

Brussels, 7 May 2026  
(OR. en)

9061/26  
ADD 1

SOC 244  
EMPL 109  
COH 79  
COMPET 551  
EDUC 151  
ANTIDISCRIM 43  
ENER 238

## COVER NOTE

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From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

date of receipt: 6 May 2026

To: Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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No. Cion doc.: SWD(2026) 770 final

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Subject: COMMISSION STAFF WORKING DOCUMENT Poverty in the EU - key trends and policies  
Accompanying the documents  
COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS on the European Union's Anti-Poverty Strategy: addressing and preventing poverty from childhood to old age Proposal for a COUNCIL RECOMMENDATION on fighting housing exclusion

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Delegations will find attached document SWD(2026) 770 final.

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Encl.: SWD(2026) 770 final



Brussels, 6.5.2026  
SWD(2026) 770 final

**COMMISSION STAFF WORKING DOCUMENT**

**Poverty in the EU - key trends and policies**

*Accompanying the documents*

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE, THE COMMITTEE OF THE REGIONS  
on the European Union's Anti-Poverty Strategy: addressing and preventing poverty  
from childhood to old age**

**Proposal for a COUNCIL RECOMMENDATION on fighting housing exclusion**

{COM(2026) 538 final} - {COM(2026) 540 final} - {SWD(2026) 771 final}

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## Introduction

**The political guidelines 2024-2029 announced the first-ever EU Anti-Poverty Strategy** with the aim *‘to help people to get access to the essential protection and services they need, along with addressing the root causes of poverty’*. In her State of the Union address in September 2025, President von der Leyen highlighted that the Strategy will *“lay out our plan to help eradicate poverty by 2050”*. This document accompanies the Commission Communication on the EU Anti-Poverty Strategy, complements the Staff Working Document on “Breaking the cycle of child poverty – strengthening the European Child Guarantee” and supports the proposal for the Council Recommendation on fighting housing exclusion. It provides a comprehensive analysis of poverty and its root causes in the EU and gathers evidence to support the initiatives presented in the Strategy.

**The rationale for the EU Anti-Poverty Strategy is three-fold.** First, combating poverty is a moral imperative, and a strategic investment in the EU’s democracy, equality, competitiveness, cohesion, resilience, preparedness and shared prosperity. Chapter 1 recalls the legal context of the fight against poverty (in particular that Article 3 of the Treaty of the European Union stipulates that the EU shall *“combat social exclusion and discrimination, and shall promote social justice and protection”*) and the strong economic and political case of addressing poverty. Indeed, preventing poverty is more effective and less costly than addressing its consequences and there is a need to unlock the EU’s potential workforce and support human capital development, all the more so in a context of labour and skills shortages. Furthermore, addressing poverty contributes to build trust in institutions, supports social inclusion and strengthens the bonds of societies. The EU Anti-Poverty Strategy aims to help reach the EU 2030 poverty target, while also setting a path towards the ambition to help eradicate poverty by 2050.

**To help combat poverty, the EU Anti-Poverty Strategy takes a comprehensive approach to poverty and recognises that poverty is multidimensional.** Chapter 2 of this Staff Working Document sketches a definition of poverty and social exclusion in the EU today, recalling how it has evolved over the last decades. It also presents key facts and figures<sup>1</sup> as well as recent and forthcoming trends. Chapter 3 provides an analysis on who faces poverty in the EU, and the main reasons behind it.

**The EU Anti-Poverty Strategy combines a preventive and supportive approach,** by looking into the root causes of poverty. It takes a life-cycle approach, taking into account the different life stages and experiences that shape people’s individual development and wellbeing, and the specific policy responses needed in these different phases. Following the active inclusion approach the Strategy promotes activation, as quality jobs are the best prevention against poverty (for those who can work), together with access to key goods and services as

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<sup>1</sup> The figures presented in this document are based on the EU Statistics on Income and Living Conditions (EU-SILC), unless indicated otherwise. The EU-SILC is co-ordinated by Eurostat and conducted annually in all EU Member States using harmonised concepts and methodology.

well as adequate income support. Chapter 4 presents relevant policies to support people at risk of poverty or social exclusion today and prevent others from falling into poverty.

**The EU Anti-Poverty Strategy recognises that national, regional and local authorities are at the forefront of the fight against poverty.** Chapter 5 recalls how the EU support Member States' efforts to combat poverty, in particular with guidance and funding, and refers to how the Strategy will be monitored. Chapter 6 complements this by recalling how EU combats poverty outside of its borders through its external policies.

Annex 1 provides an overview of key structural national challenges and drivers of poverty and social exclusion, identifying three priority challenges in each Member State.

**Finally, the strategy was informed by a comprehensive consultation process,** which combined an open public consultation as well as targeted consultations of all relevant stakeholders, ranging from national authorities, social partners and civil society organisations to businesses and persons experiencing poverty. The results of these consultations are presented in Annex 1 of this Staff Working Document.

## 1. Context of the fight against poverty in the EU

**The EU's action on poverty is grounded in the Treaties and the Charter of Fundamental Rights.** Article 3(3) of the Treaty on European Union sets the objective of promoting social justice and protection. Articles 19 and 145–161 of the Treaty on Functioning of the European Union establish the EU's remit in the areas of non-discrimination, employment, and social policy, while Title III of the Charter of Fundamental Rights enshrines rights relating to equality and solidarity. The power to enact most anti-poverty policies remains primarily with the Member States, but addressing poverty and social exclusion has been a central concern of the EU's social cohesion agenda for several decades.

**Already in 1975, the Council adopted the first Community programme of pilot schemes and studies to combat poverty,** marking the beginning of a sustained European policy interest in understanding and addressing poverty beyond purely economic deprivation. This was followed by further Community anti-poverty programmes in the 1980s and early 1990s, as well as the 1989 Council Resolution on combating social exclusion, which helped broaden the focus from income poverty alone to wider patterns of exclusion from economic and social participation. In 1992, the Council Recommendation on common criteria concerning sufficient resources and social assistance established an important reference point by recognising people's basic right to sufficient resources and social assistance so they can live in a manner compatible with human dignity.

**The Lisbon Strategy (2000–2010) placed social inclusion alongside employment and growth objectives, paving the way for quantified EU-level targets.** Building on these foundations, the Europe 2020 Strategy, adopted in 2010, introduced the first headline target on poverty and social exclusion at EU level: to lift at least 20 million people out of the risk of poverty or social exclusion by 2020. This target was supported by enhanced monitoring through the Social Open Method of Coordination, earmarking resources under the European Social

Fund, and strengthened reporting within the European Semester. Although the target was not fully met<sup>2</sup>, Europe 2020 marked a significant step in aligning social objectives with the EU's overall growth strategy.

**The 2008 Commission Recommendation on active inclusion of people furthest away from the labour market** introduced a comprehensive framework, called active inclusion, inviting Member States to design integrated strategies that combine adequate income support, inclusive labour markets, and accessible, quality social services. Emphasising a holistic and personalised approach, the Recommendation sought to break cycles of benefit dependency and ensure long-term social and economic integration. The principles of active inclusion are a cornerstone of the 2023 Council Recommendation on adequate minimum income ensuring active inclusion.

**The 2013 Social Investment Package called on Member States to prioritise social policies that invest in people throughout the life course**, prevent social risks and strengthen active inclusion through adequate income support, inclusive labour markets and access to quality services.

**The European Pillar of Social Rights (EPSR), jointly proclaimed in 2017** by the European Parliament, the EU Council and the European Commission, further reinforced the EU's social dimension. The Pillar sets out 20 principles in the areas of equal opportunities, fair working conditions, and social protection and inclusion. The third chapter of Pillar embeds key policy areas to tackle poverty and social exclusion, such as in particular Principle 11 on childcare and support to children; Principle 14 on minimum income; Principle 17 on inclusion of persons with disabilities; Principle 19 on housing and assistance for the homeless and Principle 20 on access to essential services.

The EPSR Action Plan (2021) introduced a headline poverty reduction target: to reduce by at least 15 million the number of people at risk of poverty or social exclusion by 2030, including at least 5 million children. The target was endorsed at the 2021 Porto Social Summit and welcomed by the European Council. All Member States established national poverty reduction targets, with 21 countries also setting specific child poverty reduction targets. The Pillar Action Plan also announced a number of initiatives to support the implementation of the Pillar principles. In the area of poverty and social exclusion relevant initiatives include the Council Recommendation establishing a European Child Guarantee, the Council Recommendation on minimum income ensuring active inclusion, a European Platform on Combating Homelessness, an EU report on access to essential services and guidance on the use of distributional impact assessments.

**The Council Conclusions on the role of labour market, skills and social policies for resilient economies emphasises that those policies have the potential to contribute to economic growth while pursuing social objectives.**<sup>3</sup> Well-designed social investment can

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<sup>2</sup> In 2019, for the EU28, the number of people living at risk of poverty or social exclusion was only down by around 10 million compared to 2008<sup>14</sup>, with a total of 107.5 million people. Source: 2021 SPC annual review of the Social Protection Performance Monitor (SPPM) and developments in social protection policies.

<sup>3</sup> [Council Conclusions of 18 June 2024 on the role of labour market, skills, and social policies for resilient economies \(11066/24, SOC 443, EMPL 258, ECOFIN 676\).](#)

raise productivity and economic growth. For instance, investments and reforms in education and skills can foster economic growth through increases in productivity, innovative capacity and employability. Based on a meta-analysis, on average, each euro invested in in-kind benefits for children yield over five euros in return, with education-related interventions delivering highest returns of nearly seven euros<sup>4</sup>. Since returns can compound over the life cycle, investment in early childhood education and care (ECEC) is expected to have the strongest cumulative impact. Active Labour Market Policies (ALMPs) and well-functioning public employment services (PES) can improve the efficiency of labour market matching and activate population groups that are underrepresented in the labour market. Investment in health can improve the working age and can prolong working lives; such investment can prevent work-related illnesses and help (re-) integrate persons with disabilities and those returning from longer-term sick leave into the labour market.

As part of its broader strategy to combat poverty and social exclusion, the EU has placed a strong emphasis on fostering social and territorial cohesion across its Member States, underpinned by several key policies and funding mechanisms. The Cohesion Policy for the 2021-2027 period emphasises strategic investments in transitioning towards a greener, more digital economy while maintaining a strong focus on inclusivity and social fairness.

**Poverty reduction is also strongly anchored in the EU international agenda.** In 2015, the UN adopted the Sustainable Development Goals (SDGs), with SDG 1 explicitly calling to “*end poverty in all its forms everywhere.*” The EU committed to integrating the SDGs into its policy frameworks, and poverty reduction remains a core indicator of EU progress towards sustainable development. The EU also actively contributes to and supports the work of the International Labour Organization (ILO), in line with the Social Protection Floors Recommendation, 2012 (No. 202) and with the Social Security (Minimum Standards) Convention, 1952 (No. 102), which are relevant commitments to address poverty.

**The European Social Charter represents a social rights framework** and enshrines fundamental rights in areas such as work, housing, health, education, and social protection, and commits signatory states to guarantee these rights in law and practice. While all Member States have ratified the original 1961 European Social Charter, ratification of the 1996 Revised Charter, which expands and modernises social rights, has been incomplete and some countries accepted only a limited number of its provisions. This uneven ratification continues to constrain the full realisation of social rights across Europe and highlights the need for renewed commitment to a coherent, high-standard social framework consistent with the principles of the EPSR.

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<sup>4</sup> Rand, ‘Report on the effectiveness of child benefits in the EU’, forthcoming.

## 2. Definitions and key indicators

### 2.1. Definitions

**Poverty is multifaceted and complex**<sup>5</sup>. The way it is measured can depend on the context and on the underlying approach. For instance, **monetary poverty** can be assessed using different benchmarks — from the World Bank’s fixed international poverty line, which tracks extreme poverty in low- and middle-income countries, to measures relating to basic needs (such as food in the US), and **relative poverty** measures, such as those used in the EU and in the OECD.

**The EU approach to poverty and social exclusion has evolved across time, supported by advances in EU-level social statistics.** A shared understanding has emerged that poverty and social exclusion are relative to time and place, while also recognising the need to consider their most severe forms.

- **From the 1970s to the 2000s**

**The concept of poverty was first clarified in the EU policy framework in 1975.** The Council Decision establishing the first anti-poverty programme<sup>6</sup> defined the poor as “*individuals or families whose resources are so small as to exclude them from the minimum acceptable way of life of the Member State in which they live.*” This definition emphasised the lack of control over resources that hampers full participation in society. It reflected a shared understanding that, in advanced and prosperous economies, governments’ responsibilities extend beyond ensuring mere subsistence; they must also ensure that everyone can benefit from society’s overall level of prosperity. By referring explicitly to national circumstances, the Council also recognised that poverty is relative in time and place and confirmed that it is largely addressed through national policies.

**Over time, the definition of poverty evolved, also reflecting a growing awareness that poverty is multi-dimensional.** What began as a focus on material resources—“*goods, cash income plus services from public and private sources*” (1975 Council Decision)—was broadened in 1984 to include “*cultural and social resources.*”<sup>7</sup>

The concept of social exclusion entered EU policy in the late 1980s, through the 1989 Council Resolution on combating social exclusion.<sup>8</sup> This broadened the focus beyond monetary poverty alone and signalled a shift in policy objectives: from fighting poverty alone to fighting poverty **and promoting social inclusion**. Since the mid-1990s, EU documents have consistently referred to “*poverty and social exclusion*” together. A shared understanding emerged that this is broad enough to accommodate national differences while remaining coherent at EU level.

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<sup>5</sup> See for instance Cassio, L.G., *Addressing poverty in the EU - Insights from science and practice for an Anti-poverty Strategy*, Publications Office of the European Union, Luxembourg, 2026, <https://data.europa.eu/doi/10.2760/0436735>, JRC144009.

<sup>6</sup> OJ L, 1975/199, 30.7.1975, p. 34, ELI: <http://data.europa.eu/eli/dec/1975/458/oj>.

<sup>7</sup> OJ L, 1985/2, 3.1.1985, p. 24, ELI: <http://data.europa.eu/eli/dec/1985/8/oj>.

<sup>8</sup> OJ C, C/1989/277, 31.10.1989, p. 1, ELI: [EUR-Lex - 41989X1031 - EN - EUR-Lex](http://eur-lex.europa.eu/lexUri.do?uri=CELEX:1989X1031:EN:EUR-Lex).

- **2001–2010: Development of social inclusion indicators under the Social Open Method of Coordination**

**The first set of EU social inclusion indicators was formally adopted by the 2001 Laeken Council.** The list of 18 indicators was developed by the indicators sub-group of the newly established Social Protection Committee (2000). This work drew on decades of efforts to develop comparable EU-level measures of poverty and social outcomes, alongside substantial investment in standardised EU social statistics. The indicators were used to support EU-level monitoring in the context of the Social Open Method of Coordination strategy for social inclusion.

**The 18 “Laeken indicators” placed strong emphasis on relative income poverty, consistent with the original definition of poverty.** They also covered labour market exclusion (jobless households), regional disparities (dispersion of employment rates), education (early leaving from education and training), and health (life expectancy). Over time, this list was complemented by indicators capturing additional dimensions of exclusion, such as in-work poverty, access to healthcare (unmet need), material deprivation (access to non-monetary resources), and the quality and accessibility of housing.

- **The current approach since 2010**

**In June 2010, EU Heads of State or Government committed to reducing poverty and social exclusion by at least 20 million people by 2020.** This target was framed as *“building a cohesive society in which people are empowered to anticipate and manage change and consequently to actively participate in society and the economy.”* Poverty and social exclusion were defined using three main indicators: risk of poverty, severe material deprivation, and people living in households with very low work intensity.<sup>9</sup> This approach acknowledged the multi-dimensional nature of poverty and social exclusion and the diversity of situations and priorities across the EU.

At the end of the last decade, the AROPE indicator (at risk of poverty or social exclusion) was refined, following an in-depth revision of the deprivation items very much based on a Eurobarometer survey in 2007.<sup>10</sup> The definitions of ‘severe material and social deprivation’ and of ‘jobless households’ were updated, including by extending the age bracket for the latter to 64. AROPE underpins the 2030 EU poverty reduction target, set at reducing the number of people at risk of poverty or social exclusion by at least 15 million.

**The current AROPE indicator is based on the following dimensions:**

- **At-risk-of-poverty rate (AROP):** defined relative to a threshold of 60% of national median equivalised disposable income. This relative dimension of poverty also relates to the inequality of income at the lower end of the income distribution.

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<sup>9</sup> A comprehensive comparison between the indicators used for the EU 2020 strategy and for the EU 2030 target, can be found in Eurostat’s [Glossary entry: At risk of poverty or social exclusion \(AROPE\)](#).

<sup>10</sup> European Commission, ‘Special Eurobarometer 279 Poverty and exclusion’, September 2007, [Poverty and exclusion - October 2007 - - Eurobarometer survey](#).

- **Severe material and social deprivation (SMSD):** a non-monetary measure of poverty. It measures the proportion of individuals experiencing an enforced lack of at least 7 out of 13 specific deprivation items.<sup>11</sup> These items encompass both household-level and individual-level aspects, reflecting the inability to afford essential goods, services, or social activities necessary for an adequate life.
- **Persons living in households with very low work intensity (VLWI) (also known as the share of persons living in “(quasi-)jobless households”):** referring to the number of people living in households where working age members work a time equal or less than 20% of their total combined work-time potential during the previous year.

Social monitoring frameworks agreed by the Council and the Social Protection Committee cover also further dimensions of poverty (see chapter 5.3).

**Available poverty statistics<sup>12</sup> do not fully capture all dimensions of poverty.** These “hidden dimensions of poverty” highlight its deep connections with social exclusion and inequality. For instance, according to the ATD 4<sup>th</sup> World project *The Hidden Dimensions of Poverty*<sup>13</sup>, poverty is associated with limited choices that can reduce individuals’ autonomy and create ongoing insecurity. It is linked to physical, mental and emotional strain influenced by living conditions, insufficient nutrition and the challenges of meeting daily needs. People experiencing poverty may encounter social attitudes characterised by stigma or exclusion. Poverty can also be defined as the deprivation of the ‘capacity to flourish’ – or the capability to live a life that one has reasons to value.<sup>14</sup>

Finally, it should be noted that certain groups — such as homeless people and those living in institutions— often are not covered in official data, and that some dimensions of poverty are not well reflected by the data presented below. For instance, it remains a challenge to measure and monitor structural discrimination based on gender, age, ethnicity, disability, sexual orientation, gender identity or expression and sex characteristics, or other.

## 2.2. Poverty diagnosis

This section provides a diagnosis of poverty and social exclusion in the EU based on the current monitoring framework of poverty and social exclusion across the EU. It reviews key facts and figures, including on the territorial dimension, the impact of the cost-of-living crisis, simulation

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<sup>11</sup> This represents the proportion of the population experiencing an enforced lack of at least 7 out of 13 deprivation items (6 related to the individual and 7 related to the household): Capacity to: 1. face unexpected expenses; 2. afford one week annual holiday away from home; 3. deal with payment arrears (on mortgage or rental payments, utility bills, hire purchase instalments or other loan payments); 4. afford a meal with meat, chicken, fish or vegetarian equivalent every second day; 5. ability to keep home adequately warm; 6. access to a car/van for personal use; 7. replacing worn-out furniture; 8. internet connection; 9. replacing worn-out clothes by some new ones; 10. two pairs of properly fitting shoes (including a pair of all-weather shoes); 11. spending a small amount of money each week on him/herself; 12. having regular leisure activities; 13. getting together with friends/family for a drink/meal at least once a month.

<sup>12</sup> See also section 5.3 on monitoring.

<sup>13</sup> ATD Fourth World, ‘The Hidden Dimensions of Poverty’, 2019, [The Hidden Dimensions of Poverty - ATD Fourth World](#).

<sup>14</sup> Sen, A., *Development as Freedom*, Oxford University Press, 1999.

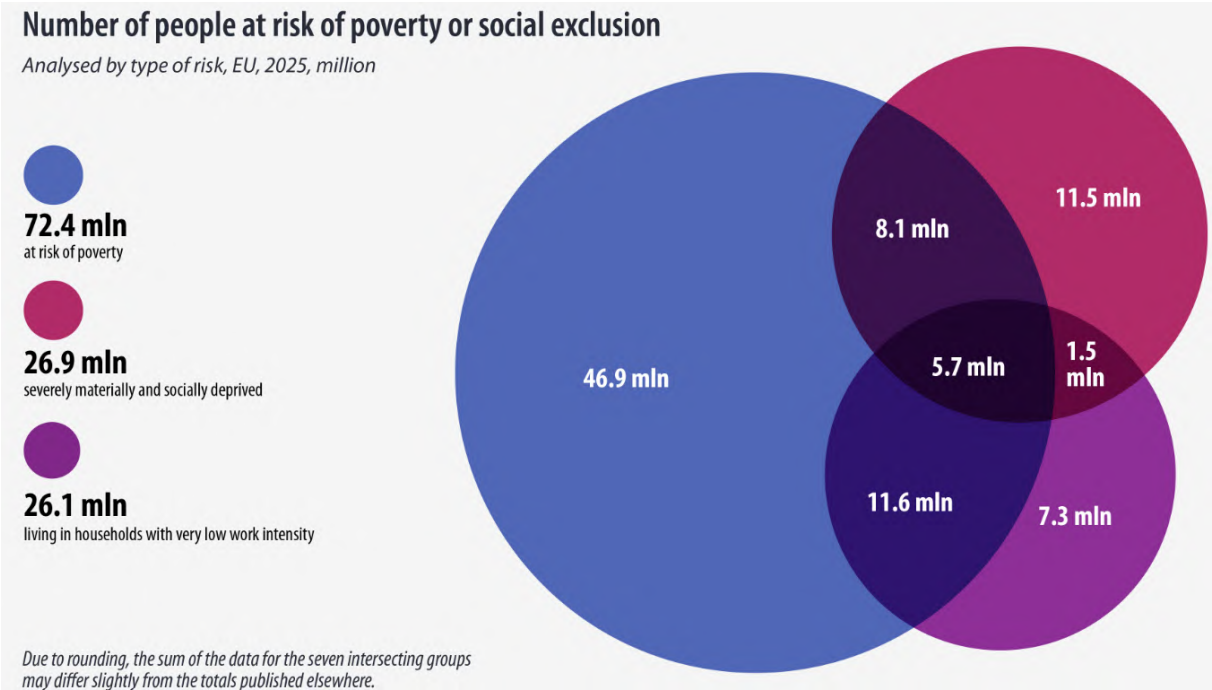
of the impact of different scenarios on poverty, the role of social protection and stress-testing of welfare systems before looking more into future prospects and the impact of megatrends.

The rapid pace of changes exacerbated by the cost of living, as well as significant shifts in the labour market and workforce, calls for better anticipation and stronger, more agile evidence. In this context, the Commission will improve the monitoring of poverty and put forward new indicators on affordability, with a view to having them agreed by 2028 and identify a strong monitoring basis for progress towards the 2050 ambition of helping eradicating poverty in the EU by 2050 (please see section 5.3). This new set of indicators will reflect relevant different dimensions of poverty, as well as affordability, such as access to basic goods and services essential for a decent life, and purchasing power, wealth and debt.

### 2.2.1. Key facts and figures

In 2025<sup>15</sup>, **92.7 million people** in the EU - including **19.3 million children** - were estimated to be in AROPE, representing around 20.9% of the population. Among them, 72.4 million were AROP, 26.9 million experienced SMSD, and 26.1 million lived in VLWI households. There are actually some overlaps between these dimensions, with in particular 5.7 million experiencing the three dimensions altogether and a bit less than half of those in severe material deprivation and around one third of those in very low work intensity are not experiencing monetary poverty.

**Figure 1**

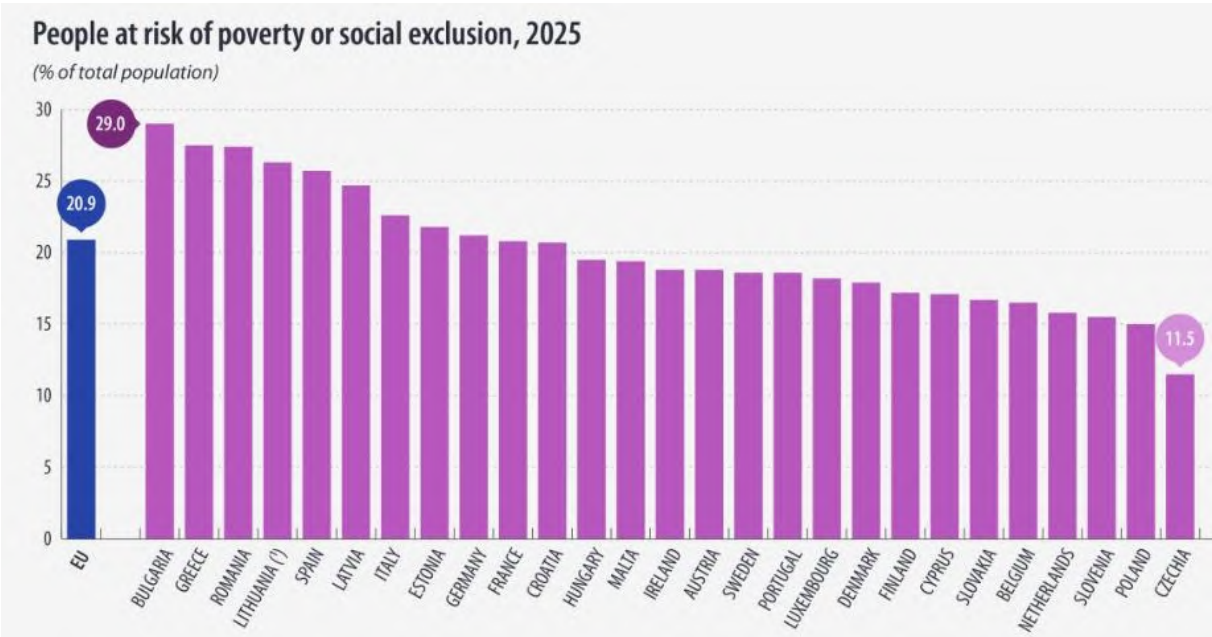


Source: Eurostat (SILC 2025)

<sup>15</sup> Source: Eurostat data (SILC 2025, ilc\_peps01n).

**Wide disparities in AROPE rates persist across Member States.** In 2025, AROPE ranged from around, or below, 16% in Czechia, Poland, Slovenia, the Netherlands to 25%, or more, in Spain, Lithuania<sup>16</sup>, Romania, Greece, and Bulgaria. This variation points to the room for upward convergence in the effectiveness of national frameworks to combat poverty and social exclusion as well as to the impact of potential new challenges.

**Chart 1 – At risk of poverty or exclusion rates in the EU (in %) (2025)**



Source: Eurostat (SILC 2025)

While at risk of **poverty (AROP)** remains the largest component of the AROPE indicator, the composition of AROPE varies considerably across Member States. In 2025<sup>17</sup>, the highest AROP rates are observed in Lithuania (22.6%<sup>18</sup>), Latvia (22.0%), and Bulgaria (21.2%), while the lowest are found in Czechia (9.6%), Belgium (10.9%), and Denmark (11.8%).

The highest levels of **severe material and social deprivation (SMSD)** occur in Romania (16.8%), Bulgaria (15.0%), and Greece (14.9%), compared with much lower rates in Slovenia (1.9%), Croatia and Poland (2.0%) and Cyprus (2.2%).

Regarding **very low work intensity (VLWI)**, the highest shares are recorded in Lithuania (11.4%<sup>19</sup>), Belgium (11.0%) and Finland (10.7%), while the lowest are in Slovenia (3.8%), Slovakia and Croatia (4.0%) and Poland and Hungary (4.1%). These contrasts underscore that

<sup>16</sup> Provisional data.

<sup>17</sup> Source: Eurostat (SILC 2025).

<sup>18</sup> Provisional data.

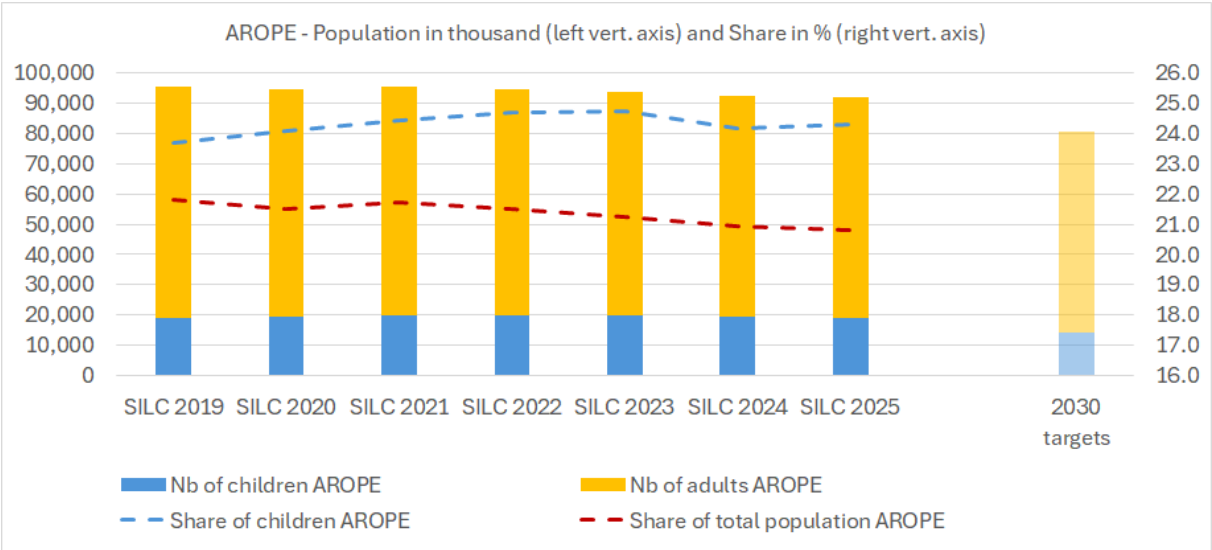
<sup>19</sup> Provisional data.

poverty challenges are highly country-specific, shaped by differing labour markets, social protection systems, and living conditions.

**Regarding progress towards the EU 2030 poverty reduction target**, between 2019 — the baseline year for setting the target — and 2025, the total number of people in AROPE has decreased by 3.5 million<sup>20</sup> (it declined by around 15 million between 2014 and 2019), SMSD registered the biggest decrease, while VLWI is estimated to have slightly dropped and AROP to have remained broadly stable<sup>21</sup>. **In contrast, progress on reducing child poverty has stalled.** Since 2019, the number of children in AROPE has remained broadly stable<sup>22</sup>, maintaining the current remaining gap to achieving the 2030 child poverty target to still 5.0 million.

**To reach the 2030 headline target, an acceleration of the decline would be needed.** The AROPE population would need to fall by an average of around 2.3 million people per year, in order to bridge the remaining gap to the 2030 target of 11.5 million<sup>23</sup>.

**Chart 2: Overall number and rate of persons and of children in AROPE in the EU (2019-2025)**



Note: Left axis populations (in thousand persons), right axis AROPE rates.

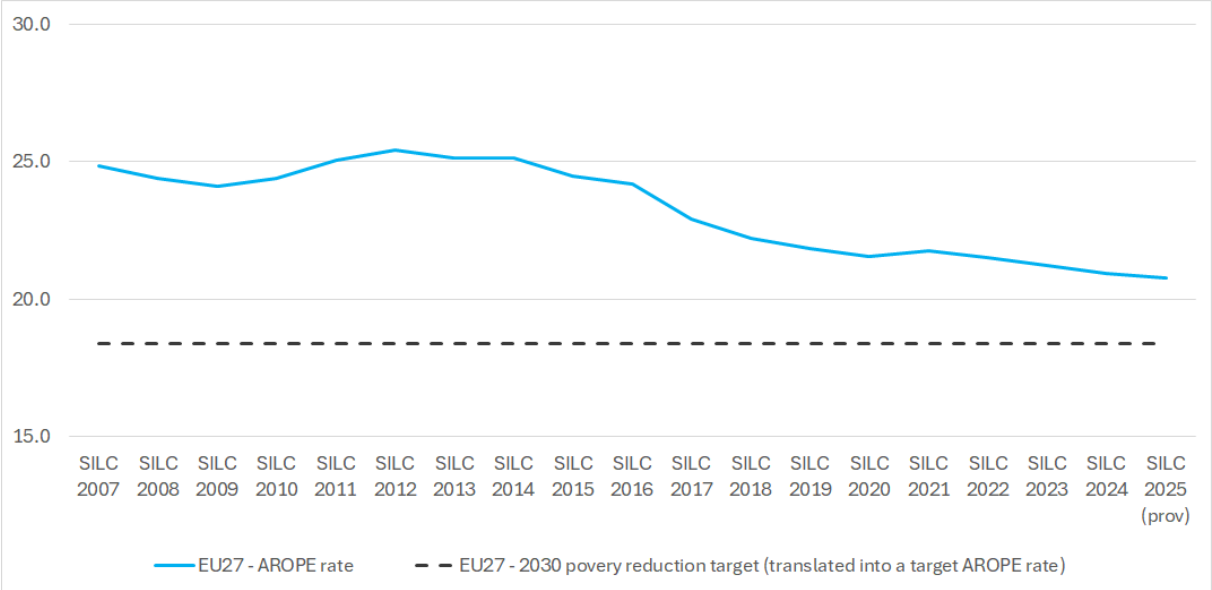
Source: DG EMPL computation on Eurostat data (ilc\_pecs01).

**Even though the decline since 2019 was slower than in the previous decade**, some progress can be noted, in spite of the Covid pandemic and the energy crisis. This was possible thanks to resolute action at EU and national levels, that altogether allowed to prevent a significant drop in employment or a sharp increase in unemployment and to strengthen resilience through

<sup>20</sup> Source: based on Eurostat data (SILC 2025, ilc\_pecs01).  
<sup>21</sup> It can be noted that declines in the AROPE components cannot simply be added to one another to reach the overall change in AROPE, since a person could belong to more than one of the components of AROPE.  
<sup>22</sup> Source: based on Eurostat data (SILC 2025, ilc\_pecs01).  
<sup>23</sup> Source: based on Eurostat data (SILC 2025, ilc\_pecs01).

additional support to households income (in particular through reforms in tax and benefit systems, please see below).

**Chart 3 – At risk of poverty or social exclusion rate in the EU (2007-2025<sup>24</sup>)**



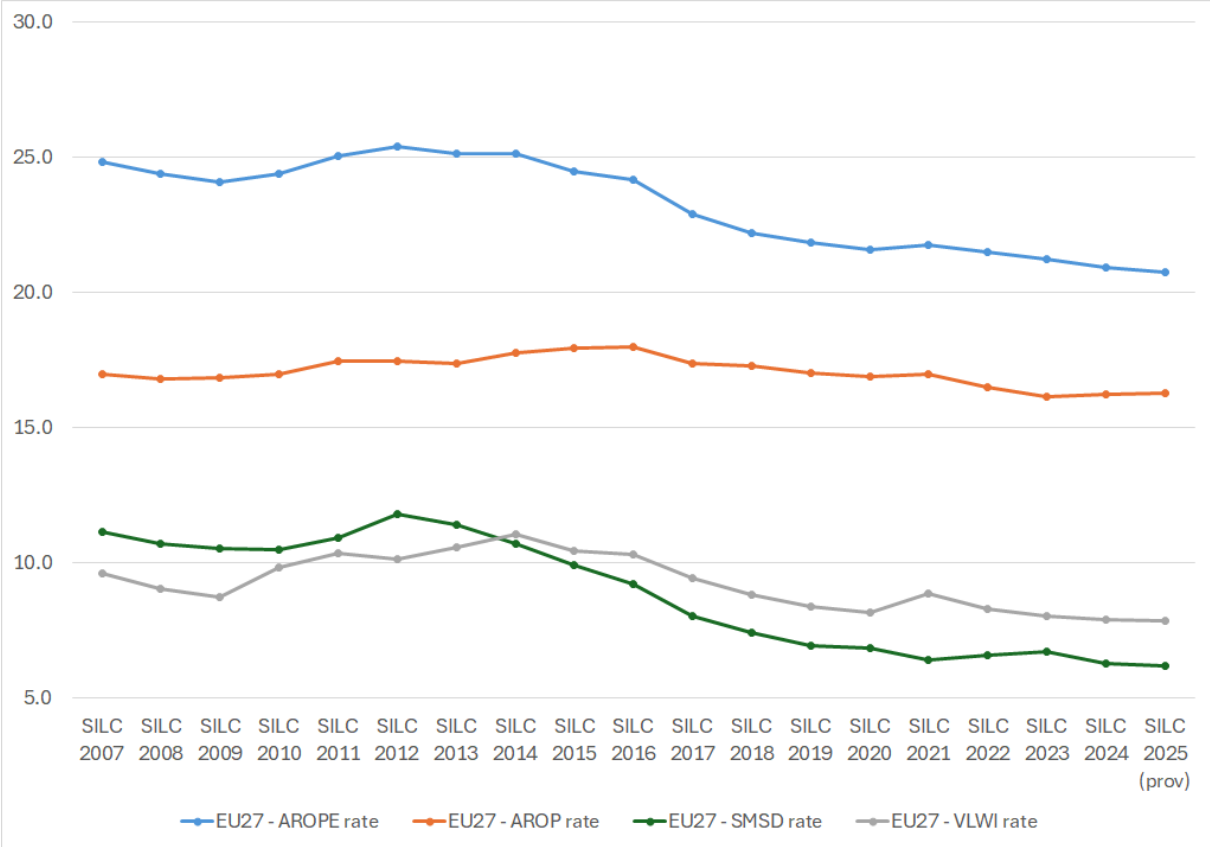
Source: DG EMPL calculations based on Eurostat data, with series adjusted to neutralise the impact of breaks in time series over the period. The breaks in time series were treated as follows: when Eurostat’s results are flagged as “b”, indicating a break in time series, the change for that year is set be 0. This adjustment does not create fully a break-free series. The method is applied backwards in time, using EU-SILC 2025 as the starting point (provisional estimates, see footnote on data source).

**Since the mid-2000s and until 2024**, the AROPE rate fell by nearly 4 percentage points, equivalent to around 18 million fewer people at risk. However, progress has not been uniform over time. Between 2007 and 2013, the AROPE rate first decreased and then rose again, reflecting the effects of the financial and economic crisis. In contrast, the period 2013 to 2019 saw a faster decline of 3.3 percentage points (around 15 million people), driven by strong post-crisis economic recovery.

Overall, the observed decline in the AROPE rate between 2007 and 2024 has been driven mainly by a sharp reduction in the SMSD rate (–4.9 percentage points) and to a lesser extent by decreases in the VLWI indicator (–1.7 percentage points) and the AROP rate (–0.7 percentage points). However, trends have shifted over time: all three components initially increased during the financial crisis, before declining steadily in the subsequent recovery years. Since 2019, progress has been led by a slightly faster reduction in the AROP rate (–0.7 percentage points) compared with the other two AROPE’s dimensions. While overall AROPE figures show a modest reduction compared with 2019, progress for children has reversed, with child poverty increasing over the same period.

<sup>24</sup> Provisional figures for SILC 2025, which are based on SILC 2025 data for the 21 Member States for which this data had been published on 20/04/2026 and on SILC 2024 data for the remaining 6 Member States.

**Chart 4 – At risk of poverty or exclusion rate in the EU by components (2007-2025<sup>25</sup>)**



Source: DG EMPL calculations based on Eurostat data, with series adjusted to neutralise the impact of breaks in time series over the period. The breaks in time series were treated as follows: when Eurostat’s results are flagged as “b”, indicating a break in time series, the change for that year is set be 0. This adjustment does not create fully a break-free series. The method is applied backwards in time, using EU-SILC 2025 (provisional estimates, see footnote on data source) as the starting point.

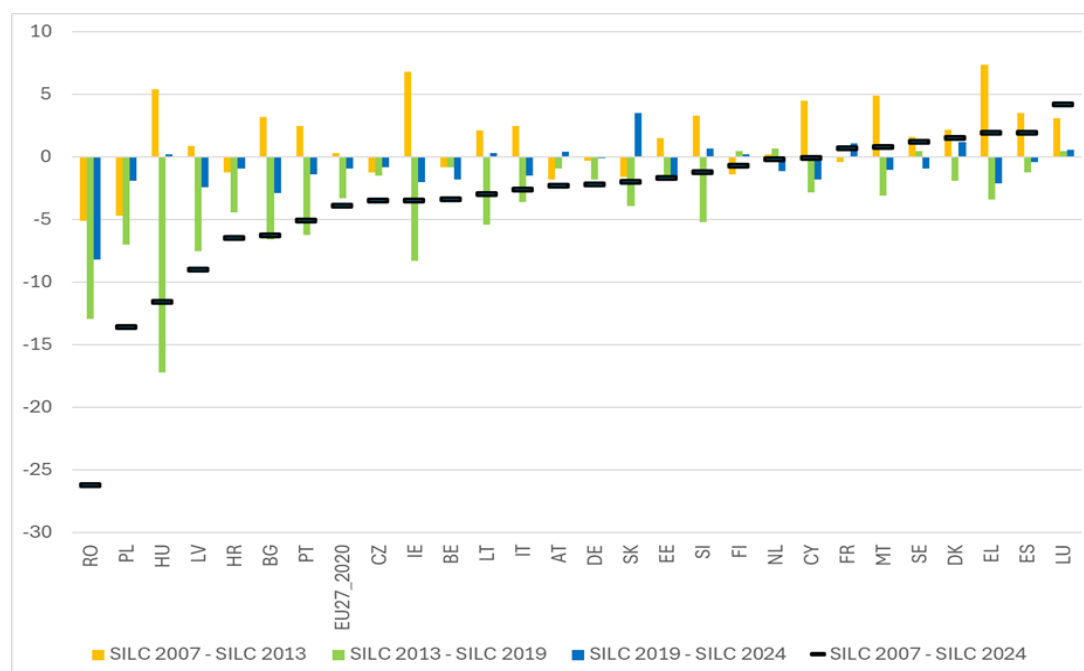
**Developments in AROPE vary widely across Member States.** Most countries have made progress. Importantly, between 2007 and 2024, several Member States with initially high AROPE rates (for instance Romania, Poland, Hungary, Latvia, Croatia and Bulgaria) have recorded marked improvements, pointing to gradual convergence within the EU, though outcomes remain closely tied to national contexts and policy choices. However, a few other Member States have seen stagnation or even slight deterioration in their AROPE rate.

- Around one third of Member States achieved sharp declines in AROPE rates, exceeding 10 percentage points in Romania, Poland, and Hungary, and ranging between 5 and 10 points in Latvia, Croatia, Bulgaria, and Portugal.
- Another third saw moderate reductions (between –3 percentage points and stability), including Czechia, Ireland, Belgium, Lithuania, Italy, Austria, Germany, Slovakia, Estonia, Slovenia, and Finland.

<sup>25</sup> Provisional figures for SILC 2025, which are based on SILC 2025 data for the 21 Member States for which this data had been published on 20/04/2026 and on SILC 2024 data for the remaining 6 Member States.

- Conversely, a third of Member States experienced stagnation or increases, notably France, Malta, Sweden, Denmark, Greece, Spain, and Luxembourg, with adverse trends since 2019 in France and Denmark.

**Chart 5 – Trends in AROPE rates (in percentage points) (2007-2024)**



Source: DG EMPL calculations based on Eurostat data, with series adjusted to neutralise the impact of breaks in time series over the period. The breaks in time series were treated as follows: when Eurostat’s results are flagged as “b”, indicating a break in time series, the change for that year is set be 0. This adjustment does not create fully a break-free series. The method is applied backwards in time, using EU-SILC 2024.

Analysis based on EUROMOD allows for a detailed breakdown of changes in the AROP rate over time, identifying the specific effects of policy reforms. Findings from the JRC indicate that **tax-benefit reforms between 2019 and 2024 played a significant role** in reducing the AROP rate, although their impact was influenced by market income trends and structural changes (see box 1 for elements on a longer time span). Three main patterns emerge:

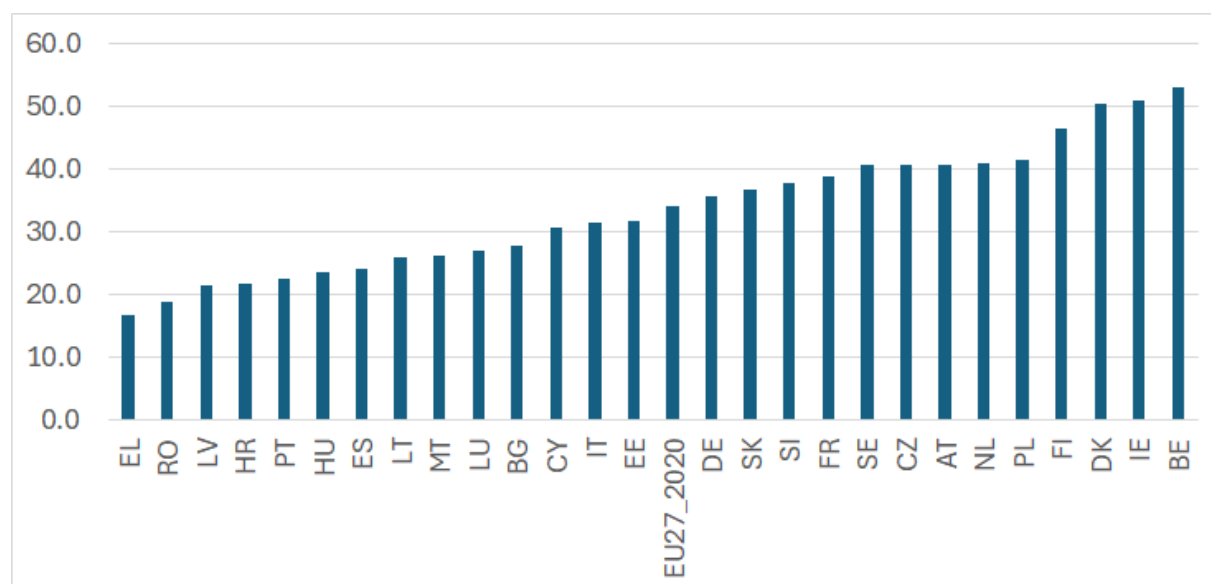
- First, in most countries (e.g. Lithuania, Romania, Portugal, Latvia, Bulgaria, Slovakia), policy measures were strongly poverty-reducing (impact on the at risk poverty rate), showing that tax and benefit reforms generally lowered poverty risks.
- Second, in a few cases (Finland, Cyprus, France), at risk of poverty increased, due to insufficient benefit indexation or tax-benefit design changes that disadvantaged low-income households.
- Third, in Slovakia, Latvia, and the Netherlands, poverty-reducing policies were outweighed by poverty-increasing market income effects. Changes in policies in these countries were poverty-reducing. However, overall poverty increased due to the effect of changes in the distribution of market incomes that were poverty-increasing. Overall, the poverty-increasing effect of market incomes (such as higher polarisation of market incomes) was stronger than the poverty-reducing effect of policy changes.

- The “residual effect” — reflecting demographic or institutional shifts<sup>26</sup> — also varied: it raised poverty in Ireland, Luxembourg, and Malta, but reduced it in Germany and Sweden.

### Box 1 – Disparities in social expenditure and their impact on poverty across Member States

The share in GDP of the expenditure on social protection benefits reached, in the EU, 27.3% in 2024. Variation across Member States remains large, with six countries having shares above 28% and another six below 18%.<sup>27</sup> The share of expenditure in GDP also varies depending on the types of social protection benefits considered. At EU27 level (2024), it was for instance of 11.3% of GDP for old-age benefits and 8.1% for sickness/healthcare benefits.

**Chart 6 – Impact of social transfers (excl. pensions) on poverty reduction in the Member States (SILC 2024)**



Source: Eurostat.

**The impact of social transfers (excluding pensions) on poverty reduction varies significantly between Member States ranging from around 15% to around 50% and reaching 34.1% at EU27 level.** These large differences highlight the potential for improvement in some Member States in the adequacy, coverage and effectiveness of social protection expenditure.<sup>28</sup> Between 2007 and 2024, the impact of social transfers (excl. pensions) on

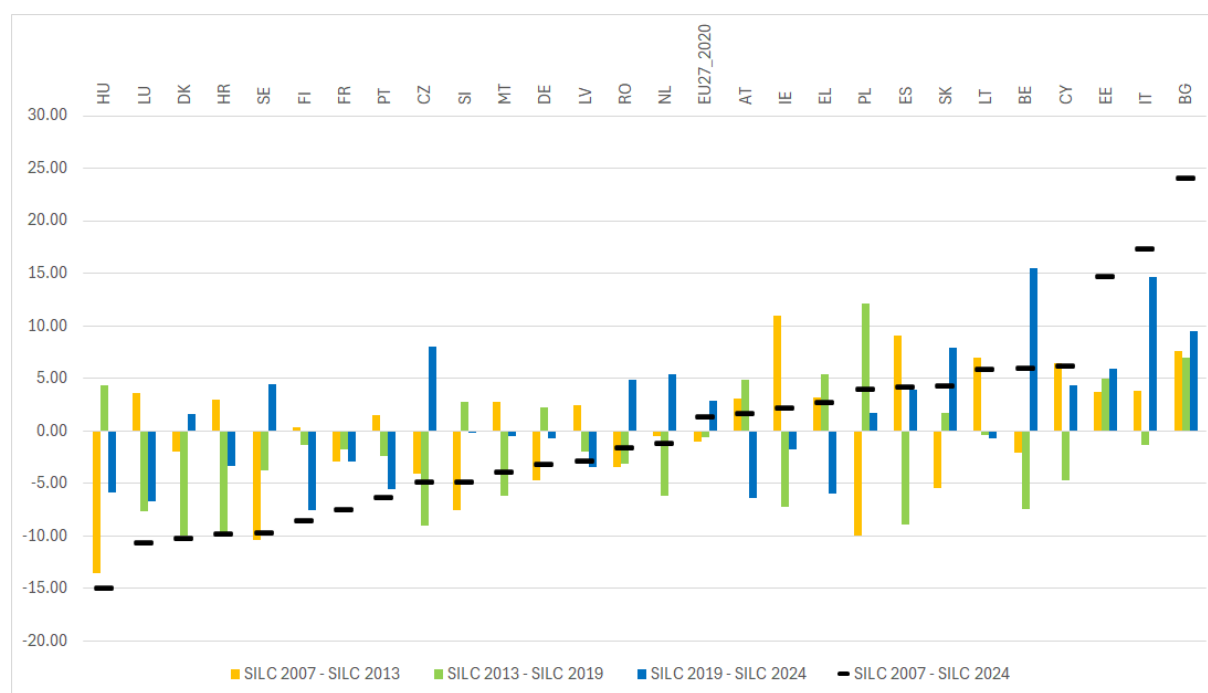
<sup>26</sup> See also on the impact of changes in household structures for instance Azzolini, L., Breen, R. and Nolan, B., *Changing household structures, household employment, and poverty trends in rich countries*, Journal of European Social Policy, 2025.

<sup>27</sup> Respectively Finland, France, Austria, Germany, Belgium and Italy, and Estonia, Romania, Lithuania, Hungary, Malta and Ireland.

<sup>28</sup> This indicator is a headline indicator of the social scoreboard that provides an overall information on the effectiveness of transfers in terms of poverty reduction. It focuses on the impact on the at risk of poverty rate as a

poverty reduction at EU27 level slightly increased overall (+1.2 pp), with however some fluctuations over time: first a decline over 2007-2013 by 1ppt, that further continued over 2013-2019 by 0.6 ppt and then a significant increase (+2.8 ppt) over 2019-2024. Over this period, declines were observed in 15 Member States and increases in 12 Member States. It dropped the most in Hungary (-15.1 pp) and Luxemburg, Denmark, Croatia and Sweden (by around -10 pp). It increased the most in Bulgaria (+24 pp), IT (+17.2 pp), Estonia (+14.6 pp), as well as in Cyprus, Belgium and Lithuania (by around +6 pp).

**Chart 7 – Impact of social transfers (excl. pensions) on poverty reduction in the Member States (SILC 2007-2024)**



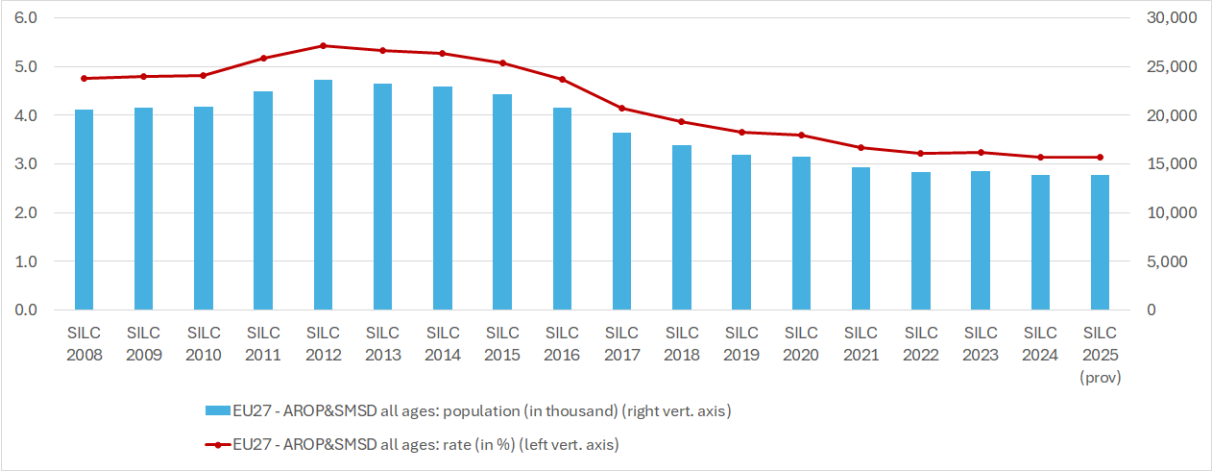
Source: DG EMPL calculations based on Eurostat data, with series adjusted to neutralise the impact of breaks in time series over the period. The breaks in time series were treated as follows: when Eurostat’s results are flagged as “b”, indicating a break in time series, the change for that year is set be 0. This adjustment does not create fully a break-free series. The method is applied backwards in time, using EU-SILC 2024

In addition, while there is no agreed EU indicator of severe poverty, reaching the 2050 ambition of helping to eradicate poverty requires complementing existing indicators with a measure of absolute poverty in the EU. As a first approximation, we can rely on the EU severe material and social deprivation (SMSD) indicator, combined with the at risk of poverty rate (people with an equivalised disposable income -after social transfers— below 60% of the national median equivalised disposable income after social transfers). This indicator provides a picture of **severe forms of poverty** by focusing on the lack of access to key goods or services, as this relates to a certain minimum acceptable standard of living by referring to elements that are essential for living in dignity, such as “a meal with meat, chicken or fish or vegetarian equivalent every second day”, “keeping home adequately warm”, “replacing worn-out clothes” or “having two pairs of properly fitting shoes”, among other things. It represents a lack of access to 7 out of 13

whole, but not specifically on the depth of poverty or on households in deeper poverty. It may not improve when individuals take up employment or increase their work intensity if they remain in poverty.

items, while being at risk of poverty, while focusing on dimensions that more specifically capture severe forms of poverty would allow to better capture severe forms of poverty.

