

FEANTSA

Press Note

European Federation of National Organisations working with the Homeless

Chaussée de Louvain, 194, 1210 Brussels - Belgium

Tel: +32 2 538 66 69 | information@feantsa.org

www.feantsa.org | @FEANTSA

10 December 2015

Social Impact Assessment by the European Commission of Greek programme makes a mockery of the reality on the ground

FEANTSA, the European Federation of National Organisations working with the Homeless, has expressed surprise at the excessively positive tone taken by the European Commission's Social Impact Assessment (SIA) of the third Greek bailout.

"The self-congratulatory statements of the European Commission are completely at odds with the experiences of ordinary people and even some of the findings of the SIA itself" said FEANTSA Director, Freek Spinnewijn. "There is a crisis of belief among citizens right across Europe about whether the EU can deliver on its social values. Nowhere is that crisis more severe than in Greece. The excessively positive stance taken in this Assessment is completely at odds with the experience of millions of EU citizens and is more likely to deepen cynicism about the role of EU leadership than change views about the impact of the austerity programme."

On the 19th of August 2015, an agreement was reached on the third economic adjustment programme for Greece. For the first time, Greece will receive support from the European Stability Mechanism - an EU Treaty-based organisation established under EU-law which is not bound by the EU Charter of Fundamental Rights.

FEANTSA noted that the European Commission published the assessment only a few days after the Greek Parliament endorsed the controversial package. The haste with which the European Commission launched the social impact assessment (SIA) of the third programme appears to be an attempt to compensate for the lack of human rights scrutiny inherent in the ESM.

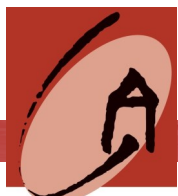
Marianne Thyssen, the Commissioner responsible for Employment, Social Affairs, Skills and Labour Mobility, said *"This Commission has made it a priority to put socially fair adjustments at the core of new support programmes. Today we have delivered for the first time on this commitment by thoroughly assessing the social impact of the new programme for Greece and **making sure it is socially fair and protects the most vulnerable throughout.**"*

Extract from EC press release 20 August 2015 http://europa.eu/rapid/press-release_IP-15-5512_en.htm

FEANTSA points out that the facts do not bear out this conclusion and that the report had been prepared without any significant participation by key Greek stakeholders such as the NGOs which are dealing with the consequences of the crisis on a day-to-day basis.

"We believe that the third programme is unlikely to change the sad reality that the most vulnerable and the lower middle-class have been the first victims of the austerity measures imposed by the Troika since the first Memorandum of Understanding."

The European Commission asserts in the SIA that *"the burden of economic adjustment of the third programme is distributed as equitably and as fairly as possible across society, and adequately takes account of the most pressing social needs and challenges in Greece"*. It also argues that an important part of the programme is aimed at enhancing the effectiveness, fairness and coverage of the Greek social protection system. We don't find any proof of this when analyzing the impact of the measures listed in the agreement.



FEANTSA

Press Note

European Federation of National Organisations working with the Homeless

Chaussée de Louvain, 194, 1210 Brussels - Belgium

Tel: +32 2 538 66 69 | information@feantsa.org

www.feantsa.org | @FEANTSA

In this paper we want to address the following questions:

Is the burden of the economic adjustment spread in a socially fair way between the different layers of society? To what extent will the social reform measures have a direct positive impact on the rapidly deteriorating social situation in Greece? What measures (if any) will help to address the needs of the most vulnerable? Most of the measures in the third programme are affecting the part of the population that has already been severely affected up until now – namely the most vulnerable and the lower middle-class. The programme consolidates austerity as the principle way out of the crisis and largely ignores the fact that years of austerity have already eroded the social fabric of Greece.

Four examples are set out below.

