) is likely to make the situation worse.

The overcrowding rate is low (5.7% in 2007) compared to the EU average (17.3%) and even lower when one person households are excluded (2.8%; EU27: 18.1%). The share of population reported to have acceptable living standards was 88.9% in 2007 in Finland, whereas the EU27 average was 75.2%. However, the share of those living in acceptable conditions among the older people is somewhat smaller.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

According to the Constitution of Finland, the authorities shall promote the right of everyone to housing and the opportunity to arrange their own housing. The Act on the Development of Housing Conditions aims at guaranteeing all people residing permanently in Finland an opportunity to reasonable housing corresponding to the size of the household and the personal

needs. The dwellings should be appropriate, safe and well-functioning. In addition, housing costs should be reasonable in proportion to the size of the household and its disposable income. It is the responsibility of municipalities to ensure measures to improve the quality of housing especially for the homeless and the deprived. A subjective right to obtain a dwelling arranges by authorities does not exist, except in the cases of severe disability and when child welfare interests are concerned.

The Ministry of the Environment has the responsibility of planning and monitoring matters concerning overall housing conditions, strategies, special programmes, counselling and other preventive measures. Municipalities alone or municipalities in regional co-operation are responsible for the implementation of these tasks on local level. Ministry of Social and Health Affairs is responsible for social and health services related to housing, e.g. home care, subsistence income, housing allowances. Municipalities or municipalities in regional co-operation are the implementing bodies and regional State authorities are the supervising bodies. The Prison Service of the Ministry of Justice is responsible for release plans of prisoners, which include arrangements for accommodation.

The overall policy and actor framework is fairly comprehensive. It is a combination of State, local and private actors, including NGOs, which have at their disposal general and specific measures to prevent and reduce homelessness. General measures are available for the whole population. Special measures are delivered according to the need.

The current government's housing policy includes a programme for the years 2008-2011. Its objectives are to reduce long-term homelessness by 50% and to enforce measures preventing homelessness. The programme includes for the first time funding for increases in personnel needed to produce support services. The objectives are met by producing at least 1 250 new supported flats/places and by giving more resources to counselling and developing new concepts for support services in order to attain earlier interventions.

Special accommodation for women and families exists, but do not meet the needs. Many of the new units are available both for men and women, but the programme concentrates on measures to help men, who constitute the majority of the homeless people.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

Rental accommodation funded by the state is allocated to individuals according to their income, property assets and need. Homelessness is naturally evaluated as an urgent need. Social housing is considered to be the most important solution for homeless, especially for people and families who can manage with normal economic and social support. Most of the long-term homeless, however, need special housing solutions and more intensive, round-the-clock support with supervisory staff.

Social mix in the planning, construction and maintenance of housing areas has been the mainstream ideology in Finland since the 1960’s. Public grants have been used to acquire rented accommodation from owner-occupied housing stock, i.e. housing companies, to avoid concentration of social groups. The estimation is that there are about 40 000 supported flats of this kind. Social housing can be built or acquired by local authorities or other public bodies e.g. municipalities, insurance companies, other organisations designated by the competent authority, and limited liability companies of various type in which one or more of the three

previously mentioned organisations have direct dominant authority. In most cases such a limited liability company is owned by a municipality.

According to national statistics, the nation-wide availability of State-subsidised rental dwellings has gradually improved between 1999 and 2006.[219] However, the shortage of affordable rental units is a constant cause for complains in major growing urban areas. More effort is needed among both central and regional policy makers to increased production of state-subsidised rental accommodation.

Rent control in Finland was done away with gradually during 1992-1995. There are three parallel systems for granting housing allowances. These are targeted to different population groups according to the phase of their life-cycle. The housing allowance system is means-tested, i.e. the allowances are available only for households on small incomes.

3.2. Quality

The quality of housing is regulated by the following legislation: The Law on Land Use and Building, which includes the general requirements of residential buildings and other habitations, the Decree on Housing Design containing more detailed provisions to the law, and the National Building Code, which includes regulations on the essential technical requirements of buildings.