**Chart 8 – Share (in % of the total population) and number (in thousand) of persons in the EU in severe forms of poverty (2008-2025<sup>29</sup>)**



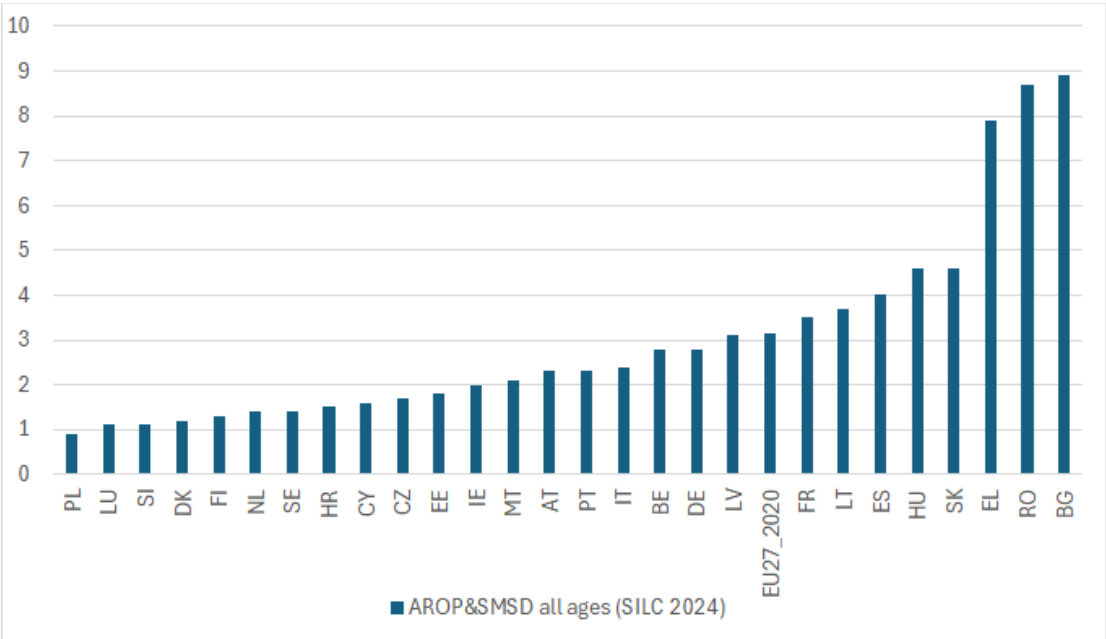
Source: DG EMPL calculations based on Eurostat data, with series adjusted to neutralise the impact of breaks in time series over the period. The breaks in time series were treated as follows: when Eurostat’s results are flagged as “b”, indicating a break in time series, the change for that year is set be 0. This adjustment does not create fully a break-free series. The method is applied backwards in time, using EU-SILC 2025 (provisional estimates, see footnote on data source) as the starting point.

**Currently, there are about 14 million people in such forms of severe poverty.** At EU level, the share in the total population was at 4.8% in 2008, then peaked at 5.4% in 2012 before decreasing to 3.1% in 2025. There are a few Member States where severe poverty is already nearly negligible (close to 1% or lower), while they still have a sizable AROPE population.

Between 2008 and 2024, the biggest drops in severe poverty occurred in Bulgaria, Romania and Latvia, which had initially the highest severe poverty rates. These drops, together with the (smaller) drops occurring in some of the other Member States, contributed to the overall decline in the EU severe poverty rate. However, a few Member States saw a slight deterioration in their severe poverty rate while Greece saw a larger deterioration. Overall, it appears that, in most of the Member States, the 2013 – 2019 period saw the largest decline in severe poverty, compared with 2008 – 2013 or 2019 – 2024, which showed more limited declines and even, in some instances, increases.

<sup>29</sup> Provisional figures for SILC 2025, which are based on SILC 2025 data for the 21 Member States for which this data had been published on 20/04/2026 and on SILC 2024 data for the remaining 6 Member States.

**Chart 9 – Share of persons in the EU (in % of the total population) in severe forms of poverty (2024)**



Source: DG EMPL calculations based on Eurostat online database.

**The relatively slow overall decline of people at risk of poverty or social exclusion in the EU hides significant yearly transitions in and out of poverty.** <sup>30</sup> At the EU27 level on average, from the income years 2022 to 2023<sup>31</sup>, around one third (32.1%<sup>32</sup>) of the population at risk of poverty moved out of poverty (“exit rate”), and 5.3% of the population not at risk of poverty moved into poverty (“entry rate”).<sup>33</sup> When expressed as a share of the total population, this means that 5.0% of the total population moved out of poverty and 4.5% of the total population moved into it.<sup>34 35</sup>

**There is wide variation across Member States in exit and entry rates.** For instance, three Member States (Belgium, Czechia, Denmark) show an overall better performance with higher exit rates (averaging 37.2% of the population at-risk-of-poverty) and a lower entry rate (averaging 3.1% of the not at-risk-of-poverty population) than the EU27 average. At the

<sup>30</sup> Alina-Mihaela Sandor, Shaun Da Costa and Argyrios K. Pisiotis, Poverty Dynamics in the EU: Exploring the experience and trajectories of poverty over time, Publications Office of the European Union, Luxembourg, 2026 (forthcoming).

<sup>31</sup> I.e. from SILC 2023 to SILC 2024.

<sup>32</sup> The data mentioned in this section comes from own computation on Eurostat [EU-SILC scientific use files \(SUFs\)](#) (based on SILC longitudinal data).

<sup>33</sup> These % are expressed respectively in % of the AROP population and in % of the not AROP population for EU-SILC 2024 (income reference year 2023).

<sup>34</sup> These % are expressed for the total population from EU-SILC 2024 (income reference year 2023).

<sup>35</sup> The change in the EU27 AROP rate of -0.5pp has been obtained using longitudinal EU-SILC data from Eurostat. For various reasons, it somehow differs from the change (from SILC 2023 (income reference year 2022) to EU-SILC 2024 (income reference year 2023)) in the Eurostat published AROP rate, which was of 0.0pp and based on EU-SILC scientific use files (SUFs).

opposite, six Member States are showing both a lower exit rate (averaging 24.4% of the population at-risk-of-poverty) and a higher entry rate (averaging 7.0% of the not at-risk-of-poverty population) than the EU27 average. There are two other groups of Member States, which are in an intermediate situation: a group of six Member States having a higher exit rate (averaging 39.6% of the population at-risk-of-poverty) but also a higher entry rate (averaging 6.4% of the not at-risk-of-poverty population) than the EU27 average, as well as a group of twelve Member States with a lower exit rate (averaging 26.9% of the population at-risk-of-poverty) but also having a lower entry rate (averaging 3.8% of the not at-risk-of-poverty population) than the EU27 average.

**People with low education are the most vulnerable in terms of how persistently they experience poverty.** People with low educational attainment (ISCED 0-2) are three times more likely than the highly educated (ISCED 5-8) and more than twice as likely as those with medium educational attainment (ISCED 3-4) to have experienced poverty. They are five times more likely than the highly educated to be chronically poor.<sup>36</sup>

## 2.2.2. The territorial dimension of poverty

**It is widely agreed that economic prosperity at aggregated levels alone will not achieve social progress.** High levels of inequality risk leaving much human potential unrealised, damage social cohesion, hinder economic activity and undermine democratic participation. The EU made significant progress on income inequalities within countries in the last decade.<sup>37</sup> Additionally, the trends in economic disparities between EU countries show a long-term convergence of Member States in terms of GDP and income.<sup>38</sup>

**Economic disparities between EU countries in terms of GDP and household income have fallen notably in recent years.** Not only have economic performance, incomes and living standards improved across the EU as a whole over time, they have also converged between countries.

**The coefficient of variation in gross domestic product (GDP) per capita — expressed in purchasing power standards (PPS) — shows that economic disparities between Member States have narrowed since 2000, reaching 38.0% in 2024.**<sup>39</sup> Most of this convergence took place in the period leading up to the 2008 economic crisis and between 2015 and 2019. The

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<sup>36</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, *Employment and social developments in Europe 2025*, Publications Office of the European Union, 2025, <https://data.europa.eu/doi/10.2767/9505984>.

<sup>37</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, *Economic inequalities in the EU – Key trends and policies*, Publications Office of the European Union, Luxembourg, 2024, [https://employment-social-affairs.ec.europa.eu/document/download/960863c4-b2b3-45ac-a79b-e693d5cec7da\\_en?filename=20240712\\_Analytical\\_paper\\_final.pdf](https://employment-social-affairs.ec.europa.eu/document/download/960863c4-b2b3-45ac-a79b-e693d5cec7da_en?filename=20240712_Analytical_paper_final.pdf)

<sup>38</sup> Eurostat, 'Sustainable development in the European Union – Monitoring report on progress towards the SDGs in an EU context – 2025 edition', Publications Office of the European Union, Luxembourg, 2025, <https://doi.org/10.2785/1111373>.

<sup>39</sup> Idem.

development since 2019 has been less clear, showing an increase in economic disparities between countries during the COVID-19 crisis in 2020 and 2021, followed by a decrease in 2022 and 2023 and a stagnation in 2024. Overall, the EU coefficient of variation fell slightly by 1.6 percentage points between 2019 and 2024, reaching 38.0% in 2024. The long-term trend has been more favourable, showing a 6.6 percentage point reduction in the EU coefficient of variation. At Member State level, purchasing power adjusted GDP per capita ranged from 66% of the EU average in Bulgaria to 241% in Luxembourg in 2023.

While GDP per capita is used to measure a country's economic performance, adjusted gross household disposable income provides an indication the average material well-being of people. Gross household disposable income reflects households' purchasing power and ability to invest in goods and services or save for the future, by taking into account taxes, social contributions and in-kind social benefits.

**The coefficient of variation in gross household disposable income between Member States has fallen significantly over time, reaching 21.2% in 2023.**<sup>40</sup> This figure is 5.1 percentage points lower than in 2018 and a 11.0 percentage point improvement since 2008. However, a clear north–south and west–east divide is evident when looking at the geographical distribution of GDP per capita and household income (from national accounts) in the EU. Citizens living in northern and western European countries with above-average GDP per capita levels had the highest gross disposable income per capita. At the other end of the scale were eastern and southern EU countries, which displayed gross household disposable incomes and GDP per capita levels below the EU average.

**This pattern is mirrored in poverty dynamics.** While the between-country variance in the AROP rate has fallen significantly (to 7% in 2023), the within-country variance appears dominant, accounting for roughly 85% of total AROP dispersion. This indicates that poverty is a challenge rooted in domestic and sub-regional inequalities.

**Poverty and social exclusion are deeply shaped by territorial inequalities,** reflecting differences in territorial economic structures, labour market opportunities (themselves directly impacted by structural shifts in the economy, such as in particular de-industrialisation), and access to services. In some cases, there are gaps between urban and rural areas, and pockets of poverty are largely concentrated in small areas, driven by economic and/or demographic decline or historical underdevelopment.

**Moreover, some regions in the EU are confronted with stagnant or declining growth and prosperity,** which increase the risk of poverty concentration and impacts the quality of local services and opportunities for citizens. These adverse trends not only threaten the sustainability of welfare systems and EU's competitiveness but also affect people's willingness to remain in a certain place.

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<sup>40</sup> Idem.

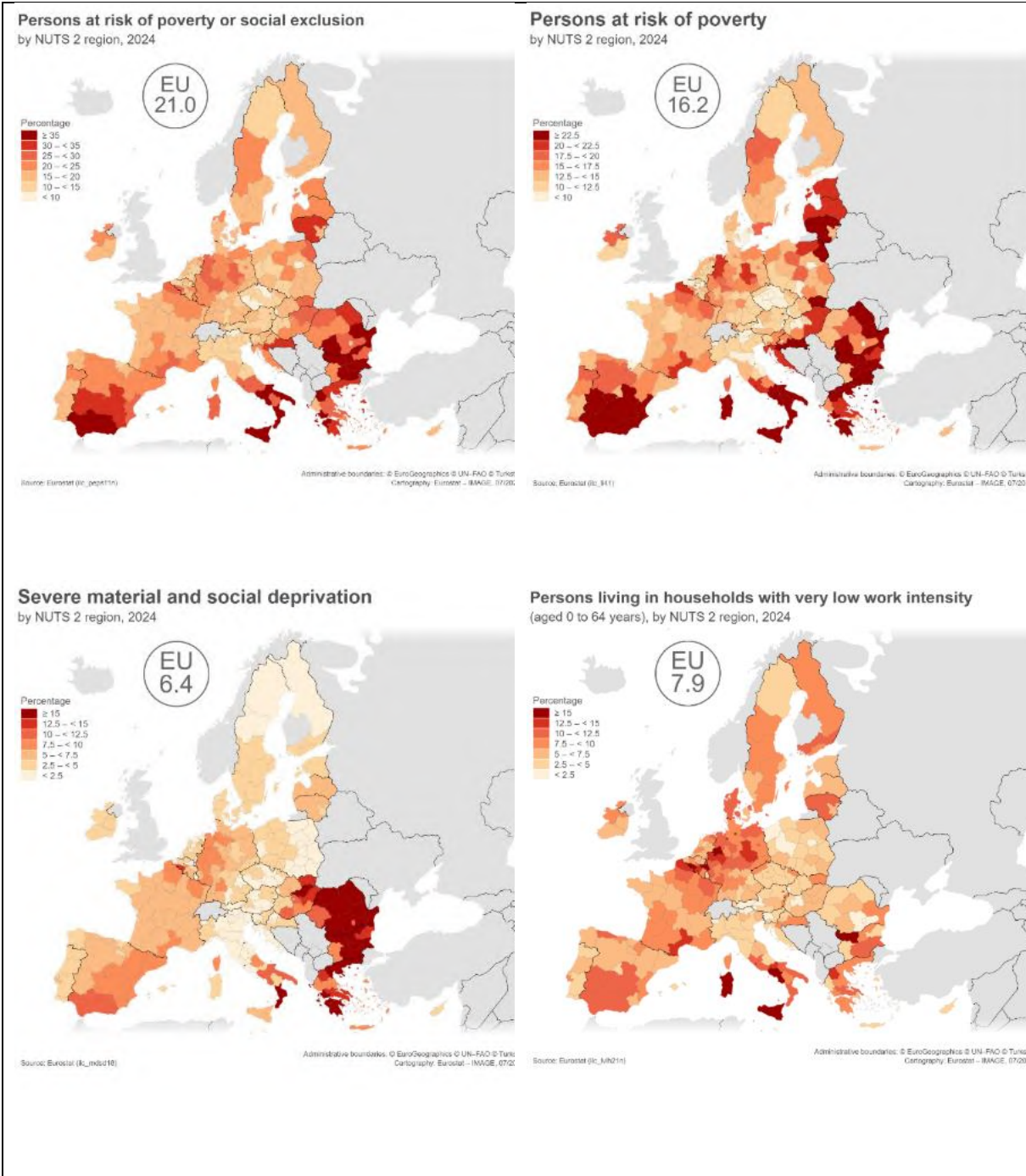
**The Draghi report<sup>41</sup> argues that Europe’s ongoing deindustrialisation risks eroding its economic base and social model.** As manufacturing declines or relocates outside the EU, the report warns that this shift disproportionately affects less-skilled workers and industrial regions, increasing the risk of poverty and social exclusion while straining public finances.

**Map 1 shows vulnerability at EU regional level, with some facing high AROPE,** primarily due to high levels of income poverty (AROP). These areas often struggle with limited access to essential goods, services and infrastructure. Yet progress has been achieved in the AROPE reduction since 2015, especially in eastern EU regions. Though economically stronger overall, several west-northern EU regions report higher shares of people living in households with very low work intensity (VLWI). This highlights challenges related to long-term unemployment and barriers to labour market participation. Regions that consistently show high rates across all three components require integrated and comprehensive policy responses and targeted cohesion funding.

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<sup>41</sup> Draghi, M. et al., *The future of European competitiveness*, 2024, [https://commission.europa.eu/topics/competitiveness/draghi-report\\_en#paragraph\\_47059](https://commission.europa.eu/topics/competitiveness/draghi-report_en#paragraph_47059).

**Map 1: Rates of AROPE and its components by NUTS 2 region (2024)**



Source: Eurostat (online data codes [ilc\\_peps11n](#), [ilc\\_li41](#), [ilc\\_mdsl18](#), [ilc\\_lvhl21n](#)).

At EU level, the AROPE rate remains broadly similar throughout degrees of urbanisation: in 2024, it stood at 21.3% in rural areas, 20.3% in towns and suburbs, and 21.3% in cities. Specific challenges linked to rural areas or to cities are evident when looking at different parts of the EU and each country. In eastern and southern EU countries, city residents generally have higher employment rates and lower poverty rates compared to rural residents.

In most north-western EU countries, however, the opposite is the case.<sup>42</sup> For instance, in Romania, 41.7% of rural residents were AROPE, compared with 14.3% in cities (gap of 27.4pp). Population in rural areas, towns and suburbs and cities face distinct challenges. **In cities**, challenges can be linked to e.g. labour market polarisation and in-work poverty, rising cost of living and housing affordability, and spatial segregation. **In rural areas**, they can be linked to limited economic diversification, population decline and ageing, service delivery, risks of isolation and poverty and generational loss in farming.

**The EU's outermost regions face markedly higher risks of poverty or social exclusion than both national and EU averages.** In Portuguese Açores, the AROPE rate is 28.4% and 22.9% in Madeira, compared to around 20% in Portugal as whole. As well, the AROPE rate in Canary Islands is 31.2%, compared to around 25% in Spain as a whole. In 2024, the AROPE rate in French Guiana (59.5%) is nearly three times higher than in France as a whole (around 20%). These gaps are closely linked to low GDP per capita, and to persistently high unemployment. Educational inequalities further exacerbate these challenges. These structural disadvantages are compounded by exposure to climate change, as well as by demographic pressures. For instance, populations in Mayotte and French Guiana are projected to triple and double, respectively, by 2100.

**Furthermore, it is crucial to highlight that regional data, such as NUTS 2 classifications, often shadows critical local variations in poverty.** While a region may appear relatively prosperous on average, deprivation can be sharply concentrated in specific municipalities or neighbourhoods, driven by factors like housing costs, employment precarity, or service gaps. However, local-level data availability remains limited and uneven across the EU. Member States lack standardised local datasets due to administrative barriers or resource constraints. Closing this gap is essential for designing targeted, place-based policies that address poverty where it is most acute.

### 2.2.3. The impact of the increasing cost of living

**The cost of living remains a significant worry for consumers in the EU<sup>43</sup>:** 38% are concerned about being able to pay their bills (compared with 48% in 2022), while 35% worry about affording their preferred food (compared with 44% in 2022).

**The period of rapidly rising consumer prices that followed Russia's illegal full-scale invasion of Ukraine in February 2022 subsided in 2024.** The EU27 annual rate of inflation stood at 2.7% in December 2024, considerably lower than the peak of 11.5% recorded in October 2022. However, the evolution of consumer prices remains to be assessed in light of rapidly evolving geopolitical situation and current global conflicts. Such significant

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<sup>42</sup> Dijkstra, L., Testori, G., Hormigos Feliu, C., Kompil, M., Proietti, P. et al., *Trends, challenges and opportunities in EU cities: Supporting the EU Cities Agenda*, European Commission, Ispra, 2025.

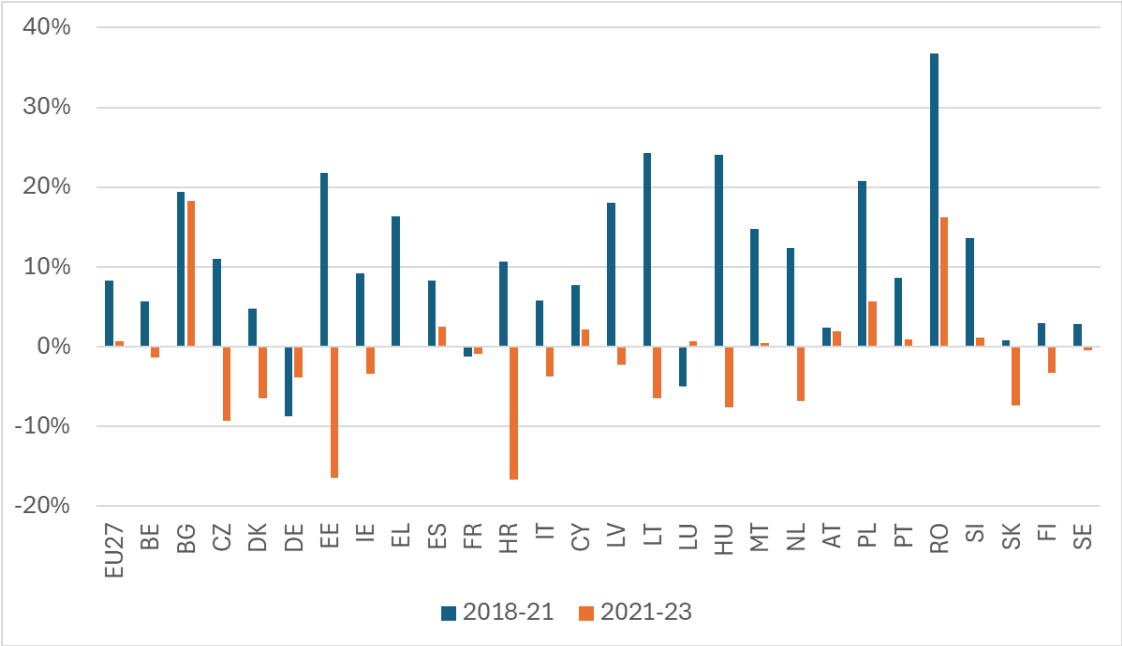
<sup>43</sup> European Commission: Directorate-General for Justice and Consumers, 'Consumer Conditions Scoreboard - 2025 edition', Publications Office of the European Union, Luxembourg, 2025, [consumer\\_conditions\\_scoreboard\\_2025\\_EN.pdf](#).

developments in inflation affect real incomes and the affordability of key goods and services for households, in particular the most vulnerable ones, thereby impacting on poverty and social exclusion.

**Median incomes have remained broadly stable in the EU following the inflation shock in 2022 and 2023.** The growth of median income had decelerated with the Covid pandemic. This contrasted with the steady growth experienced over the second half of the last decade (that more than compensated the impact of the financial crisis). Overall, median incomes have grown by around 25% since 2006 in the EU, albeit with a great heterogeneity, with some Member States experiencing significant declines (Greece), while incomes nearly doubled in some others (Poland, Romania or Bulgaria).<sup>44</sup>

**Median income developments during the energy crisis have varied a lot among Member States, with significant declines in some.** In around half of the Member States, median incomes declined in 2022-23, sometimes to a significant extent (by around 10% or more). Others were mostly stable and only a few increased, also contributing to social convergence (Bulgaria, Poland, Romania). This has also translated into an increase in the at ‘risk of poverty’ rate over time (where the poverty threshold is held constant in real terms in 2019) in most Member States in 2022.

**Chart 10 – Real median households income growth (2018-23) in the EU**



Source: DG EMPL calculations on [EU-SILC](#) – years are income years. Series have been adjusted to neutralise the impact of breaks in time series over the period.

<sup>44</sup> DG EMPL calculations on Eurostat SILC data – years are income years. Series have been adjusted to neutralise the impact of breaks over the period. The evolution of real median equivalised disposable income EU27 is computed as a weighted average of the evolutions in Member States.

**In this context, lower-middle and mid-level wage earners have increasingly struggled to afford basic goods or services.**<sup>45</sup> The worsening in some high-income Member States since 2019 reflects increases in energy and food prices, which led to a growing share of workers being deprived of proper heating or quality food, in the context of a slow recovery in real wages. While energy prices have started to ease off in 2023, the prices consumers have to pay for food and non-alcoholic beverages have continued to increase (altogether by 31.9% between January 2021 and December 2024). Some everyday products have increased dramatically in price: olive oil prices almost doubled across the EU between January 2021 and December 2024 (around 100% increase), sugar prices increased by around 50% over the same period, while increases of more than 40% were recorded for fruit and vegetable juices and potatoes.<sup>46</sup> Households and individuals in the EU are impacted to different degrees by these increased prices, with the lower-income households affected more significantly, since the share of energy and food in their consumption is higher.<sup>47</sup> Households in the EU spend on average 13% of their income on food, with the poorest fifth spending as much as 21%, compared with just 9% for the richest fifth.

**Similarly, low-income households have seen a decline in their incomes during the energy crisis in a number of Member States.** In more than half of the Member States, real incomes declined for the first decile in the 2022-23 period, and in around one third of Member States to a significant extent (by around 10% or more see chart 11). In some instances, this decline has exceeded the gains that were registered in previous years (2018-21).

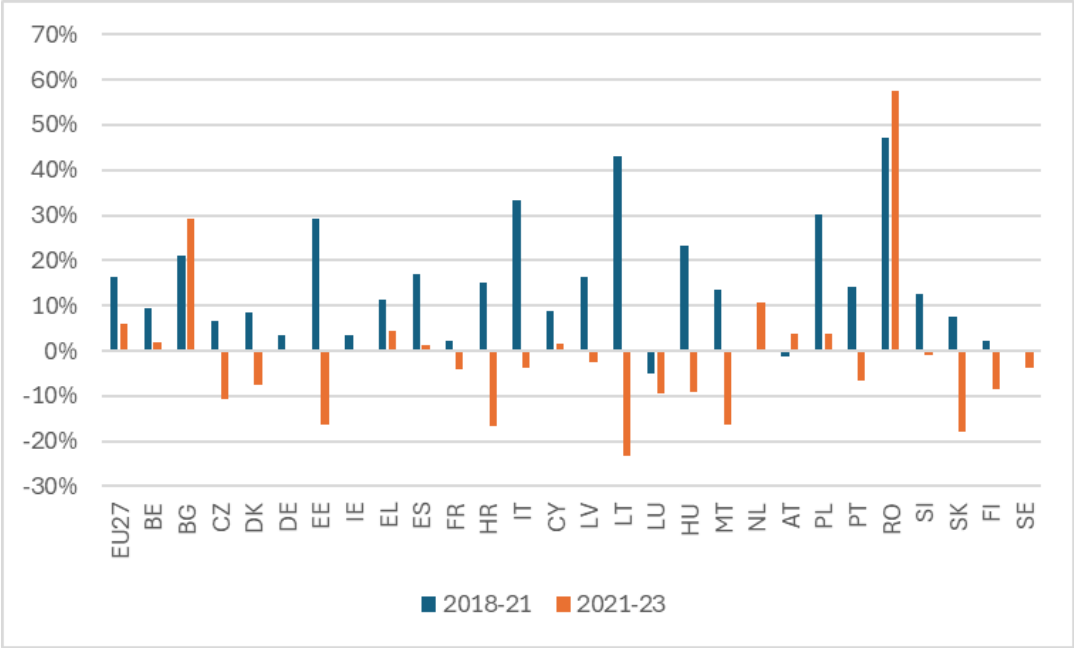
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<sup>45</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'Labour market and wage developments in Europe – Annual review 2025', Publications Office of the European Union, 2025, <https://data.europa.eu/doi/10.2767/1810636>.

<sup>46</sup> European Commission: Directorate-General for Agriculture and Rural Development, 'State of Food Security in the EU A qualitative assessment of food supply and food security in the EU within the framework of the EFSCM', 2024, [State of Food Security in the EU \(2024\)](#).

<sup>47</sup> European Commission: Directorate-General for Economic and Financial Affairs, 'Quarterly Report on the Euro Area', Volume 22, No 1, Publications Office of the European Union, Luxembourg, 2023, [Quarterly Report on the Euro Area \(QREA\), Vol. 22, No. 1 \(2023\) - Economy and Finance](#)

**Chart 11 – Real households income growth in the first decile (2018-23) in the EU**



Source: DG EMPL calculations on [EU-SILC](#)— years are income years. Series have been adjusted to neutralise the impact of breaks in time series over the period.

Real wages began recovering in the second half of 2023, after their sharp decline between the end of 2021 and the first half of 2023 due to high inflation. Growth accelerated in 2024, with real wages in the EU rising by 2.7%. In 2025, they are set to exceed their 2019 levels, except in a few Member States.<sup>48</sup>

**2.2.4. Scenarios of poverty until 2030**

While there are no available projections of the future number of people at risk of poverty or social exclusion or of AROPE rates, it is possible to grasp the potential impact of key drivers on future trends based on the literature and from specific simulations.<sup>49</sup> Four main drivers are typically at play and can be accounted for: employment, minimum wages, adequacy and coverage of minimum income schemes (and more generally of social benefits) and future socio-demographic trends (such as in particular skills and ageing of the population). The poverty reduction impact of these drivers varies depending on the specific policy changes considered. Their combined impact can be very significant, which underlines the key importance of having an integrated approach towards addressing poverty.

Specific simulations using EUROMOD have been elaborated combining these four main drivers in the following three scenarios:

<sup>48</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'Labour Market and Wage Developments in Europe', Publications Office of the European Union, Luxembourg, 2025, <https://doi.org/10.2767/5730015>.

<sup>49</sup> Bornukova, K., Depoortere A., Leventi, C., Manso L., Mazzon, A., Papini, A., 'Reducing AROPE in the EU: combining minimum income, minimum wages, and employment expansion', *JRC Working Paper Series on Taxation and Structural Reforms*, European Commission, Seville, March 2026, JRC146407.

- A “no reforms” scenario, where only upcoming skills and demography projections until 2030 have been taken into account (these trends are not accounted for in the following two scenarios). This reflects on the one side the impact of the structural shift towards a better skilled workforce (and hence better employment outcomes) as well as the demographic shift towards more older people who on average experience lower risks of poverty and social exclusion.
- An “implementation” stylised scenario, where the national 2030 employment targets are reached, while minimum wages reach 60% of the median wages and the provisions of the Council Recommendation on minimum income ensuring active inclusion would be implemented (adequacy of benefits reaching the poverty threshold and the coverage rate increased by around 10 ppts).
- An “acceleration” scenario, where a further reduction (on top of the “implementation” scenario) in the share of people in households with very low work intensity is taking place and a full coverage of minimum income is achieved (which would represent a very significant development compared to the current status).

**Chart 12 – Three scenarios**

	Minimum Wage	Employment changes	Minimum income Adequacy	Minimum Income Coverage
<b>NO REFORM</b>	—	<b>2030 Skills &amp; Demography projections</b>	—	—
<b>IMPLEMENTATION</b>	<b>60% median</b>	<b>National targets</b>	<b>FULL</b> (= AROP60 line)	<b>+10 p.p.</b>
<b>ACCELERATION</b>	<b>60% median</b>	<b>National targets + VLWI reduction</b>	<b>FULL</b> (= AROP60 line)	<b>100%</b>

The results show that in the “implementation” scenario, the 2030 headline target on poverty reduction would be fully achieved, with a decline by 18.5 million people at risk of poverty or social exclusion compared with 2024. In the “acceleration” scenario, the poverty reduction would be even more substantial with a decline by almost 55 million people out of the risk of poverty or social exclusion compared 2024. Furthermore, the expected socio demographic trends (related to the shift towards more skilled workforce and to the ageing of population) would translate in a decline of around 8 million people at risk of poverty or exclusion by 2030 (“no reform” scenario). The additional cost to achieve these poverty reductions would be of 0.25 % of GDP for the “implementation” scenario and 0.91 % of GDP for the “acceleration” scenario.

Chart 13 – Impact on AROPE under three scenarios

Change from baseline (20.4%), EU-27 average



### 2.2.5. Stress-testing EU Welfare Systems

*Stress testing welfare systems allows us to assess their resilience to shocks*

**Stress testing welfare systems contributes to preparedness and future resilience as it allows identifying remaining gaps in welfare systems in case of shocks.** Social protection systems are designed to safeguard households against risks, preventing and addressing poverty, maintain living standards and reduce inequality. Stress testing helps to identify ex ante some potential gaps in the impact of welfare systems when economies face sudden or severe shocks.

The concept of stress testing originates from finance, where regulators examine whether banks can withstand extreme economic conditions. T. Atkinson first proposed applying the same idea to welfare systems in 2009, underlining that governments **need to understand how well social protection measures perform under stress, rather than only in normal circumstances.**<sup>50</sup> Atkinson suggested specifically considering whether households maintain adequate income when faced with a sudden job loss, whether income-tested benefits stabilise households' incomes, and which groups are most vulnerable to gaps in the social safety net.

**Stress testing provides a structured approach to assess the resilience of our systems, identify weaknesses and highlight best practices.** It is not intended to predict the impact of future crises. Stress testing also involves defining outcome measures such as changes and inequality, household (real) income, or fiscal costs, specifying stress scenarios including sudden unemployment surges, income loss, or price increases. The impact under these scenarios on households is then assessed using detailed microdata and tax/benefit models, identifying vulnerable groups and structural gaps. By systematically testing welfare systems against plausible shocks, policymakers can pinpoint areas requiring reform and design policies that better protect people during times of crisis.

<sup>50</sup> Atkinson, A. B., *Stress-testing the welfare state*, 2009. In Ofstad, B., Bjerkholt, O. & Skrede, K. (Eds.), *Rettferd Og Politik Festskrift Til Hilde Bojer* (pp. 31-39). Emiliar Forlag.

### *Stress testing unemployment shocks*

**A sudden rise in unemployment is one of the most immediate and visible threats to household income and social stability.** In the context of the EU Anti-Poverty Strategy, the European Commission carried out a stress-testing exercise to assess how tax/benefit systems across the European Union would respond to a sudden increase in unemployment.

**Job losses directly reduce earned income, while they can also trigger a cascade of secondary effects,** including reduced contributions to social security, increased reliance on benefits, and rising household debt. These effects can be unevenly distributed across the population. For example, young workers, temporary employees, and low-income households are typically more vulnerable to income loss and may face greater difficulty in accessing social benefits.

**Stress testing unemployment shocks allows to assess how well existing social protection systems cushion these losses and maintain living standards.** By simulating a sudden increase in unemployment, it is possible to evaluate the capacity of unemployment and other benefits such as housing support, child benefits and minimum income schemes, as well as tax provisions to prevent households from falling into poverty. The analysis also highlights the performance of automatic stabilisers and allows us to identify potential gaps in coverage or benefit adequacy.

**Two hypothetical labour-market shocks are considered across all Member States: a moderate shock** (where the unemployment rate increases by two percentage points) and a **severe shock** (where unemployment increases by four percentage points). These magnitudes are broadly consistent with labour-market changes observed in past downturns. During the global financial crisis, unemployment in the EU increased from 7.2% in 2008 to 9.1% in 2009, and later reached 11.4% in 2013. The analysis focuses on three main dimensions: i/ how effectively tax/benefit systems protect household incomes when employment declines; ii/ how unemployment shocks affect poverty and social exclusion; iii/ what fiscal cost arises from the automatic stabilisers embedded in national welfare systems.<sup>51</sup> These simulations do not aim to predict a specific crisis. Instead, they illustrate how existing policy systems would respond under stylised recession scenarios.

**The analysis provides a comparable assessment of how national welfare systems cushion income losses during labour-market downturns.** It relies on the EUROMOD tax/benefit microsimulation model to simulate how two hypothetical unemployment shocks would affect household incomes, poverty risks and public finances across the EU-27.<sup>52</sup> The simulations are carried out using the EUROMOD microsimulation model with 2025 policy systems and best-match EU Statistics on Income and Living Conditions (EU SILC) microdata. The model applies national tax and benefit rules to household-level data to estimate how labour-market shocks

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<sup>51</sup> The scenarios presented here however do not account for the positive macro-economic impact of the effect of automatic stabilisers.

<sup>52</sup> Bornukova, K., Riera Mallol, G., 'How Resilient Are EU Welfare Systems to Unemployment Shocks? A Stress-Testing Exercise across 27 Member States', *JRC Working Paper Series on Taxation and Structural Reforms*, European Commission, Seville, May 2026 (forthcoming), JRC146422.

affect disposable incomes. The shocks are implemented through a reweighting method (also see box 2).<sup>53</sup>

## **Box 2 – Considerations on simulating an unemployment shock**

The reweighting methodology used in this exercise allows to perform an analysis of the impact of hypothetical unemployment shocks on welfare systems, but the limitations of the methodology constrain the depth of the analysis. In particular, the inability to model individual-level transitions means that the exercise cannot completely capture benefit entitlement dynamics, benefit exhaustion, or the potential heterogeneity of newly unemployed workers' characteristics.

An extension that would include transitions from unemployment to inactivity would substantially strengthen the analysis, capturing prolonged downturns that would lead to benefit exhaustion and labour market withdrawal. A two-year scenario in which the unemployment shock persists and a share of the unemployed transition to inactivity would capture the role of minimum income schemes and social assistance as a second layer of protection after unemployment insurance entitlements are exhausted. To apply the inactivity extension, the Labour Market Adjustment (LMA) approach should be adopted. It factors in transitions of selected employed persons into unemployment (and subsequently into inactivity), recalculating their benefit entitlements and household incomes. This enables a much richer analysis: individual-level net replacement rates, proper counterfactual income stabilisation by quintile and the identification of protection gaps for particular household types. Previous work demonstrates the feasibility of LMA-based stress testing across all EU Member States using the EUROMOD framework.<sup>54</sup>

**The stress testing shows that the impact of unemployment shocks on poverty and social exclusion varies greatly across Member States from one to double, highlighting the importance of the design of the welfare systems.** At EU level, the at-risk-of-poverty or social exclusion rate (AROPE) rises by 1.1 ppt on average under the moderate shock and 2.3 pp under the severe shock. All three components of the AROPE indicator would worsen (see table). The largest increase is observed in the people living in very low work intensity households component, which responds most directly to the labour-market shock. Country-level results (Figure 2) show considerable heterogeneity. Under the severe shock, the AROPE increase ranges from approximately 1.6 p.p. in Luxembourg and Poland to over 3 p.p. in Slovakia. These differences reflect both the structure of the underlying social protection systems and the baseline composition of the population at risk.

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<sup>53</sup> This method adjusts the statistical weight of individuals in the microdata so that the overall labour-market composition reflects the target increase in unemployment. It allows cross-country comparison but has limitations. In particular, it does not simulate actual individual transitions from employment into unemployment, and it does not recalculate benefit entitlements based on new employment histories. Despite these limitations, the approach provides a robust and transparent estimate of the income-cushioning capacity of tax/benefit systems across the EU.

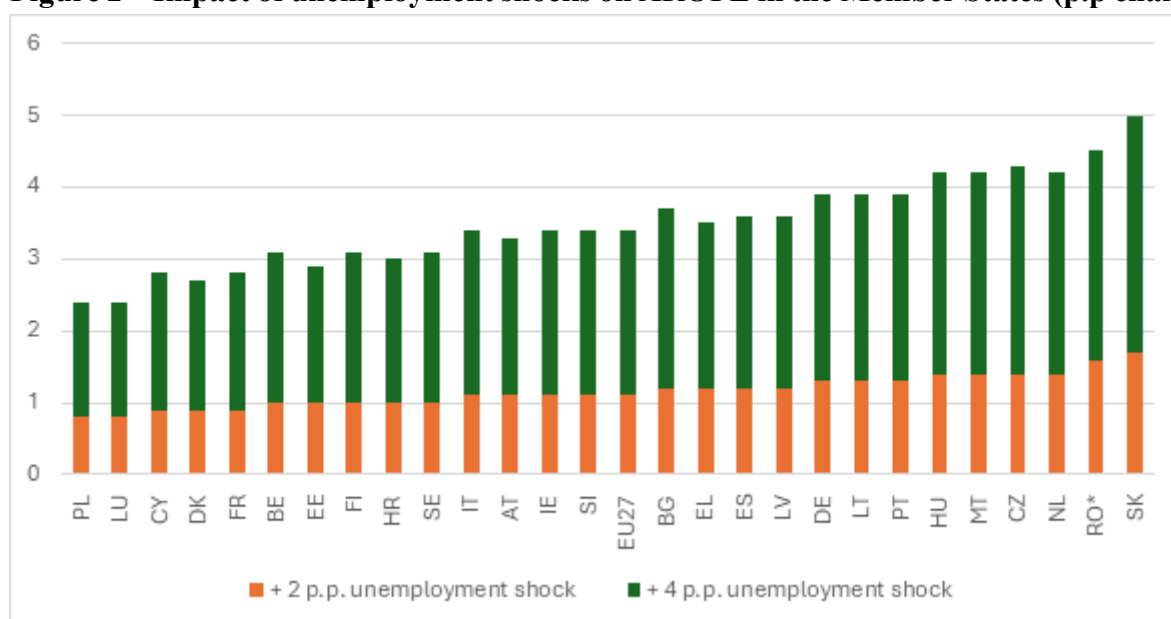
<sup>54</sup> Eichhorst, W., Bonin, H., Krause-Pilatus, A., Marx, P., Dolls, M. and Lay, M., 'Minimum Income Support Systems as Elements of Crisis Resilience in Europe', *IZA Research Report*, No. 615., 2024.

**Table 1 –Impact of unemployment shocks on AROPE in the EU**

	Moderate shock (+2 p.p. unemployment)	Severe shock (+4 p.p. unemployment shock)
<b>At risk of poverty or social exclusion</b>	<b>+1.16 pp</b>	<b>+2.3 pp</b>
At-risk-of-poverty rate (anchored)	+0.87 pp	+1.76 pp
Severe material and social deprivation	+0.42 pp	+ 0.82 pp
Very low work intensity	+ 0.93pp	+1.88 pp

Source: EUROMOD microsimulation with 2025 policy systems and EU-SILC microdata. AROP is computed using a fixed (anchored) poverty threshold. The at risk of poverty rate anchored in time corresponds to the usual poverty rate where the poverty threshold remains frozen at the levels before the shock hits.

**Figure 2 – Impact of unemployment shocks on AROPE in the Member States (p.p change)**



Source: EUROMOD microsimulation with 2025 policy systems and EU-SILC microdata. AROP is computed using a fixed (anchored) poverty threshold. \*RO results are unreliable due to a low share of unemployed in EU-SILC dataset.

**The impact of the tax/benefit systems** can be measured using the income stabilisation coefficient, which captures the share of the market-income shock absorbed by taxes and transfers. At EU level, automatic stabilisers absorb around 44% of the market-income shock under both scenarios, which is broadly consistent with previous estimates.<sup>55</sup> In practice, this means that when market income falls by one euro, household disposable income falls by only around 56 cents. There is substantial cross-country variation. Strong stabilisation can be observed in Belgium (61%), Denmark (54%), Finland (54%) and Germany (52%). At the other end, stabilization is low in Bulgaria (17% of the shock). These results closely mirror the

<sup>55</sup> Dolls, M., Fuest, C. and Peichl, A., *Automatic stabilizers and economic crisis: US vs. Europe*, Journal of Public Economics, 96(3-4), 279–294., 2012. And Eichhorst, W., Bonin, H., Krause-Pilatus, A., Marx, P., Dolls, M. and Lay, M., 'Minimum Income Support Systems as Elements of Crisis Resilience in Europe', *IZA Research Report*, No. 615., 2024.

organization of welfare states. Nordic and Continental European countries characterised by generous unemployment insurance, progressive taxation, and comprehensive means-tested transfers also provide the strongest cushioning. Southern and Eastern European countries, with less generous replacement rates and shorter benefit durations, absorb a smaller share of the income loss.

**The cushioning effect has a fiscal cost.** During a downturn, governments collect less revenue from taxes and social contributions and at the same time pay out more benefits. Across the EU-27, the fiscal cost of the moderate shock is estimated at around 0.56% of GDP. Under the severe shock, the cost rises to around 1.12% of GDP. Most of this comes from lower tax and social contribution revenue, which accounts for roughly three quarters of the total cost. Increased benefit expenditure accounts for the remaining quarter. The fiscal effects vary significantly across Member States. Under the moderate shock, it reaches 0.76% of GDP in Belgium, 0.68% in Germany and 0.67% in France. By contrast, the impact is around 0.26% of GDP in Ireland and Bulgaria. These differences reflect both the structure of tax systems and the design of the benefit systems. Higher cushioning, on average, is associated with higher fiscal costs.

### *Stress testing price shocks*

**A sudden and severe price shock is another type of shock that is relevant to consider for the stress-testing of welfare systems.** Such shock – if not mitigated – would likely result in a substantial drop in households’ real incomes (even more if wages and benefits do not adjust to inflation), resulting in a drop in their purchasing power. Welfare (and tax) systems can however help to mitigate such a drop, for instance if certain types of social benefits are automatically indexed<sup>56</sup> or if (income) tax brackets adjust to inflation. It is therefore important to know to what extent such systems can indeed help to mitigate a loss of purchasing power. In such stress-testing analyses, it is also relevant to factor in the “distributional impacts of inflation”, reflecting the effects of a price shock on purchasing power will likely differ between different population groups (depending on which consumption items experience the largest price increases and on the various consumption patterns along the income distribution).<sup>57</sup>

**Price shocks emerged as a distinct focus for welfare stress-testing primarily after the 2021–23 inflation surge which affected more lower income households.** Amores et al. (2025) used EUROMOD with a consumption tax extension to assess the distributional impact of the 2022 euro-area inflation episode, finding that the shock was regressive — lower-income households, who spend a larger share of income on essentials, faced proportionally larger real income losses. Country responses varied considerably in both size and design: Greece spent around 2.5% of GDP on price-related measures, while Portugal achieved a comparable distributional outcome at less than half the fiscal cost by targeting income transfers rather than broad price subsidies. It appeared that targeted transfers dominate broad price subsidies in terms

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<sup>56</sup> Not necessarily exactly matching the rise in prices (inflation) but at least somehow taking this rise into account for increasing the amounts of benefits.

<sup>57</sup> E.g. the share of income spent on certain items differs between lower-income and higher income households.

of adequacy protection per euro spent.<sup>58</sup> The earlier automatic stabiliser literature (Dolls, Fuest and Peichl, 2012) provided the methodological benchmark, showing that EU systems absorb around 38% of a proportional income shock through automatic tax/benefit responses. However, this framework designed mainly for income and employment shocks, cannot be directly extended to analysis of price shocks because a pure price shock leaves nominal incomes unchanged, income tax liabilities and unemployment insurance do not automatically adjust, and the standard stabilisation coefficient is close to zero (see box 3).

### Box 3 – Limitations and avenues in stress testing price shocks

Several gaps are present in existing analyses. First, existing studies measure the distributional impact of price shocks and of fiscal responses, but do not break it down into its component channels — automatic responses, existing indexation rules and discretionary measures. This makes it difficult to assess how much protection is structural (built into the system) versus the result of ad hoc political choices. Second, the automatic stabiliser concept does not transfer directly. Classical stabilisers respond to nominal income changes; a price shock with rigid wages produces almost no automatic response. The system is structurally blind to real income losses unless benefits or tax parameters are formally indexed to prices, and existing cross-country analyses have not yet built a comparable “stabilisation coefficient” for price shocks. Building on EUROMOD and its consumption tax tool and consumption data, a more complete framework could help isolate each buffering mechanism.

#### 2.2.6. Megatrends impacting poverty

**Poverty developments are affected by major ongoing megatrends in Europe – in particular digitalisation, climate change, and demographic change.** These forces are reshaping labour markets, welfare systems and access to opportunities, producing new vulnerabilities and shifting poverty patterns across regions and social groups. Each trend has both the potential to reduce poverty through economic opportunity and innovation, but also to intensify social exclusion if not managed inclusively.<sup>59</sup>

**Digitalisation is reshaping European economies, influencing how individuals work, learn, and access services.** Digitalisation offers major opportunities for EU economies by boosting productivity, innovation, and global competitiveness across sectors. The adoption of digital technologies leads to an increase in firms' productivity, but these gains could be larger than they

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<sup>58</sup> See for instance: International Monetary Fund, '[Fiscal policy measures in response to the energy and inflation shock and climate change](https://www.imf.org/-/media/files/publications/wp/2022/english/wpica2022262-print-pdf.pdf)'; Targeted, Implementable, and Practical Energy Relief Measures for Households in Europe', WP/22/262, December 2022, <https://www.imf.org/-/media/files/publications/wp/2022/english/wpica2022262-print-pdf.pdf> or European Commission: Directorate General Economic and Financial Affairs, 'Energy measures to attenuate the impact of the current spike in energy prices: Note to the attention of the Eurogroup', Brussels, 26 March 2026, [26-03-2026-eg\\_draft-note-energy-measures.pdf](https://ec.europa.eu/economy_finance/energy-measures.pdf)

<sup>59</sup> European Commission, Directorate-General for Employment, Social Affairs and Inclusion, 'Employment and Social Developments in Europe 2023: Addressing labour shortages and skills gaps in the EU', Publications Office of the European Union, Luxembourg, 2023, <https://op.europa.eu/webpub/empl/esde-2023/esde-review.html>.

have been until now if institutions, policies and worker skills are adapted in order to promote and ease the diffusion of digital technologies among firms.<sup>60</sup>

However, it can also exacerbate structural inequalities, particularly in terms of digital skills. In the EU, 46% of adults lack basic digital skills, a figure that rises sharply in Bulgaria, Romania, and Italy to over 70%.<sup>61</sup> Special attention should be given to vulnerable groups, who might need support to acquire the necessary digital skills to benefit from the digital evolution. The rural–urban digital divide persists, especially in Eastern and Southern Europe, where broadband coverage and digital training are limited. In this regard, digitalisation can bring opportunities in rural and remote areas, some of which face significant challenges related to unaffordable or unavailable services. There are also challenges related to digital skills, there are 15pp between urban and rural areas of individuals with at least basic digital skills.<sup>62</sup> New and complex challenges are arising, in the context of a rapidly evolving labour market, featuring automation, which displaces routine jobs: 14% of EU jobs are at high risk of automation and another 32% are at significant risk of transformation<sup>63</sup>, and the impact of AI. Digital technologies including artificial intelligence can be important engines of job creation and productivity but may also lead to sectoral disruptions, job displacement and further polarisation in the workforce between low- and high-skilled employees.<sup>64</sup>

In this respect, barriers in access to public services and other administrative services (e.g. banking, correspondence with various service providers such as healthcare providers or energy providers, etc.) – due to the increasing prevalence of “digital only” channels – should be closely and regularly monitored. This would be needed to avoid some parts of the population (e.g. people with low digital literacy or lack of access to digital tools) no longer being able to use such services.

**Digital inequality also reinforces labour precarity and inequality.** Platform work has expanded rapidly in the EU, yet 55% of persons performing platform work are estimated to earn below their country’s net minimum wage, and most lack access to sick pay or pensions.<sup>65</sup> Without regulation, digitalisation risks creating a new “digital underclass” in low-paid, unstable employment. The use of AI in public administrations also needs to be carefully implemented, to avoid potential adverse consequences, for instance regarding the handling of application for

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<sup>60</sup> European Central Bank, ‘A report by the ESCB expert group on productivity, innovation and technological change’, 2024.

<sup>61</sup> European Commission, ‘*Digital Economy and Society Index (DESI)*’, 2023.

<sup>62</sup> Eurostat, ‘*Individuals’ level of digital skills (from 2021 onwards)*’, dataset, 2026, [https://doi.org/10.2908/isoc\\_sk\\_dskl\\_i21](https://doi.org/10.2908/isoc_sk_dskl_i21)

<sup>63</sup> Nedelkoska, L. and Quintini, G., ‘Automation, Skills Use and Training, OECD Social, Employment and Migration Working Paper’, No. 202, OECD Publishing, Paris, 2018.

<sup>64</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, ‘Labour Market and Wage Developments in Europe - Annual review 2024’, Publications Office of the European Union, Luxembourg, 2024.

<sup>65</sup> [Commission Staff Working Document SWD/2021/396 final of 9 December 2021 Impact Assessment Report accompanying the Proposal for a Directive of the European Parliament and of the Council on improving working conditions in platform work.](#)

support in public employment services or of the application to social benefits.<sup>66</sup> At the same time, resource-constrained public organisations can better serve the public with improved digital workflows.

**AI also raises specific risks for people already in vulnerable situations** that may lack digital literacy and face barriers to accessing AI-enabled services. At the same time, automated decision-making can perpetuate discrimination and social bias. The EU Fundamental Rights Agency has documented cases where algorithmic systems used in fraud detection or policing wrongly penalised low-income and migrant families, with severe financial and social consequences.<sup>67</sup> Moreover, while AI in social protection and banking may bring important benefits, such as improving benefit allocation, reducing administrative burdens, and expanding financial inclusion through tailored services, groups in vulnerable situations who rely more on welfare and basic financial services remain at risk of digital, economic, and social barriers that can amplify the impact of errors or biases in automated systems.

**While climate change poses serious risks, the transition to address it creates important opportunities.** Investment in renewable energy, energy efficiency, and low-carbon technologies can drive innovation, industrial transformation, and job creation.

**However, climate change and environmental degradation have clear social consequences in Europe.** Low-income households face greater exposure to floods, heatwaves and energy price shocks, especially in Southern Europe and the Baltic States.<sup>68</sup> They are disproportionately affected by pollution, as well as by biodiversity loss and the degradation of natural environments, while often depending more directly on the latter for their livelihoods. Climate extremes can disrupt essential services such as energy, water, sanitation and water, lead to rising food and water prices, thus pushing vulnerable groups further into poverty and social exclusion. Socio-economic vulnerabilities also further limit the capacity to adapt to climate change due to financial constraints. The shift to a low-carbon economy under the European Green Deal presents opportunities for job creation in renewable energy and green technology—an estimated 1 million additional EU jobs by 2030. Yet these gains are unevenly distributed, and some regions face rising unemployment due to coal and heavy industry decline. Poland’s Silesia region, Germany’s Lusatia, and Czechia’s Moravian-Silesian Region are among the EU’s most vulnerable areas, relying heavily on fossil-fuel employment.<sup>69</sup> Without just transition measures, decarbonisation can create “transition poverty”, where displaced workers fall into long-term unemployment. In this context, it is important to continue the momentum created by the Recovery and Resilience Facility and the Just Transition Fund (JTF) and strengthen their

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<sup>66</sup> European Commission, Directorate-General for Employment, Social Affairs and Inclusion, ‘European Network of Public Employment Services - Opportunities of AI within PES processes and services’, Publications Office of the European Union, Luxembourg, 2025, [https://employment-social-affairs.ec.europa.eu/european-network-public-employment-services-opportunities-ai-within-pes-processes-and-services\\_en](https://employment-social-affairs.ec.europa.eu/european-network-public-employment-services-opportunities-ai-within-pes-processes-and-services_en).