The impact of VAT increases:

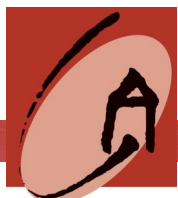
The programme imposes yet another increase of VAT which is a flat tax with very little redistributive effect. The SIA acknowledges that the measure disproportionately affects the lower income groups but argues that there is no alternative way of increasing tax income because of the huge problem of tax evasion. Of course, more could be done to tackle tax evasion. Taxes on basic goods like electricity, certain food items such as pasta and rice, heating oil and public transport are expected to increase – the level of 6.5% will go up to 13% which will then increase to 23%. A genuine Social Impact Assessment would attempt to quantify this impact of this on the nutrition of lower income groups rather than seek to justify a socially regressive tax on the basis of the tax evasion of the better off.

Phasing out of financial support to older people on low pensions:

The programme foresees the gradual reduction of the EKAS – a financial supplement for older people on low pensions. The programme targets the 20 highest per cent of the lowest pensions (up to 850€ per month). To put things into perspective, a person on the lowest pension gets 340€ per month. With the EKAS supplement (which is highest for the lowest pensions) it reaches 570€, which allows a pensioner to get by if he/she has no major housing costs or does not experience any serious health problems. On a pension of 320€ per month, it is impossible to live a dignified life. With the total phasing out of the EKAS by 2019, the poorest pensioners risk to end up in total destitution. Some of them will be able to benefit from the minimum income but it will not provide the same additional income as the EKAS system.

The inadequate impact of Minimum Income:

The SIA praises the importance of the rolling out of the guaranteed minimum income programme, but the programme does not specify what budget will be reserved and whether the population it covers will be restricted to people living in extreme poverty. Up until now, the minimum income scheme was merely a pilot in a limited number of areas for a period of 6 months. The pilots target the people living under the extreme poverty threshold, which is defined as less than 4800€ per year (400€ per month) per person. The evaluation of the scheme by the World Bank is not yet available, but the Bank has already stated that a generalized minimum income scheme targeted at the most vulnerable is unlikely to have any effect on relative poverty numbers but it would lift 1/3 of the target population just above the extreme poverty line. Bridging the income gap between the poor and the extreme poor is laudable, but in the Greek context falls terribly short of the challenge considering the rapidly growing inequality between the top 20% and bottom 20% of the income scale.



FEANTSA

Press Note

European Federation of National Organisations working with the Homeless

Chaussée de Louvain, 194, 1210 Brussels - Belgium

Tel: +32 2 538 66 69 | information@feantsa.org

www.feantsa.org | @FEANTSA

The position of pensioners:

It is interesting to look carefully at the minimum income levels required to live a life in dignity produced by the National Bank of Greece (NBG) in 2013 (see table below). Column E1 relates only to essential goods and services such as clothes, food and basic accommodation. So for instance, the NBG states that a couple with two children would require €1,347 per month to provide themselves only with these items. The minimum guaranteed income scheme would top up the income of this family to maximum 400€ which is more than 900€ short per month of what is considered to absolute minimum. Given these realities, for the SIA to present the Minimum Income Scheme as a major step forward undermines the entire credibility of the assessment.

Household composition (E1)	BANK OF GREECE						
	E1*	E2(9)*		E2(10)*		E2(11,12)*	
1 person	537 €	74 €	611 €	27 €	638 €	44 €	682 €
1 couple	906 €	128 €	1.034 €	43 €	1.077 €	83 €	1.160 €
1 parent-1 child	758 €	100 €	858 €	40 €	898 €	64 €	962 €
1 couple-1 child	1.126 €	155 €	1.281 €	56 €	1.337 €	103 €	1.440 €
1 couple -2 children	1.347 €	180 €	1.527 €	71 €	1.598 €	122 €	1.720 €
1 couple-3 children	1.568 €	205 €	1.773 €	85 €	1.858 €	142 €	2.000 €

Homelessness and Housing Exclusion

The SIA concludes that the third programme protects the most vulnerable but completely fails to address the homeless – who are considered among the ‘most vulnerable’ in all other EU policies and frameworks. The number of people becoming homeless has increased in Greece in the last few years. While it is true that official data on homelessness is weak in Greece, this is not an acceptable reason for ignoring the phenomenon.

