

*Understanding the opportunities
and tackling the challenges
ahead in the second year of the
COVID-19 crisis*

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At-risk-of poverty and/or social exclusion in the EU

- **92.4 million, 20.9% of the EU-27 population, were living at risk of poverty and social exclusion;** mostly women, children, single-parent households, non-EU immigrants and refugees, people with disabilities, homeless persons and Roma.
- Member States with rates **above** the EU27 average: Bulgaria (32.5%), Romania (31.2%), Greece (30%), Latvia (27.3%), Lithuania (26.3%), Italy (25.6), Spain (25.3%), Estonia (24.3%), Croatia (23.3%), Cyprus (22.3%) and Portugal (21.6%).
- **Around 24 million, or 5.4 % of the EU population, were 'severely materially deprived'.** **Above** average: Bulgaria (19.9%), Greece (16.2%), Romania (14.5%), Lithuania (9.4%), Cyprus (9.1%), Hungary (8.7%), Slovakia (7.9%), Latvia (7.8%), Italy (7.4%), Croatia (7.2%) and Portugal (5.6%) have rates above the EU average.

Social assistance and social protection systems could not get enough people out of poverty

In many countries:

- Social protection systems: underfunded. Problems of coverage/inadequacy.
- Income transfers: low impact on poverty reduction.
- Non take up due to bureaucratic complexity.
- Multiple pension gaps both in access and in benefit.
- Child and family benefits: insufficient coverage or low amounts.
- Regional disparities.

COVID-19: New needs among the already poor and vulnerable

- The COVID-19 crisis increased the number of people in, or at risk of, poverty. EC's Spring 2020 Economic Forecast: AROPE expected to increase by from 3.1 to 4.8 percentage points, reaching **125 million people**.
- Confinement and lockdown have disrupted many daily livelihood strategies, in particular for the already most vulnerable populations.
- Homeless people, immigrants and Roma groups living in temporary or non-conventional structures, low-income families in unfit housing or in extreme overcrowding are not able to avoid contagion or heal in isolation when contracting the disease.
- Economic, gender, skills, regional, and ethnic inequalities have all worsened.

Close-down of social and support services harmed people in vulnerable situations

- The pandemic **disrupted the operation of public services**
- Increase of **digital divide**
- **Suspension of counselling services**
- **Lack of documentation** prevents undocumented immigrants and asylum seekers to get food assistance or work.
- **Increase in financial, mental and logistical costs, particularly single-parent families.**
- **Rise in domestic violence**

New profiles of people in social vulnerability and material deprivation

Former FEAD beneficiaries return, and new claimants are linked to:

- Income drops for people in 'atypical work', and with low-incomes.
- Unemployment, compulsory furloughing and lack of access to adequate financial support.
- Increased costs of living.
- Stops in the activity of those self-employed and loss of income.
- An increase in social vulnerability: drop in wellbeing; rise in loneliness and mental health challenges.

New profiles of food aid beneficiaries (Spain)

Spanish Red Cross

1. Low-skilled or low-wage workers who:

- a. Lost their jobs and exhausted their eligibility for unemployment benefits.
- b. Are temporarily furloughed and pending to be paid.

2. 'Atypical' and undeclared workers

Now left without income

Federación Española de Bancos de Alimentos

3. Former beneficiaries who are forced to 'return' to food assistance

Back to 'square one'.

4. An increasing share of children in vulnerable families

New profiles of food aid beneficiaries (Portugal)

EAPN Portugal

- Many more requests for food aid due to the fall in occupation.
- Cuts in the household income and increase of costs;
- Confinement and isolation
- Illness and quarantine
- Increasingly vulnerable situation of single-parent families and of people with disabilities

In need, but with difficult access

- Those affected by procedural issues;
- People experiencing homelessness, living in housing exclusion
- Undocumented migrants

New profiles of food aid beneficiaries (Italy)

CILAP Italy

- Over 2 million families sliding into absolute poverty.
- In the last months of 2020, 33% of Italians recorded an income reduction of at least a quarter.

The 'new poor'

- Pensioners, unemployed, families with children, carers, domestic workers, people with precarious jobs and self-employed, not covered by social protection systems.
- Suffer from unexpected events: illness, job loss and lack of resources
- Caritas and Banco Alimentare: increase of 153,000 applications and a 40% increase in the distribution of parcels

New profiles of food aid beneficiaries (Czechia)

Caritas Czechia

- The profile has not substantially changed: families in poverty, single mothers, homeless people, people in debts, etc.
- The number has increased, due to those who lost their job and cannot find another.

The 'new poor'

- Incipient group: new incomeless people
- Freelancer workers
- State assistance does not always come/ nor compensate for the loss of income

New profiles of food aid beneficiaries (Germany)

Diakonisches Netzwerk Aachen

- Increasing housing issues, unemployment and indebtedness.
- Previously ill people have a higher risk of aggravating their condition.
- Mental illnesses growing, with increasing demand for psychological support.
- Drug use also seems to be rising.