A dwelling with all basic amenities has piped water supply, drains, supply of warm water, indoor plumbing toilet, washing space (shower/bathroom or sauna) and central or electric heating. The share of residents in such dwellings has continuously increased, being 90% in 2004. Among over 70-year-olds, the share is 85%, which is a result of some aged people living in old one-family houses in the countryside without all the basic amenities mentioned above.

In Finland households are considered to live in overcrowded dwellings when there is more than one person per room, including the kitchen. The number of such households has decreased among both owner-occupied and rental dwellings to 4.3% (2003) of all dwellings.

In its judgment on client places on institutions providing care for demented people, the Supreme Administrative Court ruled that a prerequisite for home-like living conditions is to provide a room of his/her own, and that each client's right to privacy, irrespective of the form of housing, is safeguarded as a basic right. The Court considered that, as a rule, it is not justifiable to place two strange people in one room, or to have an increased number of client places on economic grounds.

4. HOMELESSNESS AND ACCESS TO SERVICES

The Finnish legislation on social welfare and health emphasises the so called normality principle, which entitles the homeless to same social security benefits and social welfare and health services as other permanent residents. Eligibility for benefits depends on the individual's needs for services. In accordance with this principle, there has been no good reason or need to draft separate norms or quality standards for social welfare services for the homeless.

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A separate social care office solely for the homeless only exists in the city of Helsinki. A new reception and assessment unit for the homeless, a first of its kind, was recently established in Helsinki offering both social welfare and health services. Normally, however the homeless use the municipal services available for everyone, e.g. health care centres. Homeless people, who are also long-term unemployed, can engage in vocational rehabilitation based on an individual activation plan drawn up jointly by the social welfare authorities and the employment office. Since a large share of homeless in Finland has multiple problems and they do not often turn to the available services for help, the main challenge is to reach them. Day centres for the homeless and search work locating those who live outdoors is organised in the largest cities. The number of the homeless people living outdoors (mainly in huts in the woods) in the Helsinki Metropolitan Area is between 50 and 100 people, depending on the time of the year. There is also an NGO carrying out search work during night time in Helsinki.

5. MONITORING AND EVALUATION

The Housing Finance and Development Centre of Finland is responsible at national level for gathering monitoring data on homelessness. Data concerning the numbers of homeless people is collected by combining the data from the housing and social welfare authorities with information provided by other organisations involved. Improvements in the system have been done mainly by stepping up cooperation in data gathering at local level.

The Programme to Reduce Long-tern Homelessness involves a detailed monitoring process, in which data is collected on measures taken in the cities with respect to individuals and in the context of projects.

In 2006 an external evaluation was conducted on the National (2001–2005) and Helsinki Metropolitan Area (2002–2005) Action Plans to Reduce Homelessness. The programmes improved local cooperation among the various authorities and the awareness of the necessity to offer support services connected with housing/accommodation. However, the programme did not much increase the stock of low-rent accommodation essential for reducing homelessness. On the basis of the recommendation presented in the report a new programme to reduce long-term homelessness begun in 2008.

[1] Statistics of Social Housing. Housing Fund of Finland, Housing Indicators, 25.6.2007

SWEDEN

1. CURRENT SITUATION

According to national data, 17.800 people were considered to be homeless in Sweden in 2005. Among them, approximately 3.600 were sleeping rough, or were referred to shelters or other emergency accommodation such as women's refuges. The majority of the homeless were people who currently have somewhere to stay but whose housing situation is uncertain in various respects, such as people about to be released from correctional facilities or treatment institutions without having any accommodation arranged before being discharged, or people in temporary and transitional supported accommodation provided by social services or others.

The most recent mapping showed an increase of 2.000-3.000 people since the previous mapping five years earlier. About 75% of the homeless were men, and while the majority were born in Sweden, there is an over-representation of people born outside the country. Women and people born outside the Nordic countries are the groups where the proportion of homeless people has increased most. While most of the homeless were reported to be single, a third was parents of children under 18 years of age. The average age of the homeless population was 41; about 37% were between 30-45 years old, 24 % 18-29 years old and 23% 46-55 years old.