<sup>67</sup> European Union Agency for Fundamental Rights (FRA), Bias in algorithms – Artificial intelligence and discrimination, Publications Office of the European Union, Luxembourg, 2022, p. 32-35.

<sup>68</sup> European Environment Agency (EEA), *Climate Change as a Threat to Poverty Reduction in Europe*, 2022.

<sup>69</sup> OECD, ‘Regions in Industrial Transition: Policies for a Climate-Neutral Economy’, OECD Publishing, Paris, 2023.

implementation to support the economic diversification and transition towards a more sustainable economy. The JTF is supporting the Lusatian lignite mining area in Brandenburg that is particularly affected by the phase-out of lignite and the transition to a climate-neutral economy with an EU contribution of EUR 671 million. Funding aims to support SMEs to diversify and modernise their operations, to projects securing and developing skilled labour and lastly to the expansion of digital infrastructure as well as public transport services.

**Fossil fuel dependence can also burden poorer households.** Rising energy prices have contributed to energy poverty. Inability to keep homes warm affected 9.2% of EU citizens in 2024, with a wide geographical disparity throughout the EU. Also, moving to a low-carbon economy requires investment and system changes that may raise energy, transport and housing costs, particularly for households already under financial pressure. When revenues from carbon pricing are redistributed in a well-targeted way, they can offset—or even reverse—negative distributional effects. In addition, targeted investment support (for example, using revenues to subsidise renewable heating systems or building renovations) can reduce reliance on fossil fuels, lower bills over time, and strengthen long-term resilience.

**Demographic change in the EU—particularly population ageing and migration—creates several economic opportunities despite its challenges.** An older population can drive growth in the “silver economy,” increasing demand for healthcare, long-term care, and age-friendly goods and services, which in turn stimulates innovation and job creation.

**At the same time, an ageing and shrinking population may impact negatively social and economic sustainability and territorial cohesion.** By 2026, the EU population will peak and gradually shrink over the coming decades<sup>70</sup>, losing about 1 million working-age people annually until 2050. This will lead to a decline of 57.4 million in the working-age population by 2100, and the old-age dependency ratio will rise from 33% in 2022 to 60% by 2100<sup>71</sup>, potentially worsening labour shortages. Already between 2014 and 2024, both the EU old-age and total dependency ratios increased by 5.6 pp (from 28.3% to 33.9%) and 5.2 pp (from 51.6% to 56.8%), respectively.

**While migration can mitigate these shortages, it alone cannot offset the challenges.** Although migration has boosted employment growth<sup>72</sup>, this effect does not substantially reduce the pressures on welfare systems ensuing from the shrinking working-age population. In addition, migrant population subgroups tend to be more vulnerable to poverty or social exclusion (38.2% at EU level), especially young migrants aged 18-29 (40.6% at EU level), than

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<sup>70</sup> [Commission Communication COM/2023/577 final of 11 October 2023 on Demographic Change in Europe: A Toolbox for Action.](#)

<sup>71</sup> Idem.

<sup>72</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'Joint employment report 2026 – As adopted by the EPSCO Council on 9 March 2026', Publications Office of the European Union, 2026, <https://data.europa.eu/doi/10.2767/1924784> and [Migration, mobility and the EU labour market - Economy and Finance.](#)

the native-born population.<sup>73</sup> Migrants are often concentrated in low-wage and informal sectors and can face labour exploitation, housing exclusion and educational segregation for their children, with the risk of fuelling intergenerational transmission of poverty.

**Demographic change also creates increasing challenges for EU's territorial cohesion.<sup>74</sup>**

The demographic transition is also reshaping societies with implications for younger generations' access to housing, work and income, as well as for long-term care and healthcare. At the same time, in line with the European Commission **Intergenerational Fairness Strategy**, active ageing, intergenerational knowledge transfer and extended economic and social participation can support longer and healthier lives. With investment in lifelong learning, flexible work and age-friendly communities, demographic change can become an opportunity for all generations.

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<sup>73</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'Employment and Social Developments in Europe 2025: Unlocking the potential of people: promoting higher employment in the EU', Publications Office of the European Union, Luxembourg, 2025. <https://data.europa.eu/doi/10.2767/9505984>

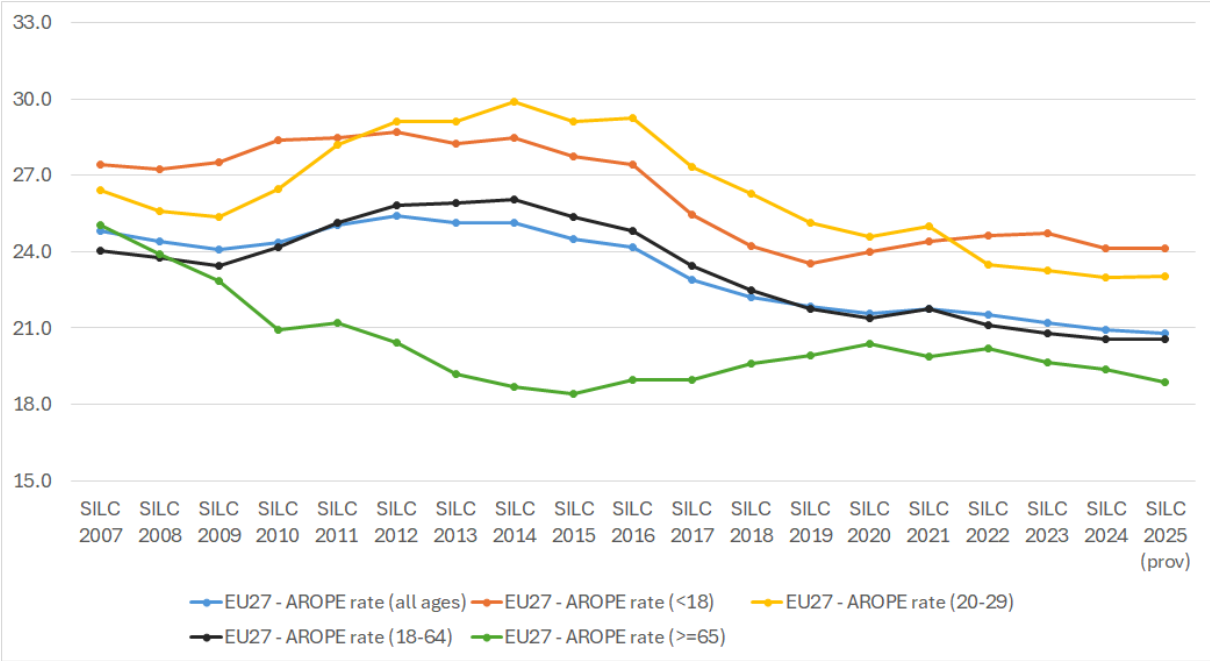
<sup>74</sup> Idem.

### 3. Who faces poverty in the EU and why

To reduce and prevent poverty effectively, it is essential to understand its main drivers and how they impact different segments of the population.

The chart below illustrates how AROPE has evolved across main age groups since 2007. It highlights persistent generational disparities, with children facing higher and more volatile risk of poverty or social exclusion than the working-age population and how progress has varied over time, in response to economic cycles, labour market developments, and policy measures.

**Chart 14 – At risk of poverty or exclusion rate in the EU by main age groups (2007-2025)**



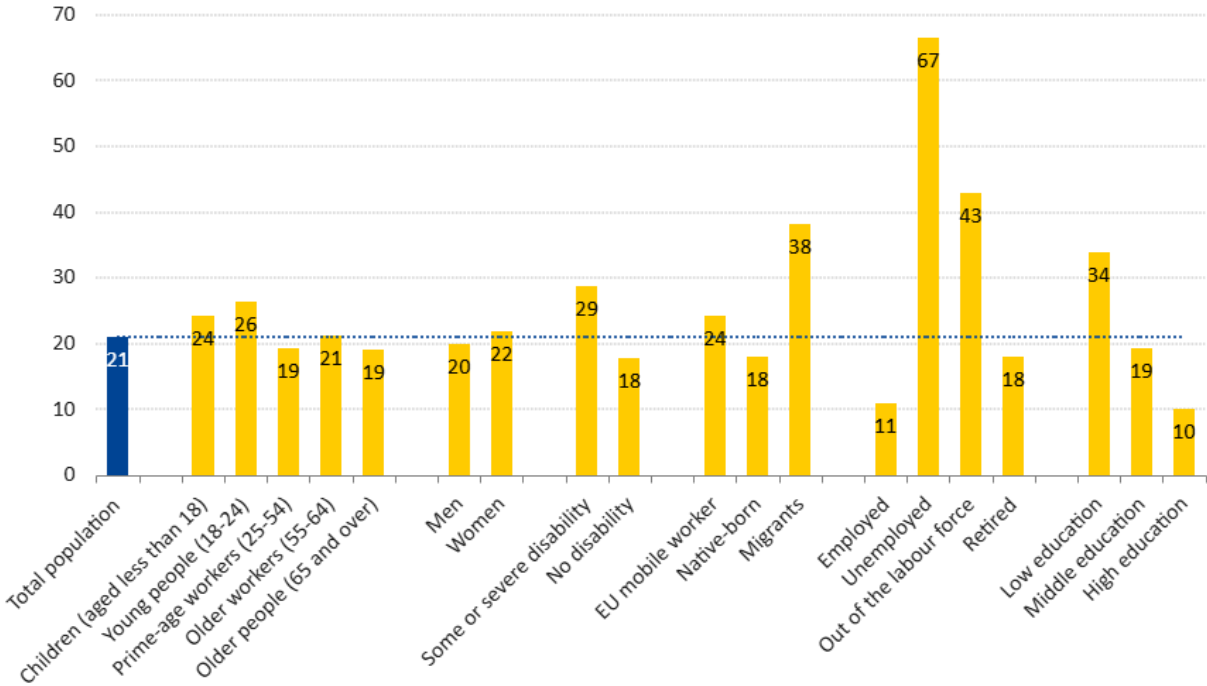
Note: The definition of the AROPE rate differs between people aged under 65 and those aged 65 or over, as the latter excludes the very low work intensity component.<sup>75</sup>

Source: DG EMPL calculations based on Eurostat data, with series adjusted to neutralise the impact of breaks in time series over the period. The breaks in time series were treated as follows: when Eurostat’s results are flagged as “b”, indicating a break in time series, the change for that year is set be 0. This adjustment does not create fully a break-free series. The method is applied backwards in time, using EU-SILC 2025 (provisional estimates, see footnote on data source) as the starting point.

<sup>75</sup> Provisional figures for SILC 2025, which are based on SILC 2025 data for the 21 Member States for which this data had been published on 20/04/2026 and on SILC 2024 data for the remaining 6 Member States.

Beyond age differences, AROPE remains highly concentrated among specific groups. The unemployed, inactive, migrants, the low-skilled, and persons with disabilities experience significantly higher risk.

**Chart 15 – At-risk-of-poverty or social exclusion (AROPE) rates by socio-demographic characteristic (%), EU, 2024.**



Notes: 2024 values refer to 2023 income reference period for all Member States. The definition differs for the AROPE rate of people aged less than 65 years and those aged 65 years or above as the latter excludes the Very Low Work Intensity component.

Source: Eurostat (online data codes [ilc\\_peps01n](#), [ilc\\_peps06n](#), [ilc\\_peps02n](#), [ilc\\_peps04n](#), [hlth\\_dpc010](#)).

### 3.1. Children

**Children are disproportionately affected by poverty risks.** In 2025<sup>76</sup>, 24.3% of children were AROPE, compared with 20.9% of the overall population, which amounted to 19.3 million children being AROPE. The number of children AROPE slightly increased between 2019 and 2022 and only started to slightly decrease since then. This led to the number of children AROPE remaining, overall, broadly stable since 2019<sup>77</sup>, therefore not making progress regarding “moving towards the 2030 EU poverty reduction sub-target covering children”.

<sup>76</sup> Source: Eurostat data (SILC 2025, [ilc\\_peps01n](#)).

<sup>77</sup> Source: Eurostat data (SILC 2025, [ilc\\_pecs01](#)).

**Among the 21 Member States which set national child poverty reduction targets, progress towards their achievement has been limited.** While Ireland, Cyprus and Sweden reached their targets, the remaining Member States need to make additional efforts to do so. The incidence of child poverty varies greatly throughout the EU from less than 15% in Cyprus and Slovenia to more than 30% in Bulgaria, Spain and Romania. Together with Greece, the latter countries are also those in which child-specific material deprivation is also the highest.

**Children growing up in poverty face significant disadvantages.** They are less likely to perform well in education, experience good health, and realise their full potential in adulthood. According to OECD estimates it takes 4-5 generations for children starting at the bottom of the income distribution to reach average income.<sup>78</sup> Data indicates that adults aged 25 to 59 who experience financial difficulties around age 14 have a 20% risk of poverty, compared with 12.4% for those who grew up in better financial conditions. In addition to the short- and long-term impact of child poverty on individual outcomes, it also has a societal impact: according to OECD's estimate<sup>79</sup>, its cost amounts to not less than 3.4% of lost GDP every year, just when considering the impact of childhood disadvantage on employment and health outcomes.

**Parental income is a primary determinant of child poverty,** stemming from barriers hindering parents' labour market integration and lack of adequate income support. Besides lower employment rate, workers with children are more likely to experience in-work poverty than those without children in all but seven EU Member States in 2024. The impact of social transfers on reduction of children's poverty risks has remained broadly stable on average in the EU, but with large country variations, ranging from around 20% in Spain and Romania to 60% in Finland. These variations reflect those of child benefits, which constitute one type of social transfers specifically supporting families' income, as Spain and Romania's child benefits also have among the lowest child poverty reduction effect.<sup>80</sup> This large heterogeneity suggests scope for further upward convergence.

**Early access to key services helps mitigate the negative impact of growing up in poverty, essential in ensuring equal opportunities and breaking the cycle of intergenerational transmission of poverty.** However, gaps in services' access remain between children AROPE and their better off peers, with some disparities across Member States. As an illustration, disadvantaged children often face multiple barriers, including financial (high fees) and non-financial barriers (lack of availability, accessibility, adaptations for children with disabilities, long waiting lists) to early childhood education and care (ECEC). In 2024, only 24.4% of children under the age of 3 at risk of poverty or social exclusion were enrolled in

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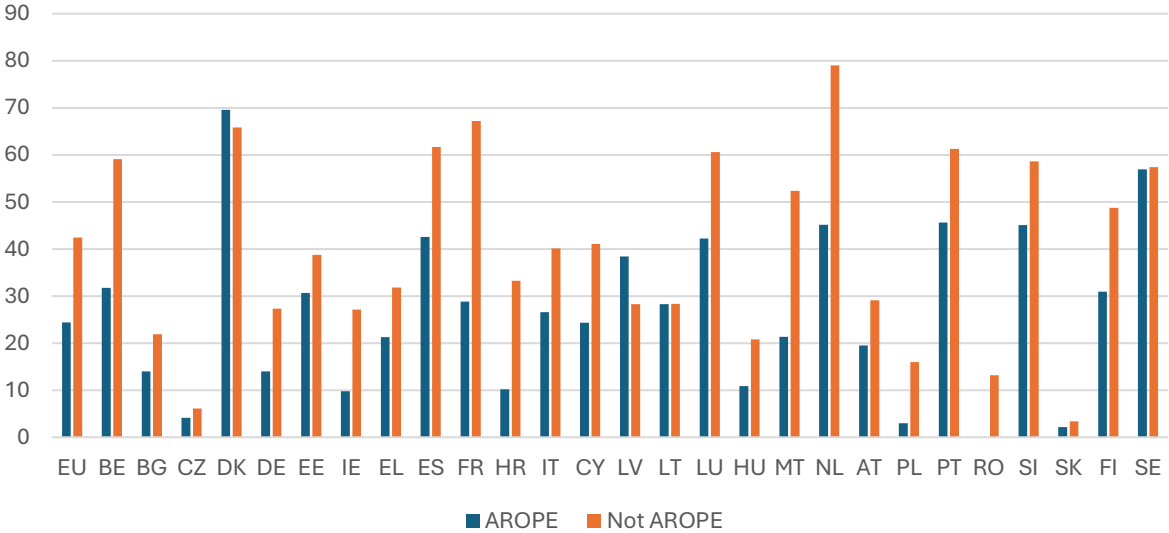
<sup>78</sup> OECD, 'A Broken Social Elevator? How to Promote Social Mobility', OECD Publishing, Paris, 2018, <https://doi.org/10.1787/9789264301085-en>.

<sup>79</sup> Clarke, C., Bonnet, J., Flores, M. and Thévenon, O., 'The economic costs of childhood socio-economic disadvantage in European OECD countries', *OECD Papers on Well-being and Inequalities*, No. 9, OECD Publishing, Paris, 2022, <https://doi.org/10.1787/8c0c66b9-en>. [https://www.oecd.org/en/publications/the-economic-costs-of-childhood-socio-economic-disadvantage-in-european-oecd-countries\\_8c0c66b9-en.html](https://www.oecd.org/en/publications/the-economic-costs-of-childhood-socio-economic-disadvantage-in-european-oecd-countries_8c0c66b9-en.html).

<sup>80</sup> Bornukova, K., Hernandez, A., & Picos, F., 'Investing in children: The impact of EU tax and benefit systems on child poverty and inequality (No. 2/2024)', JRC Working Papers on Taxation and Structural Reforms, 2024.

ECEC, compared with 42.4% of their peers who were not at risk.<sup>81</sup> The socioeconomic participation gap for children under 3 has widened in most EU countries, highlighting the urgent need for targeted policy measures to ensure that ECEC systems are inclusive and accessible, particularly for families facing socio-economic challenges. This socioeconomic participation gap occurs also in other areas, ranging from education to nutrition, healthcare and housing.<sup>82</sup>

**Chart 16: Share of children below age 3 at risk of poverty or social exclusion (AROPE and not AROPE) participating in ECEC for one hour or more per week in 2024 (average of 2024 and 2023 shares in %)**



Note: The average rate of two years (average of rates from reference year and reference year-1) is used instead of the annual rate available in ilc\_caindform25 to increase the reliability of this indicator. No AROPE figures available for RO.

Source: Eurostat (online data code [ILC\\_CAINDFORM25B](#)) (date of extraction – 03/12/2025)

Lastly, **certain groups of children face multiple and overlapping disadvantages** — from a higher risk of poverty or social exclusion to lower take-up of key services — which can have long-lasting effects on their outcomes later in life. Around 77% of Roma children live in households at risk of poverty – a stark disproportionality when contrasted with the general child population. Due to adverse experiences before and during care, coupled with an accelerated transition into adulthood and insufficient support during and after this transition<sup>83</sup>, children in

<sup>81</sup> European Commission, Directorate-General for Employment, 'Social Affairs and Inclusion, Monitoring and benchmarking frameworks', Social Protection Committee – Indicators' Sub-Group, 2024, [https://employment-social-affairs.ec.europa.eu/policies-and-activities/social-protection-social-inclusion/social-protection-committee/indicators-sub-group/monitoring-and-benchmarking-frameworks\\_enhttps://employment-social-affairs.ec.europa.eu/policies-and-activities/social-protection-social-inclusion/social-protection-committee/indicators-sub-group/monitoring-and-benchmarking-frameworks\\_en?prefLang=fr](https://employment-social-affairs.ec.europa.eu/policies-and-activities/social-protection-social-inclusion/social-protection-committee/indicators-sub-group/monitoring-and-benchmarking-frameworks_enhttps://employment-social-affairs.ec.europa.eu/policies-and-activities/social-protection-social-inclusion/social-protection-committee/indicators-sub-group/monitoring-and-benchmarking-frameworks_en?prefLang=fr).

<sup>82</sup> Social Protection Committee, 'NOTE OF THE SPC-ISG: Update of the monitoring framework for the European Child Guarantee', Brussels, 26/05/2025, <https://webgate.ec.europa.eu/circabc-ewpp/ui/group/bab664d7-1188-47b2-9fa6-869902320ba2/library/1263d2f9-f558-4e3f-a384-9e24da0883d1/details>

<sup>83</sup> Fryar, G., E. Jordan and K. DeVooght, *Supporting Young People Transitioning from Foster Care: Findings from a National Survey*, 2017, <https://www.childtrends.org/publications/supporting-young-people-transitioning-foster-carefindings-national-survey>; Kääriälä, A. and H. Hiilamo, 'Children in out-of-home care as young adults: A

institutional care and care leavers are more likely to have lower educational outcome, be unemployed or in precarious employment, earn lower salaries, and face an increased risk of poverty.<sup>84</sup> Care leavers, including children leaving institutional care, are also overrepresented among the homeless.<sup>85</sup>

## 3.2. Youth

**Young people in the EU face a disproportionately high risk of poverty or social exclusion.** This is largely driven by youth unemployment, early school leaving, and disengagement from education or the labour market. In 2025<sup>86</sup>, the AROPE rate for young people aged 16-29 years was 24.0%, 3.1 percentage points higher than the rate for the total population.<sup>87</sup> Young people are also more likely to start their working career in low-paying jobs. The disadvantages facing young people have increased in recent years.<sup>88</sup>

**The youth unemployment rate (15-24 years old) is substantially higher than the overall unemployment rate.** It stood at 15.2% in 2025<sup>89</sup> and remains a major barrier to young people achieving financial stability and avoiding poverty. In 2025, the share of young people aged 15-29 who are neither in education, employment nor training (NEET) stood at 10.9% in the EU, but there are significant discrepancies in NEET rate among Member States, ranging from 5.3% in the Netherlands to 19.2% in Romania.<sup>90</sup> These NEET rates reflect, among other issues, early school leaving, skills mismatches, multidimensional barriers to integration into the labour market (such as health issues), care responsibilities as well as insufficient access to employment opportunities.

**Young people's access to the labour market can be determined by their socio-economic status.** For young people from poor households, access to a first job may be further impaired

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systematic review of outcomes in the Nordic countries', *Children and Youth Services Review*, Vol. 79, pp. 107-114, 2017, <https://doi.org/10.1016/J.CHILDYOUTH.2017.05.030>.

<sup>84</sup> Stewart, C. et al., 'Former foster youth: Employment outcomes up to age 30', *Children and Youth Services Review*, Vol. 36, pp. 220-229, 2014, <https://doi.org/10.1016/J.CHILDYOUTH.2013.11.024>, Hageleitner et al. (2022).

<sup>85</sup> SZN, Factsheet Zwerfjongeren Nederland, Stichting Zwerfjongeren Nederland, 2017; Frechon, I. and M. Marpsat, 'Placement dans l'enfance et précarité de la situation de logement', *Économie et Statistique*, 488-489, 2016, <https://www.insee.fr/fr/statistiques/2123144?sommaire=2123156>; Dworsky, A., L. Napolitano and M. Courtney, 'Homelessness during the transition from foster care to adulthood', *American journal of public health*, Vol. 103 Suppl 2/Suppl 2, pp. S318-S323, 2013, <https://doi.org/10.2105/AJPH.2013.301455>.

<sup>86</sup> Source : Eurostat data (SILC 2025)

<sup>87</sup> When focusing in on certain AROPE components at EU level, it can be observed that the severe material and social deprivation rate is slightly lower for the people aged 20-29 (at 5.4% in 2024) than for the total population (at 6.4% in 2024). However, the AROP rate is higher for people aged 20-29 (at 17.9% in 2024) than for the total population (at 16.2% in 2024).

<sup>88</sup> Ciccolini, G., Endrich, M., Nedee, A. And Natale, F., *Intergenerational fairness in the EU: income and housing dynamics in the context of demographic change*, Publications Office of the European Union, Luxembourg, 2025, <https://data.europa.eu/doi/10.2760/6294128, JRC144437>.

<sup>89</sup> Source: Eurostat (online data code [une\\_rt\\_a](#)).

<sup>90</sup> Source: Eurostat (online data code [edat\\_ifse\\_20](#)).

by the lack of information, resources and networks associated with low levels of social integration.

**Participation in education has increased across the EU, also for young people at risk of poverty. Average EU enrolment rates in 2023 in higher education were at 43.1%.** Nevertheless, socio-economic background remains the most significant determinant of a learner's educational outcomes and attainment<sup>91</sup>, as it shapes learners' access to quality resources and learning environments, influences family support and expectations, their health and well-being, and the quality of schools they attend, thereby generating cumulative inequalities that affect both participation and achievement in education over time. The new 2030 EU-level target on equity, suggested in the Interim evaluation of the 2021-2030 European Education Area strategic framework, states that the share of learners from disadvantaged socio-economic backgrounds with a good achievement in at least one domain (reading, mathematics or science) should be at least 25%.<sup>92</sup> However, only 16.3% of disadvantaged students reached this level in 2022, compared to 20.8% in 2018 and 21.1% in 2015.<sup>93</sup> The equity indicator<sup>94</sup> reveals a growing inequality in learning outcomes between young people with disadvantaged socio-economic backgrounds and their peers with advantaged socio-economic backgrounds, for whom the share in 2022 reached 59.0%. Main drivers are school segregation and unequal resource distribution.<sup>95</sup>

**In 2024, over 3 million 18-24-year-olds remain disengaged from education and training without having attained at least upper secondary education,** even though the current EU average rate of early school leaving of 9.4%<sup>96</sup> is approaching the 2030 EU-level target of below 9%.<sup>97</sup> Early school leaving reduces lifetime earnings, weakens resilience to economic shocks, and heightens the risk of intergenerational transmission of poverty.<sup>98</sup> While socio-economic

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<sup>91</sup> European Commission, 'Parental background shapes access to tertiary education', *European Education Area*, accessed 28 April 2026, [Parental background shapes access to tertiary education - European Education Area](#).

<sup>92</sup> European Commission: Directorate-General for Education, Youth, Sport and Culture, 'Interim evaluation of the 2021-2030 European Education Area strategic framework – Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions', Publications Office of the European Union, 2025, <https://data.europa.eu/doi/10.2766/2668196>.

<sup>93</sup> Eurostat, EU Labour Force Survey 2024, 2024.

<sup>94</sup> Based on OECD's PISA data, the indicator captures the outsized effect of learners' socio-economic background on one of the lowest thresholds in educational achievement: combined underachievement in reading and mathematics and science (here labelled 'severe underachievement'). The indicator is detailed in the Education and Training Monitor 2022.

<sup>95</sup> European Commission: Directorate-General for Education, Youth, Sport and Culture and European Expert Network on Economics of Education (EENEE), *Patterns of school segregation in Europe – Executive summary*, Publications Office of the European Union, 2021, <https://data.europa.eu/doi/10.2766/501504>.

<sup>96</sup> Source: Eurostat (online data code [edat\\_ifse\\_14](#)).

<sup>97</sup> European Commission, Directorate-General for Education, Youth, Sport and Culture, 'Education and Training Monitor 2023 – Comparative report', Chapter 4, Publications Office of the European Union, Luxembourg, 2023, <https://op.europa.eu/webpub/eac/education-and-training-monitor/en/comparative-report/chapter-4.html><https://op.europa.eu/webpub/eac/education-and-training-monitor/en/comparative-report/chapter-4.html>.

<sup>98</sup> European Commission, Directorate-General for Education, Youth, Sport and Culture, 'Education and Training Monitor 2022', Publications Office of the European Union, Luxembourg, 2022, <https://op.europa.eu/en/publication-detail/-/publication/2f5457d7-3edb-11ed-92ed-01aa75ed71a1>.

background remains the largest determinant of early school leaving, other factors include ethnic, migrant or refugee backgrounds and disability.

**Access to and participation in higher education remain uneven, despite the expansion of tertiary educational attainment<sup>99</sup> across the EU over the past decade.** The share of 25–34-year-olds holding a tertiary qualification increased from 36.5% in 2015 to 44.1% in 2024.<sup>100</sup> The average unemployment rate for this group, at 3.8%, remains significantly lower than for those with upper secondary or lower levels of education (respectively 5.5% and 11.8%). Socio-economic background continues to influence entry, progression and completion rates.<sup>101</sup> According to the Eurostudent<sup>102</sup> survey, financial barriers, insufficient guidance and support services and limited outreach to under-represented groups contribute to unequal opportunities.

**High property prices and rents, an insufficient supply of affordable accommodation,** the shortage of social housing and more limited financial means end up pushing many young people into unaffordable, overcrowded, precarious and inadequate housing, limiting their independence and participation in society, education and in the economy.

**Pressures of unemployment, lower education, and social exclusion can intensify the mental health challenges young people face,** creating a circle that can worsen both individual well-being and societal outcomes. Almost half of young people reported emotional or psychological problems in the past year, with global events like the COVID pandemic and geopolitical crises contributing to heightened stress levels.<sup>103</sup>

### 3.3. Working-age population

**Employment remains the most effective and sustainable route out of poverty.** Employment also promotes social inclusion, skills development, and access to contributory social protection, reinforcing resilience over the life course. Higher employment rates generally reduce poverty, though the magnitude depends on who benefits from new jobs.<sup>104</sup>

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<sup>99</sup> The share of the population aged 25–34 years who have successfully completed tertiary education, an education level ISCED 2011 (International Standard Classification of Education) of 5 to 8.

<sup>100</sup> Source: Eurostat (online data code [edat\\_lfse\\_03](#)).

<sup>101</sup> Education and Training Monitor 2024.

<sup>102</sup> Hauschildt, K., Gwosc, C., Schirmer, H. and Wartenbergh-Cras, F., 'EUROSTUDENT 8 – Synopsis of Indicators', DZHW (German Centre for Higher Education Research and Science Studies), Hannover, 2024, [https://www.eurostudent.eu/download\\_files/documents/EUROSTUDENT\\_8\\_Synopsis\\_of\\_Indicators.pdf](https://www.eurostudent.eu/download_files/documents/EUROSTUDENT_8_Synopsis_of_Indicators.pdf).

<sup>103</sup> UCL Centre for Longitudinal Studies (CLS), 'Almost half of young people experiencing mental health problems', 23 November 2022, [https://cls.ucl.ac.uk/almost-half-of-young-people-experiencing-mental-health-problems/https://cls.ucl.ac.uk/almost-half-of-young-people-experiencing-mental-health-problems/?utm\\_source=chatgpt.com](https://cls.ucl.ac.uk/almost-half-of-young-people-experiencing-mental-health-problems/https://cls.ucl.ac.uk/almost-half-of-young-people-experiencing-mental-health-problems/?utm_source=chatgpt.com)

<sup>104</sup> See in particular Akarçesme, S., Cantillon, B., Gábos, A., Nolan, B., & Tóth, I., 'Simulating the Impact of Employment Growth on Poverty: Implications for the European Social Targets', *Social Inclusion*, 13, Article 9903, 2025, <https://repository.uantwerpen.be/docman/irua/72836cmotoM42>, or Marx, I., Vandenbroucke, P., & Verbist, G., *Can higher employment levels bring down relative income poverty in the EU? Regression-based simulations of the Europe 2020 target*, *Journal of European Social Policy*, 22(5), 472–486, 2012, <https://doi.org/10.1177/0958928712456577>.

**The EU is on track to meet its 2030 target of having 78% of people aged 20-64 in employment.** In the last year, labour force and employment improvements have largely benefitted from increased participation by migrants, women and older individuals who however still have below average employment rates. Simulations suggest that meeting 2030 national employment targets could lower monetary poverty by around 1 percentage point on average, with stronger impacts (1.5 - 1.9 percentage points) in countries starting from lower employment levels.<sup>105</sup> If job creation primarily benefits households with low work intensity, the reduction could reach around 5 percentage points<sup>106</sup>, highlighting the need for targeted activation strategies to help those furthest from the labour market.

**Yet labour market participation is not always sufficient to escape poverty.** Addressing in-work poverty remains a challenge to ensure a sustainable decline of people at risk of poverty or social exclusion in the EU. In 2024, the in-work poverty rate was 8.2%<sup>107</sup>, slightly improving over the last decade (-1.5 pp between SILC 2014 and 2024).<sup>108</sup> In-work poverty is higher among people in non-standard forms of employment, which may be related to lack of access to certain branches that replace income in case of unemployment or sickness. In 2025, 18 Member States witnessed gaps for at least one group of non-standard workers in at least one branch of social protection, most often unemployment, sickness and/or maternity benefits.

**Unemployed persons face much higher risk of poverty or social exclusion.** In 2024, the unemployed remained the group with the highest levels of the severe material and social deprivation rate, at 23.7% in the EU-27, and 66.6% of the unemployed were in AROPE, compared with just 10.9% of employed people. This is particularly the case for long-term unemployed, for which it rises to 73.2%<sup>109</sup>. The long-term unemployed are also more likely to be overburdened by the cost of housing, and to have unmet needs for medical care. In many countries, the net replacement rate (proportion of previous in-work income received through benefits) drops dramatically as people become long-term unemployed. For the unemployed, entering employment is found to increase their chances of exiting poverty by 33 percentage points among men, and 30 percentage points among women.

**Half the population experiencing poverty aged less than 65 live in households with low or very low work intensity.** Alongside the lack of adequate wages, low work intensity - whether measured in terms of months worked annually or hours worked weekly - is also among the main variables causing in-work poverty. Poverty rates are lower than 5% for very high work intensity households, around 20% for medium work intensity and around 60% for households with very low work intensity. Undeclared work plays a role in increasing the risk of poverty for those

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<sup>105</sup> Bornukova, K., Depoortere A., Leventi, C., Manso L., Mazzon, A., Papini, A., 'Reducing AROPE in the EU: combining minimum income, minimum wages, and employment expansion', *JRC Working Paper Series on Taxation and Structural Reforms*, European Commission, Seville, March 2026, JRC146407.

<sup>106</sup> See Akarçesme and al (2025).

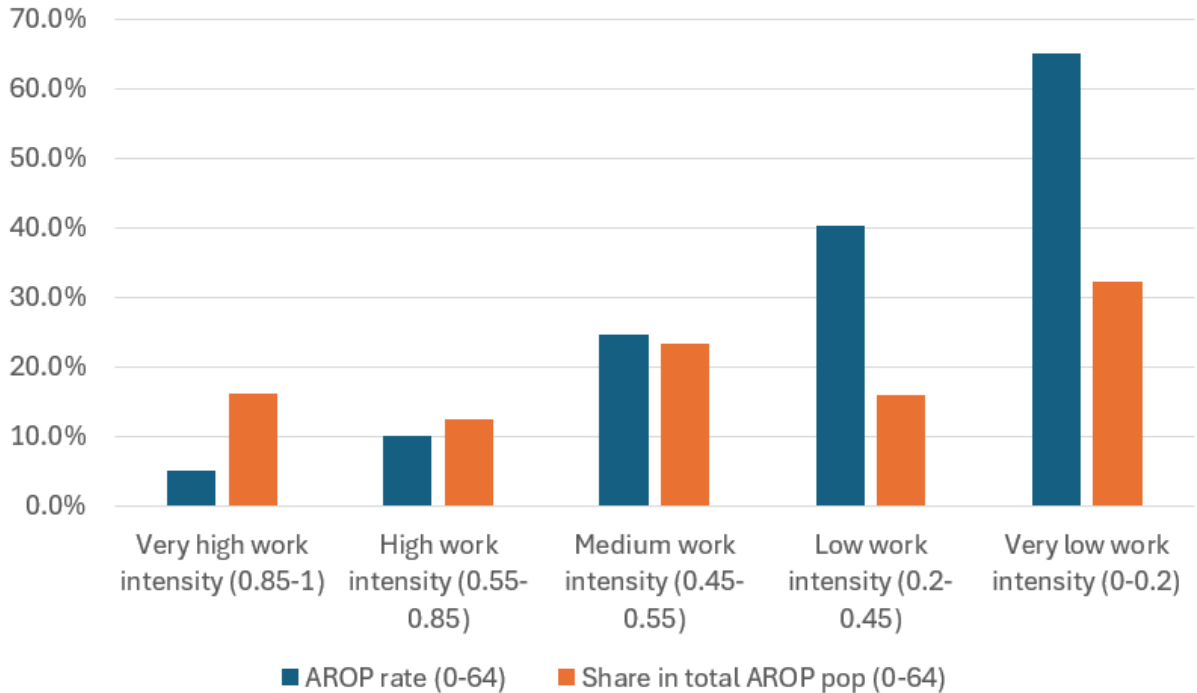
<sup>107</sup> Source: Eurostat (online data code [ilc\\_iw01](#)).

<sup>108</sup> The in-work poverty rate is defined as the share of people in employment aged 18-64 who live in a household whose equivalised disposable income is below 60% of the national median.

<sup>109</sup> SILC 2024 figure.

with low work intensity, as informal working arrangements are often associated with inconsistent employment and gaps in working time, inadequate protection from sudden dismissal and no income security during periods of inactivity.

**Chart 17 - At-risk-of-poverty rate and share in total at-risk-of-poverty population of persons aged 0-64, by work intensity<sup>110</sup> of their household (EU27, SILC 2024)**



Source - DG EMPL calculations.

**The persistence of undeclared work remains a challenge.** Informal employment can be a livelihood strategy for poor people. It provides a source of income when no formal opportunities are available. However, it typically puts workers in weaker negotiating positions towards their employers, thus exposing them to exploitative and dangerous working conditions, lower pay and wage insecurity and a lack of access to social protection. For 2019, estimates point to undeclared labour making up 9.7% of total labour input in the EU (compared with 10.2% in 2013), accounting for 14.6% of private sector GVA (14.9% in 2013).<sup>111</sup> Certain sectors exhibit higher numbers of undeclared workers: personal services such as childcare, elderly care and

<sup>110</sup> The work intensity of a household is the ratio (0-1) of the total number of months that all working-age household members have worked during the income reference year, and the total number of months the same household members theoretically could have worked in the same period.

<sup>111</sup> European Labour Authority, 'Extent of undeclared work in the European Union', 2023.

domestic work (27%), construction (19%), hospitality (17%), retail or repair services (10%) and agriculture (6%).<sup>112</sup>

**The risk of in-work poverty is also shaped by household characteristics.** The number of dependent individuals living in the household or the presence of persons with disabilities also play a decisive role. This is why single-parent households and large families, with three or more dependent children<sup>113</sup> or with family members in need of care or support, are particularly vulnerable.<sup>114</sup>

**A large proportion of working-age adults is not participating in the labour market.** In 2024, 69.8 million people aged 16–64 were outside the labour force and poverty is high among the inactive (43%). The majority of those outside the labour force are women. In 2024, around 41.5 million women aged 15–64 in the EU-27 were not participating in the labour market, accounting for 59.4% of all people outside the labour force.

**Women face specific barriers to entry into the labour market.** The uneven distribution of care and domestic responsibilities at the household level is a major factor driving female inactivity, with 75% of mothers of young children reporting family and care responsibilities as reasons for their non-participation.<sup>115</sup> The design of tax benefit systems can compound and exacerbate these obstacles, when tax and benefit withdrawal threshold are set so as to penalise second earners entering the labour market, creating inactivity traps.<sup>116</sup> Persisting discrimination and stereotypes are also holding back women from joining the workforce, especially in traditionally male-dominated sectors.<sup>117</sup>

**Difficulties in accessing good quality education and lower take-up of skill development and training are also considered a driver of inactivity,** especially for people who are seeking to enter the labour market for the first time, such as the youth and migrants. Working-age adults

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<sup>112</sup> European Commission, Directorate-General for Employment, Social Affairs and Inclusion and co-ordinated by the Directorate-General for Communication, 'Special Eurobarometer 498. Undeclared Work in the European Union', Survey requested by the European Commission, 2020.

<sup>113</sup> In the context of EU-SILC, [dependent children](#) are defined as individuals aged 0-17 years and 18-24 years if inactive and living with at least one parent.

<sup>114</sup> Since the at-risk-of-poverty status of a person is determined by considering the income of her whole household, the absence of other wage earners in a household thus tends to lead to a higher in-work poverty rate for a single-adult household compared to a multiple-adult household (where all adults would be employed). As well, the presence of dependent children (which number influences the equivalised disposable income at individual level) therefore tends to lead to a higher in-work poverty rate for single parents compared to single persons without dependent children.

<sup>115</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'Employment and social developments in Europe 2025', Publications Office of the European Union, 2025, <https://data.europa.eu/doi/10.2767/9505984>.

<sup>116</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'Joint Employment Report 2025 – As adopted by the EPSCO Council on 10 March 2025', Publications Office of the European Union, 2025, <https://data.europa.eu/doi/10.2767/9542551>.

<sup>117</sup> Data shows that women are less likely to be affected by in-work poverty than men (7.3% vs. 9%), but this is rather due to the fact that poverty is measured at the household level and women are more likely to be the second contributor to household income. European Commission: Directorate-General for Employment, Social Affairs and Inclusion, *In-work poverty in Europe – A study of national policies*, Publications Office, 2019, <https://data.europa.eu/doi/10.2767/31835>.

with lower levels of education are more likely to be outside the labour force than those with higher qualifications. In 2024, 32.5 million people aged 15–64 who were not in the labour force in the EU-27 had a low level of education (ISCED levels 0-2). At the same time, lower-income adults report significantly lower participation rates in education and learning, pointing to socio-economic barriers to participation.<sup>118</sup> Among all adults who would want to participate in education and learning activities, the main obstacles highlighted have to do with financial costs of participation, or conflicts with working and family responsibilities, which point to the potential of enhancing accessibility.<sup>119</sup>

**Digital skills levels also show significant inequalities across socio-economic groups.** The DESI indicators<sup>120</sup> show that in 2023, the gap in at least basic digital skills between individuals with high formal education and those with little or no formal education was 46.2 percentage points.<sup>121</sup> Age is another strong determinant: the gap between younger (16–24) and older (65–74) adults stands at 41.8 percentage points. A Joint Research Centre study identifies multiple vulnerable profiles at risk of lacking basic digital skills. Young people with low education attainment, manual workers and those unemployed or outside the labour market, all face a high likelihood to lack basic digital skills.<sup>122</sup>

### 3.4. Older people

**In 2025<sup>123</sup>, almost one in five (18.8%) people aged 65 or above were at risk of poverty or social exclusion.** While there are large differences among countries, this represents a decrease compared with 2022 (20.2%) and 2019 (19.9%). However, in absolute terms the number of older people in AROPE has showed an upward trajectory since 2019 as the share of old people is increasing because of growing longevity. Following the projected growth in the population aged 65 or above in the coming decades, this trend is likely to continue, even if adequate pensions and access to affordable high-quality services can contain poverty risks.

**Despite positive developments, older women still face higher risk of poverty or social exclusion than men in all Member States.** In 2024, 21.5% of women aged 65 or above were in AROPE, compared with 16.3% of men in the same age group. The risk remains even higher for women in advanced old age, despite relative improvement - in 2024, 22.8% of women aged

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<sup>118</sup> OECD (2025), 'Trends in Adult Learning: New Data from the 2023 Survey of Adult Skills', *Getting Skills Right*, OECD Publishing, Paris, <https://doi.org/10.1787/ec0624a6-en>.

<sup>119</sup> Eurostat, *Statistics Explained: Adult learning – reasons for not participating*, 2024, <https://ec.europa.eu/eurostat/statistics-explained/SEPDF/cache/134706.pdf>.

<sup>120</sup> European Commission, 'Digital Decade DESI indicators', dataset/visualisation tool, 2025, <https://digital-decade-desi.digital-strategy.ec.europa.eu/datasets/desi/charts/desi-indicators>.

<sup>121</sup> The 2025 Education and Training Monitor also picks up on the correlation between socio-economic background and computer and information literacy, see p. 29 [Education and Training Monitor 2025](#).

<sup>122</sup> Joint Research Centre, Bertoni, E et al, *JRC Publications Repository - Digital skills gaps - a closer look at the Digital Skills Index (DSI 2.0)*, 2025, <https://publications.jrc.ec.europa.eu/repository/handle/JRC140617>. The findings are based on a multivariate analysis conducted by the Joint Research Centre (JRC) examining the Digital Skills Indicator and the specific competencies it measures.

<sup>123</sup> Source : Eurostat data (SILC 2025)

75 and above in the EU were AROPE. Being more often single in old age, with related higher costs, further increases the poverty risk for women compared to men.

**Even though on a downward trend, the average gender pension gap (for 65-79) was 24.8% at EU level in 2024<sup>124</sup>**, meaning that women got pensions which are on average about one fourth lower than that one of men. A higher number of women also receive no income from pensions at all, compared with men (4.8% gender pension coverage gap in the EU in 2024 for the same age group<sup>125</sup>). These gaps have their roots in accumulated differences along women's professional career: average lower pay, often in lower-paid, gender-segregated sectors such as social care sector, more part-time work and shorter, interrupted or never started careers, including due to care obligations. Lower financial literacy can also hamper women's retirement planning, calling for financial education and pension transparency measures.

**Pension replacement rates are projected to significantly decrease in most Member States over the next forty years.**<sup>126</sup> The aggregate replacement ratio for pensions in the EU has been broadly stable over the last decade, standing at 60% on average in 2024.<sup>127</sup> Looking forward, though, the decline will be more than 20 percentage points for a similar career in some cases, which is likely to push more pensioners below the poverty line.

**Together with pension adequacy issues, old-age poverty risk is also linked to changing household composition, including survivorship.** Older people whose children have left may find themselves in housing no longer adapted for their needs, while higher life expectancy in conjunction with lower pensions may expose women to particularly high poverty risks. While these changes are driven by different factors, they all contribute to cost pressures on older households. Furthermore, the consumption patterns of older people differ from younger population, meaning they can be more exposed to rapid increases in food or energy prices, in particular older people with low incomes.<sup>128</sup>

**The need for health care and long-term care tends to increase with age and is associated with higher poverty risks, notably for those with severe needs.** Deeper into old age (people aged 75 or over), covering care needs becomes a critical social challenge. Without public support, the costs of LTC for older people would be unaffordable in most countries. The costs of LTC can pose a substantial financial challenge for older people, often representing a large

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<sup>124</sup> Source: Eurostat (online data code [ilc\\_pnp13](#)).

<sup>125</sup> Source: Eurostat (online data code [ilc\\_pnp14](#)).

<sup>126</sup> Replacement rates are projected using the methodology of Theoretical Replacement Rates (See Pension Adequacy Report 2024), while Aggregate Replacement Ratios are based on EU-SILC.

<sup>127</sup> Source: Eurostat (online data code [ilc\\_pnp3](#)).

<sup>128</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion and Social Protection Committee, 'The 2024 Pension Adequacy Report: Current and future income adequacy in old age in the EU', Volume I, Publications Office of the European Union, Luxembourg, 2024, <https://doi.org/10.2767/909323> <https://data.europa.eu/doi/10.2767/909323>

portion of their disposable income. Poverty risks for people with LTC needs remain substantially higher than for older people in general.<sup>129</sup>

**Old age poverty goes indeed beyond income alone as older people are more vulnerable to multidimensional deprivation.**<sup>130</sup> Research based on SHARE data between 2011 and 2022 highlights significant and persistent disadvantages among older Europeans, particularly in Southern and Eastern European countries, where many face multiple, overlapping challenges across different dimensions: social participation, independent living, and the capacity to age healthily. About 4.4% of older individuals are simultaneously disadvantaged across multiple areas of well-being, while nearly one in four (22.74%) fall below the median. Disadvantages over the years show that older individuals in the lowest level of well-being in 2015 experienced limited upward mobility by 2021/2022.<sup>131</sup> In contrast, those who started at the top were more likely to remain there.

**Socioeconomic inequalities in life expectancy are a challenge for pension policies, which may need to adjust retirement pathways for different career profiles to prevent the building of inequality,** as underscored in the Pension Adequacy Report 2024. The way in which inequality in labour earnings translates into pension inequality depends largely on the progressivity of the pension system. While pension systems protect those in need, gaps remain. Pensions for the self-employed are projected to be on average a third lower than those of full-time employees with a similar career, among other things due to differences in rules and in average earnings.

### 3.5. Women and single parents

**The AROPE rate in 2025<sup>132</sup> was higher for women than for men (21.9% compared to 19.7%).** Women and girls face a higher risk throughout their lives due to structural inequalities, including economic disparities, gender stereotypes, and discrimination, particularly related to care and work. Single-adult households, which are predominantly female, experience an AROPE rate approximately 10 percentage points higher than the average.<sup>133</sup> In terms of employment, pay, pensions, control over household resources, and ownership of assets, women consistently fare worse than men. Gender inequality is both a cause and a consequence of poverty, often resulting in poorer health outcomes and perpetuating intergenerational cycles.

**Capturing different dimensions of female poverty is challenging.** Measures of poverty or social exclusion are primarily calculated at household level which can mask specific economic challenges faced by women, as it assumes resources are shared equally among all household

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<sup>129</sup> OECD (2024), 'Is Care Affordable for Older People?', OECD Health Policy Studies, OECD Publishing, Paris, <https://doi.org/10.1787/450ea778-en>.

<sup>130</sup> SSM Research Note: Decancq K., Van de More W., 'How clustered are disadvantages among older Europeans? Evidence from SHARE', forthcoming.

<sup>131</sup> Idem.

<sup>132</sup> Provisional figures for SILC 2025, which are based on SILC 2025 data for the 21 Member States for which this data had been published on 20/04/2026 and on SILC 2024 data for the remaining 6 Member States.

<sup>133</sup> Source: Eurostat (online data code [ilc\\_peps03n](#)).

members. Fully understanding the scale and dynamics of women's poverty also requires us to consider individualised data, such as indicators on the gender employment gap and the gender pay gap, which provide a useful view on gender discrepancies at individual level in the areas of employment and wages.

Menstrual and menopause poverty affect many women across the EU.<sup>134</sup> A specific poverty issue for women and girls refers to the inability to afford menstrual products and other challenges to deal with periods, as well as inadequate sanitation facilities, especially in schools and public places. It is estimated that it could impact 10% of women and girls.<sup>135</sup> It is associated with increased health risks, including mental health, and can lead to educational and work disruptions, hindering educational and professional prospects.

**Women's pay tends to be lower due to concentration in lower-paying occupations and sectors, slower career progression, part-time work, non-permanent contracts, and career breaks.** Additional factors such as undervaluation of women's work, differences in bargaining behaviour, and persistent gender stereotypes further reinforce these disparities. These also affect savings, wealth accumulation, and financial autonomy, increasing vulnerability to poverty—particularly following household changes such as separation or bereavement, and in old age.

**Gender employment and pay gaps remain significant** across the EU. In 2024, women's employment rate was about 10 percentage points lower than men's, and in 2024, the gender pay gap was at 11.1%.<sup>136</sup> The gender pension gap, as noted earlier, is even wider, reflecting the unequal employment histories of older generations. Even when women are well-educated or primary earners, informal care duties often limit their career choices and progression. Women are more likely to involuntarily work part-time, especially where access to affordable, high-quality care services is lacking. Many women take jobs with more predictable schedules and locations, which tend to offer lower pay and fewer opportunities for advancement.

**Women and girls are also at higher risk of control over or denial of access to household resources,** economic exploitation, and interference with employment or education. EU surveys indicate that around 12% of women have experienced economic violence by a partner since age 15<sup>137</sup>, and lack of control over resources can constrain women's ability to leave abusive relationships, particularly when intersecting with other forms of discrimination, such as migrant background.

**In 2024, the AROPE rate for single parents was much higher than for the overall population at EU27 level (43.2% vs 21.0%).** The AROPE rate for single parents ranged from 24.6% in Cyprus to 53.0% in Bulgaria. The gap between the AROPE rate for single parents and

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<sup>134</sup> [Commission Communication COM/2026/113 final of 5 March 2026 on the Gender Equality Strategy 2026-2030.](#)

<sup>135</sup> European Parliamentary Research Service, *Addressing menstrual poverty in the EU*, May 2025, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/772855/EPRS\\_BRI\(2025\)772855\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/772855/EPRS_BRI(2025)772855_EN.pdf).

<sup>136</sup> Source: Eurostat ([sdg\\_05\\_2 - 0](#)).

<sup>137</sup> Fundamental Rights Agency (FRA), 'Violence against Women: An EU-wide survey – Main results report', 2014.

the AROPE rate for the overall population was the lowest in Cyprus (at 7.5 pp) and the highest in Ireland (at 31.4 pp). At the EU27 level, the AROPE rate for single parents was at the same level in SILC 2024 than in SILC 2020 (at 43.2%)<sup>138</sup>, despite having slightly fluctuated between these two years. For female single parents, the AROPE rate (in SILC 2024 data) was 46.3% (which means that around 1 out of 2 single parents that are women are also AROPE).<sup>139</sup> This rate is much higher than the male single parents AROPE rate, which stands at 30.4% (SILC 2024).

### 3.6. Persons with disabilities

**Close to one in four people in the EU has some sort of disability** (23.9% of the population aged 16 or over in 2024). As disability prevalence increases with age, numbers are expected to grow as the EU population ages.

**In 2024, almost 29% of all persons with disabilities were at risk of poverty or social exclusion** (28.7% compared with 17.9% for people without disabilities), and 36% of those with severe disabilities. Social transfers play an important role. Without them the rate that would rise to 68.2%.<sup>140</sup> The AROPE rate ranged from 45.8% in Lithuania to 15.6% in Czechia. When zooming in on the Severe Material and Social Deprivation indicator (one of the 3 AROPE components), it appears that the Severe Material and Social Deprivation rate for persons with disabilities (some or severe) was at 10.4% (for persons aged 16 or over) in 2024, compared to 6.0% for the total population (for persons aged 16 or over). People of working age are most affected (34.5% in 2024), while in-work poverty for persons with disabilities stands at 9.7%, showing that employment substantially reduces the risk. 32% of children with disabilities are at risk of poverty or social exclusion in 2021.

**Employment rates among persons with disabilities remain low, with only around 50% in employment over the years.** The gap in employment between those with and without disabilities, at 24 percentage points in 2024, has not improved significantly over the years. On the contrary, it has increased slightly from 22.7 percentage points in 2014. Many persons with disabilities remain inactive (40%) or are employed on a part-time basis despite expressing a desire to work more hours. Young persons with disabilities are particularly affected, with 28.5% aged 15–29 classified as NEET—almost three times the rate of their peers without disabilities (10%). Many persons with disabilities do not have a choice of employment. Often, they are obliged to work in ‘sheltered workshops’, many of which do not offer adequate working conditions and a transition to the open labour market.