The problem of homelessness is very visible in Greece, and clearly impacts on families, elderly people and single people. It is named as a priority issue for the Minister of Social Integration, but apparently not important enough to deserve a mention in the SIA. We are forced to read between the lines and there may be the implicit assumption that the Greek government can use the ESF programme (2014-2020) to deliver on its focus on homelessness. But considering the many competing urgent issues, the ESF funds are wholly insufficient.

Apart from the visible homelessness, the reality of extreme exclusion hidden in derelict and abandoned buildings, and in damp and cold homes is ignored as well. A study by the University of London estimates that in the Attica region alone, roughly more than 500,000 people live in total destitution (see Gounis-Arapoglou, 2014). According to the Pan-Hellenic Association of Tenants, the number of evictions from rental housing has increased by 70% since the start of the crisis. Some of the evictions are enforced through court orders but there is a huge problem of destitution amongst people leaving their dwelling on a voluntary basis because they cannot pay their accumulated rental debt. Unlike mortgage holders, tenants are not protected at all.



FEANTSA

Press Note

European Federation of National Organisations working with the Homeless

Chaussée de Louvain, 194, 1210 Brussels - Belgium

Tel: +32 2 538 66 69 | information@feantsa.org

www.feantsa.org | @FEANTSA

The moratorium on repossession of people's first homes introduced by the Greek Government has been an effective measure to protect thousands of households from destitution. The OECD estimated the number of non-performing mortgage loans at 300,000 in 2011 and it has not stopped increasing since then. The programme wants to end to this moratorium in its current format but it is totally unclear how the transformation will avoid the likely outcome of large numbers of mortgage holders in difficulty falling into destitution.

It is interesting to note that more than 90% of the poor are experiencing housing cost overburden (i.e. they spent more than 40% of their income on housing) – by far the highest rate in the European [Union](#).

Households having to live without electricity or proper heating during winter are also on the rise and yet receive no mention in the SIA. In 2013, the national electricity company cut 330,000 homeless from the grid. 40,000 households have reconnected their homes illegally and only 140,000 families have been able to pay off their debts. These numbers show the huge problem of energy poverty which has recently led to increasing numbers of *winter deaths*.

Targeting of the Social Protection System

The new programme includes a requirement for a comprehensive mapping of weaknesses of the social welfare system. During the last few years, however, such studies have been carried out repeatedly by different stakeholders. The problems are known and the inadequate coverage of the most vulnerable people is one of them. The solutions are clear, and cutting budgets of (basic) social services used by the most vulnerable is not one of them. What would be the advantage of yet another mapping, apart from buying time to justify no action to help the poorest and the continuation of budget cuts?

It is true that there needs to be more targeting in the Greek social protection system. In the current situation it is not possible, for example, to provide every single parent a monthly allowances of 44€ regardless of their income. But it is no solution either to cut these and other small benefits all together without a proper plan to protect the most vulnerable.

The third programme also requires the Greek government to cut expenses in the social protection system by more than €900 million through better targeting but there is no mention of how the system should better cater for the most vulnerable, such as the homeless. Rolling out the minimum scheme is put forward as the solution to ensure proper targeting. But it will only reach 7% of the poor (people with less than the median income) and is wholly insufficient (see above). And there is the thorny issue of the role of social services. The most vulnerable need access to services and support. A simple monthly benefit is insufficient to help them overcome the complexity of their problems. There is no word in the programme about the role and funding of social services. Already now the private foundations have largely taken over the role of the State as funder of social services for the most vulnerable. How sustainable is such a situation and why doesn't the SIA raise these points?

Conclusions

The Third Programme is broadly similar to the previous Memoranda of Understanding with the Troika, and a credible assessment of its social impact would take into account the known impact of poverty, unemployment, and other social problems resulting from the similar approaches in the past. To substantiate the claim that the Third Programme will deliver for the most vulnerable would require evidence and analysis which is entirely absent from the SIA.