The average yearly rent for a home in Sweden was SEK 842/m² (EUR 83/m²) in 2007.[220] The share of housing costs in disposable income ("net" of housing allowances) is at 15% lower than the EU average (19%). However, for people at-risk-of-poverty, the share is, at 41%, among the highest in the EU. The share of population living in a household where housing costs represent more than 40% of the total household income was however, at 7.8%, lower than the EU average (12.3%). By tenure status, this share is biggest for tenants paying a market price rent (21.6%) and lowest for owners with mortgage. Sweden's social expenditure attributed to housing benefits (% of total benefits) was 3.6% in 2006 (EU27: 2.3%).

When it comes to quality, housing deprivation is less of a problem in Sweden than the EU average, as 87.2% of the population is reported to live in acceptable housing standards compared to 75.2% in EU27. Although the overcrowding rate in general is low in Sweden (9.5% in 2007, EU27: 17.3%), confined living conditions exist to a greater deal in big cities.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

There is no general right to housing in Sweden, but according to the Swedish General Social Service Act, everybody should be guaranteed a fair standard of living. This lies within the responsibility of local authorities and hence the 290 self-governed municipalities are responsible for ensuring that people in need are offered emergency night accommodation. The work to prevent homelessness and housing exclusion is consequently put into practice at local level, and in many places NGOs and religious bodies make an important contribution.

In 2007, the government presented a three-year national strategy to combat homelessness and exclusion from the housing market, comprising four objectives:

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220 http://www.scb.se/statistik/BO/BO0406/2007A01/BO0406_2007A01_SM_BO39SM0801.pdf

Everyone should be guaranteed a roof over his/her head and be offered further coordinated action based on the needs of the individual.
There shall be a reduction in the number of women and men who are in prison or at a treatment unit, or have supported accommodation and who do not have any housing arranged before being discharged or released.
Entry into the ordinary housing market shall be facilitated for women and men who are in temporary and transitional supported accommodation provided by social services or others.
The number of evictions shall decrease and no children shall be evicted.

The main purpose of the strategy is to establish a structure that clarifies the responsibility of multiple actors at national, regional and local level, that have a role to play in the work to address homelessness and exclusion from the housing market. The Ministry of Health and Social Affairs is responsible for coordinating work in the government office. The National Board of Health and Welfare is commissioned to lead and coordinate the monitoring and implementation of the strategy, in consultation with relevant authorities (such as the National Board of Housing, Building and Planning, the Swedish Prison and Probation Service, the Swedish Enforcement Service Authority) and the Swedish Association of Local Authorities and Regions, the county administrative boards and other organisations working in the field.

Apart from encouragement of partnerships and enhanced coordination, other key elements of the strategy are mutual learning of evidence-based practice and development of methods of collecting and monitoring data on homelessness. Action to implement the strategy covers both incentives for local development work and commissions to government agencies to develop knowledge and working practices.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

As part of the national strategy on homelessness and housing exclusion, the government also has an overarching objective of making it easier for people to establish themselves in the housing market. In a bigger context, this is linked to the government's overall objective to break patterns of social exclusion by creating conditions for more jobs. In other words, the direction of housing policy is to seek to establish people on the labour market so as to be able to establish long-term stable conditions for housing ownership and construction.

Unlike most countries, Sweden does not have social housing. However, the tradition of public housing and the regulated rental market aim at providing affordable housing. The production of public housing has however been on the decrease for some time, creating a shortage of affordable rental apartments in larger cities. The share of public dwellings[221] in completed buildings has decreased from 24% of all dwellings in 1987 to 16% in 2007,[222] and in 2008 the number of vacant rental apartments was 26,412 (including both public and private), the lowest since 1992. The total dwelling stock was 2.4 Mio by the end of 2007. Many people fall outside the general rental market as a consequence of not being accepted as tenants (often due to not having sufficient income or lacking references from previous landlords). Municipalities can in these cases rent apartments to sublet (this is referred to as a "secondary housing market") and if a person is eligible, social assistance will also cover the housing cost.