**Employment opportunities reflect labour demand as well as the outcome of education or active inclusion or social policies.** Lack of inclusive education options results in a high level of early school leavers, at 24.6% in 2024. Tertiary education attainment gap between persons with and without disabilities amounted to 15.9 pps in 2024 for population aged 25-34. While

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<sup>138</sup> There are breaks for some Member States in the underlying data behind this trend though.

<sup>139</sup> Source: DG EMPL own calculations using [EU-SILC data](#).

<sup>140</sup> Source: Eurostat (online data code [hlth\\_dpe030](#)).

the EU is on track to meet the 2030 target of reducing early school leaving below 9%, students with disabilities remain at significantly higher risk.

Active labour market policies alone often fail to meet the needs of persons with disabilities insofar they do not ensure adequate outreach, or targeted support and measures that require involvement of many stakeholders, including vocational rehabilitation, organisations representing persons with disabilities, and education establishments. While EU legislation guarantees the right to reasonable accommodation in the workplace<sup>141</sup>, lack of knowledge on the part of employers results in its limited implementation. Adequate design of benefit system plays an important role. Disability benefits are often strictly withdrawn upon entering employment without significant tapering or in-work supplements and therefore introduce disincentives to labour market integration, resulting in a benefit trap.

Persons with disabilities also face other barriers linked to accessing services, such as community services enabling independent living, social services, healthcare, Public Employment Services, transport, energy, and digital infrastructure.

**Despite the right to independent living, many persons with disabilities remain segregated, particularly those in institutions.** Across the EU, about one million children and working-age adults, and two million older persons with disabilities live in institutions. Institutionalisation of persons with disabilities is a form of social exclusion, undermining their autonomy, self-determination and development of capacities to contribute into the economy and society. Expanding community- and home-based services is essential for deinstitutionalisation and enabling full societal integration of persons with disabilities.

### 3.7. People experiencing homelessness and housing exclusion

**Homelessness is the most extreme form of poverty and social exclusion, leading to significant adverse effects on life expectancy, health, well-being, and negatively affecting access to vital economic and social services.** It is a dynamic and multifaceted social challenge, driven by structural and systemic drivers such as poverty, unemployment, living in marginalised communities, lack of affordable housing and inadequate social support services. In addition to structural drivers, individual factors can increase a person's vulnerability to homelessness or act as a "trigger" for homelessness. These include drug use, poor mental or physical health, family dissolution or domestic violence. Drug use can be both a consequence and a cause of social exclusion and homelessness.<sup>142</sup> People living in the street or in public places (rooflessness) is the most visible dimension of homelessness, but beyond it, other, less visible living situations that constitute homelessness or housing exclusion are houselessness (people staying in shelters or institutions), or insecure housing (those at risk of eviction, domestic violence, or with insecure tenancy).

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<sup>141</sup> OJ L, 2000/303, 2.12.2000, p. 16, ELI: <http://data.europa.eu/eli/dir/2000/78/oj>.

<sup>142</sup> [Commission Communication COM/2025/743 final of 4 December 2025 on the EU Drugs Strategy](#).

**Available national data point to a rising trend in several Member States, with the OECD estimating around one million people experiencing homelessness in the EU.**<sup>143</sup> However, given the variations in legal and statistical definitions of homelessness, as well as differences in monitoring efforts and methodologies among Member States, some stakeholders call for the production of consistent, reliable and comparable data on homelessness across the EU.

**The socio-demographic characteristics of individuals experiencing housing exclusion or homelessness differ substantially based on national and local contexts.** Nonetheless, the latest data from the OECD highlights certain groups within the general population that are disproportionately affected by homelessness. These groups include **young people, families with children, migrants, older adults, and persons with disabilities**, who experience a heightened risk of homelessness across various countries.

Within the EU, **approximately 5% of adults have reported experiencing housing difficulties at some stage in their lifetime**, according to the 2023 EU-SILC module on housing difficulties. These challenges encompass a variety of situations, including sleeping rough, residing in emergency shelters, living in non-traditional housing, or temporarily staying with family and friends due to a lack of alternatives.

**The primary causes of housing difficulties** are family and personal, accounting for 30.0% of people in the EU aged 16 or older. Financial reasons accounted for 25.9%, followed by job loss or inability to find a job (7.3 %), and the end of a rental contract (5.2 %). Other reasons included uninhabitable accommodation (4.0%), health reasons (2.0%), and leaving an institution after a long stay with no home to return to (1.1%). **Finding a job was the most common solution to overcome housing difficulties**, reported by 26.5% of the respondents.<sup>144</sup>

### 3.8. Third-country nationals and people with a migrant background

**The AROPE rate in 2025<sup>145</sup> among people (aged 18 or over) born outside the EU remains more than twice as high as that of persons born in a given Member State** (38.9% compared with 17.6%). Migrants and people with a minority racial or ethnic background face multiple and interlinked barriers to labour market integration, including skills mismatches, language difficulties, discrimination, and limited access to support services. In Germany, nearly one in three refugees remains unemployed five years after arrival despite policy reforms.<sup>146</sup> In Southern Europe, especially Greece and Italy, asylum seekers often experience housing poverty

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<sup>143</sup> OECD, 'HC3.1 Population experiencing homelessness', Affordable Housing Database, 2024, [https://webfs.oecd.org/Els-com/Affordable\\_Housing\\_Database/HC3-1-Population-experiencing-homelessness.pdf](https://webfs.oecd.org/Els-com/Affordable_Housing_Database/HC3-1-Population-experiencing-homelessness.pdf). (Harmonised data does not yet exist).

<sup>144</sup> Eurostat, *Living conditions in Europe – housing and renting difficulties*, Statistics Explained, Publications Office of the European Union, Luxembourg, 2024, [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living\\_conditions\\_in\\_Europe\\_-\\_housing\\_and\\_renting\\_difficulties](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_-_housing_and_renting_difficulties).

<sup>145</sup> Provisional figures for SILC 2025, which are based on SILC 2025 data for the 21 Member States for which this data had been published on 20/04/2026 and on SILC 2024 data for the remaining 6 Member States..

<sup>146</sup> German Institute for Employment Research (IAB), *Labour Market Integration of Refugees in Germany: Five-Year Review*, 2022.

and informal labour dependence.<sup>147</sup> Early school leaving rates remain markedly higher among non-EU citizens (29.5%) than among nationals (9.0%) in 2024, which further affects their employment prospects. These dynamics risk intergenerational poverty, particularly when children of migrants face educational segregation and slow school integration.

**Migrants often face a cycle of poverty and discrimination that reinforces their marginalisation.** Discrimination whether overt or subtle can limit their access to housing, education, healthcare, and social services, deepening their economic struggles. Prejudice and negative stereotypes may isolate migrants socially, making it harder to build support networks or integrate fully into the community.

**The non-recognition of qualifications obtained in non-EU countries, together with lower levels of education, are key obstacles to inclusion in the labour market.** Individuals with low educational attainment tend to have lower labour force participation, higher unemployment, and greater exposure to in-work poverty, while also engaging less in adult learning.<sup>148</sup> Migrant women often encounter additional barriers in accessing ECEC, such as limited institutional knowledge, financial constraints, and language barriers.

Despite overall increasing employment rates for migrants in the EU, migrant women continue to face additional obstacles to the labour market, including the ‘motherhood penalty’ and unpaid care responsibilities. They are more likely to be overqualified for their jobs than migrant men and less likely to be employed than female EU nationals. This gender gap warrants a targeted approach to the employment of migrant women, tackling their limited access to integration support, childcare and family networks.<sup>149</sup>

### 3.9. Persons with a minority racial or ethnic background and LGBTIQ+ people

**Roma, people of African descent and other population groups with a minority racial or ethnic background continue to face systemic discrimination and social exclusion.** Such discrimination affects areas such as housing, employment, education, and access to essential services, and is increasingly reported during job searches and in securing accommodation. Longstanding prejudice and structural marginalisation have led to accumulated and intergenerational disadvantage, resulting in a markedly higher risk of poverty among these groups compared with the general population.

**31% of Roma and Travelers face discrimination, 70% live at risk of poverty and only 54% have paid work.**<sup>150</sup> Housing outcomes reflect these inequalities: 47% of Roma

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<sup>147</sup> OECD, ‘How Immigrants Contribute to Developing Countries’ Economies’, OECD Publishing, Paris, 2020, <https://doi.org/10.1787/9789264288737-en>.

<sup>148</sup> European Commission, Directorate-General for Employment, Social Affairs and Inclusion, ‘Employment and Social Developments in Europe 2025’, Publications Office of the European Union, Luxembourg, 2025.

<sup>149</sup> [Commission Staff Working Document SWD/2025/162 final of 11 June 2025 on the Mid-term Review of the Commission Action Plan on Integration and Inclusion 2021–2027, accompanying the Communication from the Commission on the State of Play on the Implementation of the Pact on Migration and Asylum.](#)

<sup>150</sup> European Union Agency for Fundamental Rights (FRA), ‘Roma and Travellers in the EU: more jobs but discrimination persists’, news article, 2 October 2025, <https://fra.europa.eu/en/news/2025/roma-and-travellers-eu>

households face housing deprivation—three times the EU average—often characterised by overcrowding, substandard conditions, and heightened risk of eviction.<sup>151</sup> Spatial segregation further compounds exclusion. Many Roma communities are concentrated in ethnically homogeneous and geographically isolated areas, far from employment opportunities, mainstream schools, and healthcare services. Access to basic utilities remains unequal: one in five Roma households lack indoor tap water, underscoring persistent disparities in living standards.<sup>152</sup>

Too many Roma face extreme poverty, unemployment, sub-standard education in segregated schools and classes, inadequate housing, poor health and wellbeing. Social exclusion reinforces resentment against Roma, making their marginalisation socially acceptable and bolstering antigypsyism. Roma families trapped in a cycle of poverty often have either limited or no resources, and no means to get out of poverty and provide themselves and their children with a better future. Low income and lack of basic financial literacy lead to barriers such as the impossibility to cover even bare necessities in times of crises, let alone pay for early education and care, schooling and school material, transportation, housing and utilities such as water and electricity.<sup>153</sup>

**Some other groups experiencing racism are more at risk of poverty than the general population.** For instance, people of African descent are at a higher risk of poverty, social exclusion and energy poverty than the general population. A third (32%) of them face difficulties in making ends meet compared with 18% of the general population in the EU-27. 14% of people of African descent cannot afford to heat their homes adequately (compared with 7% of the general population).

**Discrimination continues to affect LGBTIQ+ people throughout all stages of life.** In the labour market, they frequently encounter unequal treatment during recruitment, in the workplace, and towards the end of their careers. Barriers to accessing fair and stable employment contribute to a heightened risk of poverty, social exclusion, and homelessness. According to data from the third FRA LGBTIQ Survey<sup>154</sup>, 38% of respondents reported making ends meet “with great difficulty”, while 13% had to stay temporarily with friends or relatives, highlighting the precarious living conditions faced by many LGBTIQ individuals.

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[more-jobs-discrimination-persists](https://fra.europa.eu/en/news/2025/roma-and-travellers-eu-more-jobs-discrimination-persists)<https://fra.europa.eu/en/news/2025/roma-and-travellers-eu-more-jobs-discrimination-persists>.

<sup>151</sup> European Union Agency for Fundamental Rights (FRA), 'Rights of Roma and Travellers in 13 European Countries – Perspectives from the Roma Survey 2024', Luxembourg, Publications Office of the European Union, 2025, [https://fra.europa.eu/sites/default/files/fra\\_uploads/fra-2025-roma-survey-2024\\_en.pdf](https://fra.europa.eu/sites/default/files/fra_uploads/fra-2025-roma-survey-2024_en.pdf).

<sup>152</sup> Idem.

<sup>153</sup> [Commission Staff Working Document SWD/2020/530 final of 7 October 2020 accompanying the Communication from the Commission to the European Parliament and the Council on A Union of Equality: EU Roma Strategic Framework for Equality, Inclusion and Participation](#).

<sup>154</sup> European Union Agency for Fundamental Rights (FRA), 'LGBTIQ at a crossroads: progress and challenges', Publications Office of the European Union, Luxembourg, 2024.

## 4. Policies to prevent and reduce poverty: EU response and remaining gaps

This section looks at the key policies that help prevent and reduce poverty, and highlights how the EU Anti-Poverty Strategy combines a life-cycle approach with a horizontal approach, looking in a comprehensive way into all relevant policy areas to prevent and address poverty. It also outlines the main EU initiatives in these areas. Despite progress, gaps in implementation persist and this section highlights where further EU efforts are planned to prevent and address poverty. In particular, this section underpins the new flagship initiatives announced by the EU Anti-Poverty Strategy. These aim to boost the three pillars of the EU's active inclusion approach to combat poverty: first by improving access to quality jobs (with special attention given to the activation of those excluded from the labour market and addressing in-work poverty), second by supporting access to services (with new efforts to improve access to social services) and third by ensuring adequate income support (in particular for families).

### 4.1. Addressing and preventing poverty in all ages and across generations

The EU Anti-Poverty Strategy takes a life-cycle approach, focusing on the different life stages and experiences that shape people's development and wellbeing. People face different barriers and needs over the course of their lives, and these require tailored policy responses. Many of these challenges arise at different stages of life, but here these are explained in the chapter on which their impacts are more visible.

In recent years, the EU has taken significant steps to promote the use of Distributional Impact Assessments (DIA) as a foundation for evidence-based policymaking. Building on the **European Commission Communication on 'Better assessing the distributional impact of Member States' policies'** (2022),<sup>155</sup> which provided Member States with comprehensive guidance on improving the use of DIAs in planning and budgeting, subsequent initiatives have reinforced this commitment. The European Commission organises four mutual learning events per year to exchange best practices on DIA.<sup>156</sup> By 2024, the Council's voluntary guiding principles for EU Member States for evaluating economic effects of reforms and investments in the labour market, skills and social policy domains had further embedded DIA as a tool for evaluating reforms to labour markets, skills development and social policy. The **amended Council Directive on requirements for budgetary frameworks of the Member States** (2024)<sup>157</sup> specifically asks attention for the environmental and distributional impacts of climate change.

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<sup>155</sup> [Commission Communication COM/2022/494 final of 28 September 2022 on Better Assessing the Distributional Impact of Member States' Policies.](#)

<sup>156</sup> Summary report of the 13<sup>th</sup> Mutual Learning Event (May 2025): [418aa1e5-1057-45fb-b45a-0e512d741588\\_en.](#)

<sup>157</sup> OJ L, 2024/1265, ELI: <http://data.europa.eu/eli/dir/2024/1265/oj>.

### 4.1.1. Investing in children

Investing in children to break the intergenerational cycle of disadvantage requires improving access to adequate resources and services, as well as support for parents to participate in the labour market. The contributors to the open public consultation on the EU Anti-Poverty Strategy<sup>158</sup> identified children living at risk of poverty or social exclusion as a priority vulnerable group requiring intervention. Overall, consulted stakeholders in all consultation exercises consistently emphasised the need to prevent and combat child poverty, with many contributors calling for a strengthened implementation of the European Child Guarantee (see more information in Annex 1).

#### 4.1.1.1. Child and family benefits

In addition to supporting parents' participation in the labour market (see section 4.1.3), income support is key to ensuring access for them to adequate resources and to protect children from poverty. Such income support can take various forms, ranging from minimum income (see section 4.1.3.3) to housing (see section 4.2.2.8) and child benefits. Child benefits specifically target households with children, with a variety of child benefit systems throughout the EU. There are three main types of in-cash benefits: child allowances, tax reliefs and other benefits (encompassing additional child contingent transfers tied to broader social schemes such as housing assistance). In turn, the form that child benefits take, such as means-tested parameters, their coverage (i.e. the share of people entitled to the benefits) and adequacy (i.e. their amount), shape their impact on child poverty reduction, which ranges from 4 to 16 percentage points.<sup>159</sup>

#### Spotlight on Czechia

Among existing child benefit schemes, those with a balanced mix of universal in-cash benefits with additional targeted income support for vulnerable families can alleviate child poverty in an efficient manner. This mix is for instance implemented in Czechia and reduces the share of children under the poverty threshold by around 15 p.p.

- **EU instruments in place**

**The Commission Recommendation on Investing in Children (2013)**<sup>160</sup> calls on Member States to develop integrated approaches to improving child wellbeing. It rests on three pillars: access to resources, access to quality services, and children's right to participate. As regards access to resources, the Recommendation recommends supporting parents' participation in the

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<sup>158</sup> The open public consultation was open between 25 July and 24 October 2025 on the [‘Have Your Say’ web portal](#).

<sup>159</sup> Joint Research Centre, *Investing in Children: The Impact of EU Tax and Benefit Systems on Child Poverty and Inequality*, Publications Office of the European Union, Luxembourg, 2024, <https://publications.jrc.ec.europa.eu/repository/handle/JRC137125>.

<sup>160</sup> OJ L, 2013/59, 2.3.2013, ELI: [EUR-Lex - 32013H0112 - EN - EUR-Lex](#).

labour market as well as to provide for adequate living standards through a combination of adequate, coherent and efficient cash and in-kind benefits.

- **Next steps**

The Commission will publish a study on the effectiveness of child benefits in addressing child poverty in 2026. It aims to provide a comparative overview of child benefit policies across the EU, and estimate their short and long-term impact on a range of social outcomes, ranging from deprivation to parents' employment.

On this basis, and with the view to complement the Commission Recommendation on Investing in Children, the Commission will adopt in 2027 a Commission Recommendation with guidance on enhancing the efficiency and integration of child-related benefit systems in addressing child poverty, with a particular focus on their adequacy, coverage and effectiveness in reducing child poverty.

#### *4.1.1.2. Access to services for children*

Tackling child poverty and breaking the transmission of poverty across generations also require ensuring access to affordable, high-quality services. Children at risk of poverty or social exclusion start their lives at a disadvantage which can have long-term implications for their development and prospects. To offset such disadvantage and foster equal opportunities, ensuring access to integrated services supporting child development plays a crucial role. Early childhood education and care (ECEC), schooling, inclusive education, extracurricular activities, school meals and healthy nutrition, healthcare and housing are among those services. While the access of children at risk of poverty or social exclusion is often hindered by multiple barriers, specific policies can address them. Improving children's access to quality services was considered as second-most effective policy in tackling poverty by the contributors to the open public consultation. During the discussion in the EPSCO Council (19 June 2025), delegations shared the opinion that poverty must be tackled from a multi-dimensional perspective, with an important focus put on children and affordable and accessible basic services (see more information in Annex 1).

### **Spotlight on Belgium**

Houses of the Child are local collaborative networks of partners providing child support in Belgium (Flanders and Brussels) in an integrated manner. They bring together local actors, including municipal authorities, health practitioners, providers of early childhood education and care, educational institutions, youth services, social services, libraries, and cultural centres. Houses of the Child can take the form of one-stop-shop hubs, where co-located services are delivered from a single building. By providing seamless access to a range of services which are crucial for child development, these hubs play an essential role in addressing non-take up challenges, supporting parents and fostering equal opportunities among children.

**Programmes providing school meals for free, in particular for disadvantaged children,** is one example which entails a positive benefit/cost ratio, especially in the long run. By removing financial barriers, programmes of quality contribute to higher take-up of healthy food by children. They may also have a positive impact on health, educational and (later in life) employment outcomes of children in need, the agricultural sector and environment more broadly. For example, just considering labour market integration and earnings of past beneficiaries, the benefit/cost ratio of the Swedish universal free school meal scheme is estimated to amount to 4/1 for the overall child population and to 7/1 for disadvantaged children, based on a longitudinal study. Even though this order of magnitude may vary depending on context and features of programmes, the literature converges towards the multifaceted and long-term nature of positive returns yielded by school meal schemes.<sup>161</sup> Among key features is the level of targeting. Compared to universal schemes which provide all children within a given age range with meals, regardless of socioeconomic background, schemes targeting children most in need can be less costly given their smaller coverage. Yet, such targeting can also raise administrative hurdles and entail some forms of stigmatisation, hindering take-up by children in need.

### Spotlight on Sweden

Introduced during the 1960s, the Swedish universal school meal scheme provides nutritious school lunches – meeting balanced quality standards – free of charge to all primary school children. Building on historical data, its impact on pupils has been assessed. Pupils who receive meals are found to be taller, reflecting a positive impact on health, and spend more time studying at school. In turn these entail an increase in lifetime income on the long run, through improved labour market integration and higher earnings once reaching adulthood, for all beneficiaries and even more for those from disadvantaged households. Beyond its universal positive impact, the Swedish universal school meal thus levels the playing field for the most in need.<sup>162</sup>

**Out-of-school and extracurricular activities also play a crucial role in promoting equal opportunities.** Participation in sports, arts, and community-based programmes enhances social skills, improves school performance, particularly for disadvantaged students, and facilitates social inclusion.<sup>163</sup> However, children from low-income families are much less likely to benefit

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<sup>161</sup> School Meals Coalition's Research Consortium, 'The current state, benefits, and exemplary models of school meal programmes in the European Union – a report following 19th meeting of Child Guarantee coordinators on school meals', 2025, [f375b3a0-3821-4dbf-9ef8-ec620a335aca\\_en](https://doi.org/10.1093/restud/rdab028).

<sup>162</sup> Petter Lundborg, Dan-Olof Rooth, Jesper Alex-Petersen, Long-Term Effects of Childhood Nutrition: Evidence from a School Lunch Reform, *The Review of Economic Studies*, Volume 89, Issue 2, March 2022, Pages 876–908, <https://doi.org/10.1093/restud/rdab028>.

<sup>163</sup> See e.g. Education Policy Institute, 'Access to extra-curricular provision and the association with outcomes', 2024, <https://epi.org.uk/publications-and-research/access-to-extra-curricular-provision-and-the-association-with-outcomes/> Heath, R. D., Anderson, C., Cureton Turner, A., Payne, C. M., *Extracurricular Activities and*

from them due to cost, lack of local infrastructure, or limited parental time – barriers which can be addressed in several ways. In some Member States, forms of incentives have for instance been introduced by national or local authorities to lower financial barriers and provide children with the possibility to access cultural activities at a discounted price (e.g. through passes). Yet, evaluations of the impact of such measures as well as of other types aiming to address non-financial barriers remain limited and to be expanded.

**Addressing child poverty must go together with strengthening child protection systems**, including preventing family separation, identifying at-risk children early, and ensuring access to integrated child protection services. Interventions are most effective when they build on preventive action, are timely and coordinated across sectors—education, health including mental health, social protection, justice—and tailored to the specific needs of children and their families in vulnerable situations.

- **EU instruments in place**

**The Council Recommendation establishing a European Child Guarantee<sup>164</sup> (2021)** provides a comprehensive framework to mitigate the impact of poverty on children by guaranteeing their effective access to a set of key services: (i) free early childhood education and care; (ii) free education (including school-based activities and at least one healthy meal each school day); (iii) free healthcare; (iv) healthy nutrition; and (v) adequate housing.

**The EU Strategy on the Rights of the Child (2021)** aims to support and promote children’s rights across all relevant EU policies. It duly considers the specific needs of certain groups of children, including those in situations of multiple vulnerabilities and facing discrimination. It aims at combating child poverty and fostering equal opportunities, notably through the European Child Guarantee.

**The Commission Recommendation on Integrated Child Protection Systems (2024)<sup>165</sup>** calls on Member States to reinforce national child protection systems, with a particular focus on children in vulnerable situations. It acknowledges poverty as a major factor undermining child protection, and promotes integrated and inclusive services that address the root causes of vulnerability. It encourages early intervention, parenting and family support services to prevent harm and prevent separation from the family.

**EU Children’s Participation Platform (2022)<sup>166</sup>** creates opportunities for children from different socio-economic backgrounds to be involved in policymaking. It provides a structured and safe space for consultations and meetings, reflecting the EU’s commitment to child

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*Disadvantaged Youth: A Complicated—But Promising — Story*, 2022, <https://journals.sagepub.com/doi/10.1177/004208591880579>;

European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Benefits of extracurricular activities for children – A focus on social inclusion and children from disadvantaged and vulnerable backgrounds, Publications Office, 2021, <https://data.europa.eu/doi/10.2767/254969>.

<sup>164</sup> OJ L, 2021/223, 22.6.2021, p. 14, ELI: <http://data.europa.eu/eli/reco/2021/1004/oj>.

<sup>165</sup> OJ L, 2024/1238, 14.5.2024, ELI: <http://data.europa.eu/eli/reco/2024/1238/oj>.

<sup>166</sup> European Commission, ‘EU Children’s Participation Platform’, *EU for Children*, accessed 23 April 2026, [https://eu-for-children.europa.eu/eu-childrens-participation-platform\\_en](https://eu-for-children.europa.eu/eu-childrens-participation-platform_en).

participation and to hearing the perspectives of children directly affected by poverty and exclusion. In addition, the **EU school scheme**<sup>167</sup> supports the distribution of fruit, vegetables, milk and milk products at school. Around 19 million children annually across the EU benefit from the scheme regardless of household income, while promoting healthy eating habits.

- **Next steps**

With the view to boost the implementation of the European Child Guarantee, the EU's Anti-Poverty Strategy is accompanied by a Communication on “**Breaking the cycle of child poverty - strengthening the European Child Guarantee**”. It will aim both to close gaps in its implementation and address growing challenges, with a special focus on early childhood education and care, access to education, to school meals and healthcare, including mental health, and online safety (see separate initiative for more information) with a view of breaking the intergenerational transmission of poverty.

#### *4.1.1.3. Early Childhood Education and Care*

**ECEC is a critical stage in building cognitive abilities such as literacy and numeracy, as well as social and emotional skills competencies.** Research consistently shows that all young children can benefit from high-quality ECEC, but it can be especially helpful for children from low-income households, yielding long-term advantages for individuals and for society (e.g. educational attainment, better health, and less involvement in crime). These benefits and their close links with the level of quality of ECEC have been demonstrated by a large literature, with most studies conducted in the United States, complemented by a growing number of studies from European countries.<sup>168</sup>

**Fostering access to ECEC also enables parents—particularly women—to participate in the labour market, contributing to gender equality and economic resilience.** Increasing participation in ECEC for children under the age of three to 50% could improve mothers' labour participation by between 5% and 30% and therefore it may reduce the risk of poverty.<sup>169</sup> Investing in accessible, affordable and high-quality ECEC is therefore not only a social imperative but also a strategic investment in Europe's long-term prosperity, competitiveness and cohesion. Throughout the EU, children in need participate less in ECEC than their better off peers (for more information on participation gaps, see section 3.1).

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<sup>167</sup> OJ L, 2013/347, 20.12.2013, p. 671, ELI: <http://data.europa.eu/eli/reg/2013/1308/oj>.

<sup>168</sup> OECD (2025), *Reducing Inequalities by Investing in Early Childhood Education and Care*, Starting Strong, OECD Publishing, Paris, <https://doi.org/10.1787/b78f8b25-en>.

<sup>169</sup> European Commission. (2024). *Employment and Social Developments in Europe 2024*. Publications Office of the European Union.

## Spotlight on Portugal

In the past years, Portugal has rolled out large scale reforms to expand access to ECEC.<sup>170</sup> Most notably, relevant prioritisation criteria were set up in 2022 to prioritise access of children most in need (i.e. at least 30% of the vacancies are to be allocated to children covered by specific child benefits – e.g. ‘Child Guarantee’ benefit) and ECEC became free of charge for all children under 4 years old in 2024. Partly supported by Recovery and Resilience Programme’s funding, facilities are also being extended, already increasing the number of places by more than 11,000. In the meantime, participation rate of young children at risk of poverty or social exclusion in ECEC rose from 35.5% in 2022 to 45.6% 2024.

- **EU instruments in place**

**The Council Recommendation on High-Quality ECEC systems (2019)**<sup>171</sup> describes the Quality Framework to be in place to provide high-quality ECEC, based on five inter-connected pillars: availability, accessibility and affordability of ECEC; qualifications and training of ECEC staff; implementation of a curriculum, and appropriate funding; governance and monitoring and evaluation measures.

**Council Recommendation on the Revision of the Barcelona Targets on Early Childhood Education and Care (2022)**<sup>172</sup> updated the original 2002 Barcelona targets on the provision of ECEC in the EU. The revised targets aim to increase participation in ECEC to at least 45% of children under 3 years old and 96% of children from age 3 until the start of compulsory primary education (also a 2030 EU-level target under the EEA strategic framework), alongside closing the participation gaps between AROPE children and their better off peers. In line with the Council Recommendation, one way to close such gaps consists in establishing a legal entitlement to ECEC, by which public authorities guarantee a place for all children whose parents demand it. It should also be complemented by more targeted support to disadvantaged groups of children to lower specific access barriers they may face.

- **Next steps**

As part of the **Action Plan on Basic Skills**<sup>173</sup>, the Commission will introduce guidelines for curriculum and pedagogical development in ECEC. These will focus on strengthening early

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<sup>170</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, ‘Child Guarantee Biennial Report of Portugal: National Action Plans and Progress Reports’, 2024, [https://employment-social-affairs.ec.europa.eu/policies-and-activities/social-protection-social-inclusion/addressing-poverty-and-supporting-social-inclusion/investing-children/european-child-guarantee/national-action-plans-and-progress-reports\\_en](https://employment-social-affairs.ec.europa.eu/policies-and-activities/social-protection-social-inclusion/addressing-poverty-and-supporting-social-inclusion/investing-children/european-child-guarantee/national-action-plans-and-progress-reports_en).

<sup>171</sup> OJ C, C/201/189, 5.6.2019, p. 4, ELI: [EUR-Lex - 32019H0605\(01\) - EN - EUR-Lex](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=oj:C/201/189).

<sup>172</sup> OJ C, C/2022/484, 20.12.2022, p. 1, ELI: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=oj:JOC\\_2022\\_484\\_R\\_0001](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=oj:JOC_2022_484_R_0001).

<sup>173</sup> [Commission Communication COM/2025/88 final of 5 March 2025 on the Action Plan on Basic Skills](https://ec.europa.eu/commission/presscorner/detail/en/COM_COM_2025_88).

acquisition of basic skills, while supporting early detection of developmental delays. The Commission will also report on the state of play in the implementation of the Recommendation on ECEC: the Barcelona targets for 2030 in 2027.

#### 4.1.1.4. General education

**The foundations of equal opportunity are laid early in life.** Research by the OECD<sup>174</sup> and UNESCO<sup>175</sup> shows that children who attend quality primary and lower secondary education are far less likely to experience poverty or exclusion as adults. Secondary education serves as the critical bridge between basic education and access to further training or decent work. The 2030 EU-level target under the EEA strategic framework is to reduce the share of low achieving students in reading, mathematics and science to below 15%.<sup>176</sup> In addition, the Interim Evaluation of the 2021-2030 European Education Area strategic framework suggested a new equity target of at least 25% of learners from a disadvantaged socio-economic background to reach a good level of achievement in at least one domain (reading, mathematics or science).<sup>177</sup>

**Inequities in learning outcomes have widened in all Member States between 2018 and 2022.** Underachievement in all basic skills is high among students from disadvantaged socio-economic backgrounds (e.g. 48% in math in 2022), and the socio-economic gap continues to widen, also in digital skills.<sup>178</sup> The low socio-economic background of students remains the most persistent driver of educational inequality in Europe, primarily due to intergenerational cycles of disadvantage and poverty reproduction. Low parental education limits a child's early cognitive stimulation, language development, and academic aspirations, while limited access to educational resources at home (e.g., books, quiet study spaces, academic support and private tutoring) and reduced cultural capital further widen gaps. At school, systemic underfunding in deprived areas leads to teacher shortages in high-need schools, higher staff turnover, and fewer experienced educators, resulting in larger class sizes and less individualised support<sup>179</sup>; TALIS 2024 confirmed disadvantaged children, who depend most heavily on school-based learning because they lack compensatory resources at home, are systematically more likely to be taught by less experienced or less qualified teachers. The lingering effects of COVID-19, including uneven learning recovery due to reduced access to private tutoring compared to more affluent peers, risks increasing the penalties for disadvantaged children who cannot compensate for

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<sup>174</sup> OECD, 'Earnings by Educational Attainment', *OECD*, [n.d.], accessed 23 April 2026, <https://www.oecd.org/en/topics/sub-issues/earnings-by-educational-attainment.html>.

<sup>175</sup> UNESCO, 'Education', *UNESCO*, [n.d.], accessed 23 April 2026, <https://www.unesco.org/en/education>. [https://www.unesco.org/en/education?utm\\_source](https://www.unesco.org/en/education?utm_source).

<sup>176</sup> Council of the European Union, 'Council Resolution on a strategic framework for European cooperation in education and training towards the European Education Area and beyond (2021-2030)', *Official Journal of the European Union* C 66/01, 18 February 2021.

<sup>177</sup> Good achievement is defined as reaching at least level 4 on the OECD's PISA scale, which is at least two levels higher than underachievement.

<sup>178</sup> European Commission: Directorate-General for Education, Youth, Sport and Culture, *The twin challenge of equity and excellence in basic skills in the EU – An EU comparative analysis of the PISA 2022 results*, Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2766/881521>.

<sup>179</sup> In OECD's PISA 2022, principals in socioeconomically disadvantaged schools reported more shortages of qualified teachers than those in advantaged schools, and school-based hiring is associated with a larger gap in the distribution of teacher quality between advantaged and disadvantaged schools.

school-level deficiencies through private means. Finally, as highlighted in the Education and Training Monitor 2025, certain education policies may inadvertently reinforce socio-economic disparities: early tracking increases educational stratification by funnelling disadvantaged students into lower-tier schools, grade repetition disproportionately affects migrant and low-income students, increasing dropout risks, and school segregation exacerbates inequalities, underscoring the need for reforms to make education systems more inclusive.<sup>180</sup>

- **EU instruments in place**

**The Council Recommendation Pathways to School Success (2022)**<sup>181</sup> aims to promote better educational outcomes for all learners, regardless of their socio-economic background, by seeking to raise basic skills levels, increase upper secondary completion rates and support inclusive education systems and wellbeing at school, with particular attention to disadvantaged groups.

**The Union of Skills Communication**<sup>182</sup> and the **Action Plan on Basic Skills (2025)**<sup>183</sup> highlight the urgent need to address the basic skills crisis evidenced by recent international surveys.<sup>184</sup> The Action Plan sets out short/medium-term actions to improve performance across all basic skills (literacy, mathematics, science, digital and citizenship skills).

- **Next steps**

In 2026, the Commission will adopt an **Education Package**, which will include a Basic Skills Support Scheme, supporting effective interventions at school level to help children and young people attain an adequate level of basic skills by the end of compulsory schooling and to reduce early learning inequalities.

#### 4.1.2. Supporting young people to thrive

**Young people are at greater risk of being out of work.** In 2024, 11.1% of 15–29 year-olds in the EU were neither in employment nor in education and training (NEET).<sup>185</sup> The diverse NEET population faces multiple barriers, necessitating tailored solutions. Young people often

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<sup>180</sup> European Commission: Directorate-General for Education, Youth, Sport and Culture, *Education and training monitor 2024 – Comparative report*, Publications Office of the European Union, 2024, <https://op.europa.eu/en/publication-detail/-/publication/9637e78f-acc7-11ef-acb1-01aa75ed71a1/language-en>.

<sup>181</sup>OJ C, C/2022/469, 9.12.2022, p. 1, ELI: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=oj:JOC\\_2022\\_469\\_R\\_0001](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=oj:JOC_2022_469_R_0001).

<sup>182</sup> [Commission Communication COM/2025/90 final of 5 March 2025 on The Union of Skills](#).

<sup>183</sup> [Commission Communication COM/2025/88 final of 5 March 2025 on the Action Plan on Basic Skills](#).

<sup>184</sup> According to the OECD PISA 2022 survey, 30% of 15-year-olds in the EU lack minimum proficiency in mathematics, while around 25% struggle in reading and science. IAE's ICILS 2023 revealed that some 43% of eighth graders are struggling with basic digital literacy, confirming a downward trend.

<sup>185</sup> Source: Eurostat (online data code [edat\\_ifse\\_20](#)).

require intensive, holistic support beyond employment, including housing and social welfare, to effectively aid those in vulnerable situations. The academic conference on the EU Anti-Poverty Strategy organised in the context of the consultation on the Strategy featured a strong call from the participants for ensuring opportunities and inclusion for younger generations (see more information in Annex 1).

#### *4.1.2.1. Comprehensive support for youth*

**To prevent and mitigate youth poverty, investing in childhood as well as the transition from childhood to adulthood is key.** Tackling child poverty contributes to the promotion of equal opportunities from the earliest age onward, which in turn reduces the chances of disadvantaged children falling into poverty when turning 18. Continuous support afterwards also plays a key role. This includes support to access education, apprenticeship, traineeship or employment, and counselling delivered in an individualised approach, tailored to young people's needs.

**Unemployment and inactivity among young people have a high cost,** both at personal and societal levels. Unemployment, especially long-term unemployment, at the start of a career can have negative long-term consequences such as lower future earnings and worse employment prospects, increasing precariousness and the risk of poverty. Young people are often more vulnerable to economic downturns and negative changes in the labour market.

Given the **changing realities of the world of work**, welfare systems, which are mainly tailored to traditional labour markets, may not cover all those who need protection. Therefore, developments in the labour market may affect young people, on multiple levels, more than those at a more advanced stage of their career, and may have implications for the fulfilment of their life projects.

**Completing education and training increases children's and young people's employment prospects.** Therefore, fighting early school leaving and supporting children and young people with appropriate education and skills policies are crucial. Their upskilling needs to focus on skills which will be in demand in the labour market also in the future and which can offer a sustainable integration into the labour market. Work-based learning has proven efficient for those for whom more academic paths are not suitable. Evidence shows that at their best, also traineeships can offer a way to the labour market.<sup>186</sup>

**Young people are a highly heterogeneous group.** In particular, young people who bear certain vulnerabilities (early school leavers, young people with migrant background, with disabilities, (mental) health problems, etc.), require often intensive and more complex interventions. Therefore, they need holistic support from a broad range of actors and services.

- **EU instruments in place**

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<sup>186</sup> According to a 2023 Eurobarometer, for one fifth of respondents, the first work experienced was a traineeship. Over two thirds of respondents who had done a traineeship found a job following a traineeship.

**The EU Youth Strategy (2019-2027)**<sup>187</sup> addresses the major challenges faced by young people in Europe. It promotes equal access to rights and opportunities, particularly for the most marginalised, through the European Youth Goal 3 on inclusive societies.

**The Youth Guarantee**<sup>188</sup> (2013, reinforced in 2020) remains the EU's key policy to combat youth unemployment and non-participation in the labour market. It recommends that all young people under 30 receive an offer of employment, continued education, an apprenticeship, or a traineeship within 4 months of leaving education and training or becoming unemployed. The reinforced Youth Guarantee focuses on supporting school-to-work transitions, outreach to and activation of the more vulnerable, upskilling and re-skilling, as well as individualised support. Since 2013, almost 57 million young people have benefited from this scheme, improving their employability and reducing their poverty risk.

**The Traineeships package** (presented in 2024) consists of a proposal for a new Directive<sup>189</sup> and a proposal for a reinforced Council Recommendation<sup>190</sup> to improve conditions for over 3 million trainees in the EU. The package introduces fair pay, access to social protection, and targeted support for groups in vulnerable situations, while improving and enforcing working conditions of trainees as well as preventing disguised employment relationships. Negotiations on the proposals are ongoing.

The **ALMA initiative** is a key tool for targeting disadvantaged NEET people (not in employment, education, or training) aged 18–29. The initiative helps combat social exclusion and youth unemployment by supporting the integration of NEETs into employment, education, or training through a three-phase programme that includes a work-related learning experience abroad. Since its launch at European level in 2022, around 8,000 young people are benefitting from ALMA. Some of those NEETs benefitted from counselling, support and mobility abroad in the context of 28 transnational projects implemented in 15 Member States under a Union-wide call funded under ESF+, others benefitted from ALMA in the context of national or regional initiatives.<sup>191</sup> Participants' experiences demonstrate that the program helps build confidence, discover new directions, and acquire practical skills that lead to employment or further education.<sup>192</sup>

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<sup>187</sup> European Commission, 'EU Youth Strategy', *European Youth Portal*, [n.d.], accessed 23 April 2026, [https://youth.europa.eu/strategy\\_en](https://youth.europa.eu/strategy_en).[https://youth.europa.eu/strategy\\_en](https://youth.europa.eu/strategy_en).

<sup>188</sup> OJ C, C/2020/372, 4.11.2020, p. 1, ELI: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020H1104%2801%29>.

<sup>189</sup> [Commission Proposal COM/2024/132 final/2 of 20 March 2024 for a Directive of the European Parliament and of the Council on improving and enforcing working conditions of trainees and combating regular employment relationships disguised as traineeships \(\*Traineeships Directive\*\)](#).

<sup>190</sup> [Commission Proposal COM/2024/133 final of 20 March 2024 for a Council Recommendation on a Reinforced Quality Framework for Traineeships](#).

<sup>191</sup> National or regional ALMA initiatives are implemented in Bulgaria, Czech Republic, Germany, Greece, Malta, Poland (Lublin, Podkarpackie, Świętokrzyskie and Śląskie Province), Spain (Catalunya, Galicia, Andalucia), Slovenia.

<sup>192</sup> European Social Fund Agency, Impact Evaluation of the Projects Implemented under the ALMA Initiative: Final Evaluation Report, Vilnius, 2026.

**The European Youth Work Agenda<sup>193</sup> and EU Programmes** such as Erasmus+ and European Solidarity Corps aim to ensure that all young people (and other target groups), regardless of background, can participate fully in society. They tackle barriers linked to economic disadvantages by offering financial support, flexible mobility formats and inclusive participation opportunities.

The **Intergenerational Fairness Strategy<sup>194</sup>** (2026) sets an overarching goal to guarantee that current decisions are made with the future in mind, ensuring a fair balance of benefits and burdens across all generations.

### Spotlight on Greece

Greece supports children leaving alternative care through individual action plans and initiatives such as the Semi-Autonomous Living programme which involves counselling and housing programmes focused on young people. These actions aim to support independence and social integration of care leavers.

- **Next steps**

The Commission will continue to support the Member States in their implementation of the **Youth Guarantee**. The main financial support of the EU to Member States' efforts to address youth unemployment and inactivity is through the ESF+ and the RRF. Furthermore, the implementation of the Youth Guarantee will continue to be monitored through 1) annual data collection and 2) through the thematic reviews of the Employment Committee (EMCO) every two years. In addition, the Youth Guarantee coordinators meet twice a year to exchange best practices and discuss common challenges.

To address the urgent needs of children and break the cycle of poverty, the Commission takes actions to (1) improve parents' access to adequate resources, (2) ensure vulnerable children's take-up of in-kind support by strengthening the Child Guarantee, (3) protect them from growing safety threats and (4) join force with all partners to invest in children.

A new **Youth Strategy** going beyond 2027 will be developed, further promoting equal access to rights and opportunities, particularly for the most marginalised, and inclusive societies.

#### *4.1.2.2. Higher education*

**At tertiary level, education continues to be a major determinant of life outcomes.** Participation and completion rates in tertiary education remain strongly influenced by socio-economic background, but also by permeability between different learning pathways, dedicated information about study opportunities and positive role-models. This underscores how the level of ambition to participate in further or higher education along with educational advantages are

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<sup>193</sup> OJ C, C/2020/415, 1.12.2020, p. 1, ELI: [EUR-Lex - 42020Y1201\(01\) - EN - EUR-Lex](#).

<sup>194</sup> [Commission Communication COM/2026/110 final of 5 March 2026 on the Strategy on Intergenerational Fairness](#).

often passed down through generations. A recurring challenge is the lack of appropriate support services and reasonable accommodations to ensure equal participation in and positive completion of higher education studies. Expanding access through financial support, affordable student housing, personalised counselling and guidance, flexible learning pathways, better permeability between different educational pathways, and recognition of non-formal learning can play a decisive role in reducing inequality in the access to higher education and enabling upward mobility. Part of the students face difficulties in meeting their daily expenses (including paying for accommodation, food and energy) or have to work for paying these expenses, as well as for paying their tertiary education (which is, overall, becoming more and more expensive).

### Spotlight on Ireland

Access and inclusion in higher education have been a long-time Irish priority since 2005, guided by the National Access Plan (NAP) focused on enhancing access, participation and success for underrepresented groups. The NAP identifies three particular groups in higher education: socioeconomically disadvantaged, members of the Irish Traveller and Roma communities and students with disabilities. In addition to a grant-based student support system the NAP aims at achieving greater inclusion, equity and diversity; to make pathways to higher education available to all, to increase flexible ways of learning, to support students to study on a flexible basis (including part-time and blended learning) and to improve the use of recognition of prior learning.

- **EU instruments in place**

**The EU actively supports the objectives of the Bologna Process (1999)** to build consistent higher education systems across Europe and neighbouring regions. These efforts culminated in the establishment of the **European Higher Education Area (EHEA)**<sup>195</sup> in 2010. The Bologna Follow-Up Group developed **Principles and Guidelines to Strengthen the Social Dimension of Higher Education in the EHEA**<sup>196</sup>, which provide a shared framework for promoting equal opportunities and supporting underrepresented groups in higher education. The commitment to build an inclusive EHEA by 2030 was reconfirmed in the **Tirana Communiqué (2024)**.<sup>197</sup>

The **European Strategy for Universities (2022)**<sup>198</sup> also underlined the importance of inclusive universities. It accompanied the **Council Recommendation on building bridges for effective European higher education cooperation (2022)**<sup>199</sup> which encourages European higher education institutions to embrace new learning formats as a means of offering opportunities for

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<sup>195</sup> European Higher Education Area (EHEA), '*Home*', *EHEA*, [n.d.], accessed 23 April 2026, <https://chea.info/>.

<sup>196</sup> BFUG Working Group on Social Dimension, Principles, Guidelines and Indicators to Strengthen the Social Dimension of Higher Education in the European Higher Education Area, 4 May 2023, [BFUG SE BA 84 WG SD Principles and Guidelines.pdf](#).

<sup>197</sup> European Higher Education Area (EHEA), *EHEA Ministerial Conference*, Tirana, 29–30 May 2024. [Tirana-Communique.pdf](#).

<sup>198</sup> [Commission Communication COM/2022/16 final of 18 January 2022 on the European Strategy for Universities](#).

<sup>199</sup> OJ C, C/2022/160, 13.4.2022, p. 1, ELI: [EUR-Lex - 32022H0413\(01\) - EN - EUR-Lex](#).

transnational cooperation and mobility for all learners, thereby addressing the underrepresentation of students, academics and administrative staff from disadvantaged backgrounds.

- **Next steps**

As part of the Union of Skills, the Commission will in 2027 present an **initiative to increase accessibility of higher education** to a wider range of learners and ages – to meet the increasing demand for higher education graduates in the labour market.

#### *4.1.2.3. Vocational education and training*

**Vocational education and training (VET) has a specific role to play to improve employability, earnings potential and social mobility.** According to Eurostat, the employment rate of recent graduates from medium-level vocational programmes in the EU reached 80.0% in 2024 – 17.2 percentage points higher than for graduates from medium-level general education and 27.4 points higher than for those with only lower secondary education. Medium-level vocational programmes refer to upper-secondary or post-secondary vocational education and training (typically EQF<sup>200</sup> levels 3–5) that provide practical, job-specific skills and formal qualifications for direct entry into the labour market, often combining classroom learning with work-based training. By supporting access to employment and helping individuals build relevant skills for the labour market, VET can strengthen their prospects for more stable income and greater economic security. Participation in vocational pathways helps individuals who have felt marginalised or disconnected from traditional education to reconnect with the world of work and their communities. Through these mechanisms, VET contributes not only to employment and growth, but also to social cohesion and the fight against poverty<sup>201</sup>. Its contribution in this respect depends not only on participation in VET as such, but also on the quality and labour market relevance of the programmes concerned.

**VET offers targeted and accessible pathways to employment, particularly for groups in vulnerable situations** who need to enter the labour market more rapidly or who face barriers to pursuing longer academic studies. VET programmes that are closely connected to labour market needs, include strong employer involvement, integrate work-based learning, and lead to recognised qualifications are more likely to support sustainable labour market integration. These features are important to ensure that VET does not simply redirect individuals into low-paid or precarious employment but helps them access jobs with better prospects for progression, stability and adequate working conditions. At the same time, the extent to which learners can benefit from VET depends heavily on enabling policy design that reduces barriers to access and successful participation. Such barriers may include the geographic distance from VET providers, particularly in rural and remote areas; the cost of registration, equipment and

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<sup>200</sup> European Commission, 'European Qualifications Framework (EQF)', *European Commission*, [n.d.], <https://ec.europa.eu/ploteus/en/european-qualifications-framework>.

<sup>201</sup> Cedefop, 'Inclusion at the core of the future-proof VET in Europe: Insights from Cedefop's monitoring and analysis of VET policies in Europe', 2026 [Unpublished paper].

transport; limited childcare support for young learners with dependents; literacy and numeracy requirements that may exclude those with weak basic skills; discrimination in access to employer-led placements, including for Roma, migrants and persons with disabilities; and insufficient financial support during training, especially for young adults with limited resources. Addressing these barriers is important if VET is to function as an inclusive pathway to qualification and employment.

### Spotlight on Spain

Spain has recently undertaken a major reform of its VET system through Organic Law 3/2022 on VET. The reform aims to create a more unified, modular and flexible VET offer, structured in progressive learning pathways ranging from short training modules to full qualifications. It also strengthens the dual character of VET by reinforcing links between classroom learning and workplace experience. This type of reform is particularly relevant from an anti-poverty perspective, as it aims to widen access to recognised qualifications, support progression opportunities, and strengthen the labour market relevance of VET.

- **EU instruments in place**

The **European Alliance for Apprenticeships**<sup>202</sup> (EaFA, 2013) has brought together governments, social partners, businesses and education providers from 43 countries to expand access to quality apprenticeships. With over 500 members, the Alliance supports the creation of inclusive training pathways for young people, adults and disadvantaged groups, including NEETs and early leavers from education and training.

The **2020 Council Recommendation on VET for sustainable competitiveness, social fairness and resilience**<sup>203</sup> focuses on making vocational education and training inclusive, accessible, and flexible for all, particularly targeting disadvantaged groups. Key measures include promoting equal access for persons with disabilities, low-skilled individuals, minorities, and migrants.

- **Next steps**

The European Commission is preparing a new **European Strategy for Vocational Education and Training** (VET), aiming to develop an attractive and innovative VET system to increase the attractiveness, excellence and inclusiveness of VET.

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<sup>202</sup> European Commission, 'European Alliance for Apprenticeships', *Employment, Social Affairs & Inclusion*, [n.d.], [https://employment-social-affairs.ec.europa.eu/policies-and-activities/skills-and-qualifications/working-together/european-alliance-apprenticeships\\_en](https://employment-social-affairs.ec.europa.eu/policies-and-activities/skills-and-qualifications/working-together/european-alliance-apprenticeships_en).[https://employment-social-affairs.ec.europa.eu/policies-and-activities/skills-and-qualifications/working-together/european-alliance-apprenticeships\\_en](https://employment-social-affairs.ec.europa.eu/policies-and-activities/skills-and-qualifications/working-together/european-alliance-apprenticeships_en).

<sup>203</sup> OJ C, C/2020/417, 2.12.2020, p. 1, ELI: [EUR-Lex - 32020H1202\(01\) - EN - EUR-Lex](https://eur-lex.europa.eu/eli/reg/2020/417/oj).

#### 4.1.2.4. Culture

**Poverty often limits access to cultural activities, while low participation in culture can reinforce exclusion and reduce opportunities for personal and community development.**

The latest data show that 51% of Europeans did not engage in any artistic activities, either individually or as part of a group, within the last 12 months.<sup>204</sup> People living at risk of poverty or social exclusion often lack the financial resources to pay for tickets, transport or materials needed to participate in cultural events (museums, concerts, festivals). Cultural infrastructure (theatres, libraries, art centres) is often concentrated in wealthier or urban areas, leaving disadvantaged communities underserved. Lower education levels often mean less exposure to arts and culture, which can reduce both access and interest.

**When poverty limits cultural participation, people lose access to the social and educational benefits that could help them improve their conditions** - creating a cycle of cultural and economic exclusion. Conversely, policies that promote inclusive cultural participation and create opportunities through sustained investment, enhanced monitoring, and inclusive and accessible design of cultural infrastructure and programmes (e.g. free museum entry combined with targeted outreach and mediation rather than relying on free entry alone; community arts programmes; school partnerships with artists and cultural institutions, especially for schools in disadvantaged areas; or investments to decentralise cultural infrastructure in high-poverty areas, e.g. in the form of accessible cultural hubs or equivalent services) can help break cycles of disadvantage and promote social mobility. Other measures can include, for example: micro-grants; artists' residencies; training for artists and cultural workers from low-income or marginalised backgrounds; enhancing digital access and skills to mitigate territorial disadvantage; design of digital cultural workforce pathways for the low skilled; integration of culture into social welfare and health services; support to social economy and community organisations to run cultural and creative projects in low-income areas; peer-learning (OMC) on strategies to improve access to culture for disadvantaged groups; improved data collection and monitoring of cultural participation with indicators that include gender, age and life stage, geographic location, ethnic origin/migration status, educational attainment level, income, situation of parents (and parents' own participation in culture), and disability status.

#### **Spotlight on Italy**

Cooperativa *La Paranza* in Napoli's Rione Sanità started in 2006 as a social cooperative by young people from the Rione Sanità with a mission to revitalise the community by caring for its cultural assets. The cooperative took on the restoration and public management of the Catacombs of San Gennaro and San Gaudioso, ancient sites that had long been neglected. The cooperative employs dozens of people from the neighbourhood — increasing job

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<sup>204</sup> Eurostat, 'Culture statistics - cultural participation: Highlights', *Statistics Explained*, [n.d.], accessed 23 April 2026, [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Culture\\_statistics\\_-\\_cultural\\_participation#Highlights](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Culture_statistics_-_cultural_participation#Highlights), [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Culture\\_statistics\\_-\\_cultural\\_participation](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Culture_statistics_-_cultural_participation).

opportunities in an area with high unemployment. The project fosters social cohesion and positive narratives about the area: a once stigmatised neighbourhood becomes known for its heritage, vibrancy and local agency rather than for decline. In 2022, *La Paranza* won the European Heritage Award (Europa Nostra Award) for “creating a sense of belonging in the community for their local heritage and transforming a neglected area into an attractive cultural destination”.

- **EU instruments in place**

EU policy frameworks and funding programmes (e.g., the “Culture Compass for Europe” strategic framework and “Creative Europe” funding programme) explicitly aim to enhance access to culture, particularly among vulnerable and disadvantaged groups, and help Member States share good practices.