FEANTSA

Press Note

European Federation of National Organisations working with the Homeless

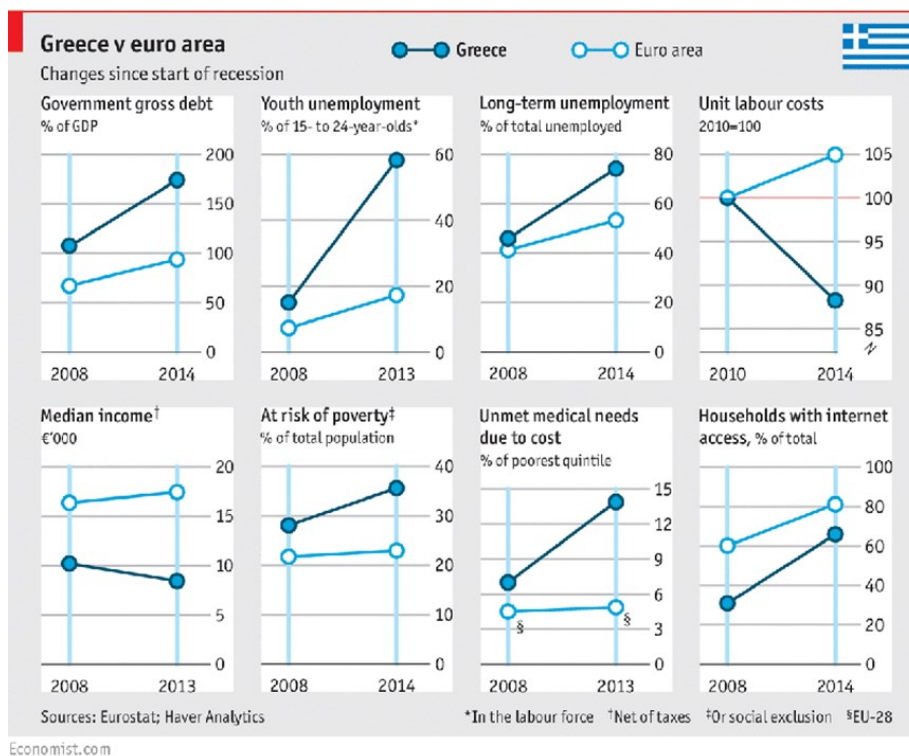
Chaussée de Louvain, 194, 1210 Brussels - Belgium

Tel: +32 2 538 66 69 | information@feantsa.org

www.feantsa.org | @FEANTSA

The SIA has been a desk-based research by EU civil servants based in Brussels who are far away from the reality of (extreme) poverty. FEANTSA believes that SIAs can be an important policy instrument to shine a light on conflicting claims about the impact of policies on different social groups. However, calling such a process a Social Impact Assessment discredits the very idea that such assessments are reliable, objective instruments of policy. In publishing this report the Commission has damaged not only the credibility of the SIA process but has also its own credibility in progressing the social values which are at the foundation of the European Union. Most importantly it has done nothing to add to a real understanding of the impact of the Third Memorandum on the most vulnerable EU citizens in Greece.

FEANTSA believe that there is an urgent need for the EC to recover credibility by revisiting this issue and calls upon the EC to commission an independent study on the surge of homelessness in Greece and the measures needed to reverse this trend and to integrate the recommendations into the review of the Greek social welfare/protection system.



<http://www.iefimerida.gr/news/191770/economist-okto-grafimata-poy-deihnoyn-poso-vathia-einai-i-krisi-stin-ellada-eikona>
The graph above is from Economist- Feb.

Find out more from www.feantsa.org or call 0032 2 538 66 69

----- ENDS -----

Notes for editors:

1. [FEANTSA](http://www.feantsa.org) is the European Federation of National Organisations working with the Homeless. It is an umbrella of not-for-profit organisations which participate in or contribute to the fight against homelessness in Europe. It is the only major European network focusing exclusively on homelessness at European level