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221 In Swedish: "Allmännyttiga bostäder"
222 SCB: Bostads- och byggnadsstatistisk årsbok 2009.

As part of its *National strategy to combat homelessness and exclusion from the housing market*, the government aims to decrease the number of evictions and totally eliminate the eviction of children. This seems to have had some effect, as the number of evictions has decreased annually from year 2000 onwards. In 2008, there were 3000 cases of evictions, whereof 700 concerned children (the number of individuals behind the figures is however unclear). The work to prevent eviction varies among the municipalities, but many are actively using co-operation between different stakeholders to do so.

As the work on homelessness and housing exclusion is handled at local level, the way in which temporary accommodation for the homeless is provided for accordingly varies from municipality to municipality. Accessibility conditions and limitations in terms of use also differ from accommodation to accommodation. Since no data are aggregated at national level, it is not possible to get an overview and the government is not able to produce any information as to the adequacy of supply of such accommodation. The municipalities' housing support for homeless people often follows a "staircase model", where people successively over a period of time are moved from emergency accommodation to supported accommodation, aiming at a permanent solution in the regular housing market.

In Sweden, there is a growing interest in the so called housing first model. There are some municipalities who, within the frameworks of an innovation project, are willing to test housing first as a model for solving the homelessness situation.

3.2. Quality

Laws and regulations on construction set up basic requirements concerning safety, accessibility and habitability of buildings. It is the municipalities that have the responsibility to supervise that rules are followed and to ensure the quality of all forms of accommodation (also emergency accommodation for the homeless), under the supervision of county administrative boards. The proportion of people reported to live in acceptable living standards is among the highest in EU (87.2% in 2007).

At 9.5% in 2007, the overcrowding rate is lower in Sweden than the EU average (17.3%). The poor and lone parents are, however, considerably more prone to confined living conditions with overcrowding rates at 28.2% and 24.2% respectively.

4. HOMELESSNESS AND ACCESS TO SERVICES

The causes of homelessness are multiple and complex and seem to be a mixture of individual and structural problems. Clear gender differences also exist. The latest mapping showed that 60% of the homeless had addiction problems and 40% some form of psychiatric disability (often a combination of the two). One of the reasons pointed out for the increase in homelessness is an increase in heavy misuse in combination with deficiencies in health and social care for substance abusers and people with psychiatric problems. The number of women in women’s refuges has more than doubled since the previous mapping. Naturally, there is also a connection between homelessness and the housing market in the sense that municipalities without homelessness rarely have a shortage of accommodation, while municipalities with many homeless people find it hard to meet the housing needs of the homeless. Connected to this is also the lack of affordable apartments.

Services for homeless are thus varying depending on the individual's situation, and as access to such services rests within the responsibility of municipalities with a multiplicity of actors involved in the work, it is hard to get an overview of the situation on the ground.

Since Sweden has a general welfare system, homeless people as well as all other people can benefit from health care, social services and services in the employment domain. However, the fact that homeless people often have multiple disadvantages creates special needs for this target group. As stated, the government encourages partnerships and enhanced coordination, and integrated strategies seem to exist in many places at local levels. In some cities there are specific day centres for homeless people, sometimes combined with outreaching activities especially for people sleeping rough. In some places, there are also health services specialised in homeless people.

5. MONITORING AND EVALUATION

There is no regular reporting system put in place for monitoring homelessness but national mappings of homelessness are carried out approximately every five years.

The National strategy to combat homelessness and exclusion from the housing market includes commissions to government agencies to, among other things, develop statistics on eviction orders and knowledge summaries on the effects of different methods to integrate homeless people on the regular housing market. The National Board of Health and Welfare and the National Board of Housing, Building and Planning were also commissioned to do a mapping of the "secondary housing market", i.e. housing that municipalities sublet to people who cannot get into the regular housing market. Furthermore, the National Board of Health and Welfare was commissioned to present a plan for how to continuously monitor the extent and character of homelessness.