- **Next steps**

The new strategic framework for culture, the “Culture Compass for Europe”, adopted in November 2025, includes actions to enhance citizens’ access to culture across Europe. The Commission will prepare (in 2028) a report to support Member States in increasing the participation of and support to persons with disabilities in culture.

#### *4.1.5.4. Sports*

**On average one in two Europeans never exercises**, according to the 2022 Eurobarometer on Sport and Physical Activity.<sup>228</sup> Data also shows that those enjoying a stable economic situation (i.e., no difficulty in paying the bills) and those with a higher educational background tend to practice sport and physical activity in higher numbers. For example, 74% of those finishing studies before the age of 15 are never physically active while this is the case only for 31% of those finishing studies after the age of 20.

**While data shows that there is lower participation in sport among those with lower incomes, its practice has several positive impacts on an individual’s life.** Participating in sports can bring people from different segments of society together, provide a forum for them to engage with each other and help individuals develop a wide range of skills that are beneficial both personally and professionally. To address the needs of all members of a community, including children and persons with disabilities, urban and city planning can include facilities that allow sport and physical activity with few or no barriers to entry (both indoor and outdoor). These plans should define accessible, safe and affordable sport and physical activity opportunities per inhabitant, with specific targets for disadvantaged neighbourhoods with high rates of poverty. Skate parks, well-lit public areas, table tennis tables or similar low-maintenance facilities can help low-income groups to have a place to practice sport at little or no economic burden. These can be supplemented by local free or very low-cost, community-based physical activity programmes (e.g. walking groups, open-air classes) in these spaces, to reduce non-take-up among low-income groups and maximise health benefits. Other examples include integration of walking and cycling networks, safe routes to school, and green

corridors into the sport/physical activity framing in deprived neighbourhoods, the role for social enterprises, community organisations, and co-operatives in operating and animating sport spaces in disadvantaged areas. It is important that the process is designed in a participatory manner involving residents, especially young people and persons with disabilities.

- **EU instruments in place**

The Erasmus+ Sport Actions have actively promoted projects on social inclusion through sport. Between 2014 and 2024, over 980 projects, with a total value of EUR 144 million, were funded under this scheme to support skills and employability.

To encourage the development of effective policies in Member States, many activities in the field of sport now focus on implementing the [Council Recommendation on promoting health-enhancing physical activity \(HEPA\) across sectors](#). This Recommendation includes 23 indicators that allow Member States to develop and assess policy measures of Member States' work in encouraging participation in physical activity of the population. According to the *Health-Enhancing Physical Activity Report in the European Union* from 2024<sup>205</sup>, 22 EU Member States have in place a *Framework to support offers to increase access to exercise facilities for socially disadvantaged*.<sup>206</sup>

#### **Spotlight on Germany**

In 2022, the Federal Ministry of Health initiated a Round Table on Physical Activity and Health (Runder Tisch Bewegung und Gesundheit), an intersectoral, participatory process involving key Government and nongovernmental stakeholders from all relevant (political) sectors and levels. The goal of the Round Table was to strengthen physical activity promotion in Germany. To achieve this goal, the needs of all groups (young families and infants, children and adolescents, adults and older adults) were identified in a series of meetings. Once the needs had been identified, the Round Table agreed on measures, which are summarised in a consensus paper, to strengthen physical activity promotion in Germany. The Federal Ministry of Health will further support and monitor implementation of the measures.<sup>207</sup>

- **Next steps**

Given the need to increase the ambition and better reflect today's challenges such as inactivity in young people and mental health, the Commission will propose a revision of the Council

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<sup>205</sup> World Health Organization, Regional Office for Europe (2024), 'Health-enhancing physical activity in the European Union', World Health Organization, Regional Office for Europe, 2024, <https://iris.who.int/handle/10665/379360>. License: CC BY-NC-SA 3.0 IGO.

<sup>206</sup> Indicator 8 from the Council Recommendation of 26 November 2013 on promoting health-enhancing physical activity across sectors, <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:354:0001:0005:EN:PDF>.

<sup>207</sup> Bundesministerium für Gesundheit, *Konsenspapier Runder Tisch*, 2026, [https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/5\\_Publikationen/Praevention/Broschueren/Konsenspapier\\_Runder\\_Tisch.pdf](https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/5_Publikationen/Praevention/Broschueren/Konsenspapier_Runder_Tisch.pdf).

Recommendation on HEPA planned in 2027 to reflect the need for new indicators and ambitions for their monitoring and implementation.

### 4.1.3. Addressing poverty affecting people of working age

It is key to design policies that ensure that working-age adults have adequate income. A lack of adequate income (either from work or support) puts individuals at risk of poverty or social exclusion in the present, but also in their old age. This also has consequences on the next generation as children whose parents are at risk of poverty are more likely to grow up at risk of poverty.

This requires a combination of policies, which ensure that all those who are outside of the labour market and can work get support to (re-)enter the labour market and that quality jobs act as a shield against poverty, because they guarantee a living wage and access to adequate life-cycle social protection. The working age population should receive adequate income protection and support to live in dignity, which entails that workers should be covered by unemployment protection, ensuring better income security in the event of loss of employment and equivalent protection for the self-employed, and those that lack sufficient means receive social assistance. Another important component of the active inclusion approach<sup>208</sup> is access to quality social services – see section 4.2.3.

#### 4.1.3.1. Facilitating access to work

Facilitating access to work requires well-designed active labour market policies, and in particular skills development policies. The social economy and micro-finance can effectively support efforts to integrate the most vulnerable in the labour market. Some groups, such as third country nationals and those with a migrant background, require specific attention.

##### 4.1.3.1.1. Active labour market policies

Active Labour Market Policies (ALMPs) aim to foster inclusive labour markets by reducing unemployment and helping people in employment to secure their livelihood, as well as supporting disadvantaged or vulnerable groups who encounter severe and often multiple employment barriers.<sup>209</sup> Well targeted ALMPs play a major role in promoting inclusive growth and decreasing dependency on welfare benefits; reducing skills mismatch and helping employers fill vacancies, improving overall labour market efficiency. ALMPs must respond to cyclical and structural labour market challenges.

**Improved outreach and registration are key to improving ALMP participation and, therefore, labour market outcomes, especially for the most vulnerable.** In several Member States, fewer than 15% of beneficiaries registered with the PES are enrolled in any ALMP.<sup>210</sup> This results primarily from capacity and resource constraints, eligibility criteria of potential

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<sup>208</sup> [Commission Communication COM/2008/639 final of 3 October 2008 on a Commission Recommendation on the Active Inclusion of People Excluded from the Labour Market.](#)

<sup>209</sup> European Network of Public Employment Services: New forms of active labour market policy programmes.

<sup>210</sup> [Commission Staff Working Document SWD/2022/313 final of 28 September 2022 accompanying the Proposal for a Council Recommendation on adequate minimum income ensuring active inclusion.](#)

beneficiaries, administrative complexity and limited autonomy of the most vulnerable groups to access to measures.<sup>211</sup> Outreach from the public employment services (PES) and registration of beneficiaries is key to improve participation in ALMPs, especially among persons excluded from the labour market. Better coordination and more robust referral mechanisms between the PES, training providers and relevant social services can enable early intervention, help to target measures appropriately for diverse recipients, and improve take-up.

**Increased investment, improved PES capacities and simplified access are preconditions for effective delivery of ALMPs.** Capacity and funding constraints of the PES are a major reason why enrolment is low: expenditure as share of GDP has been on a steady and rather steep decline since its recent peak in 2021, when it reached 2.3%, down to 1.5% in 2023. Investing in ALMPs is consistently estimated to have positive short- and long-term effects for employment and well-being of recipients, with outsized effects for people in the lowest income quantile.<sup>212</sup> More effective and clearer design of eligibility criteria and simplified administrative access can also enable improved participation.

**For their effective inclusion, persons excluded from the labour market should have access to multidimensional support and individualised pathways towards employment.** As they are often affected by entrenched poverty and more complex forms of exclusion, persons excluded from the labour market require in-depth assessment that consider the whole spectrum of vulnerabilities to which they might be subjected, beyond lack of work experience and skills. On that basis, individualised pathways towards labour market integration need to be developed and delivered, comprised of a service package covering ALMPs, education and training, job search support, psycho-social and health support and referral to enabling services (especially care services).

**Importantly, the effect of ALMPs is amplified when complementary measures and coherent support are in place.** Firstly, for the participants themselves, with a view of promoting their self-sufficiency and striking an effective balance between income support, work incentives, mutual obligations and active support to employment. Additionally, policy interventions that promote transitions into higher quality jobs, offer the right incentives for employers to hire on a full-time, permanent basis and provide adapted job opportunities, along with adequate access to social protection, can help reduce labour market segmentation and enhance job quality. Close collaboration with employers, for instance through the design of job placement programmes and on-the-job training, is key in this regard. Programmes promoting local stakeholder cooperation and partnerships with employers, implying subsidy schemes, placement support and on-the-job training often in the social economy have shown positive results in integrating long term unemployed.

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<sup>211</sup> In 2024, 27.4% of PES expenditures were dedicated to ALMPs while 54.2% concerned social benefits (mostly unemployment benefits). 62.5% of PES reported a decrease in their staff between 2023 and 2025. Source: European Network of Public Employment Services - Trends in PES: Assessment report on PES capacity 2025.

<sup>212</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'Employment and social developments in Europe 2024', Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2767/91555>.

- **EU instruments in place**

The **European Network of Public Employment Services** (established under Decision No 573/2014/EU) brings together PES from EU and EEA countries to improve performance, deepen cooperation to address labour market challenges and support the implementation of European Union employment policies. PES Network mutual learning activities have put a strong emphasis on support to those furthest from the labour market, including potentially minimum income beneficiaries.

**The Council Recommendation on the integration of the long-term unemployed into the labour market<sup>213</sup> (2016)** recommends that EU Member States encourage registration of the long-term unemployed, provide individual assessments by 18 months of unemployment, and offer a personalised job integration agreement. Key measures include a "single point of contact" to coordinate support, increased employer engagement, and linking the long-term unemployed to tailored plans that can include job search assistance, training, and social support services.

**The Council Recommendation on adequate minimum income ensuring active inclusion<sup>214</sup> (2023)** mentioned in section 4.1.3.3 also provides recommendations to support the integration in the labour market of the most vulnerable.

**Transnational call under the ESF+ Social Innovation Plus Initiative on “Innovative Approaches Tackling Long-Term Unemployment” (2025)** through which the European Commission provided EUR 23 million to support the testing, transfer, and scaling up of innovative solutions to tackle long-term unemployment. In total, 9 transnational projects implementing job guarantee approaches have received funding, modelled after successful larger scale initiatives such as the Territoires zéro chômeur de longue durée in France (see below) and Belgium, and the Marienthal Job Guarantee Pilot in Austria. The funded projects combine skill development and on-the-job training, social support, subsidised employment and placement support.

### **Spotlight on France**

**The “Territoires zéro chômeur de longue durée” project was developed in 2016.** Initially covering only 10 territories, today more than 75 territories are participating in the experiment. Participants are voluntarily recruited among long-term unemployed residents and are offered open-ended contracts with flexible working hours. They receive compensation at least at the minimum wage level, subsidised by the state at a rate of 95%. Since its creation, nearly 4000 people have been lifted out of long-term unemployment. Jobs created have largely contributed to community needs and the public good, with 32% of activities addressing ecological transition issues, and 23% contributing to social cohesion (ETCLD, 2023).

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<sup>213</sup>OJ C, C/2016/67, 20.2.2016, p. 1, ELI: [EUR-Lex - 32016H0220\(01\) - EN - EUR-Lex](#).

<sup>214</sup> OJ C, C/2023/41, 3.2.2023, p. 1, ELI: [EUR-Lex - 32023H0203\(01\) - EN - EUR-Lex](#).

- **Next steps**

As announced in the EU Anti-Poverty Strategy, and in line with Article 154 (2) TFEU, the Commission will launch in 2026 the first-stage consultation of European social partners to obtain their views on the possible direction of EU action to support the activation of persons excluded from the labour market and equality between women and men with regard to labour market opportunities.

The European Commission will continue supporting Member States in implementing the Council Recommendation on the integration of the long-term unemployed into the labour market through a mix of funding, coordination, tools, and monitoring. The results of the projects currently being implemented through the Social Innovation call (see above) will bring important insights on effective measures to further support long-term unemployed. Efforts will also continue to improve the data availability of the monitoring data to gain more insight into the sustainability of the support provided.

The Commission will submit in 2026 an evaluation report on the application of Decision No 573/2014/EU establishing the European Network of Public Employment Services. Subject to evaluation results, the Commission will consider extending the PES network's duration. The 2026 PES Network Work Programme will feature specific activities aimed at supporting vulnerable groups, including a Working Group focused on PES support for persons with disabilities and a survey-based report centred on the long-term unemployed.

#### 4.1.3.1.2. Supporting skills development

**Adults most at risk of poverty are also the least likely to take part in training**, reinforcing low skills, weak employment prospects and limited upward mobility. Participation is lowest among groups already vulnerable to labour market change: those with low educational attainment, older adults, unemployed people, non-standard and platform workers.

**Basic skills deficits are a major barrier to participation in learning and employment and significantly increase the risk of social exclusion.** Around one in five adults in the EU have low proficiency in literacy and numeracy, making it difficult to manage everyday tasks such as reading instructions, filling in forms or handling basic financial decisions, which in turn limits access to stable employment. There are strong differences between Member States: according to the 2023 OECD Survey of Adult Skills<sup>215</sup>, around 10% of adults in Sweden are low performers, compared with one in three in Portugal. Literacy levels have declined in many countries, particularly among the lowest-performing adults, widening internal inequalities. In numeracy, the EU average has remained stable, but several countries—including Lithuania,

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<sup>215</sup> OECD, *Survey of Adult Skills 2023 Data Analysis Manual: A Companion Volume to the Survey of Adult Skills 2023*, OECD Publishing, Paris, 31 March 2025, [https://www.oecd.org/en/publications/survey-of-adult-skills-2023-data-analysis-manual\\_25a87a9d-en.html](https://www.oecd.org/en/publications/survey-of-adult-skills-2023-data-analysis-manual_25a87a9d-en.html)[https://www.oecd.org/en/publications/survey-of-adult-skills-2023-data-analysis-manual\\_25a87a9d-en.html](https://www.oecd.org/en/publications/survey-of-adult-skills-2023-data-analysis-manual_25a87a9d-en.html).

Poland, Hungary, Slovakia, Austria, Czechia, Italy, Estonia and France—have seen a rise in the share of adults with low basic skills.

**Digital skills in particular have become a prerequisite for full participation in society and the labour market**, and insufficient digital proficiency increasingly constitutes a driver of poverty and social exclusion and vulnerability in the context of geopolitical challenges such as disinformation. As part of the European Education Area strategic framework for 2021-2030<sup>216</sup>, the Council established the target of reducing the share of low-achieving eighth graders in computer and information literacy to below 15% by 2030. In its Digital Decade Policy Programme 2030<sup>217</sup>, the EU has set the ambitious target of 80% of people aged 16-74 having at least basic digital skills by 2030. Yet current trends fall short. The 2025 State of the Digital Decade report<sup>218</sup> warns that digital skills gaps are not closing fast enough, with disadvantaged groups persistently at risk of being left behind in the digital transition. Projections indicate that only 60% of the EU population will reach at least basic digital skills by 2030, and that universal basic digital literacy might not be attained until 2063. Public employment services systematically deliver and/or finance digital skills assessments and trainings. However, more efforts are needed to ensure they are tailored to particular vulnerable client groups and to take their needs and opinions on board when adjusting and designing digital services and content.<sup>219</sup>

In May 2025, responding to the 2023 Council Recommendation on the key enabling factors for successful digital education and training<sup>220</sup>, the Commission presented the draft AI literacy framework for primary and secondary education developed in cooperation with the OECD.<sup>221</sup> This work will be finalised and presented by Q2 2026 with the objective to offer a common approach to the competences young people need to understand and critically use AI tools, and the way in which education and training systems can support the development of those skills.

In addition to the need to improve digital skills of young people, persistent gaps continue to limit equitable access to digital education, in particular for disadvantaged children and youth. Although large investments have been made with the support of EU funding towards the digitalisation of schools, the European Court of Auditors report on “EU Support for the Digitalisation of Schools” (2023)<sup>222</sup> found that Member States lacked strategic focus in the use

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<sup>216</sup> OJ C 66, 18.2.2021, p. 1, ELI: <http://data.europa.eu/eli/C/2021/66/oj>.

<sup>217</sup> <https://digital-strategy.ec.europa.eu/en/library/digital-decade-policy-programme-2030> European Commission, *Digital Decade Policy Programme 2030*, Publications Office of the European Union, 5 January 2023, <https://digital-strategy.ec.europa.eu/en/library/digital-decade-policy-programme-2030>.

<sup>218</sup> European Commission, 'State of the Digital Decade 2025 Report', Publications Office of the European Union, 16 June 2025, <https://digital-strategy.ec.europa.eu/en/library/state-digital-decade-2025-report> <https://digital-strategy.ec.europa.eu/en/library/state-digital-decade-2025-report>

<sup>219</sup> European Network of Public Employment Services – PES digital services to successfully integrate vulnerable jobseekers.

<sup>220</sup> ST/15741/2023/INIT.

<sup>221</sup> European Commission, OECD, *Empowering Learners for the Age of AI*, 2025, <https://ailiteracyframework.org/>.

<sup>222</sup> European Court of Auditors, *The Use of EU Funding for Digitalisation of Schools*, Special Report 11/2023, Publications Office of the European Union, Luxembourg, 2023, <https://op.europa.eu/webpub/eca/special-reports/digitalisation-schools-11-2023/en>, <https://op.europa.eu/webpub/eca/special-reports/digitalisation-schools-11-2023/en>.

of EU financing. Only a small share of the schools surveyed used gigabit broadband connections. Many schools reported insufficient equipment, or further training needs for teachers. Outside dedicated ICT lessons, less than one third of students used a digital device for learning at school at least once a week.

**Individual learning accounts offer a means of delivering individual training entitlements—such as personal budgets or accounts—to all working-age adults.** These entitlements are universal, transferable and cumulative, allowing individuals to pay for labour-market-relevant training as well as career guidance and skills validation. By providing people with greater autonomy over their learning and career progression, individual learning accounts can enhance motivation and empower individuals to take control of their professional development. To ensure accessibility, however, they must be designed to offer additional support for adults from disadvantaged backgrounds. Unlike targeted measures, which often carry a stigma and may reduce uptake, this approach promotes inclusivity without singling out specific groups. While individual learning accounts are still being developed across EU Member States—with a small number already in pilot phases—their long-term potential to alleviate poverty has yet to be demonstrated. For these accounts to contribute meaningfully to anti-poverty efforts, a robust enabling framework is essential. This includes effective skills validation, career guidance, paid training leave and outreach initiatives that engage those who stand to benefit most. Ultimately, the success of individual learning accounts in fostering social mobility and reducing poverty will depend on thoughtful design and implementation.

- **EU instruments in place**

**The Upskilling Pathways Recommendation (2016)**<sup>223</sup> called on Member States to provide adults with low qualifications and low levels of (basic) skills access to flexible learning opportunities to improve literacy, numeracy and basic digital skills, enabling them to access quality employment and participate fully in society. It was linked to other EU initiatives, including the Recommendation on Validation of Non-formal and Informal Learning and the work of National Coordinators for Adult Learning.

To address these gaps, the **European Skills Agenda**<sup>224</sup> (2020) presented a comprehensive strategy to support upskilling and reskilling in the context of the green and digital transitions. It emphasised stronger cooperation with social partners, improved labour market skills intelligence, and targeted support for people furthest from learning. Key initiatives include the **Council Recommendation on Individual Learning Accounts**<sup>225</sup>, the **European approach to micro-credentials**<sup>226</sup>, and the **Pact for Skills**<sup>227</sup> launched in November 2020. **The Union of**

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<sup>223</sup> OJ C, C/2016/484, 24.12.2016, p. 1, ELI: [EUR-Lex - 32016H1224\(01\) - EN - EUR-Lex](#).

<sup>224</sup> European Commission, ‘European Skills Agenda’, *Employment, Social Affairs & Inclusion*, accessed 28 April 2026, [https://employment-social-affairs.ec.europa.eu/policies-and-activities/skills-and-qualifications/european-skills-agenda\\_en](https://employment-social-affairs.ec.europa.eu/policies-and-activities/skills-and-qualifications/european-skills-agenda_en).

<sup>225</sup> OJ C, C/2022/243, 27.6.2022, p. 26, ELI: [EUR-Lex - 32022H0627\(03\) - EN - EUR-Lex](#).

<sup>226</sup> OJ C, C/2022/243, 27.6.2022, p. 10, ELI: [EUR-Lex - 32022H0627\(02\) - EN - EUR-Lex](#).

<sup>227</sup> [Homepage of Pact for skills](https://pact-for-skills.ec.europa.eu/index_en)[https://pact-for-skills.ec.europa.eu/index\\_en](https://pact-for-skills.ec.europa.eu/index_en).

**Skills<sup>228</sup> (2025)** strengthens adult learning and ensures continuous skills development. One of its core strands, Upskill and reskill to ensure future-oriented skills, promotes wider participation in training by supporting the rollout of **Individual Learning Accounts<sup>229</sup>**, expanding **micro-credentials**, and creating innovative community learning spaces to better reach low-skilled adults. New measures include a **Skills Guarantee** pilot for workers from the automotive sector at risk of unemployment, and stronger cooperation between public employment services and social services to improve basic skills and activate inactive adults. The accompanying **Action Plan on Basic Skills<sup>230</sup>** reinforces the importance of foundational skills as a prerequisite for lifelong learning. The Action Plan highlights, among others, the importance of **innovative community learning spaces** to help develop adults' basic skills. It also recognises digital skills as part of the essential skill set for modern life and includes several key measures to promote inclusion and digital empowerment, including piloting a basic skills support scheme and promoting quality materials on digital literacy and cybersecurity through initiatives like EU Code Week. Together, these initiatives aim to make training more accessible and inclusive, helping adults adapt to labour market change, reduce unemployment risks and prevent poverty. **The Council recommendation on improving the provision of digital skills and competences in education and training (2023)<sup>231</sup>**, delivered under the European Education Area strategic framework and under the Digital Education Action Plan, supports Member States in promoting a quality, inclusive and consistent approach to the development of digital skills. It articulates the steps needed to promote digital skills development from early on and at all stages of education and training.

**The European Digital Skills Awards** recognise and reward projects and organisations dedicated to empowering individuals with essential digital skills. They include a category on Inclusion in the Digital world, which addresses particularly old people, refugees, persons with disabilities, and low-income groups, spotlighting initiatives that improve access to devices and training, from basic digital skills to ICT career pathways<sup>232</sup>.

The **2022 Council Recommendation on European approach to micro-credentials for lifelong learning and employability<sup>233</sup>** aims to create a common framework (definition, standards and principles) for micro-credentials across EU Member States so that they are quality-assured, transparent, recognisable and portable within education and training and job

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<sup>228</sup> European Commission, 'Union of Skills', *Competitiveness*, accessed 28 April 2026, [https://commission.europa.eu/topics/competitiveness/union-skills\\_en](https://commission.europa.eu/topics/competitiveness/union-skills_en).[https://commission.europa.eu/topics/eu-competitiveness/union-skills\\_en](https://commission.europa.eu/topics/eu-competitiveness/union-skills_en).

<sup>229</sup>OJ C, C/2022/243, 27.6.2022, p. 26, ELI: [EUR-Lex - 32022H0627\(03\) - EN - EUR-Lex](https://eur-lex.europa.eu/eli/C/2022/H0627(03)/en).

<sup>230</sup> European Commission, *Action Plan on Basic Skills*, 2026, <https://education.ec.europa.eu/document/action-plan-on-basic-skills-legal-document>.<https://education.ec.europa.eu/document/action-plan-on-basic-skills-legal-document>.

<sup>231</sup> OJ C, C/2024/1030, 23.1.2024, ELI: <http://data.europa.eu/eli/C/2024/1030/oj>.

<sup>232</sup> European Commission, 'EDSA25 Awards: Category – Inclusion in a Digital World', *Digital Skills and Jobs Platform*, accessed 28 April 2026, <https://digital-skills-jobs.europa.eu/en/edsa25-awards-category-inclusion-digital-world>.<https://digital-skills-jobs.europa.eu/en/edsa25-awards-category-inclusion-digital-world>.

<sup>233</sup>OJ C, C/2022/243, 27.6.2022, p. 10, ELI: [EUR-Lex - 32022H0627\(02\) - EN - EUR-Lex](https://eur-lex.europa.eu/eli/C/2022/H0627(02)/en).

markets in the EU. The Recommendation explicitly suggests using micro-credentials to improve access to education and training for all learners, including people who face barriers due to socioeconomic status, disabilities, age or other vulnerabilities.

- **Next steps**

Further development of individual learning accounts and micro-credentials in the Member States will be supported, as these require more comprehensive steps and systemic reforms. When developing these initiatives, special attention has to be paid to adults from disadvantaged backgrounds, in order to make these initiatives relevant to their needs.

Ensuring adequate public infrastructure – venues, equipment and appropriate personnel – is essential to boost local initiatives that create more learning opportunities around the needs of low-skilled adults through various partnerships. The **Action Plan on Basic Skills** includes an action on innovative community learning spaces to help develop adults' basic skills, starting already in 2026.<sup>234</sup>

As announced in the Union of Skills package, the Commission will present a **2030 Roadmap on the Future of Digital Education and Skills** to be adopted by the end of 2026 to ensure universal access to digital learning and guide EU action towards more inclusive, resilient and future-oriented education systems in the age of artificial intelligence.

The **Skills Portability Initiative** is a package of 3 interrelated actions presented under the Union of Skills and is part of the Fair Labour Mobility package. It aims to remove barriers to the free movement of workers in the EU related to skills and qualifications, and to make the EU labour market more attractive to global talent. It will speed up the portability of VET qualifications, opening more opportunities for workers and jobseekers across the EU labour market.

#### 4.1.3.1.3. Social economy and micro-finance

**The social economy plays a growing and vital role in tackling poverty and social exclusion across the EU.** Comprising cooperatives, mutual societies, associations, foundations, and social enterprises, the social economy prioritises people and social objectives over profit maximisation. With over 4.3 million organisations employing more than 11.5 million people in the EU, the social economy contributes to building more inclusive, resilient, and sustainable communities. It does so by expanding access to essential services, integrating disadvantaged groups into the labour market, and fostering inclusive local development.<sup>235</sup>

**One of the main ways the social economy addresses poverty is by creating quality jobs for disadvantaged groups,** including the long-term unemployed individuals, persons with disabilities, migrants, and those at risk of social exclusion. Work integration social enterprises,

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<sup>234</sup> [European Commission, Action Plan on Basic Skills, 2025.](#)

<sup>235</sup> OECD/European Union, 'Social Economy in Europe: Contributing to Competitiveness and Prosperity', *Local Economic and Employment Development (LEED)*, 2025; ILO, 'Decent work and the social and solidarity economy', 2022.

in particular, focus on employing people who face barriers to entering the mainstream labour market.<sup>236</sup>

### **Spotlight on Czechia, Hungary, Poland and Slovakia**

The [HomeLab project](#) in Czechia, Hungary, Poland, and Slovakia simultaneously addressed the interlinked problems of homelessness, poverty, and a lack of work opportunities. It started from the observation that housing problems and unemployment must be solved together. The project aimed to support vulnerable households out of their precarious circumstances by helping them find suitable and affordable housing, simultaneously boosting their employment and social prospects. A key factor for the success of the project was its implementation through social economy entities, who had the expertise to reach out to vulnerable and marginalised groups and to provide tailored support to them. Social economy actors also acted as intermediaries between groups in vulnerable situations and housing providers. The project has potential for replication and scaling up elsewhere, but for long-term success and sustainability of the initiative, improved access to finance for social economy entities would be helpful.

**Beyond employment, social economy entities also deliver key services that directly alleviate poverty and improve living conditions, while supporting working conditions in often low-paid and feminised sectors.** These services range from affordable housing and childcare to healthcare, education, and social care. They often work in partnership with public authorities to ensure that groups in vulnerable situations have access to basic needs: charities and other organisations within the social economy provide frontline support to people facing severe poverty and social exclusion, for example through food aid, homeless shelters, second-hand shops and emergency social services. These services help to meet people's immediate needs and can connect them to longer-term support and inclusion pathways.

**The social economy also fosters local development, especially in rural, remote, and economically disadvantaged regions.** By mobilising local resources and reinvesting locally, including through shorter supply chains, social economy initiatives can generate economic activity, support small businesses, and build social capital. This localised approach helps prevent depopulation, promotes territorial cohesion and resilience, and ensures that opportunities for economic participation are more evenly distributed across the EU.

**Microfinance is a related tool to fight poverty and financial exclusion by supporting entrepreneurship among groups in vulnerable situations.** By providing microcredits (loans design to the repayment capacity and needs of the beneficiaries) together with training and follow-up to people who lack access to traditional banking, microfinance enables individuals to start or expand small businesses and generate income. The financial inclusion which microfinance provides to vulnerable groups is an important step for their social inclusion.

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<sup>236</sup> See ENSIE, *Impact WISEs*, 2025. The Impact-WISE Study 2025, based on data from 2024, provides new insights into the crucial contribution of Work Integration Social Enterprises (WISEs) across Europe.

**By giving vulnerable people the means and confidence to turn their ideas into viable businesses, they will improve their living conditions.** To make these efforts more effective and sustainable, microfinance is increasingly combined with non-financial support such as business training, financial literacy, mentoring, and networking opportunities. This integrated approach not only helps beneficiaries manage their loans responsibly but also increases their chances of long-term success. Several studies have shown that the socio-economic return for every euro invested in socially targeted micro-finance initiatives is around five euros.<sup>237</sup>

- **EU instruments in place**

The **European Action Plan for the Social Economy (2021)** aims to create favourable conditions for the social economy's growth and recognition, improve access to finance, and promote social innovation. In the **report on a “mid-term review of the action plan for the social economy: main achievements and way forward”** (2026), the Commission took stock of progress achieved to date and announced new action. In addition, the **Council recommendation on developing social economy framework conditions** (2023) provides a common framework for Member States to integrate the social economy into their policies, including poverty alleviation initiatives, and establish supportive measures to foster a favourable environment for social economy organisations.

The **Social Investment and Skills Window of InvestEU** supports the social economy by facilitating access to finance for microenterprises and social enterprises, and by supporting investment in skills and education as well as social infrastructure. This support, in particular the provision of microcredits to microenterprises and the provision of affordable social housing, contributes to addressing social exclusion and to moving people out of poverty.

The **EU Code of good conduct for Microcredit provision**<sup>238</sup>, launched in 2011, had become over the years a cornerstone for good practices in the European microfinance sector, strengthening governance, transparency and professionalism among providers. The Code of Good Conduct guarantee that all organizations avoid over-indebtedness, assess the repayment capacity of the beneficiaries, the viability of their business proposal and support with training during all the phases of the business activity. In that sense, it allows to support the potential of micro-finance in supporting entrepreneurship among the most vulnerable and fighting poverty.

- **Next steps**

Building on the findings of the mid-term review of the Social Economy Action Plan, new and strengthened actions have been set out to address persistent challenges to the development of the social economy. These actions aim to support public administrations in delivering on the ground, enable social economy organisations to operate in the single market without barriers, reinforce access to talent, training and finance, and strengthen the evidence base and visibility the social economy needs in order to be fully recognised. Energy cooperatives, for instance, can

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<sup>237</sup> Etude d'impact socio-économique et Retour Social sur l'Investissement (SROI), Archipel & Co, Les Etudes de l'Adie, 2025.

<sup>238</sup> [European Commission, 'European Code of Good Conduct for Microcredit Provision', \*Employment, Social Affairs & Inclusion\*, accessed 28 April 2026.](#)

help reduce energy poverty. The Commission will also analyse with the OECD if and how social economy can be a good tool against undeclared work in several sectors such as care, cleaning or construction.

The Commission will continue to support the microfinance sector by way of financial and non-financial means. As regards the latter, **a comprehensive revision of the European Code of Good Conduct for Microfinance Provision** has been initiated with the aim of enhancing the visibility and recognition of the microfinance sector and of facilitating the provision of microfinance support throughout Europe. It may include social reporting in line with the targets of the Europea Pillar of Social Rights Plan of Action.

The Commission will soon launch a call for Inclusive Incubation and Finance for More Entrepreneurs, targeting under-represented groups in entrepreneurship, among which the most vulnerable.

Looking ahead, opportunities could be explored together with the EIB group to further strengthen the access to financial services for micro and social entrepreneurs through the use of financial instruments, including encouraging Member States to allocate resources to such policy priorities through Member State compartments.

#### 4.1.3.1.4. Integration of migrants and people with migrant background

**Enhancing migrants' socio-economic integration and labour market participation is essential to reduce their risk of poverty and social exclusion.** Coherent migration and social policies, coupled with effective integration measures, are essential for retaining talent by ensuring newcomers can fully participate in the labour market and society. The most effective measures to facilitate labour market integration combine language training, civic orientation, skills development, and recognition of qualifications obtained abroad. Subsidised employment schemes and job search assistance can further support inclusion, although access is sometimes limited by visa restrictions or lack of awareness.

The integration of migrants into the labour market varies across different groups, reflecting a range of circumstances and barriers. Individuals seeking protection, those who have been granted international protection and family members arriving through family reunification processes tend to encounter greater challenges in accessing employment and integration into the labour market. This situation points to the need for measures that are better adapted in their specific situations, in order to support their long-term inclusion. A gender-disaggregated design of integration and employment is also necessary. Migrant women in particular face lower employment rates, pointing to specific barriers in accessing the labour market. Available indicators are disaggregated by gender, allowing gaps to be identified and supporting more target policy responses.

## Spotlight on Poland

The Centres for Foreigners' Integration are a new network of institutions supporting migrants in adapting to life in Poland. Their creation was driven by the large influx of refugees from Ukraine after 2022, which revealed the need for permanent, professional integration structures. The main goal of the centres is to provide coordinated services in a “one-stop-shop” model. They offer Polish language courses, legal counselling, psychological support, and assistance with administrative procedures. An important component is also intercultural education and orientation in the Polish legal and social systems. The initiative is financed both by the Asylum, Migration and Integration Fund (AMIF) and the European Social Fund Plus (ESF+). Centres are being established across the country, forming a unified national network of support. Their aim is to improve migrants' access to services and strengthen their independence in social and professional life. As a result, the centres have become a key instrument of Poland's modern integration policy.

**A related issue, important for the fight against poverty, is combatting trafficking in human beings (THB).** Trafficking takes different forms, such as labour and sexual exploitation, forced begging and forced criminality. In EU as a whole, 28% of all THB victims are exploited in their own country. Another 8% of THB victims are from other EU countries.<sup>239</sup> Most victims in the EU are non-EU nationals, however they can also be legally residing in the EU.

- **EU instruments in place**

**The European Asylum and Migration Management Strategy<sup>240</sup>** sets out the EU's commitment to a fair and robust framework for managing migration in cooperation with partner countries, while upholding European values. It aims to provide protection to those in need and attract talent and skills to support the EU's competitiveness, including by fighting the illegal employment and exploitation of migrant workers and improving their integration.

**The EU Action Plan on Integration and Inclusion 2021-2027<sup>241</sup>** aims to address the challenges linked to migration and to promote the integration of migrants and EU citizens with a migrant background. It builds upon the previous 2016 Action Plan and is part of the broader New Pact on Migration and Asylum. The Action Plan is structured around four main themes: (i) Education; (ii) Employment; (iii) Health; (iv) Housing.

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<sup>239</sup> Eurostat, 'Eurostat News Release: 9 678 registered victims of human trafficking in 2024', Eurostat News, 29 January 2026, accessed 29 May 2026, <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20260129-1>.

<sup>240</sup> European Commission, European Asylum and Migration Management Strategy, Migration and Home Affairs, 2026, [https://home-affairs.ec.europa.eu/european-asylum-and-migration-management-strategy\\_en](https://home-affairs.ec.europa.eu/european-asylum-and-migration-management-strategy_en).

<sup>241</sup> European Commission, *Action Plan on Integration and Inclusion 2021-2027*, Publications Office of the European Union, 2021, <https://op.europa.eu/en/publication-detail/-/publication/bb47d489-a2b1-11eb-9585-01aa75ed71a1/language-en>

**The Single Permit Directive (EU) 2024/1233<sup>242</sup>** aims to ensure fair treatment of non-EU workers legally residing in a Member State and at preventing exploitation. It gives non-EU workers the right to be treated equally to nationals of EU Member States in many respects. These include working conditions, such as pay, working hours, health and safety requirements, education and training, certain branches of social security, recognition of qualification and tax benefits.

The **Pact on Migration and Asylum**, which becomes applicable in June 2026, establishes a legal framework to enhance the effective management of external borders and set up fast and efficient procedures for asylum and return, while ensuring strong safeguards. Among its objectives, it aims to enhance the integration of applicants and beneficiaries of international protection by improving access to education, labour market, procedures for the recognition of qualifications and the validation of skills, social security and social assistance entitlements and integration measures. These enhanced rights seek to promote the autonomy of the applicants and beneficiaries, reduce their dependency, and foster social integration, while mitigating the risk of poverty.

The **EU Strategy on combating trafficking in human beings** provides a comprehensive response to trafficking – from preventing the crime and protecting and empowering victims to bringing traffickers to justice.

- **Next steps**

In future, the Commission will continue to closely monitor the implementation of these initiatives and to provide support to Member States to facilitate the effective enactment and application of the **Pact on Migration and Asylum**.

As announced in the very first **European Asylum and Migration Management Strategy**, the Commission will promote a comprehensive, cross-policy approach to integration, ensuring alignment between migration, regional development and labour market policies.

**A renewed THB Strategy**, building on the current one, is planned for adoption in Q4 2026.

#### *4.1.3.2. Addressing in-work poverty*

Addressing in-work poverty requires a combination of measures, reflecting its multiple drivers. It entails quality jobs, which offer adequate wages and do not lead to involuntary low-work intensity. Well-designed social protection systems are key to ensure workers do not fall into poverty when temporarily out of work. Finally, income support schemes for workers have a role to play to support those transitioning towards full-time employment.

##### *4.1.3.2.1. Quality jobs as a shield against poverty*

**The quality of jobs available and accessible to those in more vulnerable situations is an important factor in determining whether workers are effectively protected from the risk**

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<sup>242</sup> OJ L, 2024/1233, 30.4.2024, ELI: <http://data.europa.eu/eli/dir/2024/1233/oj>.

**of poverty and social exclusion.** In order to reduce and prevent in-work poverty it is crucial that deficits in decent working conditions are addressed, with a view of ensuring adequate minimum income security for workers, regardless of their educational attainment, sector of employment, migration status, etc., and their families, across household compositions (for access to social protection see chapter 4.1.3.2.3).

**Effective implementation of minimum wage legislation, respect for collective agreements, and strong social dialogue are key.** In-work poverty is closely linked to low monthly wages, with one in five workers who earn two-thirds or less of the national median monthly wage being at risk of poverty. Enforcing adequate wage protection is particularly important to prevent and reduce the poverty risk of single-earner households, and above all of single-parent households.<sup>243</sup> Simulations point to potential significant in-work poverty reduction effects of enforcing a minimum wage equal to 60% of the median wage in Member States where the rate is especially high, although effects on overall poverty rates would be more limited.<sup>244</sup> A reason that might explain this more limited impact of the minimum wage on overall poverty is that many low wage workers are part of non-poor households and thus, while their individual welfare would benefit, it would not be reflected in changes in the overall poverty rate. Evidence suggests an existence of a migrant pay gap, particularly pronounced for women and for migrant care workers.<sup>245</sup>

**Beyond adequate wages, it is important to address the issue of precarious jobs.** The fact that in-work poverty is more prevalent for individuals who are in part-time employment than for full time employees – 12.6% vs. 7% - underscores that policies aimed at reducing involuntary part-time work by addressing its drivers hold high potential for in-work poverty reduction. Some of the causes of involuntary low work intensity can be traced to the legal framework that governs labour markets, which should be revised to minimise the overreliance and, in some cases, abuse of non-standard contract types, including zero-hour contracts and voucher-based work. In other cases, the labour law might fail to provide work incentives to employees and even end up incentivising employers to declare workers are employed on a part-time basis, and to have them work the remaining hours under informal work arrangements, at a lower standard. While it is important to reduce the incidence of involuntary part-time, such efforts need to be complemented by an expansion in enabling services to avoid driving workers out of employment. In particular, it is important to close gaps in access to affordable childcare and long-term care services, as well as address unmet healthcare and wellbeing needs, so that increased working hours can be more easily reconciled with personal needs and family responsibilities (see section 4.2.3 on services).

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<sup>243</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'Who are the working poor? – An analysis of in-work poverty in the EU', Publications Office of the European Union, 2026, <https://data.europa.eu/doi/10.2767/1170646>.

<sup>244</sup> International Monetary Fund, 'A European Minimum Wage: Implications for Poverty and Macroeconomic Imbalances', Working Paper WP/20/59, 2020.

<sup>245</sup> ILO, 'The migrant pay gap: Understanding wage differences between migrants and nationals', 2020, [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed\\_protect/@protrav/@migrant/documents/publication/wcms\\_763803.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_protect/@protrav/@migrant/documents/publication/wcms_763803.pdf)

**Dedicated measures should be put in place to protect self-employed workers from the specific poverty risks impacting them.** Due to the nature of their contractual arrangements, the self-employed are more likely to experience gaps in their effective labour and social protection, with detrimental effects for their income and job security. Self-employed workers lack protection around their compensation, as they are not covered by minimum wage standards, and are subject to more variable work intensity, due to varying demand or the casual and seasonal nature of their employment, which are all risk factors when it comes to in-work poverty. Additionally, they are less likely to enjoy full social protection coverage, especially of sickness, parental and unemployment benefits, which is an important factor in their reduced income security (see 4.1.3.2.3 and 4.1.3.2.4 for more details). Labour law reforms aimed at reducing segmentation are key to reducing job quality gaps between employees and the self-employed.

**Promoting quality jobs also means preventing and combating undeclared work.** It is important to create safe pathways into formal employment, through measures that combine deterrence and elimination of undeclared work with transition into the formal economy – such as simplified transition schemes, incentives for formalisation, stronger labour inspection, and tailored support for workers and micro-enterprises. For vulnerable workers unregistered, employment might be their sole means to provide for themselves and their families, which is why prevention should be prioritised. It is important to focus enforcement resources on the most exploitative arrangements while providing supportive transition pathways for vulnerable workers. This is supported by Eurobarometer data of 2019, which suggests that undeclared workers see some sort of benefit in their informal arrangement (32% of respondents), and that there is an increase in the share of undeclared workers that no longer believe in the positive returns of paying into the state budget and social security (11%, up from 5% in 2009).<sup>246</sup> Restoring faith and quality jobs opportunities in the formal labour market and public service provision is central.

### **Spotlight on France**

The Universal Service Employment Voucher (CESU) is a pre-financed voucher issued by government-authorised companies meant to be used to pay for the services of a home-based employee in the personal service and care sectors. It encourages the declaration of domestic workers by providing financial incentives, in the form of tax exemptions and social security contribution subsidies, for both the employer and employee. Registration is also encouraged through administrative simplification, via the introduction of a dedicated CESU declaration tool. The CESU voucher system has been found to have positive effects on formal job

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<sup>246</sup> Trends in the undeclared economy and policy approaches. Evidence from the 2007, 2013 and 2019 Eurobarometer surveys, 2020, [https://www.ela.europa.eu/sites/default/files/2022-06/KE-02-20-972-EN-N\\_0.pdf](https://www.ela.europa.eu/sites/default/files/2022-06/KE-02-20-972-EN-N_0.pdf).

creation in targeted sectors, an estimated reduction of undeclared work by 30 percentage points between 1996 and 2015, and a consequent increase in social protection coverage.<sup>247</sup>

**Work-life balance policies help workers reconcile professional and family responsibilities,** particularly through measures such as paternity and parental leave, flexible working arrangements and carers' leave. The establishment and effective implementation of these measures help workers avoid a reduction in household work intensity when faced with increased caring responsibilities, and thus they act as a form of income protection. This is particularly relevant for lower income households, for whom relying on paid care services is not an option or would otherwise represent a major burden relative to their disposable income. In combination with improved access to care services, work-life balance policies can improve women's standing in the labour market and therefore help decrease their risk of poverty and social exclusion.

- **EU instruments in place**

**The Commission Communication on a Quality Jobs Roadmap (2025)**<sup>248</sup> is a renewed commitment to fostering quality jobs in a competitive economy, with trade unions and employers playing a crucial role in this endeavour. The Roadmap addresses in-work poverty by promoting adequate wages. It also covers other aspects relevant for quality jobs to shield working age adults against poverty, such as tackling labour exploitation, the need to improve the situation young people are facing in the labour market, notably with regards to precarious contracts, atypical forms of work and the informal economy, and the need to ensure fairness for the self-employed and non-standard workers.

**Directive (EU) 2022/2041 on adequate minimum wages**<sup>249</sup> aims to reduce in-work poverty by ensuring fairer minimum wages and stronger collective bargaining. Strengthening collective bargaining would expand wage coverage, improve wage adequacy, and particularly benefit low-paid workers. Clear criteria and stronger involvement of social partners is expected to reinforce wage setting and support a fairer business environment.

**Directive (EU) 2019/1152 on transparent and predictable working conditions**<sup>250</sup> provides more extensive rights and protections for workers across the EU. It addresses the need for clarity and predictability in employment relationships, especially considering the rise of non-standard and precarious forms of work, such as zero-hour contracts and platform work.

The **Framework Agreement on fixed-term work** annexed to Directive 1999/70/EC<sup>251</sup> forbids employers from discriminating fixed-term workers, in respect of employment conditions, vis-

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<sup>247</sup> European Labour Authority, Good practice – France: Universal Service Employment Voucher (*Chèque emploi service universel* - CESU), 2018, <https://www.ela.europa.eu/sites/default/files/2021-09/FR%20-%20CESU.pdf>.

<sup>248</sup> [European Commission Communication COM/2025/944 of 4 December 2025 on Quality Jobs Roadmap](#)

<sup>249</sup> OJ L, 2022/275, 25.10.2022, p. 33, ELI: <http://data.europa.eu/eli/dir/2022/2041/oj>.

<sup>250</sup> OJ L, 2019/186, 11.7.2019, p. 105, ELI: <http://data.europa.eu/eli/dir/2019/1152/oj>.

<sup>251</sup> OJ L, 1999/175, 10.7.1999, p. 43, ELI: <http://data.europa.eu/eli/dir/1999/70/oj>.

à-vis permanent workers. It also requires Member States to introduce measures to prevent abuse arising from the use of successive fixed-term employment contracts.

The **Framework Agreement on part-time work** annexed to Directive 97/81/EC<sup>252</sup> forbids discrimination of part-time workers in respect of employment conditions. That agreement also invites employers to consider, among others, requests to transfer from part-time to full-time or to increase working time. They should also consider providing timely information on the availability of full-time jobs.

**The Platform Work Directive**<sup>253</sup> aims to improve the working conditions of people working through digital labour platforms. It also seeks to support the sustainable growth of digital labour platforms across the European Union. A key objective of the Directive is to facilitate the determination of the correct employment status of persons performing platform work, including through the application of a legal presumption of an employment relationship.

The **Directive 2008/104/EC on Temporary Agency Work** ensures the protection of agency workers and the quality of agency work. The Directive establishes **the principle of equal treatment** for agency workers in user companies for the first day of their assignment. Equal treatment applies to basic working and employment conditions, notably pay and working time. Limited derogations are allowed under strict conditions.

**The European Labour Authority (ELA)**, established in 2019, ensures that labour mobility and social protection rules are applied fairly and effectively. By improving compliance with EU labour standards, supporting cross-border cooperation between national authorities, and facilitating joint inspections, the ELA helps to prevent exploitative working conditions, undeclared work, and social dumping. Since its establishment, the ELA Enforcement Unit has supported more than 300 cross-border concerted and joint inspections (CJIs), of which around 30% to 50% identify cases of undeclared work on a yearly basis, often in conjunction with other infringements such as fraud concerning posted workers, violations of social security legislation, underpayment, and illegal employment of non-EU nationals. Through its capacity building and knowledge exchange activities, ELA promotes better cross-border working conditions throughout the European Union. **ELA actively supports Member States in tackling undeclared work.** By enhancing collaboration among relevant authorities and other stakeholders, ELA seeks to combat undeclared work more effectively and efficiently, fully respecting national competences and procedures.

**Directive (EU) 2023/970 on equal pay through pay transparency**<sup>254</sup> strengthens the enforcement of the principle of equal pay for equal work or work of equal value. By introducing pay transparency and combating pay discrimination, it seeks to eliminate gender pay gaps and structural biases undervaluing women's jobs. These measures directly reduce wage inequality and indirectly contribute to lowering in-work poverty among women.

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<sup>252</sup> OJ L, 1999/14, 20.1.1998, p. 9, ELI: <http://data.europa.eu/eli/dir/1997/81/oj>.

<sup>253</sup> OJ L, 2024/2831, 11.11.2024, ELI: <http://data.europa.eu/eli/dir/2024/2831/oj>.

<sup>254</sup> OJ L 132, 17.5.2023, ELI: <http://data.europa.eu/eli/dir/2023/970/oj>.

**Directive on Work–Life Balance for Parents and Carers (EU) 2019/1158**<sup>255</sup> aims to improve access to family-related leave and flexible working arrangements, promoting gender equality in the labour market and supporting the reconciliation of work and care responsibilities. It introduces **minimum standards across the EU**, including at least **10 working days of paid paternity leave, 4 months of parental leave per parent (with two months non-transferable), 5 days of carers’ leave per year**, and the right to request **flexible working arrangements** such as reduced or remote work for parents and carers. The Directive also strengthens **protection against discrimination and dismissal** for workers who take family-related leave. Gaps in transposition and implementation persist.

- **Next steps**

Following the adoption of the Quality Jobs Roadmap in 2025, the Commission will propose a **Quality Jobs Act** in 2026 to modernise and complement EU rules protecting workers while supporting productivity and competitiveness. In the first-stage consultation on the Quality Jobs Act, launched in December 2025, it is underlined that the issue of exploitative subcontracting, which is often associated with gaps in labour protection enforcement, low pay, job precarity and undeclared work, disproportionately affects workers with concurring vulnerabilities, such as low educational attainment or migrant background.

As mentioned in the Anti-Poverty Strategy, the Commission will step up enforcement to ensure full transposition of the **Directive on adequate minimum wages**.

The Commission will finalise the assessment of the **implementation of the Directive on Work-Life Balance** across all Member States and produce an implementation report, accompanied by two studies on rights of family leave for self-employed, and on interactions between the different types of leave provided for in the Directive and other types of family-related leave.

#### 4.1.3.2.2. Improving the tax-benefit support for workers

**For those not working full-time or in stable jobs, income from work might not be sufficient to protect workers from falling into poverty but social transfers can contribute to reducing in-work poverty. Effective design of the tax-benefit system ensures overall household income progressively and steadily increases as more income is derived from work**, and that households are not faced with abrupt loss of financial support when members enter employment. Taking up a job entails upfront “fixed costs”, most importantly childcare and transportation, relocation and housing in some cases, which can constitute a barrier to work, especially for integrating after periods of labour market exclusion, in the absence of continued social support. Indeed, a sudden withdrawal of benefits can create a “benefits trap”, where in the short-term individuals find it economically detrimental to work or increase their working hours. This can worsen overall monetary poverty and act as a disincentive to full labour market participation. Improving the design of social benefits and services so as to ensure they continue

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<sup>255</sup> OJ L 188, 12.7.2019, ELI: <http://data.europa.eu/eli/dir/2019/1158/oj>.

and taper while moving into work ensures steady income support, helping people cover costs like childcare, transport, and training during the transition.

**When it comes to crafting measures to bolster the incomes of the working poor, details on their design matter greatly, and trade-offs need to be considered.** Social transfers and tax credit schemes targeted at poor households can effectively reduce in-work poverty. EUROMOD simulations suggest that the introduction of household-based in-work benefits has the potential to reduce the AROP rate by 2.3 percentage points in Belgium and by 5.6 percentage points in Austria, with even stronger effects when delayed labour supply responses are factored in. While challenges such as non-take-up can limit their effectiveness, well-designed household-based in-work benefits show potential to reduce AROP.<sup>256</sup> However, depending on how the means test is designed, in-work benefits might create adverse work disincentives for second earners, often women, thus undermining their individual income security. In order to mitigate negative labour market outcomes, for instance, earnings disregards on the income of second earners might be considered. Additionally, concerns have been raised around the potential wage suppression effect of in-work benefits especially in low wage sectors, where the anticipated top-up might make employers more likely to offer lower wages, and workers to accept them. This has not been substantiated by decisive evidence, but research has been limited. At any rate, it underlines the importance of strengthening collective bargaining, and coverage of collective bargaining agreements, as well as adequate wage protections to minimise any possible detrimental effect of in-work benefits on pay and earned income.<sup>257</sup>

**Finally, for working families, all other measures aimed at addressing the rising cost of living are crucial to reduce their exposure to poverty and social exclusion risks.** These include family and child benefits, access to free or affordable childcare and education (see 4.1.1), free or affordable healthcare and long-term care (see 4.1.4), housing support and benefits (see 4.2.2.8), disability benefits, energy benefits and subsidies (4.2.2.2), and other cost-of-living allowances.

- **EU instruments in place**

**Council Recommendation on adequate minimum income ensuring active inclusion (2023/C41/01)** recommends that Member States provide “for the possibility to combine income support with earnings from work, a progressive phasing out of income support or retaining the right to income support during short or sporadic work, probation periods or traineeships” (11(c)) as well as to review the overall tax and benefit systems to tackle in-work poverty and avoid sudden loss of financial support on entering the labour market (11(d)).

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<sup>256</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'Employment and Social Developments in Europe 2025: Unlocking the potential of people: promoting higher employment in the EU', Publications Office of the European Union, Luxembourg, 2025. <https://data.europa.eu/doi/10.2767/9505984>

<sup>257</sup> London School of Economics (LSE) Consulting, Low pay and in-work poverty: preventative measures and preventative approaches, 2016, <https://www.lse.ac.uk/business/consulting/assets/documents/Low-Pay-and-In-Work-Poverty.pdf>.