The 'new poor'

- Opportunities for social inclusion have been largely discontinued.
- More vulnerability of women.

Unparalleled challenges for the activities supported by the FEAD

1. A steady increase of demand.
2. Initial impact on the distribution of food and basic material assistance.
3. Adaptation to the evolving situation in the second semester.

Changes in FEAD Regulation in response to the pandemic

- In May, FEAD Regulation was changed to cater for a quick and effective response to the COVID-19 crisis.
 - Early eligibility of actions.
 - Flexibility of OP amendments and reporting/audit.
 - Broadening the scope of eligibility.
 - More liquidity by aligning with the CRII package.
- The multiannual financial framework (MFF) 2014-2020 is extended until 2022.

New practices and revision of existing practices during the COVID-19 pandemic

Innovative responses while increasing safety are:

1. Food and basic material assistance through **(electronic) vouchers or cards.**
2. **Protective materials and equipment** to partner organisations.
3. Increased **outreach to recipients' homes.**
4. **Better diagnosis** which helps to identify vulnerable situations.
5. More **collaboration with civil society organisations and institutions** to safely deliver aid.

Challenges in some countries (PT, ES...)

1. More food is distributed with fewer human resources.
2. Food increase comes from private donations and alternative funding.
3. Protective equipment is not considered as 'eligible' expense.

The use of other funding instruments

- The EU has not let Member States walk alone in this crisis. Cohesion Policy has been key.
- REACT-EU will make available EUR 47.5 billion of additional funding to the current the ESF, ERDF and the FEAD, during 2021-2022.

Implications:

- The current ESF and FEAD 2014-2020 programmes (as well as the ERDF) will be extended and topped up for two more years (2021-2022) while planning the new programmes for the ESF+ for 2021-2027.
- It is possible to retroactively finance eligible measures launched as of February 2020.
- The additional funding can be implemented either through **programme amendments** or **new dedicated programmes** submitted by MS to the EC (simplified approval procedure).
- Each Member State will then decide how to distribute this additional funding between ERDF, ESF and FEAD.

Discussion - Lessons learnt

- The number of people living in poverty has increased and their profiles have diversified.
- The COVID-19 crisis showed the need to deal with some unexpected situations and to react quickly and in a flexible way to them.
- Counselling services are extremely necessary.
- Evouchers, supermarket or bank cards are less stigmatising and allow beneficiaries to choose food freely, but there are challenges.
- The distribution of PPE among staff and volunteers prevents contagion.
- Volunteers' profile has changed; training of the new volunteers needed.
- Coordination increased within the FEAD partners.
- Additional, alternative financial resources can be collected to meet the increasing demand.

Challenges

- **Cuts on ESF+ Budget.** The political agreement reached by the European Council in July 2020 sets the budget for ESF+ at EUR 88 billions (2018 prices).
- This represents a cut of 8.1% compared to the ESF budget in 2014-2020 (EUR 95.8 billions) and a cut of 2% from the proposed ESF+ budget by the Commission in May 2020 (EUR 89.7 billions).
- It is far from what the European Parliament has called for (EUR 106.8 billion).

Opportunities

- **A more social ESF+**
- **Strengthened synergies and more efficacy.** ESF+ will have two strands, merging existing ESF, YEI, FEAD and EaSI. Aims: To strengthen synergies, avoid duplication and enabling a more integrated approach.
- **Regarding FEAD, the Member States decide** whether to go for:
 1. A comprehensive ESF+ programme in which actions for addressing material deprivation are linked to active inclusion measures; or
 2. A specific programme exclusively addressing material deprivation and separate from the active inclusion programme under the umbrella of ESF+.
- **Additional funding for current ESF and FEAD programmes under REACT-EU for 2021-2022.**

Eligible practices within the scope of FEAD that could be maintained after the COVID-19 crisis

- The new methods could be continued in post-COVID times, **if they are adjusted to the organisation's mission and if stakeholders consider that they benefit the end recipients.**
- E-vouchers and money cards show mostly positive results. Challenges and risks:
 1. Tracking of expenditures varies depending on the scheme and the requirements;
 2. Risk of fraud is significantly reduced by the introduction of e-vouchers, although it cannot be eliminated entirely;
 3. The enforcement of the restrictions on e-vouchers in terms of permitted goods is not done automatically;
 4. Requirements from contracting authorities may limit companies to larger supermarket chains and exclude smaller local stores;
 5. They can reduce the positive impact happening with the delivery of food to the person in need.

Regarding the programming of FEAD-type interventions in the ESF+, proposals for FEAD partner organisations

- To **reflect on how to further develop** the positive practices described in this paper, understanding the opportunities and acknowledging the limitations
- To **engage in a dialogue with the Managing Authorities.**
- ***Ex ante* assessment**, to do a more accurate targeting of the vulnerable groups, with **participation of the people experiencing poverty and material deprivation.**
- **Short and medium-term participative assessment of the last programming period and of the actions they delivered during the pandemic**, to improve the quality of their future work.

Thank you!

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