As the current strategy plan covers 2007-2009, the National Board of Health and Welfare is to deliver a joint report from the government agencies no later than 1 July 2010 that includes the question of how local development work has helped to achieve the above mentioned objectives set up (the strategy does however not include any indicators for monitoring the development, except for eviction orders). This report will also form a basis for future priorities set by the government.

UNITED KINGDOM

1. CURRENT SITUATION

The number of people accepted under the statutory scheme as being homeless and owed a duty to secure accommodation ("homeless acceptances") (see section II for description of the statutory scheme) rose steeply in the UK in the late 1990s and early 2000s. However, in recent years, the number of homeless acceptances reduced in all four UK nations, with the most remarkable reduction in England (with the total halving by 2007/2008). The number of statutory homeless acceptances is significantly higher in Northern Ireland and in Scotland.

Around half of the applications for assistance considered under the statutory scheme are not accepted as being owed a duty to secure accommodation. Some of these cases are accepted as 'homeless', but they are not included in the figures for 'homeless acceptances', mentioned above. Equally, no data is available for those who may be homeless but have not been considered under the statutory scheme ("non-statutory" homeless people). However, an indication of the number of non-statutory homeless people is the 55.239 households with which services, funded under the "Supporting People programme" worked in England alone in 2007/2008. These services mainly work with single men, while families with dependent children, most of them single mothers, and pregnant women are captured under the statutory homelessness definition (2/3 of households in England and half in Wales and Northern Ireland).

The numbers of people sleeping rough, based on nationally conducted street counts[223], show a downward trend and are relatively low for three UK nations (England: 502; Wales: approx. 150; Northern Ireland: 10). These figures are based on street counts whereas in Scotland, which asked homeless applicants whether they slept rough the night before, reports 3,370. Rough sleeping by migrants, particularly economic migrants from the EU, is currently of major concern.

According to EU indicators, housing costs are a significant issue in the UK. For 16.9 % of the population in the United Kingdom, the housing cost burden was more than 40% in 2007, which is one of the highest shares in EU 27 (EU average: 12.3%). Of these, 46.1% fall within the first income quintile (higher are only EL: 65.8%; RO: 47%; EU average: 35.2%), while 46.6% are classed as 'poor' (compared to 38.1% in EU). Furthermore, the proportion of "owners" and "tenants" with a housing cost burden of more than 40 % are substantially higher than the EU average: 14.5 % of owners with a mortgage in the UK exceed the 40 % threshold (EU average: 8.6 %), and 42.2 % of tenants paying market prices (EU average: 25.4 %). Moreover, the UK, with 24.7%, has the highest share of tenants with reduced rent or free accommodation in the EU 27 with a housing cost burden of more than 40% (EU average: 13%).

The median share of housing costs for the population as a whole was 23% (compared to 18% in EU) falling to 21% when housing allowances are taken into account. The highest median for different groups of the share of housing costs in household income was for households headed by a lone parent (40%) or classed as 'poor' (45%) – compared to 32% and 36% respectively in the EU. The UK is about the EU average in terms of deprivation indicators

[223] Figure supplied by national authorities in reply to SPC HHE questionnaire

with the largest reported problem being a leaking roof (14.75) and 'dark dwelling' being the only above EU average indicator (11.2%). At 5.6% and far below the EU average of 17.3%, overcrowding is not a serious issue in the UK.