## Spotlight on Ireland

Ireland's Working Family Payment is an in-work benefit targeted at workers on low monthly earnings with children. It is a weekly transfer equal to 60% of average weekly family income and the limit that applies to the household based on its composition, therefore it tapers automatically as income from work increases. Once eligibility is established, the benefit is paid for 52 weeks, after which the recipient needs to apply for renewal. At the end of January 2025, 47,000 households, accounting for 98,000 children, were receiving the benefit, representing an important contribution in poverty reduction efforts. In fact, according to estimates from the Department of Social Protection and the Economic and Social Research Institute, increasing spending on the Working Family Payment could have high potential returns in terms of poverty reduction among the working-age population and children, pointing to its relatively higher efficacy in targeting and supporting households in need.

- **Next steps**

As announced in the Anti-Poverty Strategy, in 2027, the Commission will put forward a Commission Recommendation providing evidence-based policy guidance to prevent and combat in-work poverty. The guidance will be developed in close cooperation with the social partners. It will outline the main drivers of in-work poverty and will elaborate best practices in particular to support shifts towards higher work intensity (and therefore higher incomes) and ensuring that tax-benefit systems are consistently aligned so that more hours worked translate into higher incomes.

#### 4.1.3.2.3. Adequate social protection to help individuals face risks

**Contributory social protection schemes aim to protect working people against key risks** such as illness, unemployment, disability, or ageing. They support income security, and social and economic participation, notably labour market participation through transition to quality jobs and better matching via adequate unemployment benefits. As such, they are a key lever for preventing or reducing poverty risks.

**Most social protection systems were originally designed around standard full-time employment.** However, globalisation, technological change and demographic ageing have reshaped European labour markets over the past two decades and will continue to do so in the years ahead. In 2024, almost 40% of workers in the EU-27 were in non-standard forms of employment—such as temporary contracts, part-time work and/or self-employment. While this share has remained relatively stable, the precariousness and security of these jobs vary widely across Member States and groups of workers. As a result, many workers in non-standard or insecure jobs face gaps in social protection coverage, leaving them more vulnerable to income shocks and at higher risk of poverty and social exclusion.

**The formal coverage<sup>258</sup> by any social benefits for persons at risk of poverty varies widely across Member States.** Formal coverage gaps for at least one group of non-standard workers were observed (in 2025) in eighteen Member States, particularly for unemployment, sickness and maternity or paternity benefits.<sup>259</sup> For the self-employed, coverage gaps were found in nineteen Member States and were most pronounced for unemployment, accidents at work and occupational diseases. Moreover, for some groups of workers or self-employed, access is only voluntary (opt-in schemes), with very uneven take-up across Member States.

**Beside gaps in formal coverage, effective access to social protection also remains a challenge.** On average in the EU in 2024 (referring to 2023 incomes), the share of people in employment (16-64) receiving social benefits<sup>260</sup> when being at risk of poverty (before social transfers) was around 30%, close to levels reached before the COVID-19 pandemic, due to continuous decrease over the last few years. This share was on average higher among those with temporary contracts (38.3%) than those with permanent contracts (23.3%) and higher among part-timers (30.1%) than for full-time workers (23.7%), and these patterns hold in most Member States. Still in 2024, around 63.1% of those unemployed for less than 12 months aged 15-74 were not receiving any unemployment benefits/assistance (EU-LFS).<sup>261</sup>

**Social protection adequacy remains an issue.** As a result, the social situation of people in non-standard work remains less favourable, even though social transfers reduce their poverty risks more than for other workers. In 2024, the poverty-reduction effect of social transfers was 22–23% for temporary and part-time workers and 26.6% for the self-employed, compared with 11.8% for all workers. Still, monetary poverty remained higher: AROP was 13.4% for temporary workers, 13.8% for part-timers and 20.9% for the self-employed, compared with much lower rates for permanent or full-time employees. Non-standard workers also faced higher social and material deprivation (e.g. 13.8% for temporary vs 7.6% for permanent employees, 11.1% for part-timers versus 7.4% for full-timers) while for the self-employed, there is significant variation across the EU (more so than for employees), with rates below 5% in more than half of Member States contrasting with higher levels recorded in others, up to 23.6% in EL and 34.8% in RO.

**Existing gaps in access to social protection could put the welfare and health of individuals at risk and contribute to increased economic uncertainty, as well as higher risk of poverty and inequality.** Addressing these gaps helps prevent and alleviate poverty and uphold a decent standard of living, while also contributing to competitiveness and sustainable growth.

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<sup>258</sup> Formal coverage of a group means that in a specific social protection branch (e.g. old age, sickness, unemployment, maternity) the existing legislation or collective agreement states that the individuals in the group are entitled to participate in a social protection scheme covering a specific branch.

<sup>259</sup> EC/SPC-ISG, 2025 Update of the monitoring framework on access to social protection for workers and the self-employed.

<sup>260</sup> Special extraction by Eurostat of the recipient rate indicator for ‘effective access’ indicators of the monitoring framework on access to social protection. The target population is that at risk of poverty before social transfers. Social benefits covered in the indicator are those received at individual level, excluding old-age and survivors’ pensions.

<sup>261</sup> Source: Eurostat (online data code [lfsa\\_ugadra](#)).

**Access to social protection should remain effective for EU citizens who exercise their right to mobility.** This is why EU law in the field of social security provides for the coordination of the Member States' national social security systems.

- **EU instruments in place**

The **Council Recommendation on access to social protection<sup>262</sup> (2019)** urges Member States to ensure that all economically active people, including the self-employed and non-standard workers, are covered by adequate and transparent social protection schemes. The goal is to secure protection against life risks and income loss, helping people maintain living standards and avoid poverty. This approach strengthens resilience across working lives and supports more inclusive labour markets.

**Regulation (EC) No 883/2004<sup>263</sup>** on the coordination of social security systems establishes common rules and principles, such as the right to equal treatment and the prohibition of discrimination, which must be observed by all national authorities when applying national law. The regulation and its implementing Regulation (EC) No 987/2009<sup>264</sup> contain a complete and mandatory set of rules for determining which Member State's legislation applies in individual situations. These rules ensure that persons that have exercised their right to free movement are not left without any social security protection.

### **Spotlight on Belgium**

Following the adoption of the Council Recommendation in November 2019, Belgium launched a holistic review of its social protection system and submitted a comprehensive national action plan in 2021. The plan outlined around 30 concrete measures, such as a *bridging right* (income support in case of bankruptcy or interruption of activity) to self-employed workers, improving formal coverage for platform workers (e.g., workplace accident insurance) and for specific categories such as childminders, and plans to align the pension systems of employees and the self-employed, and to better match self-employed workers' contributions to their contribution capacity.

- **Next steps**

The European Commission and the Social Protection Committee will continue their joint efforts to monitor the implementation of the Council Recommendation on access to social protection. In particular, the European Commission will further support reforms at national level via new rounds of mutual learning programmes including by focusing more on groups at risk of poverty and improving and deepening the monitoring framework on access to social protection.

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<sup>262</sup> OJ C, C/2019/387, 15.11.2019, p. 1, ELI: [EUR-Lex - 32019H1115\(01\) - EN - EUR-Lex](https://eur-lex.europa.eu/eli/reg/2019/387/oj).

<sup>263</sup> OJ L, 2004/166, 30.4.2004, p. 1, ELI: <https://eur-lex.europa.eu/eli/reg/2004/883/oj>.

<sup>264</sup> OJ L, 2009/284, 30.10.2009, p. 1, ELI: <https://eur-lex.europa.eu/eli/reg/2009/987/oj>.

#### 4.1.3.2.4. Unemployment protection and reduction

**Within social protection, unemployment protection has a specific role to play in the fight against poverty.** Contributory unemployment benefits are crucial in supporting workers through loss of employment, but their coverage and adequacy should be improved, especially for workers in non-standard forms of employment (see Section 4.1.3.2.3 for further information on access to social protection). A recent estimate based on EU-SILC data found the EU average coverage of contributory unemployment benefits to be around 62%, with important variations between Member States. Focusing on those unemployed for less than 12 months, the EU-LFS indicate that around three fifths of the registered unemployed received benefits in 2024; however when considering all the unemployed (registered or not) the share falls to 37% and was below 25% in six Member States. Adequacy is harder to estimate, but existing information on effective replacement rates point to persistently low adequacy in a number of Member States.<sup>265</sup> Self-employed individuals and workers with fragmented work history exhibit lower rates of coverage and adequacy across several Member States, due to both legal and effective (financial) obstacles to their eligibility.<sup>266</sup> These benefits should be accompanied by support to reintegrate into the labour market. Active labour market policies and other programmes delivered by public employment services have a proven track record in aiding the re-entry of the unemployed into work, thus preventing protracted exclusion and poverty from entrenching (see Section 4.1.3.1.1).

**In addition to protecting workers when they experience unemployment, fighting poverty also means helping to prevent unemployment.** Dedicated measures should be put in place to increase the job and income security of all workers, especially those in sectors, occupations and contractual arrangements that are more exposed to economic shocks and structural readjustments. This encompasses interventions before employment termination occurs, in order to minimise the impact of business restructuring on workers and their incomes, as well as actions to manage the consequences in light of loss of employment, which entails ensuring coverage and adequacy of contributory unemployment protection, as well as active support to a smooth and timely return to work.

**With a view of preventing unemployment, and thereby risk of poverty, in response to shocks or as part of transitions, policy frameworks should also facilitate social dialogue and workers' involvement in restructuring processes.** When companies and sectors undergo financial loss and business contraction, workers, especially those with lower qualifications, less work experience and overall lower job security, face disproportionate losses to their income as a consequence of restructuring. These effects are bound to grow more relevant as European economies transform under environmental, technological and demographic pressures, and

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<sup>265</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Aprea, M., Raitano, M. and Subioli, F., *Actual generosity of unemployment benefits in EU countries – A data-driven approach*, 2025, <https://data.europa.eu/doi/10.2767/8736150>.

<sup>266</sup> European Commission, 'Access of non-standard workers and self-employed to the unemployment insurance', 2025, Publications Office of the European Union, Luxembourg.

having the right policy environments in place is bound to become more important. Relevant measures include encouraging long-term monitoring of evolving job and skill needs, forecasting and proactive management of the workforce at the company level, with full involvement of workers' representatives, with a view of minimising redundancies and offering active support wherever possible.

**Increasingly, job retention schemes have played an important role in cushioning the fallout of economic crises**, with the COVID-19 emergency showcasing the continued importance of a long-standing feature of several European systems. Job retention schemes can, in the short- and long-term, compensate for a partial reduction in working hours while ensuring continuity in employment and compensation, reducing impact for workers, companies and the economy overall. An analysis found that job retention schemes absorbed the largest share of household income shocks in 2020, in the wake of the COVID-19 pandemic, estimated at 37.4% of the total loss, with their impact being greatest at the bottom of the income distribution, indicating they can be effective tools of poverty reduction and support for the most vulnerable.<sup>267</sup>

- **EU instruments in place**

**The Commission Communication on a Quality Jobs Roadmap (2025)**<sup>268</sup> (see 4.1.3.2.1. for more information) also covers aspects related to involvement of workers in matters of business and sectoral restructuring, especially in the context of just transitions, with a view of promoting fair change management and anticipation.

**The 2013 EU Quality Framework for Anticipation of Change and Restructuring**<sup>269</sup> provides guidance to all stakeholders involved in restructuring processes – employers, workers and their representatives, as well as local authorities – to anticipate and manage the consequences, reconciling competitiveness and fairness objectives. This is complemented by EU legislation, in particular Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community, and Directive 98/59/EC on the approximation of the laws of the Member States relating to collective redundancies.

**The EU Adaptation Strategy**<sup>270</sup> (2021) aims to enhance the EU's resilience to climate change and underscores the importance of collaboration to achieve both adaptation and social justice goals. It emphasises procedural justice and the involvement of social partners in human capital investment planning, while promoting economic diversification and the transition of workers to green growth sectors. The **EU Mission on Adaptation to Climate Change** funds projects

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<sup>267</sup> Eurofound, 'Weathering the crisis: How job retention schemes preserved employment and incomes during the pandemic', Publications Office of the European Union, Luxembourg, 2024.

<sup>268</sup> [European Commission Communication COM/2025/944 of 4 December 2025 on Quality Jobs Roadmap](#)

<sup>269</sup> [European Commission Communication COM/2013/882 of 13 December 2013 on a EU Quality Framework for anticipation of change and restructuring](#)

<sup>270</sup> [European Commission Communication COM/2021/82 of 24 February 2021 on Forging a climate-resilient Europe – the new EU Strategy on Adaptation to Climate Change](#)

that enhance the climate resilience of vulnerable social groups, identifying and testing equitable adaptation actions and solutions.

**The Council Recommendation on ensuring a fair transition towards climate neutrality<sup>271</sup> (2022)**, adopted as part of the Fit for 55 package, provides practical guidance to Member States on addressing the employment and social dimensions of the green transition. It calls for a whole-of-society approach, integrating fairness across all policies and governance levels, and ensuring the meaningful participation of stakeholders. The Recommendation promotes quality employment, job-to-job transitions, and equal access to inclusive education, training, and lifelong learning. It also encourages fair tax-benefit and social protection systems and improved access to affordable essential services and housing. The recent review of the Council Recommendation on a fair transition shows that Member States made progress to put active labour market policies in place supporting workers most affected by the transition.

Finally, as announced under the Clean Industrial Deal, the Commission launched in March 2026 a **European Fair Transition Observatory** to improve evidence, develop indicators, and share best practices on the social and employment impacts of the green transition. The Observatory will help track progress on fairness, job quality, reskilling, investment needs, and access to essential services.

### Spotlight on Sweden

In 2022, on the basis of an agreement and a proposal from trade unions and employers' organisations, Sweden introduced a set of measures to enhance preparedness and resilience of companies and workers to structural transitions and adjustments, with a view of anticipating and preventing loss of employment. This Transition Package improves access to training support for potentially affected workers, including through the introduction of a new transition study allowance, as well as to a new transition and skills support scheme, designed to be adaptable and tailored to sectoral and individual circumstances. These services, as well as complementary employment support services, are delivered by "job security and transition councils", which are also tasked with monitoring and assessing the changes need of their sector and local labour market, ensuring full involvement of workers in designing and implementing solutions.

- **Next steps**

Following the adoption of the Quality Jobs Roadmap in 2025, the Commission will propose a **Quality Jobs Act** in 2026 to modernise and complement EU rules protecting workers while supporting productivity and competitiveness. As part of this initiative, as highlighted in the document for the 1<sup>st</sup> stage consultations of social partners, potential EU action could strengthen

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<sup>271</sup> OJ C, C/2022/243, 27.6.2022, p. 35, ELI: [EUR-Lex - 32022H0627\(04\) - EN - EUR-Lex](#).

early involvement of workers in restructuring decisions and promote social dialogue in just transitions.

In line with the Commission's simplification agenda, the **Council Recommendation on ensuring a fair transition towards climate neutrality** will undergo a stress test in 2026 to ensure it remains relevant, proportionate and cost-efficient.

#### *4.1.3.3. Minimum income schemes as a last resort social safety net*

**Minimum income benefits are an important component of income support schemes<sup>272</sup>.** They are defined as non-contributory and means-tested monetary benefits of last resort that aim at bridging the gap to reach a certain overall level of income in households where other sources of income or benefits have been exhausted or are not adequate to ensure a dignified life. In line with the active inclusion approach<sup>273</sup>, income support for the working age population should be combined with efforts to support integration in the labour market of those who can work, and access to quality services. These elements are referred to respectively in section 3.3 and 4.2.3. During the consultations on the Strategy (see more information in Annex 1), stakeholders consistently advocated for universal access to adequate minimum income and emphasised the need for adequate and accessible minimum income schemes (with calls for an EU directive).

**Improving both the adequacy and coverage of minimum income benefits has strong poverty-reducing potential.** Aligning minimum income levels with the poverty line could cut monetary poverty by around 3 percentage points, with greater effects in countries starting from low adequacy levels. Expanding coverage or take-up by 10 percentage points could bring an additional 1–1.5 percentage points reduction<sup>274</sup>. Full adequacy and coverage in the EU would have an estimated fiscal cost of around 0.95% of GDP<sup>275</sup>.

**In almost all Member States minimum income support is generally not sufficient to lift people out of poverty and has over the most recent years slightly eroded on average in the EU<sup>276</sup>.** For a single adult household, the level of support is the most generous in the Netherlands, where it almost reaches the at-risk-of-poverty threshold (of 60% of median equivalised disposable household income) (smoothed over 3 years). It is around 50% of median income in Ireland, Belgium, Luxembourg and Denmark, and between 30% and 50% in most other EU countries. Support is the lowest in Italy, Hungary and Romania, where it is around or below

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<sup>272</sup> Other components of income support schemes include child/family benefits (see section 4.1.1.1) and housing benefits (see section 4.2.2.8.2).

<sup>273</sup> [European Commission Communication COM/2008/0639 of 3 October 2008 on a Commission Recommendation on active inclusion of people excluded from the labour market](#)

<sup>274</sup> On non take up, see for instance De Schutter, O., 'Non-take-up of Rights in the Context of Social Protection.', Report of the Special Rapporteur on Extreme Poverty and Human Rights, United Nations General Assembly, 19 April 2022.

<sup>275</sup> [Commission Staff Working Document SWD/2022/313 final of 28 September 2022 accompanying the Proposal for a Council Recommendation on adequate minimum income ensuring active inclusion.](#)

<sup>276</sup> "For a single-person household, it slightly declined from 58% of the poverty threshold in 2018 and 2022 to 56% in 2023" (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, The 2025 minimum income report).

10% of median income. As for the situation of a household composed of two adults and two children, in most Member States the adequacy of support is similar to or higher than for a single adult household, mainly due to a more prominent role of family benefits. Still, the level of support for this type of household is sufficient to lift them out of poverty only in Lithuania. Furthermore, a quarter of Member States do not have a transparent methodology for setting the minimum income benefit level, or they link the benefit level to an index or another benefit, without a clear methodology. Similarly, in some Member States, there is no update of the benefit levels, either through indexation or other means<sup>277</sup>. In those Member States, which have recently introduced clear methodologies or indexation, adequacy has progressed. This is for instance the case of Latvia, Lithuania, Greece, Italy and Spain.

**Minimum income does not reach all individuals who need it.** Eligibility rules, household means-testing and age restrictions often exclude young adults, migrants, people in informal work or those in non-standard living arrangements. Some groups face systematic exclusion, despite being among those most at risk of poverty. In 2024, the benefit recipient rate reached was around 83% of persons aged 18-64 that are both at-risk-of-poverty and living in (quasi-) jobless households on average at EU-27 level.

**Removing barriers is key to tackle non-take up of both cash and in-kind benefits and to close the socioeconomic participation gap** that persons experiencing poverty suffer when it comes to access to services. Families and individuals living at poverty or social exclusion often face multiple, overlapping barriers to accessing services and benefits, including affordability issues, lack of accessible information, including due to language barriers, complex administrative procedures, and digital exclusion. These challenges are compounded by geographical disparities, stigma, and mistrust of institutions. Together, these obstacles prevent many families from receiving the support they are entitled to, underscoring the need for simplified, inclusive, and proactive service delivery systems that reach those most in need and the evolving needs of families. When it comes to minimum income, the available national evidence<sup>278</sup> suggests that the level of non-take-up ranges from 20% in Czechia, 30% in Austria and 33% in France, 37% in the Netherlands and 38.5% in Greece to 44% in Spain and between 37% and 51% in Belgium. Other available estimates point to an even higher level of non-take-up.

- **EU instruments in place**

**The Council Recommendation on adequate minimum income ensuring active inclusion<sup>279</sup> (2023)** calls on Member States to guarantee adequate and accessible minimum income schemes

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<sup>277</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'The 2025 minimum income report – An overview of the implementation of the 2023 Council recommendation on adequate minimum income ensuring active inclusion across EU Member States', Joint report prepared by the Social Protection Committee and the European Commission, Directorate-General for Employment, Social Affairs and Inclusion. Part 1, Horizontal analysis, European Commission, 2025, <https://data.europa.eu/doi/10.2767/6797386>

<sup>278</sup> Idem.

<sup>279</sup> OJ C, C/2023/41, 3.2.2023, p. 1, ELI: [EUR-Lex - 32023H0203\(01\) - EN - EUR-Lex](https://eur-lex.europa.eu/eli/reg/rec/2023/41/oj).

that ensure a dignified life at all stages of life and promote active participation in society and the labour market. The Recommendation builds on the three-pillar approach of active inclusion — adequate income support, inclusive labour markets, and access to enabling and essential services — to create comprehensive support pathways. The 2025 Minimum Income Report gives a first overview of the implementation of the Recommendation in the Member States<sup>280</sup>.

### Spotlight on Luxembourg

Since January 2025, every household receiving the minimum income benefit (REVIS) also automatically receives the cost-of-living benefit and the energy allowance, which are also administered by the National Solidarity Fund. This automatic granting of these two benefits should strengthen take-up and improve the adequacy of the support provided through minimum income, considered as a package including financial and in-kind benefits. Different publicly financed services are made available for all households receiving cost-of-living benefits, including access to a free second-hand computer or access to connectivity vouchers for fixed internet subscriptions.

- **Next steps**

The European Commission and the Social Protection Committee will continue their joint efforts to monitor the implementation of the Council Recommendation on adequate minimum income ensuring active inclusion. The next joint report on the implementation of the Recommendation is foreseen for 2028, with a report to the Council scheduled for 2030.

The European Commission has commissioned a study on the non-take-up of certain in-cash social benefits that should be made available in 2026. In 2027, the Commission will publish a compendium of best practices to help address non-take-up.

#### 4.1.3.4. Taxation

**Tax progressivity is a key feature of most tax systems in the EU and a cornerstone of fair taxation.** Based on the principle of vertical equity, it ensures that those with a greater ability to pay, typically measured by income, contribute a proportionally larger share of their resources<sup>281</sup>. By redistributing resources from higher- to lower-income groups, progressive taxation supports the broader policy objective of reducing inequality and preventing poverty.

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<sup>280</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'The 2025 minimum income report – An overview of the implementation of the 2023 Council recommendation on adequate minimum income ensuring active inclusion across EU Member States', Joint report prepared by the Social Protection Committee and the European Commission, Directorate-General for Employment, Social Affairs and Inclusion. Part 1, Horizontal analysis, European Commission, 2025, <https://data.europa.eu/doi/10.2767/6797386>.

<sup>281</sup> European Commission: Directorate-General for Taxation and Customs Union, 'Annual report on taxation 2025 – Review of taxation policies in the EU Member States', Publications Office of the European Union, 2025, <https://data.europa.eu/doi/10.2778/6367826>.

According to a recent Eurobarometer survey, 71% of EU citizens believe people in their countries pay taxes in proportion to their income and wealth, at least to some extent<sup>282</sup>.

**Progressivity can be achieved through various tax instruments, but in practice it is mainly implemented through progressive personal income taxation.** Progressive personal income taxes make post-tax income distribution fairer, thus reducing the risk of monetary poverty, reducing income inequality and enhancing the redistributive capacity of national tax/benefit systems. At the same time, taxation alone can only contribute partially to reducing monetary poverty. In most EU Member States, social benefits and transfers complement progressive taxation, forming an integrated framework that mitigates income inequality and supports low-income households. The structure of taxation and public spending strongly influences the extent to which the tax/benefit system can address poverty. In general, income inequalities, as measured by the S80/S20 ratio, have improved in the EU in the last decade, after a sharp worsening in 2015-2016, while the overall inequality reducing the effect of taxes and social transfers (excl. pensions) has remained broadly stable since 2006<sup>283</sup>. However, there is significant heterogeneity across Member States with regards to how redistribution is achieved. Distributive impact assessments through EUROMOD provide evidence of how certain Member States reduce income inequality mostly via the benefit system, while for others the majority of the reducing income inequality effect is attributed to the tax system<sup>284</sup>. Further research building on evidence from EUROMOD<sup>285</sup> suggests that the combination of low tax rates at low-income brackets and tax allowances significantly limits the impoverishment effects of direct taxes.

**Indirect taxes by their nature are not tailored to the taxpayer's income level and therefore do not have as such redistribution or progressivity objectives.** While direct transfers have been shown to be more effective, policymakers have nonetheless used indirect tax design, especially VAT, to mitigate regressive effects by applying reduced rates or exemptions to goods and services that represent a larger share of consumption for lower-income households (typically food, medicines and other necessities), and by exempting health and education services. The use of reduced rates results in the VAT system to be roughly proportional or slightly progressive in most OECD countries, although there are exceptions<sup>286</sup>.

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<sup>282</sup> European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, 'Citizens' attitudes towards taxation – Eurobarometer report', European Commission, 2025, <https://data.europa.eu/doi/10.2778/6066713>.

<sup>283</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'Economic inequalities in the EU – Key trends and policies', Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2767/296636>

<sup>284</sup> European Commission: Directorate-General for Taxation and Customs Union, Annual report on taxation 2025 – Review of taxation policies in the EU Member States, Publications Office of the European Union, 2025, <https://data.europa.eu/doi/10.2778/6367826>

<sup>285</sup> De Poli, S., Gil-Bermejo Lazo, C., Leventi, C., Maier, S., Papini, A., Ricci, M., Serruys, H., Almeida, V., Christl, M., Cruces, H., De Agostini, P., Grünberger, K., Hernández, A., Jędrych Villa, M., Manios, K., Mazzon, A., Navarro Berdeal, S., Palma, B., Picos, F., Tumino, A., Vázquez Torres, E., 'EUROMOD baseline report', *JRC Working Papers on Taxation and Structural Reforms No 5/2023*, European Commission, Seville, Spain, 2023, JRC132899.

<sup>286</sup> Thomas, A. (2020), 'Reassessing the regressivity of the VAT', *OECD Taxation Working Papers*, No. 49, OECD Publishing, Paris, <https://doi.org/10.1787/b76ced82-en>.

**In contrast to lower income inequality, wealth inequality continues to rise across the EU.** Between 1995 and 2023, the average real personal wealth of the bottom 50% of the EU population increased by 76% (from EUR 4,662 to EUR 8,205), while that of the middle 40% grew by 98%, and that of the top 10% by 115% (from EUR 610,760 to EUR 1.313,134<sup>287</sup>). These figures underline how wealth accumulation has been far faster at the top, exacerbating social and intergenerational inequality<sup>288</sup>. These imbalances could be addressed for instance by combining growth-enhancing measures and effective taxation of wealth with redistributive policies.

**Policymakers have a variety of tools at their disposal to strengthen the capacity of low- and middle-wealth households to save and accumulate assets.** These include matched savings schemes, start-up capital endowments for young adults, and financial literacy programmes that support responsible investment and wealth-building. Wealth disparities also mirror wider structural inequalities. Across the OECD, for example, single women hold on average EUR 37,000 less wealth than single men, while in several EU Member States upward social and economic mobility is limited, particularly for certain demographics. This may reflect both direct barriers—such as limited access to credit and entrepreneurship opportunities—and indirect socio-economic disadvantages linked to labour market segmentation, lower earnings, or even discrimination<sup>289</sup>.

**In this context, the debate on fair and effective taxation of wealth has gained renewed attention.** Although net wealth taxes have been abolished in most Member States, a number of Member States apply inheritance and gift taxes. Currently levied in 17 Member States, some assume that gift and inheritance taxes could reduce wealth concentration and support redistribution when well designed, however their effectiveness is somewhat disputed in the empirical literature. The European Commission is committed to fair and effective taxation for all, acknowledging the commitments of the G20 Leaders in their Declaration of November 2024.<sup>290</sup> Ensuring this requires effective exchange of information on beneficial owners and on real estate, as a prerequisite for any effective action at global level.

**At the same time, tax avoidance and evasion undermine the fairness and effectiveness of tax systems.** These practices are more prevalent among individuals and corporations at the top of the income and wealth distribution, who have greater capacity to exploit legal loopholes and shift profits across borders. Such behaviour erodes public revenues, limits governments' ability to finance social investment, and reduces the redistributive impact of taxation. Ensuring that everyone pays their fair share is therefore critical for maintaining public trust in fiscal systems

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<sup>287</sup> World Inequality Lab database: [Home - WID - World Inequality Database](#).

<sup>288</sup> Balestra, C., J. Caisl and L. Hermida (2025), 'Mapping trends and gaps in household wealth across OECD countries', OECD Papers on Well-being and Inequalities, No. 37, OECD Publishing, Paris, <https://doi.org/10.1787/4bb6ec53-en>.

<sup>289</sup> Balestra, C., J. Caisl and L. Hermida (2025), 'Mapping trends and gaps in household wealth across OECD countries', OECD Papers on Well-being and Inequalities, No. 37, OECD Publishing, Paris, <https://doi.org/10.1787/4bb6ec53-en>.

<sup>290</sup> G20 Rio de Janeiro Leaders' Declaration, 2024, <https://www.consilium.europa.eu/media/111hh2mb/g20-rio-de-janeiro-leaders-declaration-final.pdf>.

and achieving the EU's objectives of social fairness, poverty reduction, and inclusive prosperity. According to a recent Eurobarometer survey, over half of EU citizens identify combating tax avoidance and evasion as a top priority action in taxation<sup>291</sup>.

- **EU instruments in place**

**Council Directive 2011/16/EU on administrative cooperation in the field of taxation**<sup>292</sup> sets common rules for the exchange of tax information and cross-border cooperation among Member States. This framework helps authorities enforce tax rules and collect revenues more effectively. The first, second and fourth DAC directives alone are estimated to have generated EUR 5–10 billion in additional annual tax revenues<sup>293</sup>.

**Council Directive (EU) 2016/1164 on anti-tax avoidance**<sup>294</sup> further reinforces the EU's capacity to tackle tax abuse by obliging all Member States to implement minimum anti-abuse and anti-avoidance standards in their domestic tax laws.

**Directive (EU) 2021/2101 on public country-by-country reporting**<sup>295</sup> enhances corporate tax transparency by enabling public scrutiny of large multinational companies. In addition, the Code of Conduct Group works to identify and address harmful tax practices within the EU, promoting transparency and cooperation among Member States to prevent distortions of competition.

Focusing on the effectiveness of tax systems, the Commission has recently launched a comprehensive assessment of tax gaps in the EU and its 27 Member States, **The Mind the Gap report**<sup>296</sup>. The report discusses tax gaps that emerge due to taxpayer non-compliance, such as tax evasion and avoidance, and policy choices, namely tax expenditures, such as tax reliefs or concessions. The report outlines actionable strategies across the EU and pinpoints country-specific areas of strength and areas for improvement in the Member States.

**The VAT directive allows Member States flexibility in setting the level and coverage of reduced rates.** While these measures can have a poverty-mitigating, “price-reducing” effect for key goods, they should not be compared with personal income taxation as a redistribution tool. In this context, ensuring a fair and balanced tax mix contributes to tackling poverty in an effective and sustainable way.

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<sup>291</sup> European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, 'Citizens' attitudes towards taxation – Eurobarometer report', European Commission, 2025, <https://data.europa.eu/doi/10.2778/6066713>.

<sup>292</sup> OJ L, 2011/64, 11.3.2011, p. 1, ELI: <http://data.europa.eu/eli/dir/2011/16/oj>.

<sup>293</sup> European Commission: Directorate-General for Taxation and Customs Union, Annual report on taxation 2025 – Review of taxation policies in the EU Member States, Publications Office of the European Union, 2025, <https://data.europa.eu/doi/10.2778/6367826>

<sup>294</sup> OJ L, 2016/193, 19.7.2016, p. 1, ELI: <http://data.europa.eu/eli/dir/2016/1164/oj>.

<sup>295</sup> OJ L, 2021/429, 1.12.2021, 1, ELI: <http://data.europa.eu/eli/dir/2021/2101/oj>.

<sup>296</sup> European Commission: Directorate-General for Taxation and Customs Union, Mind the gap – Challenges and opportunities for tax compliance and tax expenditures in the EU – Full report, Publications Office of the European Union, 2025, <https://data.europa.eu/doi/10.2778/4778590>

## Spotlight on Italy

The Italian tax administration has invested substantially in capacity building in terms of tax gap estimations for different tax types, producing annual estimates which indicate that this rate has been historically high. Italy has a very transparent approach in that they publish their tax gap estimations every year in a report which is also submitted to Parliament. At the same time, prevention and enforcement activities are positioned at the highest levels of the decision-making hierarchy and are used to identify priorities within the overall tax compliance strategy. This is further evidenced by the measures put in place by the Italian authorities to fight tax evasion in recent years, also as part of its National Recovery and Resilience Plan.

- **Next steps**

The structure and relevance of potential reforms of national tax systems aimed at supporting fairness may vary across Member States, particularly due to the differences in the design of each national tax-benefit system. Nevertheless, the Commission aims to ensure adequate and continuous monitoring of the impact of national tax reforms on groups in vulnerable situations.

The Commission has published a study on wealth taxation, including net wealth, capital and exit taxes<sup>297</sup> which aims to provide a better understanding of these taxes, their interrelation and consequences.

### 4.1.4. Combating poverty in old age

**Pension systems play a crucial role in determining the level and distribution of retirement income, as well as future pension adequacy.** Mechanisms such as minimum pensions and old-age benefits, survivor's pensions, splitting pension schemes and pension credits for care periods exist in all Member States and support the redistributive capacity of old-age pension systems. Overall, pension income is more equally distributed than earnings from work. In all EU countries, low earners receive relatively higher pension replacement rates than high earners, and the impact of short careers on pensions is less than proportional. However, this is not always enough to prevent poverty in old age.

**Career interruptions are not equally protected by pension systems.** In most Member States, childcare breaks are well covered, while periods of unemployment lead to slightly larger pension losses. Pension credits for disability periods vary considerably between countries. Most Member States provide some compensation for informal care of dependent relatives, and pensions after long care periods are generally only slightly lower than those from uninterrupted careers.

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<sup>297</sup> Robaszewski, A., Hagemeyer, J., Skowronek, A. et al., 'Wealth taxation, including net wealth, capital and exit taxes : final report', Volume 1, Publications Office of the European Union, 2026, <https://data.europa.eu/doi/10.2778/0817231>.

**Persistent inequalities challenge pension adequacy.** Women make up most older people, and gender inequalities in pensions remain a major issue. Older women, especially single women, face a higher risk of poverty than men, while also facing more long-term care needs. The gender pension gap is the result of inequalities built up over working life: lower pay, shorter and interrupted careers due to care responsibilities, and more part-time work among women. In addition, lower financial literacy among women can hinder retirement planning, highlighting the need for financial education and greater pension transparency. Housing costs have a strong impact on disposable household incomes, contributing to inequality between those older people who are homeowners, in particular those without mortgage, and tenants. Persons with disabilities prior to retirement usually have lower pensions when they reach retirement age.

**Inequalities in life expectancy also pose challenges for pension systems.** People with higher education tend to live longer and spend more years in retirement (and this gap by education level is especially pronounced among men). They also start work later and retire later. Similar inequalities can be observed in healthy life expectancy, which affects both the ability to extend working lives and the onset of long-term care needs and the related costs. These differences can widen inequalities in pension outcomes. As many countries raise the retirement age, pension reforms must ensure fair retirement options for people with different career lengths and life expectancies.

**The link between earnings inequality and pension inequality depends largely on how progressive a pension system is.** Across the EU, pension systems offset about one quarter of lifetime earnings inequality. Progressivity is influenced by flat-rate and means-tested benefits, pension ceilings, and reduced entitlements for high earners.

**Pension adequacy is also a concern for self-employed and various categories of non-standard workers, including platform workers.** Pensions for the self-employed are projected to be around one-third lower than those of comparable full-time employees, due to lower contributions, reduced contribution bases, and simplified tax or pension regimes. In some countries, workers in non-standard jobs struggle to build pension rights because of minimum earnings thresholds or limited entitlement options. The recent trend towards permanently enhancing pension adequacy mechanisms and the redistributive function of statutory pension schemes include improvements to pension indexation, higher minimum pensions and better protection for groups in vulnerable situations, including non-standard workers and in case of career interruptions. Enhancing financial literacy and pension/longevity awareness is also gaining in importance to prevent poverty risks in old age, especially for women. Mobile workers may struggle to keep track of their pension rights earned in different Member States and schemes, which can hinder career and retirement planning and pension adequacy, necessitating the provision cross-border pension tracking services.

### Spotlight on German basic pension

The Basic Pension Act (*Grundrentengesetz*) of 2021 gives recognition to long-term mandatory contribution payments to the statutory pension insurance from those on below-average incomes. The basic pension supplement is granted to individuals with at least 33 years of qualifying pension-relevant periods and if the average income during working life is below a given threshold (income test). An allowance was also introduced for people with a high number of credited periods and receiving basic income support in old age. To relieve low-income earners from the burden of social security contributions, the income threshold was also raised and the reduced contributions do not lead to lower entitlements.

**Pension indexation is an essential tool for preventing the erosion of retirees' incomes over time.** However, in most countries, long-term indexation does not fully keep pace with wage growth. While linking pensions to wages is generally more advantageous than linking them to prices, this trend has reversed during the recent period of high inflation, when price indexation offered better protection. The frequency of indexation adjustments is also crucial to maintaining pension adequacy during periods of rapidly rising prices.

- **EU instruments in place**

**The Pension Adequacy Report<sup>298</sup> (2024)** assesses pension adequacy and related challenges across the EU, including old-age poverty, income replacement, gender inequalities, and links with long-term care. It contributes to the European Semester and complements the Ageing Report to ensure a coordinated analysis of adequacy and fiscal sustainability. Endorsed by the EPSCO Council in June 2024, the report led to the creation of a new SPC Working Group on Adequate Social Protection in 2025, tasked with delivering by 2027 an integrated analysis of pensions and long-term care, providing a comprehensive overview of living standards in old age.

**The Savings and Investments Union Strategy<sup>299</sup> (2025)** promotes supplementary pension savings and improved pension transparency to enhance retirement income. It includes financial literacy initiatives to help citizens plan their working life and retirement, and a Commission Recommendation on pension tracking systems, pension dashboards, and auto-enrolment to address the information asymmetry and coverage gaps that disproportionately affect younger generations, people in non-standard employment as well as other groups in vulnerable situations. Furthermore, the proposed legislative amendments on supplementary pensions<sup>300</sup>

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<sup>298</sup> European Commission, *The 2024 Pension Adequacy Report: Current and Future Income Adequacy in Old Age in the EU, Volume I*, Publications Office of the European Union, Luxembourg, 2024, [The 2024 pension adequacy report - Publications Office of the EU](#).

<sup>299</sup> [European Commission Communication COM/2025/124 of 19 March 2025 on a Savings and Investments Union A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU](#).

<sup>300</sup> In particular as regards the Pan European Personal Pension Product and the Institution for Occupational Retirement Provision.

aim to ensure adequate retirement income by enabling pension funds to diversify broadly and to generate stable long-term returns for their members and beneficiaries which can reduce the pressure on public pension systems.

The **Demography Toolbox**<sup>301</sup> underlines that EU and national policies must enable people to live and work with dignity throughout their lives. Safeguarding both the adequacy and sustainability of old-age protection requires coordinated monitoring of ageing-related spending, pension adequacy, and long-term care needs to ensure balanced, future-proof reforms.

The **Intergenerational Fairness Strategy**<sup>302</sup> promotes solidarity across generations by investing in human and social capital throughout the life cycle.

- **Next steps**

The upcoming **2027 Report on Adequate Social Protection in Old Age** by the Social Protection Committee and the Commission will provide joint analysis of pension adequacy and care needs, offering evidence-based guidance for reform. The report will look in an integrated manner at how EU social protection systems help protect living standards for the old-age population through pension, long-term care and other related policies. Moreover, in 2027, the Commission will publish an expert **report reviewing the national mechanisms in place to protect older people from poverty**, including pensions, and non-contributory social assistance schemes for pensioners or older people, and other support measures that help them access care services, housing, food, energy, or transport. The Commission will hold a **High-level exchange on integrated policies for a dignified old age** with Member States, social partners, stakeholders and experts.

Following the 2024 Belgian Presidency call and Council Conclusions on pension adequacy, the Commission will integrate a gender **pension gap analysis** systematically into future pension and care reports, in cooperation with EIGE and the research community to improve monitoring and indicators.

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<sup>301</sup> [European Commission Communication COM/2023/577 of 11 October 2023 on Demographic change in Europe: a toolbox for action.](#)

<sup>302</sup> [European Commission Communication COM/2026/110 of 5 March 2026 on a Strategy on Intergenerational Fairness](#)

## 4.2. Tackling horizontal challenges that exacerbate poverty

With the view to further prevent and address poverty, it is essential to tackle some horizontal challenges, which might impact all generations at the same time. This includes discrimination and stigma, difficulties to afford food, a home and other basic goods, and the lack of access to quality services.

### 4.2.1. Combating discrimination and stigma

#### 4.2.1.1. *Anti-discrimination and equal opportunities*

**Discrimination is structural and individuals who experience discrimination are more likely to fall at the bottom of the income distribution and face concerns about long-term financial and housing stability;** this can in turn deepen disadvantage by increasing exposure to discrimination based on socio-economic status. The 2023 Discrimination in the EU Eurobarometer indicates that 13% of respondents who experienced discrimination in the past year stated that it was due to their socio-economic status. Discrimination in one area often has knock-on effects in others—for instance, unequal treatment in the labour market can lead to mental health challenges and economic insecurity, which may in turn restrict access to housing or childcare.

The issue of stigma emerged in the participatory dialogue held by All Together in Dignity (ATD) Fourth World with the Commission (Brussels, 22 October 2025), with the meaningful participation of people living in poverty across Europe. The participants expressed that individuals experiencing poverty often feel neglected by the very services meant to support them, and that the societal stigma, exacerbated by political rhetoric, fosters discrimination and unfair treatment. Participants urged for EU-wide legislation criminalising discrimination on socio-economic grounds. Where those already struggling face additional challenges and stigma when seeking aid, the concept of 'double punishment' emerges.

**Discrimination affects overall quality of life and contributes to poverty and social exclusion.** Minorities and marginalised groups continue to face systemic barriers in education, access to justice, sexual and reproductive health rights, freedom from violence and abuse, and adequate living standards and social protection. Ensuring equal rights and opportunities across these domains can generate transformative social and economic benefits, enhancing inclusion, well-being, and competitiveness by fully utilising Europe's diverse talents and skills.

**Discrimination is often intersectional,** meaning that when two or multiple grounds of discrimination, such as those based on gender, racial or ethnic origin, disability, age, sexual orientation, gender identity or expression and sex characteristics interact simultaneously and in an inseparable manner, it produces distinct and specific forms of discrimination<sup>303</sup>. For example, a Roma woman with a disability may face multiple barriers in education, employment, and healthcare that cannot be understood by looking at each factor separately. Similarly,

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<sup>303</sup> European Commission: Directorate-General for Justice and Consumers and European network of legal experts in gender equality and non-discrimination, 'Intersectional discrimination in EU gender equality and non-discrimination law', Publications Office, 2016, <https://data.europa.eu/doi/10.2838/241520>.

LGBTIQ+ migrants can experience overlapping xenophobia and homophobia, leading to higher risks of exclusion and poverty. Further, socio-economic status is a key factor often intersecting with other grounds. These intersections can compound disadvantage, making it difficult to disentangle socio-economic discrimination from other forms of discrimination in practice. Recognising intersectionality is essential to designing effective policies that address the combined impact of multiple disadvantages rather than treating each ground of discrimination in isolation.

**Measuring these inequalities can be challenging:** while economic indicators may show similar outcomes between socio-demographic groups, they often mask the disproportionate effort required by those facing discrimination to achieve the same results. The cumulative effects of discrimination also extend over time and across generations, shaping disparities in health, education, housing, and income.

**Addressing discrimination is therefore fundamental to the fight against poverty.** By limiting access to decent work, quality education, and essential services, discrimination directly constrains economic independence and upward social mobility, increasing the risk of poverty and long-term exclusion. These disadvantages tend to compound over time, weakening individuals' ability to participate fully in society and the labour market. Conversely, reducing discrimination strengthens social cohesion, improves productivity, and ensures that no one is left behind in Europe's transition toward sustainable and inclusive growth.

- **EU instruments in place**

**Council Directive 2000/43/EC implementing the principle of equal treatment between people irrespective of racial or ethnic origin**<sup>304</sup> aims to combat discrimination and promote equal opportunities. It prohibits both direct and indirect discrimination, as well as harassment and victimisation, on grounds of racial or ethnic origin in key areas such as employment, education, social protection, healthcare, and access to goods and services. The Directive lays down minimum requirements for implementing the principle of equal treatment within Member States and obliges them to establish effective legal remedies, penalties, and independent equality bodies to support victims and promote equality.

**The Equality Framework Directive 2000/78/EC**<sup>305</sup> aims to combat discrimination on grounds of disability, sexual orientation, religion or belief and age in the workplace, establishing a general framework for equal treatment in employment and occupations.

**The Council Directive 2004/113/EC implementing the principle of equal treatment between men and women in the access to and supply of goods and services**<sup>306</sup> extends gender equality beyond the workplace, prohibiting both direct and indirect discrimination based on sex in areas such as housing, banking, insurance, education, healthcare, and leisure services.

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<sup>304</sup> OJ L, 2000/180, 19.7.2000, pp. 22, ELI: <http://data.europa.eu/eli/dir/2000/43/oj>.

<sup>305</sup> OJ L, 2000/303, 2.12.2000, p. 16, ELI: <http://data.europa.eu/eli/dir/2000/78/oj>.

<sup>306</sup> OJ L, 2004/373, 21.12.2004, p. 37, ELI: <http://data.europa.eu/eli/dir/2004/113/oj>.

**Directive 2006/54/EC on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation**<sup>307</sup> consolidates previous legislation and further enhances gender equality across the EU.

**Directive on Violence against Women and Domestic Violence**<sup>308</sup> (EU) 2024/1385 aims to combat violence against women and domestic violence through a comprehensive legal framework. It includes measures to prevent violence, protect victims, and prosecute perpetrators, covering various forms of violence, including physical, psychological, economic, and sexual violence. Women and girls living in poverty, or at risk of poverty, face a heightened risk of gender-based violence, including sexual violence, which in turn severely limits their access to education and the labour market and undermines their economic self-sufficiency. The lack of affordable housing can trap women in abusive situations, force them to live in inadequate conditions, or increase their risk of homelessness. Gender-based violence not only violates women's rights but also has significant economic consequences: survivors often face barriers to maintaining employment, experience loss of income, incur medical and legal costs, and may be forced to leave their homes. This creates a vicious cycle in which economic dependence and exposure to gender-based violence reinforce each other.

**The Strategy for the Rights of Persons with Disabilities 2021–2030**<sup>309</sup>, updated with the Communication on "Enhancing the strategy for the rights of persons with disabilities up to 2030", provides the EU framework for coordinated action with Member States to ensure equal rights, access, and opportunities for persons with disabilities to enable them to participate fully in society and the economy. It promotes autonomy, freedom of movement, and independent living in line with the UN Convention on the Rights of Persons with Disabilities (UNCRPD). The Strategy and the enhanced Strategy outline flagship initiatives, Commission actions, and calls to Member States, promoting disability mainstreaming across EU legislation, policies and funding. Several of these initiatives are particularly relevant for addressing poverty and social exclusion.

**The Disability Employment Package**<sup>310</sup> (2022), reinforced under the enhanced strategy, provides guidance for employers, social partners, employment services, public authorities and civil society to improve labour outcomes of persons with disabilities.

The **guidelines on access to healthcare for persons with disabilities**<sup>311</sup> developed under the EU4Health action propose in total **17 actions** across **10 essential areas**: governance, data,

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<sup>307</sup> OJ L, 2006/204, 26.7.2006, p. 23, ELI: <http://data.europa.eu/eli/dir/2006/54/oj>.

<sup>308</sup> OJ L, 2024/1385, 24.5.2024, ELI: <http://data.europa.eu/eli/dir/2024/1385/oj>.

<sup>309</sup> [European Commission Communication COM/2021/101 of 3 March 2021 on a Union of Equality: Strategy for the Rights of Persons with Disabilities 2021-2030](#)

<sup>310</sup> European Commission, Disability Employment Package: Supporting Member States in Ensuring Social Inclusion and Economic Autonomy for Persons with Disabilities through Employment, Brussels, [https://employment-social-affairs.ec.europa.eu/policies-and-activities/eu-employment-policies/disability-employment-package\\_en](https://employment-social-affairs.ec.europa.eu/policies-and-activities/eu-employment-policies/disability-employment-package_en)

<sup>311</sup> European Commission, *Guidelines on Access to Healthcare for People with Disabilities*, Publications Office of the European Union, Luxembourg, 2025, <https://op.europa.eu/en/publication-detail/-/publication/c2959f58-d63d-11f0-8da2-01aa75ed71a1/language-en>.

inclusive financing and affordability, leadership, informed consent, accessibility, availability of services, competences of healthcare professionals, integration of services, and deinstitutionalisation. The implementation of the guidelines is in the remit of Member States and is not just a task for their health systems. Problems in access to healthcare for persons with disabilities touch upon more fundamental issues, including processes of disability assessment determining eligibility for social protection and support at individual level, legislation and relevant measures protecting human rights, capacity-building for organisations of persons with disabilities, transport and territorial development policies, and cross-sectoral priority-setting at national level. The EU framework on the implementation of the **UNCRPD** is therefore an opportunity to further discuss and reap the cross-sector potential of these guidelines.

**The Commission Notice - Guidance on independent living**<sup>312</sup> and inclusion in the community of persons with disabilities in the context of EU funding (2024) supports Member States in using EU funds for reforms and investments promoting deinstitutionalisation transitions and describes the key principles to give effect to the right of independent living and inclusion in the community, in line with Article 19 of UNCRPD. Further dissemination and implementation of the Guidance will be promoted under the enhanced strategy through a dedicated flagship.

**Directives (EU) 2024/1499**<sup>313</sup> and **(EU) 2024/1500**<sup>314</sup> established binding standards for equality bodies and extended their mandates. These directives extend the mandate of equality bodies to cover discrimination-based grounds of disability, sexual orientation, religion or belief and age in employment and occupation. The Commission also advances workplace diversity through initiatives like the **EU Platform of Diversity Charter**<sup>315</sup>.

**The EU Roma Strategic Framework for Equality, Inclusion and Participation 2020-2030**<sup>316</sup> aims to reduce poverty and social exclusion among Roma by promoting equality, inclusion, and participation, with a focus on education, employment, health, and housing. It seeks to halve the poverty gap between Roma and non-Roma by 2030 and to address discrimination, antigypsyism, and digital exclusion through improved access to public services and equal opportunities.

**The Council Recommendation on Roma Equality, Inclusion and Participation**<sup>317</sup> (2021) reinforced Member States' commitment to addressing long-standing challenges through effective and inclusive policies. In line with this Recommendation, Member States have

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<sup>312</sup> OJ C, C/2024/7188, 29.11.2024, ELI: <http://data.europa.eu/eli/C/2024/7188/oj>.

<sup>313</sup> OJ L, 2024/1499, 29.5.2024, ELI: <http://data.europa.eu/eli/dir/2024/1499/oj>.

<sup>314</sup> OJ L, 2024/1500, 29.5.2024, ELI: <http://data.europa.eu/eli/dir/2024/1500/oj>.

<sup>315</sup> See EU Platform of Diversity Charters - Promoting Diversity Across Europe: [https://eu-diversity-inclusion.campaign.europa.eu/eu-platform-diversity-charters\\_en](https://eu-diversity-inclusion.campaign.europa.eu/eu-platform-diversity-charters_en)

<sup>316</sup> European Commission, *The New EU Roma Strategic Framework for Equality, Inclusion and Participation*, Directorate-General for Justice and Consumers, Brussels, 7 October 2020, [https://ec.europa.eu/info/publications/eu-roma-strategic-framework-equality-inclusion-and-participation\\_en](https://ec.europa.eu/info/publications/eu-roma-strategic-framework-equality-inclusion-and-participation_en), [https://commission.europa.eu/publications/new-eu-roma-strategic-framework-equality-inclusion-and-participation-full-package\\_en](https://commission.europa.eu/publications/new-eu-roma-strategic-framework-equality-inclusion-and-participation-full-package_en).

<sup>317</sup> OJ C, C/2021/93, 19.3.2021, p. 1, ELI: EUR-Lex - 32021H0319(01) - EN - EUR-Lex.

committed to developing National Roma Strategic Frameworks that translate the EU-level objectives into concrete national measures tailored to their specific contexts.

### **Spotlight on Roma – Spain: National Strategy for the Prevention and Combat of Poverty and Social Exclusion (2024–2030)**

Spain's National Strategy for the Prevention and Combat of Poverty and Social Exclusion (2024–2030) explicitly identifies Roma as a vulnerable group at higher risk of poverty and social exclusion. The strategy aims to strengthen access to social protection schemes, including the Minimum Vital Income, ensuring that Roma families have access to essential financial support. It also prioritises improving coordination with municipal social services to enhance outreach, identify specific needs, and provide tailored assistance to Roma households experiencing poverty. By integrating national-level social protection measures with local-level support mechanisms, the strategy addresses both economic vulnerability and practical barriers to accessing services. This approach promotes greater inclusion of Roma communities in social welfare systems and serves as a model for combining targeted support with institutional coordination to reduce poverty and social exclusion.

**The EU Anti-Racism Action Plan 2020–2025**<sup>318</sup> provides a comprehensive framework to combat racial discrimination and promote equality across the EU. It supports better access to healthcare, housing, welfare, education, and employment for racial and ethnic minorities. The plan also promotes evidence-based policymaking and targeted measures addressing intersectional disadvantages to reduce poverty and foster inclusion.

The **EU Anti-Racism Strategy 2026-2030**<sup>319</sup> is a comprehensive framework aimed at combating racism and racial discrimination across the European Union. It addresses racism in all its forms, including anti-black racism, antigypsyism, antisemitism, anti-Asian racism, and anti-Muslim hatred. The strategy places particular emphasis on tackling structural racism and adopts an intersectional approach to policymaking, to address overlapping forms of discrimination. In addition, it addresses social equality by addressing barriers in education, employment, housing, healthcare, and social protection, including issues such as discrimination in the labour and housing markets. The strategy further emphasises partnerships with Member States, civil society organisations, and international actors to mainstream anti-racism across EU policies and contribute to building a true Union of Equality within the EU.