2. OVERALL POLICY FRAMEWORK AND GOVERNANCE

Under legislation first introduced in England and Wales in1978 and subsequently extended to other parts of the UK, local authorities (the Housing Executive in Northern Ireland) must ensure that accommodation is made available to homeless households who fulfil certain criteria: eligible for assistance, unintentionally homeless and fall within a priority need group. People are defined as statutorily homeless in England and Wales, if, broadly, they do not have accommodation that they have a legal right to occupy, which is accessible and physically available to them and which it would not be reasonable for them to continue to live in (for example, because that is likely to lead to violence against them or members of their family). The definition of homelessness in other UK nations is very similar. Further more, persons who are likely to become homeless within the next 28 days (2 months in Scotland) are defined as being "threatened with homelessness". Reasonable steps must be taken to ensure that applicants who are eligible for assistance, unintentionally threatened with homelessness and who fall within a priority need group do not cease to have accommodation available.

The definition of "rough sleepers" in England is: "People sleeping, or bedded down, in the open air (such as on the streets, or in doorways, parks or bus shelters); people in buildings or other places not designed for habitation (such as barns, sheds, car parks, cars, derelict boats, stations, or "bashes", that is temporary self-built shelter)". Wales and Northern Ireland have a similar approach, whereas Scotland defines a rough sleeper as anyone who has slept outside in a place not specifically designed for human habitation at least once in the last seven days.

In relation to the ETHOS typology, depending on their particular circumstances, people who are "homeless" within the UK statutory definition could fall within any of the ETHOS categories. However, due to the unusually strong statutory homelessness safety net in the UK, people who are recorded as unintentionally "homeless" and within a “priority need” group would be owed an immediate duty to secure accommodation and would therefore no longer be homeless. That duty continues until an offer of a settled home can be made. People "threatened with homelessness" within the UK statutory definition are likely to fall within the ETHOS definition: “living in insecure housing”. People who fall within the UK definition of ‘rough sleeper’ would come within ETHOS category: “rooflessness”. However, the ETHOS category of "people in accommodation for immigrants" does not appear to be explicitly covered.

People who are homeless (or owed a duty under the statutory scheme) are legally entitled to "reasonable preference" in the allocation of local authority housing (in Scotland they are entitled to reasonable preference in housing association allocation). In practice, this means they must be given reasonable preference for "social housing". Apart from NI (where legislation is currently in train), applicants are entitled to request a review of local authority decisions and, if dissatisfied with the review decision, can appeal to the courts on a point of law.

Responsibility for homelessness policy and legislation is wholly devolved to Scotland and Northern Ireland, and partly devolved to Wales. England and the Devolved Administrations each have their own homelessness strategy (a strategy to end rough sleeping is only mentioned for England and Wales). A common objective is to reduce homelessness. In

England, a target has also been set to halve the number of households in temporary accommodation by 2010) and a commitment made to end the long term use of Bed and Breakfast accommodation for 16 and 17 year olds (long term use of B&B accommodation for families was ended in 2004). Scotland has committed to abolishing the statutory 'priority need' criteria, so that all unintentionally homeless people would be entitled to settled accommodation by 2012.

Implementation of housing and homelessness policies rests principally with local housing authorities (the Housing Executive in Northern Ireland) and, to a lesser extent, a range of other organisations, such as housing associations, health authorities, and NGOs.

Local authorities receive mainstream funding from central government for the provision of services, including homelessness services, in the form of a block grant and since 2002 this can be supplemented through homelessness grants, such as "Supporting People" funding. By removing certain restrictions on how these grants can be used, local authorities in Scotland have the right to decide themselves how to spend the funding. The removal of this restriction is also under discussion in England.

3. ACCESSIBILITY AND QUALITY OF HOUSING

3.1. Accessibility

Schemes are in place to prevent eviction/re-possession or litigation in cases where a tenant or a home owner faces difficulties in paying his/her rent or mortgage. "Mortgage rescue" schemes aim at helping home owners in difficulty to become tenants or shared equity owners (established in England and Wales in 2009). Homeowners Mortgage Support help households in temporary income shock to defer their mortgage interest payments (UK wide). Through the Repossessions Prevention Fund (£20m), English local authorities can grant small loans or one–off payments to households at risk of repossession or homelessness because of repossession. Should a mortgage holder become unemployed, they can receive financial support via the welfare benefits system in the UK (Support for Mortgage Interest). Also, from October 2009, mortgage lenders are required to notify a property against which repossession action is being taken addressed to the "occupiers/tenant", and to send this notification to the local authority where the property is located.