**The LGBTIQ+ Equality Strategy 2026-2030**<sup>320</sup> recognises that discrimination and a lack of social acceptance contribute significantly to higher risks of poverty and homelessness among LGBTIQ+ people. To address this, the Strategy announces a study on housing inequality and

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<sup>318</sup> [Commission Communication COM/2020/565 final of 18 September 2020 on A Union of Equality: EU Anti-Racism Action Plan 2020–2025.](#)

<sup>319</sup> European Commission, *Anti-Racism Strategy 2026*, Publications Office of the European Union, Brussels, 20 January 2026, [https://commission.europa.eu/document/f4acc4d4-689e-4db8-8c89-c7243b76ab88\\_en](https://commission.europa.eu/document/f4acc4d4-689e-4db8-8c89-c7243b76ab88_en).

<sup>320</sup> European Commission, *LGBTIQ+ Equality Strategy 2026-2030*, Brussels, 5 March 2026, [https://commission.europa.eu/publications/lgbtiq-equality-strategy-2026-2030-0\\_en](https://commission.europa.eu/publications/lgbtiq-equality-strategy-2026-2030-0_en)

discrimination, using an intersectional approach. The findings of this study will inform future Commission action to promote safe, accessible and non-discriminatory housing for all.

The **Gender Equality Strategy 2026–2030**<sup>321</sup> continues to promote gender mainstreaming, to ensure the full and effective empowerment of women and girls in all their diversity, and to reduce women’s poverty. This includes addressing the gender employment, pay, care, and pension gaps, and integrating a gender perspective across all relevant EU processes, notably the European Semester, the implementation of the European Pillar of Social Rights and its Action Plan.

- **Next steps**

The Commission will continue to implement the EU Roma Strategic Framework and monitor the implementation of the related Council Recommendation on Roma Equality, Inclusion and Participation as well as the Roma national strategies. In this context, the Commission will adopt a **Report on the progress made in implementing the national Roma strategic frameworks** in the second half of 2026. It will be based on the reports by Member States and civil society organisations and on the findings of the EU Roma Survey 2024 by the Fundamental Rights Agency, dedicated Implementation Dialogue and Call for evidence.

The Commission will continue to implement the **Strategy for the Rights of Persons with Disabilities 2021–2030**, building on progress made under its flagship initiatives.

Through the Communication “Enhancing the strategy for the rights of persons with disabilities up to 2030”<sup>322</sup>, the Commission will reinforce action in the area of disability to guide the EU and its Member States in their joint engagement to **further advance the EU’s leading role in promoting and enforcing disability rights**. Continued implementation of the [Strategy for the rights of persons with disabilities 2021-2030](#) and new actions and flagship initiatives under the Enhanced strategy will aim to **foster autonomy, participation, social inclusion and equal rights** for persons with disabilities in the EU and beyond. The Strategy contributes to **building a Union of equality** and supports the implementation of the European Pillar of Social Rights as well as of the [United Nations Convention on the Rights of Persons with Disabilities \(UNCRPD\)](#).

#### *4.2.1.2. Access to justice*

**Victims of crime are often among the most vulnerable members of society.** Poverty and victimhood are closely interlinked: living at risk of poverty or social exclusion can increase vulnerability to crime, while becoming a victim of crime can, in turn, deepen economic hardship and social exclusion. Addressing the criminalisation of poverty and its severe impacts on affected persons requires not only social and economic measures but also strong procedural

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<sup>321</sup> European Commission, *Gender Equality Strategy 2026-2030*, Brussels, 8 October 2025, [https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/gender-equality/gender-equality-strategy\\_en](https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/gender-equality/gender-equality-strategy_en)

<sup>322</sup> European Commission Communication on Enhancing the strategy for the rights of persons with disabilities up to 2030, forthcoming (2026)

safeguards within the justice system to ensure fairness and equality before the law, as often socio-economic disadvantage leads to punitive rather than supportive responses (e.g. sanctions linked to homelessness, begging or inability to afford transport).

**People living at risk of poverty or social exclusion, children from disadvantaged backgrounds, and other vulnerable individuals are often overrepresented in criminal proceedings.** They are disadvantaged in particular due to a lack of awareness of their rights, limited access to legal advice or the inability to afford legal representation. Strengthening procedural rights and guaranteeing access to free and effective legal aid are therefore essential to prevent poverty from translating into a disproportionate likelihood of being deprived of effective access to justice and a fair trial. This is also true with regards to children, whose socio-economic situation is primarily determined by that of their parents, and for whom EU law provides specific safeguards, including access to legal assistance. Evidence<sup>323</sup> shows that children, in particular those in vulnerable situations, often lack awareness of their rights and of available remedies, face difficulties in navigating complex procedures, and may not be effectively heard in proceedings affecting them. Where mandatory legal aid is provided, the costs are usually born, in the first instance, by the State. Member States may, however, seek recovery of these costs subject to rigorous means testing; in practice, such recovery is often only waived for those living on or below the poverty line.<sup>324</sup>

Child-friendly justice systems ensure the provision of accessible and age-appropriate information, guaranteeing the right of the child to be heard and to participate effectively in proceedings, ensuring the presence of trained professionals, and avoiding unnecessary delays and repeated questioning that may cause harm.

- **EU instruments in place**

**The Victims' Rights Directive**<sup>325</sup> 2012/29/EU is the main general EU instrument ensuring that all victims receive information, support, protection, and the ability to seek compensation from offenders. It also mandates that measures respond to individual needs, ensuring sensitive treatment of vulnerable victims. The revised Victims' Rights Directive on which the European Parliament and EU Council reached a provisional political agreement in December 2025 will strengthen each of victims' rights, including victims' right to information, support, protection, participation in criminal proceeding and access to compensation from the offender. The revised Directive pays particular attention to the most vulnerable victims, such as child victims and victims with disabilities. For child victims, the strengthened framework reinforces the need for **child-friendly, accessible and rights-based procedures**, ensuring that children are informed,

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<sup>323</sup> European Union Agency for Fundamental Rights, Child-friendly justice. Perspectives and experiences of professionals on children's participation in civil and criminal judicial proceedings in 10 EU Member States, Luxembourg: Publications Office of the European Union, 2015 [https://fra.europa.eu/sites/default/files/fra-2015-child-friendly-justice-professionals\\_en.pdf](https://fra.europa.eu/sites/default/files/fra-2015-child-friendly-justice-professionals_en.pdf)

<sup>324</sup> See also Commission Recommendation of 27 November 2013 on the right to legal aid for suspects or accused persons in criminal proceedings, point 6, OJ C, C/2013/378, of 24.12.2013, p. 11, according to which, when the legal aid is for a child, the child's own assets should be taken into account and not those of their parents or holder of parental responsibility.

<sup>325</sup> OJ L, 2012/315, 14.11.2012, p. 57, ELI: <http://data.europa.eu/eli/dir/2012/29/oj>.

heard and supported throughout the process. With regard to victims with disabilities, the new rules will introduce, for the first time in EU legislation, the concept of procedural accommodation, which will facilitate effective and active participation in criminal proceedings for those victims.

**The Directive (EU) 2016/1919 on legal aid**<sup>326</sup> sets out the rules for guaranteeing that suspected or accused people who lack sufficient financial resources have access to effective legal representation. It sets common minimum standards for the granting of legal aid across Member States, ensuring that people are not denied a fair trial simply because they cannot afford a lawyer.

**The first EU Strategy on Victims' Rights 2020–2025**<sup>327</sup> aimed to ensure that all victims — especially the most vulnerable — can fully exercise their rights and achieved significant progress, including by preparing the ground to the revised Victims Rights Directive, provisionally agreed by co-legislators in December 2025.

Strengthening **child-friendly justice** is a key objective of the **EU Strategy on the rights of the child**. In its **Conclusions on the EU Strategy on the rights of the child**<sup>328</sup> the Council notably calls on Member States to strengthen their justice systems, so that they are compliant with the rights of all children, in particular by: providing the necessary support services to children during, and also after, the proceedings, for as long as the children need them; and promoting inter-disciplinary cooperation among different services to support the child in the best possible way before, during and after proceedings.

### Spotlight on the “Eyes Open” campaign

The EU funded “Eyes Open” campaign aims to create an environment where victims of crime feel safe, understood and supported. Centred on the pledge “I will keep my eyes open,” it encourages people to stay alert to signs of victimisation, respond with empathy, and help guide victims toward support, while recognising the key role of friends and family in providing first-line support.

To deliver this message, the campaign adopted a 360° approach, combining a dedicated launch event, the Eyes Open challenge, with paid social media, media partnerships and outreach, outdoor advertising, influencer collaborations, and stakeholder engagement.

This integrated strategy reached different sectors of population and an overall 22 million people across 10 EU countries. Campaign recall reached 50%, with the eye symbol as the most memorable element (82%). Awareness that victims are protected in the EU increased to 73% among those who recalled the campaign, while 62% said it encouraged them to be more aware of crime and how they can support victims—demonstrating strong impact on both awareness and behaviour.

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<sup>326</sup> OJ L, 2016/297, 4.11.2016, p. 1, ELI: <http://data.europa.eu/eli/dir/2016/1919/oj>.

<sup>327</sup> See European Commission, Victims' Rights in the EU: [https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/criminal-justice/protecting-victims-rights/victims-rights-eu\\_en](https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/criminal-justice/protecting-victims-rights/victims-rights-eu_en)

<sup>328</sup> [European Council Conclusions 10024/22 of 9 June 2022 on the EU Strategy on the rights of the child.](#)

- **Next steps**

The next **EU Strategy on Victims' Rights** to be adopted in 2026 will complement existing legislation with non-legislative actions, ensuring stronger implementation, awareness, and victim-centred justice. The next strategy will deal with all victims of all crimes, but will pay special attention to most vulnerable victims, including child victims and persons with disabilities.

The Commission will continue to **strengthen child-friendly justice**, including through continued cooperation with the Council of Europe, notably via the joint European Union–Council of Europe project on child-friendly justice. This initiative aims to improve the protection of children in contact with the law, whether as offenders, victims or witnesses, across non-judicial, judicial (including civil and criminal) and administrative proceedings at national and local level, and will be complemented by cooperation with Member States and relevant stakeholders to promote effective implementation in practice.

#### 4.2.2. Ensuring access to food, energy, transport and housing in a context of rising costs

The cost-of-living is one of the main concerns of people in the EU, with 88% concerned by the daily cost of living for the future of their household<sup>329</sup>. This is particularly a concern for those experiencing poverty already, but it also puts many more from the middle class at risk of experiencing poverty.

##### 4.2.2.1. Access to food

**Affording a proper meal is a concern for households at risk of poverty.** In 2024, on average 8% of the EU population could not afford a meal with meat chicken, fish or a vegetarian equivalent every second day<sup>330</sup>. Households at risk of poverty are more than twice as likely to be unable to afford a proper meal compared to average-income households<sup>331</sup>. For the population below 60% of median income, 19% could not afford such a meal. After years of decline, these shares went up since 2021 due to the succession of shocks (ie. the COVID pandemic and the Russian's aggression in Ukraine), resulting in higher food inflation rates.

- **EU instruments in place**

One of the key factors influencing food prices and their affordability is food availability itself, an area in which the **Common Agricultural Policy** plays a fundamental role. The Treaty on the Functioning of the European Union provides, under the objectives of the CAP, that

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<sup>329</sup> See 2025 Eurobarometer “Investing in Fairness”.

<sup>330</sup> See European Commission, Directorate-General for Agriculture and Rural Development, Food Security: <https://agridata.ec.europa.eu/extensions/FoodSecurity/FoodSecurity.html?page=Inability>

<sup>331</sup> European Commission, 2nd report on the State of Food Security in the EU (Spring 2024): Zooming into: inability to afford a proper meal, 2024, <https://webgate.ec.europa.eu/circabc-ewpp/d/d/workspace/SpacesStore/2485b5b6-0626-49c7-86b4-72f171dee57c/download>

agricultural markets should ensure the availability of supplies and that those supplies reach consumers at reasonable prices (Article 39 TFEU).

Regarding food affordability and pricing, agricultural markets are organised under **the Common Markets Organisation Regulation (CMO)** to ensure a well-functioning food supply chain. Since 2019, the Unfair Trading Practice (UTP) Directive (2019/633) is banning unfair trading practices in the food sector. The CAP and these other instruments help prevent excessive corporate concentration in the agri-food sector, a trend that could otherwise reduce consumer choice, push prices upward, and place additional pressure on producers.

### Spotlight on surplus food

The recovery and redistribution of donated surplus food play a crucial role in preventing and reducing food waste. Under the amended Waste Framework Directive<sup>332</sup>, Member States are now obliged to reduce food waste by 10% at processing and manufacturing level, and by 30% (per capita) at retail and consumption level by 2030. To meet these targets, Member States are required to take measures to ensure that economic operators who have a significant role in preventing and generating food waste propose donation agreements with food banks and other redistribution organisations. Accordingly, these organisations remain vital in recovering surplus food that would otherwise go to waste and making it available to those in need. In 2024, European food banks redistributed approximately 834,000 tonnes of food to 12,2 million people in need<sup>333</sup>.

- **Next steps**

The **EU Consumer Agenda 2030** recognises access to healthy food as a key dimension of consumer protection, with particular attention given to vulnerable consumers. By promoting fair market conditions, transparency and informed food choices, it will contribute to improving access to healthy diets and complements social and agricultural policies addressing food affordability.

The Commission has commissioned a **study on Food Affordability** in the EU. This study will assess the current situation, evaluate the contribution of the Common Agricultural Policy to food prices and affordability, and provide an overview of other policies affecting food affordability across the food system. This study will be published in Q4 2026.

To assess issues of food access beyond food affordability, the Commission will also launch in 2026 a **Pilot Project on Food access and food democracy**. It aims to further address knowledge gaps on the existing barriers to access to healthy and nutritious food, including issues related to physical access and food environments.

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<sup>332</sup> OJ L, 2025/1892, 26.9.2025, ELI: <http://data.europa.eu/eli/dir/2025/1892/oj>.

<sup>333</sup> See [European Food Banks Federation – FEBA](#).

In 2024 the Commission also established the **Agri Food Chain Observatory (AFCO)**, which monitors the functioning of the chain, including aspects related to the availability and affordability of food in the EU. Cost and margins indicators are being developed and will be published by the end of 2026.

#### *4.2.2.2. Access to energy*

**Ensuring secure and affordable access to energy is essential for preventing poverty and protecting vulnerable households.** The 2022 energy crisis exposed the severity of energy inequality in Europe, as soaring and volatile energy prices forced many low-income families to spend a disproportionate share of their income on basic energy needs. As a result, energy poverty surged. The crisis also demonstrated that well-designed and targeted measures—combining energy affordability support, protection for vulnerable consumers and investment in energy efficiency—are crucial not only to prevent hardship, but also to advance wider social, economic and climate objectives.

**Energy poverty refers to the situation in which people cannot afford the energy they need for basic daily life**, such as heating, cooling, lighting or cooking. It occurs when energy bills take up too much of a household’s income or when homes are poorly insulated and inefficient, forcing families to live in unhealthy indoor conditions. Energy poverty has many causes, including low income, high energy prices, housing with low insulation energy efficiency and a lack of support for household energy efficiency improvements.

**Energy poverty remains a major concern in the EU, despite recent data showing some progress.** The share of people unable to keep their home warm fell from 10.6% in 2023 to 9.2% in 2024, mainly due to lower gas and electricity prices and energy efficiency measures. However, this is still higher than before the energy crisis in 2021 (6.9%). At the same time, poor housing conditions are increasing: 15.5% of people in 2023 lived in homes with damp, leaks or rot, showing the need for better renovation and insulation efforts. Another indicator of energy poverty—arrears on utility bills—remained high, affecting 6.9% of EU residents between 2022 and 2024. Importantly, renters are often disproportionately affected and face specific barriers, as they typically cannot undertake energy efficiency improvements themselves and depend on landlord decisions, while many support schemes primarily target homeowners. At the same time, Europe faces a growing summer energy poverty challenge as heatwaves intensify, and space cooling becomes increasingly essential for health and wellbeing. In 2023, harmonised EU-SILC survey data indicated that 26% of households were unable to keep their homes at a comfortably cool temperature for a period during the previous year’s summer, with the rate rising to nearly 35% among the lowest income group<sup>334</sup>.

**Energy poverty is not only widespread but also persistent.** According to a recent JRC study<sup>335</sup>, around 3% of people in the EU were unable to heat their homes for at least three out

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<sup>334</sup> Koukoufikis, G., Roca Reina, J.C., Katoufa, N., Ozdemir, E., Volt, J. et al., Addressing Residential Cooling Demand and Summer Energy Poverty in the EU - Towards a Cooler Future, Publications Office of the European Union, Luxembourg, 2026, <https://data.europa.eu/doi/10.2760/8743866>, JRC143288.

<sup>335</sup> Ozdemir, E. and Koukoufikis, G., The persistence of energy poverty in the EU, Publications Office of the European Union, Luxembourg, 2024, doi:[10.2760/745025](https://doi.org/10.2760/745025), JRC138409.

of four years between 2018 and 2021, and a similar share faced long-term unpaid energy bills. Long-term energy poverty is especially high in Southern and Central and Eastern Europe, where it affects over 10% of the population in some countries, highlighting deep structural inequalities. Energy poverty does not affect all households in the same way. Detailed analysis shows significant differences across socio-economic and demographic groups, not only due to income levels but also linked to household composition, migration background and housing tenure. There are also strong disparities within countries, with higher rates of energy poverty in certain regions and rural areas.

**Addressing energy poverty requires targeted and structural measures that tackle its root causes.** Actions such as energy efficiency improvements, building renovation, and access to renewable energy—including participation in energy communities, prosumer schemes, and energy sharing can lower energy bills, shield households from price volatility, and improve living conditions over the long term. Investments in building renovation is among the most effective ways to alleviate energy poverty. If one quarter of the Social Climate Fund were allocated to such medium-level renovations, such as window replacements, the number of energy-poor households among AROP households could decline from 13.9 to 12.5 million, delivering a lasting and socially fair reduction in energy costs.

**Complementary investment in clean heating technologies could further enhance the impact.** European Commission analysis<sup>336</sup> shows that, under the right conditions, providing grants to around nine million energy-poor households that are also AROP to replace fossil-fuel heating systems with electric heat pumps could reduce average household energy expenditure by about 4% of income. At country level, average savings ranging from 1% to 10%, reflecting substantial differences in national contexts. These disparities are driven by variation in the relative price of electricity compared with fossil fuels, the types of fuels currently used for heating, and households' baseline energy expenditure, which is strongly influenced by the renovation state of the building stock. In some countries, some households would even face higher energy expenditure after switching to a heat pump, due to unfavourable electricity-to-fuel price ratios; these households were excluded from the analysis.

### **EU instruments in place**

Since 2023, the EU has, for the first time, an EU-wide definition of energy poverty under Article 2 of the revised **Energy Efficiency Directive**<sup>337</sup> (2023/1791/EU). Member States must now define energy poverty in their national context, using indicators that reflect their specific situations, while staying consistent with the EU definition. They can draw on guidance from the Commission Recommendations on energy poverty (2020 and 2023) when developing their national approaches. The Directive also requires Member States to prioritise savings in energy efficiency for people in energy poverty. It further calls for the establishment of one-stop shops

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<sup>336</sup> Estimates are developed under Green EUROMOD under the EMPL-JRC AMEDI project (Assessing and monitoring employment and distributional impacts of the Green Deal).

<sup>337</sup> OJ L, 2023/231, 20.9.2023, ELI: <http://data.europa.eu/eli/dir/2023/1791/oj>.

or similar support services to provide technical, administrative and financial assistance, with a focus on low-income households and worst-performing buildings.

**The Energy Performance of Buildings Directive**<sup>338</sup> (EU/2024/1275) requires Member States to develop national building renovation plans to reduce energy poverty, including specific measures to support affected households. It prioritises the renovation of the worst-performing buildings, which are often occupied by low-income and vulnerable households, and mandates targeted financial and technical support for those most at risk.

**The Renewable Energy Directive**<sup>339</sup> (2023/2413/EU) complements this by promoting access to renewable energy for low-income and vulnerable consumers, including through information measures and tailored assistance.

**The Social Climate Fund Regulation**<sup>340</sup> ((EU) 2023/955) provides financial support to Member States to help vulnerable households, micro-enterprises and transport users facing rising energy and mobility costs, particularly those affected by the new ETS2. Through Social Climate Plans, the Fund can play a key role in reducing energy poverty for vulnerable households and supporting a fair energy transition across the EU.

In 2023, the European Commission published the **Recommendation on energy poverty**<sup>341</sup>, providing guidance on how to diagnose, monitor and address energy poverty. The Recommendation calls on Member States to prioritise structural measures that tackle the root causes of energy poverty and to provide targeted information and personalised support to affected households.

**The Affordable Energy Action Plan**<sup>342</sup> (2025) sets out eight concrete measures to make electricity bills more affordable, reduce energy production and distribution costs and ensure a fair and competitive energy market across the EU.

The **Citizen Energy Package (2026)** includes the reduction of energy poverty as one of its pillars. This package aims to empower citizens and communities to take an active role in the energy transition, while also ensuring that the most vulnerable ones are protected and supported. In this context, the Commission adopted a Recommendation on the protection of vulnerable households from energy disconnections and during gas phase-out.

To support implementation, in 2020 the Commission launched the **Energy Poverty Advisory Hub**<sup>343</sup> (EPAH). EPAH provides expert assistance, data tools and good practices to help national, regional and especially local authorities design and implement effective energy poverty solutions. Local action is crucial, as municipalities are closest to the public and often

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<sup>338</sup> OJ L, 2024/1275, 8.5.2024, ELI: <http://data.europa.eu/eli/dir/2024/1275/oj>.

<sup>339</sup> OJ L, 2023/2413, 31.10.2023, ELI: <http://data.europa.eu/eli/dir/2023/2413/oj>.

<sup>340</sup> OJ L, 2023/130, 16.5.2023, ELI: <http://data.europa.eu/eli/reg/2023/955/oj>.

<sup>341</sup> OJ L, 2023/2407, 23.10.2023, ELI: <http://data.europa.eu/eli/reco/2023/2407/oj>.

<sup>342</sup> [European Commission Communication COM/2025/79 of 26 February 2025 on an Action Plan for Affordable Energy: Unlocking the true value of our Energy Union to secure affordable, efficient and clean energy for all Europeans](#)

<sup>343</sup> See European Commission, Energy Poverty Advisory Hub: <https://energy-poverty.ec.europa.eu/>.

work directly with social services to identify and support households at risk of energy poverty and social exclusion.

### **Spotlight on Portugal**

In Portugal, 15.7% of people were unable to keep their homes warm. In response to this, the Portuguese government approved in 2024 the National Long-term Energy Poverty Mitigation Strategy 2023-2050. This comprehensive strategy aims to eliminate energy poverty by 2050 through various initiatives, including through i) Fostering the energy and environmental sustainability of housing, ii) Ensuring universal access to essential energy services, iii) Promoting integrated territorial initiatives and iv) Advancing knowledge and informed engagement. The strategy also sets guidelines for creating a National Energy Poverty Observatory and regular decadal action plans (2030, 2040, 2050).

- **Next steps**

To further address energy poverty and ensure a comprehensive approach to tackling this complex issue, the focus is now on the effective implementation on the ground of the legal framework described above. In particular, the Commission will continue supporting Member States to implement the Energy Efficiency Directive, Energy Performance of Buildings Directive and Renewable Energy Directive.

It will also work with Member States on reporting on the NECPs and the Social Climate Plans under the SCF, as well as other EU initiatives to deliver structural and sustainable solutions for people in energy poverty, vulnerable customers and vulnerable households. Moreover, the Commission will continue to work with Member States through the coordination group on energy poverty and to support local action in this field through the Energy Poverty Advisory Hub.

The **review of the Governance Regulation of the Energy Union and Climate Action** (due in 2026) will aim to help accelerate a just transition to climate neutrality and provide a framework, increasing the EU's ability to face any future crisis. It will aim to better address just transition and energy poverty concerns in the national planning of energy and climate policies.

#### *4.2.2.3. Access to transport*

**Access to affordable and reliable transport allows people to commute to work, attend school, visit healthcare providers, and maintain social connections.** Conversely, a lack of accessible, affordable, and available transport can trap individuals and communities in a cycle of poverty and exclusion.

**Transport poverty can be understood as the difficulty or inability to afford or access the transport needed to reach essential services like work, education, and healthcare.** It disproportionately affects low-income households, rural and remote populations, old persons and persons with disabilities and reduced mobility. At 12.5% of total expenditure, transport is

the third most expensive household consumption item in the EU, after housing, water, electricity, gas and other fuels (24%) and food and non-alcoholic beverages (13.6%).<sup>344</sup>

**Limited public transport make access to services and employment more difficult.** Public transport offers individuals with no access to a private vehicle the freedom to satisfy their needs. Disproportionately, regular public transport users are women, younger or older people, have lower incomes, face mobility restrictions, and come from minority backgrounds. In rural and remote regions, car ownership is often the main, or even the only, means to reach work, education and healthcare. This disproportionately affects lower-income groups, who are forced to maintain a private vehicle, although fuel and maintenance costs are high for low-income households. The green and digital transitions risk widening inequalities if new transport solutions—such as electric vehicles, charging networks, on-demand transport or digital-only ticketing—remain unaffordable or inaccessible.

**Territorial gaps in access to and affordability of public transport remain.** According to the eighth Cohesion Report (2021)<sup>345</sup>, access to public transport is much better in cities than in rural areas: in more than half of EU cities, over 95% of residents live within walking distance of a public transport stop, compared with far fewer in rural regions. Often housing and transport costs are interconnected, meaning households with lower income move to suburban areas to reduce their housing costs, forcing them in many cases to spend more time and money to carry out activities or to become reliant on private transport. The ninth Cohesion Report (2023)<sup>346</sup> shows similar territorial gaps in access to healthcare: the average distance to a healthcare centre is 6.4 km in urban areas but 16.8 km in remote rural regions, where the population is also older and more reliant on healthcare. Overall, over 5% of EU citizens report “very difficult” access to public transport, rising to more than 10% in rural areas. Affordability is another barrier, preventing around 7% of materially and socially deprived people from using public transport.<sup>347</sup>

Tackling transport poverty requires focusing on the availability, accessibility and affordability dimensions of the problem. Policy measures related to prices, including social tariffs for various vulnerable groups, discounts, and reduced or free tickets and passes are important elements in the toolkit aimed at improving affordability. In Romania, for example, in the Cluj-Napoca municipality, retired people have free passes on the public transport network across the city and the system of discounts covers other categories of the population. Similarly, in Poland there is a national system of subsidised public transport for children enrolled in public and private kindergartens or primary schools and students with disabilities to facilitate access to education. The municipality can either offer the transport services or reimburse the costs if the parents or caregivers are providing the transport.

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<sup>344</sup> Eurostat: [https://doi.org/10.2908/NAMA\\_10\\_CO3\\_P3](https://doi.org/10.2908/NAMA_10_CO3_P3)

<sup>345</sup> European Commission, Eighth report on economic, social and territorial cohesion, 2021, [https://ec.europa.eu/regional\\_policy/information-sources/8cohesion-report\\_en](https://ec.europa.eu/regional_policy/information-sources/8cohesion-report_en)

<sup>346</sup> European Commission, Ninth report on economic, social and territorial cohesion, 2024, [https://ec.europa.eu/regional\\_policy/information-sources/cohesion-report\\_en](https://ec.europa.eu/regional_policy/information-sources/cohesion-report_en)

<sup>347</sup> European Commission, Transport poverty: definitions, indicators, determinants, and mitigation strategies - Final Report, 2024, [https://employment-social-affairs.ec.europa.eu/transport-poverty-definitions-indicators-determinants-and-mitigation-strategies-final-report\\_en](https://employment-social-affairs.ec.europa.eu/transport-poverty-definitions-indicators-determinants-and-mitigation-strategies-final-report_en)

- **EU instruments in place**

**The Commission Recommendation on Transport Poverty<sup>348</sup> (2025)** calls on Member States—particularly through their Social Climate Plans—to identify groups in vulnerable situations, monitor gaps in transport accessibility and develop integrated transport solutions that promote social inclusion. The Recommendation urges Member States to adopt a strategic approach to preventing and reducing transport poverty by integrating it into national anti-poverty strategies and aligning measures with the EU’s climate neutrality goals.

To improve evidence and policy planning, the Commission also launched in 2025 a **Transport Poverty Hub<sup>349</sup>**, an online platform with high-resolution maps and indicators that identify areas with poor transport access across the EU.

**The Council Recommendation on ensuring a fair transition towards climate neutrality<sup>350</sup> (2022)** emphasises the need for Member States to adopt measures that address the social and employment aspects of climate policies through supporting affected individuals, education and training measures, and fairness in tax-benefit and social protection systems.

Complementing this, the revised **TEN-T Regulation (EU) 2024/1679<sup>351</sup>** improves connectivity in peripheral and outermost regions, ensuring that infrastructure development benefits structurally weaker territories and contributes to territorial cohesion.

### **Spotlight on France**

In France, the Île -de-France Region has introduced a Bus Rapid Transit plan slated to run until 2030 that will complement the existing rail and network and the existing bus networks, thereby connecting isolated territories. Multimodal exchange hubs will connect the outer suburbs to the future Grand Paris Express region. In addition, on-demand transport (shuttle service that can be booked via an app) is offered to residents who live far from the transport network, to allow them to access a station, a bus line or important socio-economic facilities. This is complemented by carpooling between the outer suburban and rural areas and the city centre, facilitated by an app and an intermodal trip planner that integrates carpooling into the local public transport offer.

**The Sustainable and Smart Mobility Strategy<sup>352</sup> (2020)** already acknowledged the need to make mobility fairer, more inclusive, and more accessible, with a strong emphasis on reducing

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<sup>348</sup> OJ L, 2025/1021, 26.5.2025, ELI: <http://data.europa.eu/eli/reco/2025/1021/oj>.

<sup>349</sup> See European Commission, EU Urban Mobility Observatory: [https://urban-mobility-observatory.transport.ec.europa.eu/news-events/news/joint-research-centre-launches-transport-poverty-hub-enhance-regional-connectivity-across-europe-2025-07-15\\_en](https://urban-mobility-observatory.transport.ec.europa.eu/news-events/news/joint-research-centre-launches-transport-poverty-hub-enhance-regional-connectivity-across-europe-2025-07-15_en)

<sup>350</sup> OJ C, C/2022/243, 27.6.2022, p. 35, ELI: [EUR-Lex - 32022H0627\(04\) - EN - EUR-Lex](http://eur-lex.europa.eu/lexuri/cs/l/uri/eur-lex/32022H0627(04)-en).

<sup>351</sup> OJ L, 2024/1679, 28.6.2024, ELI: <http://data.europa.eu/eli/reg/2024/1679/oj>.

<sup>352</sup> See European Commission, Mobility Strategy: [https://transport.ec.europa.eu/transport-themes/mobility-strategy\\_en](https://transport.ec.europa.eu/transport-themes/mobility-strategy_en)

inequality for those with low disposable income, with disabilities or reduced mobility, low digital literacy or living in disadvantaged areas.

- **Next steps**

The Commission will continue supporting Member States through a further development of the Transport Poverty Hub, with enhanced spatial indicators and modelling tools. In particular, the ‘affordability dimension’ will be added to the currently existing transport availability and accessibility dimensions. This is subject to national data being available.

The Commission will foster accessibility across different transport modes for persons with disabilities, who are generally at greater risk of transport poverty than those without disabilities. Please see the flagship initiative on better access to transport in the EU as announced in the parallel Commission Communication “Enhancing the strategy for the rights of persons with disabilities up to 2030”.

#### *4.2.2.4. Addressing over indebtedness and promoting financial literacy*

A **lack of financial literacy**—understood as “financial education, such as basic economics, statistics and numeracy skills combined with the ability to employ these skills in making financial decisions”—can result in poor financial decisions, which can lead people to financial difficulties (including to over-indebtedness) over their lifetimes. The main factors **driving over-indebtedness** in the EU include rising debt costs, falling incomes, higher living expenses, and increased reliance on credit<sup>353</sup>. Consumer loans and credit card debt are key sources of financial distress, while low-income households are particularly vulnerable to arrears on essential expenses such as utilities and rent. These risks are further exacerbated by the availability of predatory and high-cost financial products – often characterised by opaque terms or excessive interest rates – as well as by structural shortcomings in credit markets, including inadequate responsible lending practices.

According to an OECD survey<sup>354</sup> (covering most but not all EU Member States), overall levels of financial literacy remain low across the countries surveyed, with significant gaps among women, young people, and disadvantaged groups, including individuals with limited digital skills. Similar results were confirmed by the 2023 Eurobarometer survey<sup>355</sup>. These findings highlight the importance of targeted financial education and inclusion initiatives to help vulnerable consumers manage everyday financial decisions, build resilience against shocks, and participate fully in economic life as a complement to strong consumer protection frameworks.

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<sup>353</sup> European Commission, Study on European consumers’ over-indebtedness and its implications, 2023, [https://commission.europa.eu/document/download/5002ff16-a502-4b98-91cd-4536b5cd70ec\\_en?filename=Study%20of%20consumer%20over-indebtedness\\_Main%20report\\_9.18.pdf](https://commission.europa.eu/document/download/5002ff16-a502-4b98-91cd-4536b5cd70ec_en?filename=Study%20of%20consumer%20over-indebtedness_Main%20report_9.18.pdf).

<sup>354</sup> ECD, OECD/INFE 2020 International Survey of Adult Financial Literacy, Paris, OECD, Paris, 2020.

<sup>355</sup> <https://europa.eu/eurobarometer/surveys/detail/2953>.

- **EU instruments in place**

**The Consumer Credit Directive**<sup>356</sup> (EU) 2023/2225 aims at preventing over-indebtedness and promoting responsible lending and introduces stricter rules for creditworthiness. **The Mortgage Credit Directive**<sup>357</sup> (2014/17/EU) promotes responsible mortgage lending, requiring creditors to assess consumers' creditworthiness before providing the credit and, in case consumers encounter financial difficulties, to seek early, fair solutions before initiating foreclosure proceedings.

**The Financial Literacy Strategy**<sup>358</sup> (**published in 2025**) supports Member States' efforts in improving financial literacy for EU citizens through several actions such as coordination and sharing of best practices, as well as communication and an EU-wide campaign to raise awareness. The strategy aims to help citizens make sound financial decisions, ultimately improving their wellbeing, financial security and independence.

- **Next steps**

The Commission continues to implement the Financial Literacy Strategy, providing regular updates to the Government Expert Group on Retail Financial Services (GEGRFS) Sub-group on Financial Literacy. Work is ongoing to finalise key deliverables including: an EU-wide communication campaign for diverse and vulnerable groups, facilitating 'best-practice' exchanges for Member State experts, and a voluntary code of conduct for industry and other organisations providing financial literacy. Additionally, the established network of national 'financial literacy ambassadors' continues to expand, while forthcoming Eurobarometer surveys will continue to monitor levels of financial literacy.

#### *4.2.2.5. Access to financial services*

**Having access to basic banking services, such as a bank account and retail payment services, is fundamental to full participation in modern society and the labour market.** Such access enables individuals to purchase essential and discretionary goods and services, both in person and online—a practice that expanded significantly during the COVID-19 pandemic as digital payments became the norm. At the same time, bank accounts and payment cards are increasingly essential for receiving income, whether through wages from employers or social benefits and transfers from public authorities. Without this access, individuals face barriers to employment, financial management, and inclusion in the digital economy. Data from the latest World Bank's Global Findex database illustrates that only six Member States have a level of banked population of less than 90%<sup>359</sup>.

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<sup>356</sup> OJ L, 2008/133, 22.5.2008, p. 66, ELI: <http://data.europa.eu/eli/dir/2008/48/oj>.

<sup>357</sup> OJ L, 2014/60, 28.2.2014, p. 34, ELI: <http://data.europa.eu/eli/dir/2014/17/oj>.

<sup>358</sup> European Commission: Directorate-General for Financial Stability, Financial Services and Capital Markets Union, *EU Strategy to Boost Financial Literacy and Investment Opportunities for Citizens*, 2025, [https://finance.ec.europa.eu/publications/eu-boost-financial-literacy-and-investment-opportunities-citizens\\_en](https://finance.ec.europa.eu/publications/eu-boost-financial-literacy-and-investment-opportunities-citizens_en)

<sup>359</sup> [The Global Findex Database 2025](#).

**High fees, limited information, and legal requirements related to residency or identity documentation continue to pose barriers to accessing payment accounts in the EU**<sup>360</sup>. Although EU legislation guarantees that all consumers legally resident in the EU have the right to open a payment account with basic features, offered free of charge or for a reasonable fee, implementation remains uneven, with only limited number of Member States requiring that payment accounts with basic features to be offered for free and varying fee levels across Member States.

**While there is no general shortage of financial products or intermediaries in the EU, accessibility challenges persist.** In recent years, digitalisation has increased access to financial services online, at the same time however, the number of bank branches and automated teller machines (ATMs) across Europe is declining, which can limit access, particularly in rural and remote areas. Physical accessibility barriers continue to affect persons with disabilities and reduced mobility, including difficulties entering bank branches or using inaccessible ATMs. Addressing these barriers is crucial to ensuring effective financial inclusion for all consumers. The increasing reliance on online and mobile banking, combined with the decline in physical bank branches, poses particular challenges for people with low digital skills or limited mobility and transport options. Older people are especially affected, as they may find it difficult to adapt to new technologies and have traditionally relied on in-person services and physical means of payment. The European Banking Authority (EBA) has raised concerns about the resulting risk of financial exclusion associated with the withdrawal of physical banking services.<sup>361</sup>

- **EU instruments in place**

**The Payment Account Directive (2014/92/EU)**<sup>362</sup> guarantees that all consumers—including vulnerable individuals—have the right to open and use a payment account with basic features anywhere in the EU. The Directive requires that payment accounts with basic features be offered either free of charge or for a reasonable fee. This provision helps ensure that even the most disadvantaged citizens can access essential financial services and benefit from equal participation in the single market.

To further increase access to cash, **the Commission's 2023 proposal for a third Payment Services Directive and Payment Services Regulation** would allow retailers, on a voluntary basis, to provide cash to customers even without a purchase, without requiring a licence or acting as a payment institution, subject to conditions such as a €50 withdrawal cap and fee transparency. The proposal also allows certain ATM operators that do not service payment accounts to operate without licensing, with transparency requirements on fees, to encourage wider availability of ATMs.

**The Commission's 2023 proposal for a Regulation on the legal tender of euro banknotes and coins** aims to ensure the widespread acceptance and easy access to cash across the euro

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<sup>360</sup> OJ L, 2014/257, 28.8.2014, p. 214, ELI: <http://data.europa.eu/eli/dir/2014/92/oj>.

<sup>361</sup> European Banking Authority (EBA), Report on the use of digital platforms in the EU banking and payments sector, EBA/REP/2021/26, EBA, Paris.

<sup>362</sup> OJ L, 2014/257, 28.8.2014, p. 214, ELI: <http://data.europa.eu/eli/dir/2014/92/oj>.

area. The initiative safeguards the right to choose payment methods, promotes financial inclusion, and prevents discrimination against groups that rely more heavily on cash.

- **Next steps**

The Commission will continue to work with the European Parliament and the Council of the EU to finalise the legislative process for the adoption of the third Payment Services Directive and Payment Services Regulation in the first half of 2026.

#### *4.2.2.6. Protecting consumers*

**Low-income households may face particular risks in the context of the high cost of living** and rising difficulties in affording basic needs such as food, energy and housing. See more information in section 2.2.3.

**These pressures can be enhanced by unjustified territorial supply constraints.** A Commission study estimates that removing such constraints could save consumers up to EUR 14.1 billion per year on certain purchases.

**Consumer organisations play a key role in supporting consumers**—especially those in vulnerable situations—by helping them understand and exercise their rights and by assisting them in obtaining redress when things go wrong.

#### **Spotlight on Germany**

Verbraucherzentrale Bundesverband (Federation of German Consumer Organisations), in cooperation with the 16 consumer organisations of each German state, ran a project called “Strengthening consumers in the neighbourhood” from 2017 to 2024. The project targeted consumers in structurally weak urban neighbourhoods who are dependent on assistance in everyday life. The project specifically approached those consumers who have not been reached by the consumer centres so far. Explicitly named are the elderly, particularly those who are threatened by old-age poverty, refugees and migrants who need support in general German consumer life (e.g., electricity bills, waste separation), young people who are often unaware of their consumer rights, social welfare recipients and low income or jobless single parents. Overarching themes were energy, sustainability and digital education with subtopics such as overpriced phone contracts, cost traps on the Internet, insecurity about insurance issues, contracts concluded at the front door or energy or credit card debts. Precise content is adapted to the needs of the respective target groups and identified by thorough exploration of the neighbourhood and in exchange with the consumers.

- **EU instruments in place**

**Protecting consumers in vulnerable situations is a cross-cutting priority throughout the European Consumer Agenda 2025–2030.**

**Directive (EU) 2024/825 on empowering consumers for the green transition** makes it easier for consumers to determine what the durability of a product they are planning to buy is,

including through a new EU wide product label on durability that will become available for consumers as of September 2026. The Directive also protects consumers against premature failure of goods (early or planned obsolescence) that break down sooner than they should.

**Directive (EU) 2024/1799 on common rules promoting the repair of goods (“Right to Repair”)** is designed to make repair the easy default option—both within and beyond the legal guarantee. It introduces obligations that facilitate repair, including requirements for manufacturers to support repair services and access to relevant repair-related resources. The Commission also envisages a European online Repair Platform, intended to help consumers find repairers more easily and increase visibility of repair offers; it is expected to become operational by 1 January 2028 and Member States must apply the Directive from 31 July 2026.

**The Commission is committed to supporting a strong consumer movement at EU and national level, including through funding.** For instance, it will finance a follow-up to the Consumer PRO training programme to further equip consumer professionals to provide tailored advice to consumers.

- **Next steps**

The European Commission will propose a Digital Fairness Act in Q4 of 2026. , that will aim at updating the current EU rules to better protect the EU consumers in the online environment. The Digital Fairness Act will address the problems identified in the Fitness Check on digital fairness completed on 3 October 2024. These include dark patterns that can unfairly influence consumer decisions, spending- and attention-maximising features, problematic commercial practices of social media influencers, unfair personalisation practices, contractual problems, such as difficult cancellation of contracts concluded online or unwanted contract extensions and conversions of free trials into paid subscriptions, and unfair price marketing practices such as misleading drip pricing, dynamic pricing and price comparisons. The Digital Fairness Act will ensure that EU consumers, including vulnerable consumers and in particular minors, are protected and increase their trust in the digital sphere.

#### *4.2.2.7. Circular economy*

**Circular business models can provide access to products that people may not otherwise be able to afford.** They focus on access to products and services rather than ownership (for example through Product-as-a-Service and sharing models), and on reuse, repair and refurbishment of products and the development of second-hand-markets. These models allow consumers to access higher-quality, energy-efficient items that reduce energy costs, a significant poverty factor. Sharing and collaborative practices lower costs and built community trust. Remanufacturing returns products to original or better performance, with a comparable warranty, extending lifespans of products. For lower-income households, a more circular economy can reduce cost-of-living pressures by extending the lifespan and repairability of products and expanding access to affordable second-hand markets and repair services. Ensuring that these benefits reach those who need them most requires deliberate policy choices, including through public procurement, targeted incentives, and investments in local circular infrastructure in disadvantaged areas.

- **Next steps**

The **Circular Economy Act** to be adopted by the Commission in 2026 will address bottlenecks that inhibit circular transition in several key value chains, such as textiles, construction and plastics. It will create a circular single market in which jobs in circular value retention activities, such as repair, reuse and recycling can be developed. This will both generate proximity jobs in the EU, at all skill levels, and increase the amount of cheaper second-hand, refurbished and shared products.

#### *4.2.2.8. Adequate and affordable housing*

**Limited access to affordable, sustainable and quality housing undermines human dignity, social inclusion and health.** In consequence, people struggle to access employment, education, healthcare services and social participation. Inadequate, overcrowded or unaffordable housing has serious consequences for physical and mental well-being, reinforcing and perpetuating vicious cycles of disadvantage. Housing and poverty are deeply interconnected. Poor housing conditions can cause or worsen poverty, and poverty makes it harder to access quality housing. It is a two-way relationship.

Improving access to affordable housing was considered the most effective national-level policy in tackling poverty by the contributors to the open public consultation (see more information in Annex 1). During the discussion in the EPSCO Council (19 June 2025), housing affordability was also considered one of the main roots of poverty across Member States. Regarding EU-level actions, contributors frequently emphasised the need for affordable social housing. During the dedicated hearing with social partners, employers stressed that finding affordable housing remained a significant struggle across several Member States, urging intervention at the EU level.

**Rising housing costs increase risks of homelessness**, and inequality, disproportionately affecting low-income households, people in vulnerable situations such as older people, single parents and families with children at risk of poverty, LGBTIQ+ people, persons with disabilities, victims of gender-based violence, Roma and other ethnic minorities, migrants, and other groups at risk of exclusion or discrimination, but also middle-income households in particularly expensive housing markets. These trends exacerbate intergenerational divides in wealth and access to quality and affordable housing, delay family formation, and threaten long-term demographic stability.

**Rents increased much faster than income.** Over the past 15 years, average rents in the EU have increased by one quarter (with bigger increases for new rents) and house prices by more than half, outpacing household income. Large disparities have been amplifying across countries and regions; for example, Estonia recorded a rent increase of about 222.93%, Lithuania 191.134%, Hungary 126.17%, and Ireland 116.95% over this period. Real median disposable income at EU level increased by only around 20% over that period, with growth highly uneven across Member States. Challenges are particularly acute in urban and tourism areas.

**The housing overburden rate is much higher for households at risk of poverty. In 2024**, one in twelve Europeans spends 40% or more of their disposable income on housing, while for households below 60% of medium income the share of households experiencing housing cost

overburden was 31.1% at EU level<sup>363</sup>. In 2023, 13% of EU residents reported difficulties<sup>364</sup> paying rent, with the impact falling disproportionately on single adults with dependent children (24.6%), people at risk of poverty or social exclusion (23.3%), migrants (18.8%), and persons with disabilities (16.5)<sup>365</sup>.

There is a gap in the housing cost overburden rate between 18-64 year olds who are “both at-risk-of-poverty and living in (quasi-)jobless households” and people in the same age group who are “both not at-risk-of-poverty and not living in (quasi-)jobless households”<sup>366</sup>. According to EU-SILC 2024 data, it appears that this gap widely differs across EU Member States, ranging from 11.0pp in Ireland to 82.7pp in Greece (with the EU average standing at 32.9<sup>367</sup>).

**The perceived risk of needing to leave the accommodation increased.** In 2020-2022, 6% of the EU population perceived a high or very high risk of needing to leave their accommodation within the next three months because they can no longer afford it. This proportion substantially increased from 1% over the precedent decade. Housing insecurity was highest among tenants in the private sector (46% of them are considered at risks of leaving against 32% of landlords with a mortgage at risk)<sup>368</sup>.

**Overcrowding or housing deprivation is a reality.** Regarding housing conditions, 16.9% of the EU population lived in overcrowded conditions in 2024, with higher proportions often found in Eastern European Member States. In 2023, 4% of the EU population faced severe housing deprivation, living in overcrowded and unfit dwellings. Dampness, leaks, or rot affected about 16% of the EU population in 2023, negatively impacting health and well-being. Nearly half of the Roma/Traveller population (47%) lives in a state of housing deprivation, that is, often in damp, dark dwellings or housing without proper sanitation facilities. Four out of five Roma/Travellers (83%) live in a household that does not have enough rooms and is overcrowded. One out of five Roma/Travellers (17%) live without tap water inside their accommodation. Furthermore, based on different studies nearly one in two respondents of African descent (45%) and Muslims (40%) live in overcrowded housing.

**Meanwhile, the supply of affordable and social housing for low-income households and groups at risk of discrimination has remained insufficient across most Member States over the past decade.** Urban sprawl and rising land consumption further strain ecosystems and biodiversity, highlighting the need to balance housing expansion with sustainability objectives e.g. by densification, brownfield redevelopment and a better use of the existing vacant or

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<sup>363</sup> Source: Eurostat (online data code [ilc\\_lvho07a](#)).

<sup>364</sup> Renting difficulties are considered when the respondent (and the other household members) was unable to pay their rent using their own resources or was unable to pay on time (as scheduled) due to financial reasons, and is therefore forced to borrow money, sell assets or take out overdrafts to pay the rent.

<sup>365</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Employment and social developments in Europe, 2025, Publications Office of the European Union.

<sup>366</sup> This gap indicator is one of the indicators used in the SPC-ISG Minimum income benchmarking framework.

<sup>367</sup> Source: own computation on Eurostat data.

<sup>368</sup> Eurofound, Unaffordable and inadequate housing in Europe, Publications Office of the European Union, Luxembourg, 2023, <https://data.europa.eu/doi/10.2806/715002>.

derelict building stock. On the other hand, energy renovations of the housing stock can lower energy consumption and costs.

#### 4.2.2.8.1. Combating housing exclusion and homelessness

**Preventing and addressing housing exclusion and homelessness requires policies based on a person-centred, housing-led and integrated approach.** Person-centred policies aim at addressing the specific needs of people in vulnerable situations that experience or are at risk of housing exclusion or homelessness. Certain populations may be disproportionately affected by housing exclusion or homelessness, with the scale and composition of those affected varying significantly across national contexts. They include, among others, young people (including students unable to afford student housing and those leaving institutional or alternative care), unemployed persons, vulnerable families (including single parents) with children, victims and survivors of gender-based violence, persons with disabilities or long-term care needs, old persons in precarious housing situations, persons with a Roma background, with a migrant background, people belonging to racial or ethnic minorities and LGBTIQ+ persons.

The contributors to the open public consultation on the EU Anti-Poverty Strategy<sup>369</sup> homeless people as one of three priority vulnerable groups requiring intervention, alongside children at risk of poverty or social exclusion and persons with disabilities. Numerous contributions in all consultation exercises called for affordable housing and interventions to combat homelessness (see more information in Annex 1 and 2).

Housing-led approaches, including Housing First, help people at risk of housing exclusion to stay in housing, or provide stable housing as quickly as possible, together with support services, to homelessness people. Policies need to be integrated to address the multidimensional challenges faced by homeless people (i.e. social support, housing assistance, healthcare services, labour market integration services etc.).

**Addressing homelessness in an effective way requires first and foremost a focus on prevention, which remains largely under-resourced and underutilised.** Prevention strategies<sup>370</sup> can be categorised into universal prevention, targeting the entire population by boosting affordable housing and social welfare systems; upstream prevention, aimed at high-risk groups such as vulnerable youth and individuals transitioning from institutional settings; crisis prevention for those facing imminent homelessness; and emergency prevention to ensure that those without access to housing do not find themselves unsheltered. Preventive measures are typically more cost-efficient and effective than interventions supporting people who are already homeless, yet countries still prioritise emergency prevention over broader, proactive approaches.

**Early intervention services — such as rent and utility bills arrears mediation, debt counselling, legal aid, early-warning systems and short-term financial assistance — are**

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<sup>369</sup> The open public consultation was open between 25 July and 24 October 2025 on the [‘Have Your Say’ web portal](#).

<sup>370</sup> Mackie, P., *Preventive measures against homelessness and housing exclusion: A discussion paper*, European Platform on Combatting Homelessness, Luxembourg: Publications Office of the European Union, 2022.

**unevenly available and often hard to access.** Personalised support for people to be discharged from institutions, and adequate financial support, including to address non take-up of benefits and services, is required. Strengthening these mechanisms is crucial to breaking the eviction-to-homelessness cycle.

**People who have become homeless need active support** to ensure that no one lives in emergency or transitional accommodation longer than is required for successful move-on to a permanent housing solution. This requires the integration of social, educational, employment and health services<sup>371</sup>, with a strong emphasis on family services, the inclusion of people furthest from the labour market, mental health and support with addictions.

**Housing-led models, including the Housing First approach, which combine permanent housing with integrated, personalised support, have demonstrated lasting results by addressing both housing and social support needs comprehensively.** In this respect, the availability of social and affordable housing is fundamental to help prevent and reduce homelessness. Yet, years of underinvestment have reduced the social housing stock in many Member States. Social housing specifically serves those with the lowest incomes and provides the long-term stability that private rental markets rarely offer.

### Spotlight on Ireland

Ireland's [Delivering Homes, Building Communities 2025–2030 Action Plan](#) targets homelessness through a mix of prevention, rapid rehousing, and expanded long-term housing supply. Its core measures include a new National Homelessness Prevention Framework to stop people entering homelessness; major capital funding to acquire existing homes for long-term homeless families; and a dedicated Child and Family Homelessness Action Plan to address rising family homelessness. The Action Plan significantly expands Housing First, providing over 2000 supported tenancies for people with complex needs, and commits to delivering around 12000 social homes per year to increase stable, affordable housing options. Tenant protections are strengthened through enhanced rent regulation and short-term letting controls, while large-scale affordable housing supports aim to ease pressure on the private rental market. Together, these measures focus on preventing homelessness, improving access to permanent housing, and reducing reliance on emergency accommodation.

**An effective homelessness strategic framework must integrate prevention and rehousing**<sup>372</sup>. This means protecting vulnerable households from eviction, intervening early when rent arrears occur, ensuring access to adequate social, employment and health services,

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<sup>371</sup> Idem.

<sup>372</sup> O'Sullivan, E., *Key elements in homelessness strategies to end homelessness strategies, A Discussion Paper European Platform on Combatting Homelessness*, Luxembourg: Publications Office of the European Union, 2022.

and expanding the supply of social housing to provide stable long-term solutions. Coordination across housing, social, health, and justice systems at all levels of government remains essential, and so does ensuring that adequate social and affordable housing stock and support services are available to turn the right to housing into a reality for all.

**Access to housing benefits and the availability of social and affordable housing also have an important role to play in addressing housing exclusion.** More information can be found in section 4.2.2.8.3.

- **EU instruments in place**

The **Lisbon Declaration on the European Platform on Combatting Homelessness**, signed in June 2021 by the Member States, the European Commission, the European Parliament, the Economic and Social Committee, the Committee of Regions, civil society organisations, and social partners, outlines the European Union's policy framework to address homelessness and housing exclusion. The signatories have committed to working together under the European Platform on Combatting Homelessness towards ending homelessness by 2030. The Platform advocates for a person-centred, housing-led, and integrated approach to addressing homelessness. It facilitates mutual learning and sharing of best practice, promotes access to funding and enhances evidence and monitoring. This collective initiative fosters collaboration among policymakers and practitioners throughout the EU. This commitment was further reaffirmed by the Avilés Declaration (2023) and the informal ministerial meeting under the Belgian Presidency (2024).

- **Next steps**

As part of the EU Anti-Poverty strategy, the Commission has put forward a proposal for a Council Recommendation on fighting housing exclusion which aims to support Member States in preventing and addressing housing exclusion and homelessness. It promotes the design and implementation of national strategic frameworks based on person-centred, housing-led and integrated policies.