All four UK nations have established various protocols and working arrangements to improve access to housing for people leaving institutions. Particular attention has recently been given to improve housing and other conditions for ex-prisoners and young people leaving care, and also to ensure a level playing field for access to housing for ex-service personnel.

At the end of June 2009, just over 60,000 households were in temporary accommodation in England awaiting a settled home. Of these, three quarters were in London (Scotland: roughly 5,000, Wales: 1,000, no information on NI). Although there is no time limitation on how long households may remain in temporary accommodation, the policy aim is for people to be offered settled accommodation as quickly as possible. In England, numbers have reduced from a peak of 101,000 in 2005 and authorities are well on the way to meeting the Government's target of halving the numbers by 2010.

The "Supporting People programme and funding" is an important service provided to vulnerable people in social and private housing and includes support in gaining life skills

(maintaining a tenancy, budgeting and cooking), in accessing health/social services, benefits and in gaining training and employment.

All four nations recognise the importance of social housing supply and three of them set targets and set funding aside (over £7.5billion is being invested which will deliver over 112,000 new affordable homes in 2009 and 2010). In 2006, the social sector stock was 18% of the total stock in England, 26% in Scotland and 17% in Wales and in Northern Ireland respectively.

People who are homeless or owed a duty under the homelessness legislation must be given reasonable priority in the allocation of local authority housing (along with various other groups of people in housing need).

The UK wide housing benefit system assists some 4 million households in Great Britain which equals approximately 14 % of all households. It is primarily paid to economically inactive households who receive baseline welfare benefits and covers the whole rent in the social rented sector.

3.2. Quality of housing

The minimum standards for housing in England, Wales and Northern Ireland have recently been defined by the Housing Health and Safety Rating System (HHSRS) and this aims to take into account a wide range of risks, for example, tripping hazards, fire safety and poor repair. In England, overcrowding is defined in the Housing Act 1985 via a "room standard" (no male of female person aged over 10 should have to share a bedroom) and a "space standard" (usually no more than 2-3 persons should share a bedroom). Living space for two persons should not be less than 10.2 metres square. Any overcrowded household must be given reasonable preference on waiting lists for social housing,

Apart from the minimum standards above, all nations have also more ambitious standards for the social housing sector. Both the Scottish and the Welsh standards are somewhat higher than the English ones.

Accommodation secured for applicants under the homelessness legislation in England and Wales must be "suitable" for the applicant and all members of the household. Although not defined in legislation, case law has established that ‘suitability’ includes factors such as size, condition, location and accessibility. Scotland requires a minimum of physical, safety and proximity standards (distance to health services and schools for families with children and pregnant women).

Offers of accommodation to homeless applicants in Northern Ireland must be deemed ‘reasonable’ which is a discretionary judgment based on factors such as overcrowding, accessibility, location and condition.

4. HOMELESSNESS AND ACCESS TO SERVICES

There are efforts across all four UK nations to improve co-operation among stake holders to support homeless people. The National Health Service provide specialist services adapted to the needs of homeless people across the UK while specific guidance and standard notes have been or are developed in Scotland and Wales. Some of the homeless people will also be targeted by a new programme, led by the Cabinet Office, for those hardest to reach.

Various initiatives and projects set up by NGOs, and funded by DWP, aim at supporting homeless people to find and maintain employment (e.g. "Off the Street and into Work"). In addition, Scotland has a Homelessness and Employability Network and Northern Ireland a Promoting Social Inclusion Steering Group, with subgroups on employment, training and healthcare.

5. MONITORING AND EVALUATION

National reporting is based on returns by local authorities under the homelessness legislation. The information on statutory homelessness is collated by central government in all four jurisdictions. Scotland records data on characteristics and composition of households whereas all other three nations record the number of households assessed.

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