#### 4.2.2.8.2. Housing assistance for those in need

**Housing allowances are one of the most widely used instruments to provide housing support as part of the welfare system.** In 2023, EU Member States collectively spent around EUR 63 billion on income-targeted housing supports (rent subsidies, housing allowances, and other forms of financial assistance)<sup>373</sup>. In 2022, public spending on housing allowances across Europe ranges from between 0.1% and 0.3% of GDP in Czechia, Greece, Ireland, and Sweden to more than 0.8% in Finland<sup>374</sup>.

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<sup>373</sup> Housing Europe, *The State of Housing in Europe 2023*, 2023, <https://www.housingeurope.eu/the-state-of-the-housing-in-europe-2023-2/>; European Commission: Eurostat, 'Expenditure on housing function by type of benefit and means-testing', [[spr\\_exp\\_fho](#)], accessed 11/12/25 and European Commission: Eurostat, 'Statistics Explained - Government expenditure on housing and community amenities', accessed 29/10/2025, [Government expenditure on housing and community amenities. - Statistics Explained - Eurostat](#)

<sup>374</sup> OECD, 'Affordable Housing Database', Indicator PH3.1.1: Public spending on housing allowances in OECD countries, 2022, [https://webfs.oecd.org/Els-com/Affordable\\_Housing\\_Database/PH3-1-Public-spending-on-housing-allowances.pdf](https://webfs.oecd.org/Els-com/Affordable_Housing_Database/PH3-1-Public-spending-on-housing-allowances.pdf); European Commission: Directorate-General for Employment, Social Affairs and

**Housing allowances have a poverty reducing effect.** In 2022, housing allowances decreased the AROP rate by an estimated 1.4 percentage points (from 17.7% based on AROP rate before housing allowances to 16.3% of AROP rate) in the EU on average, with the biggest decreases in Finland (4.3 pp), Ireland (3.5 pp), France (3.1 pp) and Germany (3.0 pp)<sup>375</sup>.

The poverty-reducing effects of housing allowances are particularly pronounced among vulnerable households, including those with low work intensity, lower educational attainment, and families with children<sup>376</sup>.

**Research also suggests that cash housing benefits tend to be more cost-effective than in-kind support**, largely because some of the best-performing countries have implemented more generous and better-targeted cash schemes for low-income households<sup>377</sup>. However, the effectiveness of such measures depends also on well-designed and targeted rent regulation policies, which are essential to prevent landlords from absorbing the benefits through rent increases.

Housing allowances and social housing are found to reduce poverty in the short term. However, factors such as insufficient stock of social housing, inefficiencies in the occupancy of social housing, or the ability of landlords to capitalise (part of) housing allowances through higher rents might limit the effectiveness of these housing policies to increase housing affordability for the most vulnerable households. This calls for a comprehensive approach when designing housing policies so as to maximise returns.<sup>378</sup>

### Spotlight on Finland

Finland operates a comprehensive housing allowance system centred on the General Housing Allowance (*yleinen asumistuki*), administered by the national social insurance institution (Kela)<sup>379</sup>. The allowance supports low-income households in meeting housing costs and is available mainly to tenants in rental housing. Eligibility and benefit levels are determined based on household income, assets, household size and recognised housing costs, which vary

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Inclusion, 'ESDE review Chapter 3.4 – ESDE review - ESDE 2024 – Impact of housing policies on poverty reduction and upward social convergence', European Commission website, 2024, accessed 04/12/25, <https://data.europa.eu/doi/10.2767/91555>.

<sup>375</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'ESDE review Chapter 3.4 – ESDE review - ESDE 2024 – Impact of housing policies on poverty reduction and upward social convergence', European Commission website, 2024, accessed 04/12/25, doi:10.2767/91555.

<sup>376</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'Employment and social developments in Europe 2024', Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2767/91555>.

<sup>377</sup> Bérard, G., & Trannoy, A., *Housing Policy Impacts on Poverty and Inequality in Europe*, 2025.

<sup>378</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 'ESDE review Chapter 3.4 – ESDE review - ESDE 2024 – Impact of housing policies on poverty reduction and upward social convergence', European Commission website, 2024, accessed 04/12/25, <https://data.europa.eu/doi/10.2767/91555>.

<sup>379</sup> Kela (Finnish Social Insurance Institution), *General Housing Allowance*, <https://www.kela.fi/general-housing-allowance>

by municipality. The scheme can cover up to around 70% of eligible housing costs, including rent and certain utilities. Persons with disabilities have a right to special support for housing under the Disability Services Act, while households with the lowest incomes are eligible to social assistance payments for housing costs. The allowance has broad coverage and forms part of Finland's wider housing and social protection framework aimed at ensuring housing affordability and preventing homelessness.

#### 4.2.2.8.3. Access to social and affordable housing

**Access to social housing has an important role to play in addressing poverty risks and tackling homelessness.** While it does not exist in all EU Member States, it accounts for approximately 25 million dwellings in Europe. The share of the total social rental housing stock varies significantly among Member States with the Netherlands having the highest share (see table below<sup>380</sup>). However, there are significant differences across Member States in terms of the scope, design, and functioning of social housing systems. There is no single definition of "social housing" across the EU: the term *social housing* encompasses a diverse range of schemes, which can vary even within a single country. What they share in common is that allocation is based on rules and administrative criteria, rather than market mechanisms.<sup>381</sup> [OECD], providing housing solutions to those most in need.

Improving access to affordable housing was considered as the most effective policy in tackling poverty by the contributors to the open public consultation (see more information in Annex 1 and 2). Regarding EU-level actions, contributors most frequently emphasised the need for affordable social housing.

**The social housing stock has declined over the past decades in many EU Member States.**<sup>382</sup>

The supply of social housing for low-income households and groups at risk of discrimination — including those facing barriers related to gender, age, disability, ethnicity, religion, or sexual orientation, gender identity or expression and sex characteristics — has remained insufficient across most Member States. Today, the EU average share of social housing is between 6 and 7% of the housing stock, accounting for around 28 million homes. Only three Member States have more than 20% of their housing stock classified as social housing: Netherlands (34.1% in 2021), Austria (23.6% in 2019), and Denmark (21.3% in 2022). Others like France (15.9% in 2025), Ireland (12.7% in 2016), and Finland (10.9% in 2021) fall between 10–20%.

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<sup>380</sup> Data on social housing stock is not available systematically. The best available comparative data is from the OECD affordable housing database and provides data for 2022 or earlier.

<sup>381</sup> The exact definition of target groups for social housing falls within the competency of Member States.

<sup>382</sup> OECD, OECD Affordable Housing Database - indicator PH4.2. Social rental housing stock, 2024, <https://oe.cd/ahd>.

## Spotlight on Austria

Austria offers a well-established model for the provision of social rental housing through a combination of municipal housing and a large sector of limited-profit housing associations and housing cooperatives. Limited-profit housing associations and housing cooperatives operate under the Limited-Profit Housing Act and are legally obliged to calculate rents on a cost-recovery basis, reinvesting any surpluses into the provision of affordable housing for future generations. Cost-based rents are typically lower than market rents, and the limited-profit sector targets a broad income spectrum. Municipal housing also plays an important role, particularly in Vienna where rents are regulated by the National Rental Law and access is subject to means testing and residency requirements. The Austrian model combines long-term financing, regulated providers, and clearly defined, yet relatively broad eligibility rules, resulting in a significant and stable social housing stock with a substantial market share and a dampening effect on private rents. This makes Austria one of the most comprehensive and structured social housing systems in the European Union.

**Social housing provision has a positive impact on lowering the AROP rate.** Evidence suggests that a sizable social housing sector can improve overall housing affordability, not only for tenants directly benefiting from such housing but also through broader effects on local housing markets. Social housing provision lowered the AROP rate by an average of 0.4 percentage points in 2019, with the strongest impacts in Ireland (-3.7 percentage points) and Belgium (-2.4 percentage points)<sup>383</sup>.

- **EU instruments in place**

To address housing challenges across the EU, the Commission adopted in December 2025 the first ever **European Affordable Housing Plan**. It contains a set of policy orientations and a series of concrete actions to help tackle the structural causes and deliver results for Europeans. People in vulnerable situations such as homeless and young people are granted an increased focus for targeted actions.

As part of the Affordable Housing Package adopted in December 2025, the Commission adopted the **European Strategy for Housing Construction** and reviewed the **rules on Services of General Economic Interest** and introduced a new category for affordable housing in order to allow more flexibility for Member States when financing affordable and social housing through State aid.

The Commission revised the **rules on services of general economic interest (SGEIs)** to give Member States more flexibility to support affordable housing notably through the financing of the construction of new buildings and/or renovations of existing buildings. The Commission Decision (EU) 2025/2630 of 16 December 2025 on SGEIs aims at preserving existing social

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<sup>383</sup> Other data and information on the challenges related to access to social and affordable housing and their impact on various social groups are included in the [Commission Staff Working Document SWD/2025/1053 final of 16 December 2025 on Understanding the Housing Crisis, accompanying the Communication from the Commission on the European Affordable Housing Plan](#).

housing models while facilitating support for affordable housing for households that are not able, due to market outcomes and (especially) market failures, to access housing at affordable conditions. As announced in the Housing Plan adopted on the same day, the Commission will provide guidance and support on demand to Member States to help them design social and affordable housing SGEIs in line with State aid rules.

Regarding EU funding and financial support, in 2024, the European Commission has released a [toolkit](#) to help policymakers make the best use of EU funding to invest in social housing and accompanying services. The toolkit features **20 case studies** that illustrate how EU funds, such as [The European Social Fund Plus \(ESF+\)](#), [The European Regional Development Fund \(ERDF\)](#), and [The Recovery and Resilience Facility \(RRF\)](#), can be used to improve access to adequate housing. Addressing the **needs of vulnerable populations**, the toolkit outlines strategies for providing suitable housing solutions to homeless people, persons with disabilities, Roma communities, migrants, refugees, and LGBTIQ+ people.

The **Affordable Housing Initiative** brings together housing providers, constructors, the social economy and financing partners to replicate successful renovation and regeneration models. Its goal is to create 100 lighthouse districts for social and affordable housing by 2030, demonstrating innovative, scalable solutions to the housing crisis.

Several **EU Urban Agenda Partnerships** currently promote cooperation with cities on various themes, including housing, namely the Partnership on [Cities of Equality](#), [Building Decarbonisation Partnership](#) and [Partnership on Compact Cities](#).

The Communication on the **New European Bauhaus**, adopted in December 2025, sets out measures to facilitate the sustainable and quality-driven transformation of neighbourhoods and industries, fostering innovative and sustainable solutions for affordable housing construction and renovation, and boosting preparedness to climate-related risks and natural disasters. These measures contribute to increasing overall resilience to climate-related risks and natural disasters, which disproportionately affect vulnerable and low-income communities

- **Next steps**

Following the adoption of the European Affordable Housing Plan, the Commission aims to swiftly and comprehensively implement the priority actions in 4 pillars: boosting supply; mobilising investments; enabling immediate support while driving reforms; supporting the most affected. The Housing Alliance offers an enabling framework for close cooperation with national and regional administrations, cities, private sector and civil society organisations. The **Pan-European Investment Platform for affordable and sustainable housing** aims to strengthen investments and financial operations, including for people in vulnerable situations. The initiatives put forward by the Plan can develop a community of practice on access to housing, together with other policy EU platforms and networks, notably the European Platform for combatting Homelessness.

#### *4.2.2.9. Access to water and sanitation*

**Access to clean and affordable water is a human right and a public good.** Unaddressed inequalities in access to water and sanitation can undermine social, economic and territorial

cohesion within the EU, especially in regions facing climate stress or infrastructure gaps, such as outermost regions.

**Difficulty with access to water and sanitation is not a widespread issue in the EU, but challenges remain in specific areas and for specific groups.** It is estimated that still around 23 million people, equivalent to 4% of the EU population, are potentially at health risk stemming from no or limited access to good-quality drinking water. In addition, new challenges due to climate change are emerging and can affect continuous access to water and water safety.<sup>384</sup> When it comes to sanitation, almost every household in the EU had basic sanitary facilities in 2020, and most countries reported that fewer than 1% of their population were living in households without a bath, a shower and a flushing toilet, with this share halving on average over the last decade.

**There is a strong link between access to basic sanitary facilities and poverty.** Compared with an EU average of 1.5% for the whole population, 5.1% of people at-risk-of-poverty had neither a bath nor a shower nor an indoor flushing toilet in their household in 2020. Moreover, in those Member States that perform significantly worse than the EU average and have a generalised problem of lack of connection to sewerage systems and water services, levels are significantly higher for people who are at-risk (17.4% in Latvia, 18.1% in Lithuania, 20.6% in Bulgaria and 56.6% in Romania).

**The homeless face significant barriers in accessing water and sanitation.** In contrast to other essential services, the usage of water and sanitation requires access to stationary infrastructures, either by connection to the collecting and treatment system at home or by accessing sanitation services and water sources in public spaces. People who do not have a fixed domicile, such as the homeless and rough sleepers, can only rely on public infrastructures. However, the provision of drinking water in public spaces is unevenly available in Member States and, while more widespread, public toilets may not be free of charge and may be too expensive for the homeless and people sleeping rough.

**The specific situation of minorities, such as Roma, and particularly their lack of access to water intended for human consumption,** was also acknowledged in the latest survey conducted by the European Union Agency for Fundamental Rights in 2021. The survey shows that one out of five Roma lives in a household that has no tap water inside the dwelling, making it particularly difficult for them to meet basic hygiene and health needs.

- **EU instruments in place**

**The Drinking water Directive**<sup>385</sup> (EU) 2020/2184 aims to protect human health by ensuring the quality and accessibility of drinking water. The 2022 **recast** of this Directive requires Member States to identify and address lack of access to safe drinking water, especially for vulnerable and marginalised groups, and to take measures to improve access. It also encourages

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<sup>384</sup> European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Report on access to essential services in the EU – Commission Staff Working Document, Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2767/447353>.

<sup>385</sup> OJ L, 2020/435, 23.12.2020, ELI: <http://data.europa.eu/eli/dir/2020/2184/oj>.

the promotion of tap water, including availability in public buildings and catering services, and calls for public drinking water points to be installed and clearly signposted.

**The Urban Wastewater Treatment Directive**<sup>386</sup> (EU) 2024/3019 regulates the collection and treatment of urban wastewater to protect public health and the environment. It requires Member States to identify people without adequate access to sanitation, assess the reasons and take measures to improve access.

**The European Water Resilience Strategy**<sup>387</sup> (2025) recognises that access to clean and affordable water is both a human right and a public good. It warns that unaddressed water-related inequalities risk undermining economic, social, and territorial cohesion, both within the EU and globally. Moreover, climate pressures and infrastructure gaps can further exacerbate disparities in access — with the EU’s outermost regions standing out as a key example.

- **Next steps**

For the period 2026-2027 period, action to promote best practices in securing clean and affordable water is included in the Commission’s Water Resilience Strategy. The strategy contains over 50 key actions, whose progress can be monitored with the Water Resilience Strategy Actions Tracker.

By 2027, transparent billing for drinking water and wastewater will help consumers better understand their usage and costs, while new monitoring systems will track public health risks in urban wastewater during emergencies.

By 2029, Member States must report to the Commission on the measures taken to improve access to drinking water and sanitation, including for vulnerable and marginalised groups, and update this information every six years.

#### *4.2.2.10. Access to digital communications*

**Access to fast, reliable and affordable internet drives economic growth and enables full participation in society.** As many services move online, inadequate connectivity risks exclusion. Over the past decade, broadband and fibre have expanded across the EU, but without targeted local action, parts of the EU may remain excluded from the benefits of digital transformation despite overall progress.<sup>388</sup> However, full digitalisation of services can exacerbate inequalities, making the provision of accessible offline alternatives essential to mitigate the risk of non-take-up among disadvantaged groups lacking digital access or skills.

**The EU’s Digital Decade targets for 2030 aim for universal gigabit coverage and next-generation wireless networks in all populated areas.** In 2024, fixed very high-capacity networks covered 82.5% of EU households, but only 61.9% in rural areas. Overall 5G coverage, essential for low-latency, high-speed mobile connectivity, reached 94.3% EU-wide, yet just

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<sup>386</sup> OJ L, 2024/3019, 12.12.2024, ELI: <http://data.europa.eu/eli/dir/2024/3019/oj>.

<sup>387</sup> European Commission, *Water Resilience Strategy*, [https://ec.europa.eu/environment/water/water-resilience-strategy\\_en](https://ec.europa.eu/environment/water/water-resilience-strategy_en)

<sup>388</sup> Eurofoud, *Narrowing the digital divide: Economic and social convergence in Europe’s digital transformation*, Publications Office of the European Union, Luxembourg. p. 21, 2025.

79.4% in rural areas and only 26.2% with mid-band 5G, which is critical for stable performance. Finally, fibre-to-the-premises, key for reliable, future-proof fixed connections, still lags behind<sup>389</sup>.

**Even where networks are available, uptake is often constrained by affordability, accessibility and digital skills; common barriers include the cost of devices.** The Commission’s White Paper “How to master Europe’s digital infrastructure needs?”<sup>390</sup> warns that without action, disadvantaged end-users may be excluded from the best networks due to price or location. Affordability is particularly critical: according to the GIZ Beyond Connectivity report<sup>391</sup>, the cost of hardware, electricity and mobile data tariffs can put continuous and unrestricted use beyond reach for many. The situation has improved in terms of access, but not in terms of equality. Marginalised groups can be left behind even in well-connected areas. Usage patterns also vary - those with higher socio-economic status are more likely to use the internet for career and status enhancement, while lower-income groups rely on it mainly for entertainment and communication. Other factors such as the availability of locally relevant content, local language support, safety and security concerns, and accessibility issues further contribute to the uptake gap.

### Spotlight on Belgium

Belgium’s “social internet offer” (introduced in March 2024 under Universal Service rules), which caps prices, defines minimum technical standards, and grants a 50% reduction in installation fees for eligible households.

**Geographical divides intersect with socio-economic ones.** In Italy, Portugal, Bulgaria, and Croatia, over 30% of people aged over 65 have never used the internet, compared with 20% in Ireland and Luxembourg. This group, nearly 96 million people, along with those with lower education, the unemployed, and rural residents, are among the least connected, resulting in limited access to services such as tax filing, social benefits, and e-health<sup>392</sup>.

- **EU instruments in place**

**Gigabit Infrastructure Act<sup>393</sup> (2024)** makes network roll-out “faster, cheaper and simpler” by addressing barriers such as high costs and complex procedures, accelerating access to high-

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<sup>389</sup> European Commission, *Digital Economy and Society Index (DESI) Visualisation Tool, Connectivity indicators*, 2024 data.

<sup>390</sup> European Commission, *White Paper on How to Master Europe’s Digital Infrastructure Needs, Digital Strategy*, 2024, <https://digital-strategy.ec.europa.eu/en/library/white-paper-how-master-europes-digital-infrastructure-needs>.

<sup>391</sup> GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), ‘Beyond Connectivity: A Handbook for Inclusive Digital Development’, 2020, [https://www.poverty-inequality.com/wp-content/uploads/2020/08/GIZ\\_Handbook\\_Beyond-Connectivity\\_ES.pdf](https://www.poverty-inequality.com/wp-content/uploads/2020/08/GIZ_Handbook_Beyond-Connectivity_ES.pdf).

<sup>392</sup> Eurofound, *Narrowing the digital divide: Economic and social convergence in Europe’s digital transformation*, Publications Office of the European Union, Luxembourg. p. 21, 2025.

<sup>393</sup> OJ L, 2024/1309, 8.5.2024, ELI: <http://data.europa.eu/eli/reg/2024/1309/oj>.

speed connectivity, a prerequisite for participation in the digital economy and society<sup>394</sup>. The Body of European regulators for Electronic Communications (BEREC) is preparing guidelines on coordination of civil works and on access to in-building physical infrastructure, both due by November 2025<sup>395</sup>.

Universal Service provisions are governed by the **European Electronic Communication Code (EECC)**. The EECC establishes that Member States shall ensure that consumers in their territory have access, in light of national conditions (affordability and/or availability), to adequate broadband services. In March 2024, the Body of European Regulators for Electronic Communications issued a report compiling Member States' best practices in defining adequate broadband access<sup>396</sup>.

**The Declaration on Digital Rights and Principles** is a commitment by the EU and Member States to ensuring universal, affordable, and high-quality connectivity, particularly for people in vulnerable situations, including those in rural, remote, and disadvantaged urban areas<sup>397</sup>.

- **Next steps**

On 21 January 2026 the Commission put forward a proposal for a **Digital Networks Act (DNA)**<sup>398</sup>. Building upon the European Electronic Communications Code, the DNA aims to improve access to secure, high-speed, and reliable connectivity and simplify rules related to end-users.

#### 4.2.3. Ensuring access to key services

**Access to services is an important pillar of the fight against poverty**<sup>399</sup>. This approach is consistent with the active inclusion framework, which identifies access to quality services as a key pillar of effective anti-poverty policy. The EU Anti-Poverty Strategy puts a particular focus on social services, as well as other relevant services such as healthcare and long-term care, in

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<sup>394</sup> [Commission Staff Working Document SWD/2025/290 final of 16 June 2025 on Digital Decade in 2025: Progress and Outlook, accompanying the Communication from the Commission on the State of the Digital Decade 2025](#), p. 6.

<sup>395</sup> [Commission Staff Working Document SWD/2025/293 final of 16 June 2025 on Monitoring of the European Declaration on Digital Rights and Principles, accompanying the Communication from the Commission on the State of the Digital Decade 2025: Keep Building the EU's Sovereignty and Digital Future](#), p. 19.

<sup>396</sup> BoR (24) 40. <https://www.berec.europa.eu/en/document-categories/berec/reports/berec-report-on-member-states-best-practices-to-support-the-defining-of-adequate-broadband-internet-access-service-0>.

<sup>397</sup> European Declaration on Digital Rights and Principles for the Digital Decade, (2023/C 23/01). For the latest information on its implementation, please see: [Commission Staff Working Document SWD/2025/293 final of 16 June 2025 on Monitoring of the European Declaration on Digital Rights and Principles, accompanying the Communication from the Commission on the State of the Digital Decade 2025: Keep Building the EU's Sovereignty and Digital Future](#), p. 38.

<sup>398</sup> [Commission Proposal COM/2026/16 final of 21 January 2026 for a Regulation of the European Parliament and of the Council on Digital Networks \(Digital Networks Act\)](#).

<sup>399</sup> In EU law, **services of general interest (SGIs)** services are underpinned by shared European values — universality, continuity, quality, affordability and strong user protection. The importance of SGIs is firmly rooted in EU law, including Article 14 of the Treaty on the Functioning of the European Union, Protocol No. 26 on SGIs, and Article 36 of the Charter of Fundamental Rights of the EU. The Letta Report has reaffirmed their importance and called for an EU Action Plan to strengthen SGIs, reflecting growing consensus that universal access to quality services must be a priority for the Union.

addition to education and training, which this document covers throughout section 4.1. Finally, the Strategy also stresses the territorial dimension of poverty, which is particularly relevant for the provision of services.

#### *4.2.3.1. Social services*

**Social services in particular are essential to the fight against poverty.** Cash transfers or material support are more effective when combined with personalised social services, particularly for people experiencing persistent poverty whose situation is shaped by multiple, mutually reinforcing difficulties<sup>400</sup>. Although there is no single legal definition of social services across the EU, they can broadly be understood as services provided to individuals and households to prevent, mitigate or address social risks and vulnerabilities, and to support social inclusion, participation in society and access to employment. They typically include social work, counselling, coaching or mentoring, rehabilitation, and support for persons with disabilities, addictions or mental health conditions. Social services are also instrumental in guiding users towards the services they need (such as education and training, care, health services) and facilitating their access to so-called essential services (energy, transport, digital communications, water and sanitation and financial services) by informing them of the relevant schemes in places (e.g. energy benefits).

**Beyond responding to existing needs, social services also play an important preventive role.** By identifying risks early and intervening before problems escalate, they can help avoid more severe and costly outcomes for both individuals and society. Effective prevention can reduce long-term dependence on cash benefits, limit the need for more intensive crisis interventions, and support smoother transitions into and within the labour market. In this sense, well-designed social services are not only a social safeguard but also a forward-looking investment in human capital, resilience and sustainable public finances.

**Despite their central role, social services in the EU face a number of persistent and, in some cases, growing challenges.** A key structural issue is the lack of adequate, stable and predictable public funding. Budgetary pressures—exacerbated by recent crises—have constrained investment in social infrastructure and workforce capacity. In some regions, services struggle to maintain basic provision, let alone expand or modernise. In 2022, expenditure on services and in-kind benefits represented on average 9.5% of GDP in the EU, ranging from 4.7% in Romania to 12.4% in Sweden. A clear pattern emerges: countries with weaker poverty reduction through cash transfers also tend to invest less in services. While providers may seek to diversify funding sources to enhance sustainability, it remains essential that public investment evolves in line with changing needs, ensuring that service provision is sufficiently developed and responsive.

**Financial constraints contribute to uneven access to services, particularly in rural, remote or disadvantaged areas, where fragmentation and administrative complexity lead to delays, unmet needs and non-take-up.** These barriers also affect access to and take-up of

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<sup>400</sup> European Commission, ‘Evaluation confirms strong impact of FEAD support’, *News*, 24 July, 2025, <https://european-social-fund-plus.ec.europa.eu/en/news/evaluation-confirms-strong-impact-fead-support>.

benefits, as entitlement to income support often depends—formally or in practice—on prior contact with social services, including registration, needs assessment and support with application procedures. Where such services are difficult to access, individuals are less likely to be identified, informed or supported in claiming their entitlements. As a result, those most in need are often the least likely to receive support, undermining the adequacy and effectiveness of social protection systems and increasing long-term costs.

**These challenges are compounded for individuals with complex needs, who often require coordinated support from multiple systems, including social services, employment services, healthcare and housing.** Where these services are organised and delivered separately, with limited coordination between providers, individuals may be required to complete multiple procedures, submit the same information repeatedly and manage transitions between services without adequate support. This reduces the timeliness and effectiveness of interventions, increases the risk that needs remain only partially addressed, and places a disproportionate burden on those least able to navigate complex systems. Evidence shows that the integrated delivery services for vulnerable groups have the potential for both public efficiency gains and improved outcomes, preventing cycles of disadvantage or the development of other vulnerabilities later in the lifecycle<sup>401</sup>.

**Workforce constraints further limit the capacity of social services to respond effectively.** Labour shortages in social care are already structural across Europe. Despite employment growth, the sector remains marked by low pay, difficult working conditions, high turnover and an ageing workforce. In the EU, social services employment rose from 8 to 10 million workers between 2014 and 2024, yet workers still earn around 20% less than the economy-wide average, 38% are aged 50 or over, and demand is projected to rise sharply as the population ages<sup>402</sup>. These pressures are compounded by territorial imbalances, with rural and disadvantaged areas facing greater difficulties in attracting and retaining staff. In addition, limited use of digital tools among parts of the workforce constrains productivity and innovation.

**Against this background, digitalisation offers important opportunities to address some of these gaps.** Online tools can expand access to services, reduce waiting times and help compensate for staff shortages in under-served areas. The automation of administrative processes can increase efficiency and allow staff to focus more on direct support. Digital solutions can also improve resource allocation and support new forms of service delivery, including remote care and monitoring, thereby enhancing continuity and users' sense of

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<sup>401</sup> OECD, *Integrating Social Services for Vulnerable Groups*, OECD Publishing, Paris, 2015, [https://www.oecd.org/content/dam/oecd/en/publications/reports/2015/07/integrating-social-services-for-vulnerable-groups\\_g1g53418/9789264233775-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2015/07/integrating-social-services-for-vulnerable-groups_g1g53418/9789264233775-en.pdf);

Budapest Institute, *Social Inclusion and Employment Policies* (KE-04-18-545-EN-N), 2018, <https://www.budapestinstitute.eu/KE-04-18-545-EN-N.pdf>.

<sup>402</sup> Eurofound, 'A Decade of Low Pay: Social Services Workers Still Earn Around One-Fifth Less Than the Average', *Eurofound*, 2025, <https://www.eurofound.europa.eu/en/publications/all/a-decade-of-low-pay-social-services-workers-still-earn-around-one-fifth-less-than-the-average>.

safety<sup>403</sup>. However, digitalisation also carries risks. People without adequate skills, devices or connectivity may face additional barriers, with older people, low-income households and rural communities particularly exposed to the digital divide. Eurostat ICT survey also shows varying levels of digital interactions across EU Member States in the area of public services. In 2024, around 18% of EU citizens use public digital services to request benefits or entitlements. However, this share was at 5% or below in 4 Member States (Germany, Czechia, Bulgaria and Romania). The survey also points out to huge differences across age groups, education levels and groups (e.g. migrant background), among others. To ensure that digitalisation supports rather than hinders access, it needs to be accompanied by appropriate safeguards, including user-friendly design, alternative offline access channels, and investment in digital skills for both users and staff. It also requires interoperable data systems and secure data-sharing frameworks to enable more integrated and person-centred service delivery.

**Improving the quality of social services remains a central policy objective.** The EU's Voluntary European Quality Framework for Social Services, adopted in 2010, provides a common reference by setting out principles and criteria to guide quality development and support mutual learning. However, its impact has been limited by low awareness and uneven implementation, as well as by the lack of robust monitoring and benchmarking tools across Member States. Strengthening the practical uptake of the framework is therefore essential to support the modernisation of services.

**In parallel, public procurement and State aid play an important role in shaping the provision and quality of social services.** Public authorities in the EU spend around 15% of GDP each year on public procurement, including in key sectors such as energy, transport, healthcare and education. The Commission's evaluation of the Public Procurement Directives<sup>404</sup> points to mixed results as regards their effectiveness in promoting the uptake of green, innovative and social considerations in procurement, and thereby in supporting broader EU policy objectives. In practice, procurement procedures have often placed greater emphasis on cost than on quality, with potentially negative consequences for service outcomes and for the working conditions of the workforce. A more systematic use of socially responsible public procurement can help address this by integrating quality and social criteria into award procedures. State aid can further support the provision of social services by enabling public authorities to compensate providers for their delivery. Targeted support can help ensure the availability, accessibility and continuity of services, particularly in underserved areas, while supporting investment in infrastructure, workforce capacity and innovation. When well-designed, these instruments can contribute to more resilient, high-quality and accessible social service systems that are better equipped to respond to current and future challenges.

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<sup>403</sup> Eurofound, *The Impact of Digitalisation on Social Services*, Publications Office of the European Union, Luxembourg, 2020, <https://www.eurofound.europa.eu/en/publications/all/impact-digitalisation-social-services>.

<sup>404</sup> European Commission, *Evaluation Report on Public Procurement Directives, Public Buyers Community*, 2025, <https://public-buyers-community.ec.europa.eu/news/publication-evaluation-report-public-procurement-directives>.

## Spotlight on Romania

Romania's recent reform of social services focuses on improving quality, accessibility and prevention. It raises minimum quality standards for providers and strengthens licensing and inspection to ensure compliance. The new legislation, if paired with adequate investments, may improve access to home- and community-based care, reduce reliance on institutional settings and support independent living for older people and those needing long-term care. The legislation also reinforces oversight by giving inspectors stronger tools to monitor service quality. The reform represents an important step away from an institution-centred care paradigm towards community-based, inclusive and rights-based social services.

- **EU instruments in place**

**The EU Voluntary European Quality Framework for Social Services (2010)** developed by the Social Protection Committee and the European Commission, sets out a common set of principles to guide the quality, accessibility and user-centred delivery of social services across Member States. Although non-binding, the framework provides a shared reference for public authorities, service providers and stakeholders in developing, assessing and improving social services. It identifies key components of quality—such as respect for users' rights, person-centred support, staff qualifications, good governance and continuous improvement—and is designed to be flexible enough to apply across national, regional and local contexts.

The current **2014 Procurement Directives** already contain a general social clause (Article 18(2)), obliging economic operators and subcontractors to comply with international, EU, and national labour, social, and environmental obligations. Furthermore, the Directives provide for several 'social articles' that can support SRPP, including reserved contracts for work-integration social enterprises and sheltered workshops (Article 20), socially-oriented contract performance clauses (Article 70), and the possibility to reserve certain social and health services to mission-driven non-profit organisations (Article 77), all aimed at supporting employment and social inclusion of people in vulnerable situations. However, exclusion grounds remain to a large extent discretionary, oversight of subcontracting chains can be challenging, and price-focused award approaches remain common in several Member States. This leads to divergent practices, inconsistent enforcement, and fragmentation in the application of SRPP across the EU.

The Commission has started **revising the General Block Exemption Regulation (GBER)**, with options under analysis including, where necessary, updates to the provisions on aid for the recruitment of disadvantaged or severely disadvantaged workers, aid for access to finance for social enterprises, training aid and aid for the employment of workers with disabilities. An important caveat is that the simplification of State aid rules creates the possibility for Member States to channel resources into areas such as social investment, but it does not ensure that such measures will be undertaken in practice.

- **Next steps**

The Social Protection Committee and the European Commission will initiate the **revision of the voluntary European Quality Framework for Social Services** to update it in line with evolving needs and strengthen its relevance and use across Member States.

In the context of the EU's Anti-Poverty Strategy, in 2027, the Commission will put forward a proposal for a Council Recommendation, which will aim to facilitate access to services and integrated support. In particular, it will help to ensure a single access point, strengthen outreach and proximity to recipients, foresee a rapid assessment of the needs of the user followed by an integrated support plan as well as coordinated referral to enabling and essential services.

The ongoing **revision of the public procurement Directives** offers an opportunity to reinforce the effective application of the existing social provisions and to promote their more consistent use across Member States. By clarifying obligations, improving transparency and strengthening implementation mechanisms, the revision could help contracting authorities make better use of socially responsible public procurement within the current framework, thereby supporting quality service provision, fair working conditions and social inclusion outcomes.

The 2025 Communication Delivering on the Clean Industrial Deal reiterates the commitment to assess “if and how State aid rules should be updated to provide better incentives for industry to invest in upskilling, reskilling, quality jobs and recruitment of workers for a just transition”, as part of the ongoing **revision of the General Block Exemption Regulation (GBER)**, planned for the end of 2026. In the same Communication, the Commission also commits to developing “**dedicated guidance to assist Member States when designing State aid measures for social support and social investment**”.

#### *4.2.3.2. Healthcare and long-term care*

**Healthcare and long-term care are among the services, which are instrumental to the fight against poverty.** While access to high-quality healthcare, including mental health, regardless of one's income situation should be a reality for all, long-term care services are also key to alleviate the financial and social pressures on informal carers, often women.

##### *4.2.3.2.1. Healthcare*

**Poverty is a major cause of ill health, due to a lack of financial means to afford healthy lifestyles and healthcare**<sup>405</sup>. While high out-of-pocket payments can push households into poverty, they are generally a consequence of ill health rather than a primary cause. Ill health is in first place shaped by socioeconomic determinants such as income, education, living conditions and employment status. In 2024, only 59.5% of people aged 16 or over in the lowest income quintile perceived their health as very good<sup>406</sup>. There are large socioeconomic inequalities in access to healthcare, living conditions, and lifestyle factors, often resulting in

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<sup>405</sup> O'Donnell, O., 'Health and health system effects on poverty: A narrative review of global evidence', *Health Policy*, 142, 2024, <https://doi.org/10.1016/j.healthpol.2024.105018>

<sup>406</sup> Eurostat, *Self-perceived health statistics, Statistics Explained*, 2025, [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Self-perceived\\_health\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Self-perceived_health_statistics)

higher rates of non-communicable diseases for those with low socio-economic status.<sup>407</sup> Inequalities in dietary intake between lower and higher socioeconomic groups are observed<sup>408</sup>  
409.

**In turn, ill health is a major cause of poverty, as out-of-pocket costs of care can be substantial<sup>410</sup>.** Unmet medical needs on average in the EU may be relatively low: 2,5% of the population reported unmet needs for medical care in 2024. The digital divide can be a barrier to health access, due to limited digital literacy, device access, and connectivity of people at risk of poverty or social exclusion. Nevertheless, the cost of medical care was the most common reason for unmet needs, which was reported by 2.1% of people with lowest income, compared to 0.2% with highest income. About 15% of healthcare on average is paid from household out-of-pocket spending and in countries with higher levels of out-of-pocket spending, paying for healthcare may be a driver of poverty.<sup>411</sup> Associated costs of transport and difficulty to work due to long-term illness can lead to further loss of income<sup>412</sup>. As such public coverage of healthcare benefits contributes significantly to reducing income inequality in the EU<sup>413</sup>.

### **Spotlight on the Irish reform improving access to healthcare**

In 2023, Ireland implemented a series of legislative reforms aimed at enhancing access to healthcare for its citizens. These measures included the abolition of inpatient charges, effectively removing financial barriers associated with hospital stays and making healthcare more affordable for the general population. Alongside this, eligibility for general practitioner (GP) care was significantly expanded, allowing a broader segment of the population to access essential medical services without financial strain. These reforms were designed to promote equitable access to healthcare, reduce cost-related obstacles faced by patients, and ensure that all individuals can receive necessary medical care, thereby improving overall public health and well-being.

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<sup>407</sup> OECD, *Beating Cancer Inequalities in the EU: Spotlight on Cancer Prevention and Early Detection*, OECD Health Policy Studies, OECD Publishing, Paris, 2024, <https://doi.org/10.1787/14fdc89a-en>.

<sup>408</sup> Placzek, O., 'Socio-economic and demographic aspects of food security and nutrition', *OECD Food, Agriculture and Fisheries Papers*, No. 150, OECD Publishing, Paris, 2021, <https://doi.org/10.1787/49d7059f-en>.

<sup>409</sup> Assad, Z., Trad, M., Valtuille, Z., Dumaine, C., Faye, A., Ikowsky, T., Kaguelidou, F., Osei, L., Ouldali, N. and Meinzer, U., 'Scurvy incidence trend among children hospitalised in France, 2015–2023: a population-based interrupted time-series analysis', *The Lancet Regional Health – Europe*, 49, 2025, <https://doi.org/10.1016/j.lanepe.2024.101159>

<sup>410</sup> O'Donnell, O., 'Health and health system effects on poverty: A narrative review of global evidence', *Health Policy*, 142, 2024, <https://doi.org/10.1016/j.healthpol.2024.105018>

<sup>411</sup> OECD/European Commission, *Health at a Glance: Europe 2024, State of Health in the EU*, Brussels, 2024, [Health at a Glance: Europe 2024 - European Commission](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Impact_of_health_social_transfers_in_kind_on_income_distribution_and_inequality)

<sup>412</sup> O'Donnell, O., 'Health and health system effects on poverty: A narrative review of global evidence', *Health Policy*, 142, article 105018, 2024, <https://doi.org/10.1016/j.healthpol.2024.105018>

<sup>413</sup> Eurostat, *Impact of health social transfers in kind on income distribution and inequality*, *Statistics Explained*, 2022, Luxembourg, Publications Office of the European Union, [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Impact\\_of\\_health\\_social\\_transfers\\_in\\_kind\\_on\\_income\\_distribution\\_and\\_inequality](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Impact_of_health_social_transfers_in_kind_on_income_distribution_and_inequality)

**Health and social transfers in-kind benefits contribute substantially to a reduction of poverty and inequality.** A recent analysis assessing the role of healthcare in reducing inequalities in the EU <sup>414</sup>, shows that healthcare coverage has an inequality and poverty-reducing impact in all Member States, comparable to that of cash transfers, such as unemployment benefits. Health Social Transfers in Kind (STiKs) have a higher redistributive impact compared to cash transfers (excluding pension benefits) in about half of the countries. The project also developed innovative tools and metrics that Member States can leverage when designing reforms. In times of fiscal pressure, the available tool is more crucial than ever — it gives Member States a solid evidence base to safeguard universal health coverage and ensure that cost-saving measures do not come at the expense of equity and social protection.

**Mental health is an integral part of health.** Before the COVID pandemic, mental health challenges already represented a major public health and socio-economic concern across the EU. An estimated 84 million people—approximately one in six Europeans—were living with a mental health condition. Children and young people are particularly affected. 59% of young people (15-24-year-olds) had an emotional or psychosocial problem (such as feeling depressed or anxious) in the last 12 months<sup>415</sup> and suicide is the second leading cause of death among young people (15 to 19 years old)<sup>416</sup>. However, for many, the cost of private mental health services is prohibitive. The total economic costs of mental health issues exceed EUR 600 billion per year, or more than 4% of EU GDP<sup>417</sup>. These costs stem from healthcare expenditure, productivity losses and reduced labour market participation, and are unevenly distributed across regions, social groups, genders and age groups, reflecting persistent inequalities in exposure to risk factors and access to support.

**There is a strong link between mental health and poverty.** Stigma, discrimination, and mistrust profoundly inhibit engagement, particularly within communities grappling with poverty, which exacerbates mental health challenges.<sup>418</sup> Individuals living at risk of poverty or social exclusion often face relentless stress due to financial instability, limited access to resources, and inadequate support systems.<sup>419</sup> This constant strain erodes mental well-being, leading to heightened anxiety, depression and hopelessness. The pervasive stigma attached to mental health struggles further deepens the isolation and prevents affected individuals from seeking help, while discrimination marginalises them within society.

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<sup>414</sup> European Commission: Directorate-General for Health and Food Safety, *The Role of Healthcare in Reducing Inequalities and Poverty in the EU*, Brussels, 2025, [Report - The Role of Healthcare in Reducing Inequalities and Poverty in the EU - Public Health](#).

<sup>415</sup> [Mental health - Eurobarometer survey](#), October 2023.

<sup>416</sup> UNICEF, 'The State of the World's Children 2021: On My Mind – Promoting, protecting and caring for children's mental health, Regional brief: Europe, 2021', [The State of the World's Children 2021: On My Mind – Promoting, protecting and caring for children's mental health, Regional brief: Europe](#).

<sup>417</sup> [Commission Communication COM/2023/298 final of 7 June 2023 on a Comprehensive Approach to Mental Health](#).

<sup>418</sup> Patel, V., & Kleinman, A., *Poverty and common mental disorders in developing countries*, Bulletin of the World Health Organization, 81(8), 609-615, 2023.

<sup>419</sup> World Health Organization, 'Social determinants of mental health', World Health Organization, 2014.

In addition to chronic stress, people living at risk of poverty or social exclusion are more likely to experience food insecurity, drug-related negative health and social outcomes, violence, and limited access to healthcare, all of which increase the risk of mental illnesses such as depression and anxiety. This is also the case for children<sup>420</sup>. At the same time, mental health problems can reduce a person's ability to work, engage with and complete education, or maintain social relationships—pushing individuals and families deeper into poverty. The World Health Organization<sup>421</sup> (WHO) notes that people in low socioeconomic groups are at a higher risk of mental disorders due to social inequality and exclusion.

**Adolescents today experience poorer mental health than previous generations compounded by bullying and cyberbullying.** Social media can intensify stigma and exclusion, deepening vulnerability. For learners at risk of poverty, education is central to protecting wellbeing and mental health amid heightened social and economic stress.

**There is also a link between poverty and loneliness.** People at risk of poverty or social exclusion (or people in unemployment) tend to have a higher likelihood of experiencing loneliness. A recent OECD report on loneliness<sup>422</sup> reveals that people in the lowest income quintile are “6.2 times lonelier (13% vs 2%)<sup>423,424</sup> than people in the highest income quintile. Poverty tends to prevent people from having sufficient financial means to take part in social activities.

**Poverty and cancer are closely interrelated,** with economic disadvantage significantly influencing cancer risk, diagnosis, treatment, and survival. People living at risk of poverty or social exclusion are more likely to be exposed to cancer risk factors such as tobacco use, hazardous work environments, and environmental pollution, while also having limited access to screening and early detection. As a result, cancer is often diagnosed at a later stage among low-income populations, leading to higher mortality rates. Poverty also increases financial strain after diagnosis, as treatment costs often lead to catastrophic health expenditure. The same accounts for **poverty and cardiovascular diseases.** Socio-economically disadvantaged groups experience poorer heart health outcomes and limited access to preventive care. Monitoring socioeconomic inequalities in health can guide policymakers to implement more targeted interventions to improve access to prevention and equitable care for all, particularly the most disadvantaged groups. This can have important implications to reduce the burden of cancer and other non-communicable diseases.

**In this context, it should be noted that lower-income households are particularly vulnerable to environmental stressors that directly affect health and daily life.** Heat, noise,

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<sup>420</sup> International Monetary Fund, ‘Rising Child Poverty in Europe: Mitigating the Scarring from the COVID-19 Pandemic’, 2023, [Rising Child Poverty in Europe: Mitigating the Scarring from the COVID-19 Pandemic](#)

<sup>421</sup> World Health Organization. Mental health, poverty and development. 2010.

<sup>422</sup> Organisation for Economic Co-operation and Development (OECD), ‘Social Connections and Loneliness in OECD Countries’, 2025.

<sup>423</sup> In OECD countries with available data.

<sup>424</sup> Organisation for Economic Co-operation and Development (OECD), ‘Social Connections and Loneliness in OECD Countries’, 2025.

and air pollution are often concentrated more pronounced in socially disadvantaged neighbourhoods. These areas also tend to have fewer parks and green spaces, and residents are more likely to live near main roads or in densely populated districts with limited access to green and recreational areas—factors that can worsen health outcomes and reduce overall quality of life. Air pollution is a particularly significant concern in this context: concentrations of fine particulate matter (PM<sub>2.5</sub>) – the pollutant associated with the greatest health impacts – have been consistently around one-third higher in the poorest EU regions compared to the wealthiest ones. Recent studies also point to higher risk for vulnerable population groups of pollution from per- and polyfluoroalkyl substances (PFAS), the exposure to which negatively affects human (e.g. reproductive) health.

- **EU instruments in place**

**Several EU4Health funded actions** help Member States put in place more targeted policy solutions ensuring securing universal health coverage and accelerating the rate of improvement for the groups in vulnerable situations. A recent project with the Joint Research Centre on assessing the role of healthcare in reducing inequalities and poverty in the EU<sup>425</sup> provides metrics to support Member States evaluate the social impact of healthcare systems and inform potential reforms.

Another EU4Health-funded action with the WHO Barcelona Office provided metrics on the impact of out-of-pocket spending on poverty and good practices on improving financial protection for medicine policies and mental healthcare services. Member States can use the evidence, tools, and policy recommendations from these actions to advance systemic improvements in access to healthcare.

The Commission supports Member States in addressing groups in vulnerable situations at risk of poverty in its policies and actions on non-communicable diseases, health promotion, disease prevention and risk factors, by raising public awareness, increasing health literacy, and reducing health inequalities.

The ‘**Healthier Together**’ EU non-communicable diseases initiative<sup>426</sup> and the Communication on a comprehensive approach to mental health, support Member States and stakeholders in developing and implementing actions that focus on addressing groups in socioeconomically disadvantaged and vulnerable situations. This includes several projects and initiatives financed by the EU4Health programme.

For example, the Joint Action PRISM<sup>427</sup> supports European countries to collaborate on transferring best practices that address mental health of vulnerable groups, such as the BIZI programme to promote suicide prevention in community settings; Act Belong Commit to foster emotional wellbeing in children and young people; and Circle of Friends to address loneliness

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<sup>425</sup>European Commission: Directorate-General for Health and Food Safety, *The Role of Healthcare in Reducing Inequalities and Poverty in the EU*, Publications Office of the European Union, Brussels, 2025, [Report - The Role of Healthcare in Reducing Inequalities and Poverty in the EU - Public Health](#).

<sup>426</sup> Healthier together – EU non-communicable diseases initiative - European Commission.

<sup>427</sup> [JA PRISM - Forskningsenheden](#).

in the elderly. A 'Digital Toolkit for Child and Adolescent Health and Mental Wellbeing Promotion' is being developed by UNICEF, with EUR 2 million from the EU4Health Programme. Moreover, a multidisciplinary training and exchange programme – EU-PROMENS - invested EUR 9 million from EU4Health to train around 2.000 health professionals across the EU by 2026. The Commission also hosts the **EU Best Practice Portal for Public Health**<sup>428</sup>, where proven and concrete practices are publicly available for Member States to transfer and adapt to their national, regional or local situation.

Furthermore, to reduce the existing inequalities in cardiovascular health between Member States, regions, population groups and genders, the Safe Hearts Plan will develop an EU cardiovascular health inequalities dashboard. Addressing these inequalities requires a coordinated approach across the care pathway.

Identifying and reducing cancer inequalities is a key cross-cutting theme of **Europe's Beating Cancer Plan**<sup>429</sup> (2021). The Plan covers the entire continuum of cancer care, integrating an equity perspective. Central to the Plan is a strong commitment to health equity to reduce disparities across regions and populations. **The European Cancer Inequalities Registry**<sup>430</sup> (ECIR) is a flagship initiative of the Cancer Plan which also has a focus on socioeconomic disparities.

The **Action Plan against cyberbullying** (2026) aims to protect children online.<sup>431</sup>

- **Next steps**

Under the EU4Health Programme and in cooperation with JRC, a literature review will be conducted focusing on groups in vulnerable situations, including Roma populations, migrants and people experiencing homelessness. It will gather information on health-related inequalities, with a special focus on cancer in the framework of the European Cancer inequalities Registry, but also on cardiovascular diseases and mental health.

#### 4.2.3.2.2. Long-term care

**There is a strong interplay between long-term care (LTC) needs and the risk of poverty and social exclusion.** Many people with care needs face significant barriers in accessing adequate services, particularly when formal care is unaffordable, limited, or unavailable. In 2024, financial concerns prevented 11% of people with LTC needs from accessing professional home care, rising to 30% in some countries — underscoring the urgent need for affordable and accessible care options. Out-of-pocket expenses remain particularly high, especially for residential care, where public social protection typically covers a smaller share of costs than for home care. In addition, limited availability of quality and affordable care services, including in rural and depopulated areas also leads to unmet needs to LTC.

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<sup>428</sup> [Best practices Portal](#).

<sup>429</sup> [Commission Communication COM/2021/48 final of 3 February 2021 on Europe's Beating Cancer Plan](#).

<sup>430</sup> [European Cancer Inequalities Registry | ECIR - European Cancer Inequalities Registry](#).

<sup>431</sup> [Commission Communication COM/2026/71 final of 10 February 2026 on the Action Plan Against Cyberbullying: "Safer Online. Stronger Together"](#).

A pronounced socio-economic gradient further exacerbates these challenges: in the EU-27, 35.9% of people in the lowest income quintile needed long-term care in 2019, compared with only 17.2% in the highest income quintile. Similarly, unmet care needs were significantly more prevalent among poorer households, affecting 51.2% of people in the bottom income quintile versus 39.9% in the top quintile. The higher need for long-term care of people with lower incomes is related to the generally worse health status of this group. People with low socio-economic status are exposed to more health-related risk factors such as poor living and working conditions; and some lifestyle behaviours (such as nutrition habits, physical inactivity, obesity, smoking) may be important risk factors for many diseases that later lead to a need for long-term care. Importantly, people with low socio-economic status also report more difficulties in accessing healthcare.

**Social protection for long-term care can play a vital role in reducing the risk of poverty for people with long-term care needs.** According to OECD<sup>432</sup>, in nearly all Member States, more than 70% of long-term care users would be at risk of poverty without social protection. Public benefits and services reduce poverty risks associated with LTC costs but not always significantly. LTC benefits and services reduce poverty risks by almost 30 percentage points across countries. The LTC systems of Denmark, the Netherlands and Finland reduce poverty risks through public benefits and services by more than 70 percentage points. However, poverty reductions can be close to zero in other countries, showing thus the need to strengthen adequacy of social protection for long-term care. Only in Malta, Luxembourg and Denmark, reduces the public support poverty risks among long-term care users to levels comparable with the general population.

**Care responsibilities are often associated with financial and social pressures on informal carers** — most often women — who frequently reduce or leave paid employment to provide unpaid care to relatives or friends. In 2019, 20% of women and 13% of men aged 45–64 in the EU provided high-intensity care, with rates exceeding 30% in some Member States. Such interruptions in employment lead to income loss, slower career progression, and ultimately, reduced pension entitlements, thereby widening gender gaps in both employment and retirement income. Care-giving career breaks still concern primarily women, and pension entitlements accrued during such breaks, while they cannot compensate for career penalties, can significantly reduce the direct impact of such periods on future pension incomes, thus contributing to a smaller gender pension gap.

**Low wages and difficult working conditions in the formal long-term care sector contribute to labour shortages and in-work poverty.** In 2022, long-term care workers in 13 Member States<sup>433</sup> earned less than 80% of the average hourly wage—dropping to around 64–65% in three of them—highlighting the urgent need for improvement in this essential sector. Furthermore, the sector also is confronted to important shares of undeclared or underdeclared work, with workers in his situation being equally more exposed to risk of poverty and lack of

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<sup>432</sup> OECD, *Is Care Affordable for Older People?*, OECD Publishing, Paris, 2024.

<sup>433</sup> Bulgaria, Cyprus, Denmark, Estonia, Finland, Italy, Latvia, Malta, Poland, Portugal, Romania, Spain and Sweden.

adequate labour and social protection, Ensuring fair pay and decent working conditions is essential to attract and retain a skilled workforce and to guarantee sustainable, high-quality care provision.

A recent European Commission Joint Research Centre (JRC) report shows that changes in the age structure of the population mean fewer informal caregivers are available to care for older adults than in the past. In the future, this trend is likely to worsen. Younger adults today are likely to face a higher caregiving burden when they reach their 50s and 60s. They may also receive less informal care when they are older. Achieving intergenerational fairness in informal long-term care requires redistributing care responsibilities and providing more support to caregivers<sup>434</sup>.

Demographic ageing is leading to not only increased needs for long-term care but also to additional challenges in terms of workforce shortages, widening the care gap. Public expenditure pressure as well as affordability concerns are also further drivers for challenges in ensuring adequate pay in the sector. However, public support for the care sector is a social investment which, in parallel with action on sustainable financing, brings multiple returns for individuals, society and the economy. Health promotion, disease prevention, timely and good quality healthcare as well as healthy living policies have great potential to postpone or reduce the need for health care and long-term care while enabling ageing at home for as long as possible. Increasing investment in care contributes to social fairness and gender equality and promotes women's participation in the labour market and job creation.

- **EU instruments in place**

**The European Care Strategy<sup>435</sup> (2022)** aims to improve access to high-quality, affordable, and accessible long-term care services across the EU. **The Council Recommendation on access to affordable high-quality long-term care<sup>436</sup>**, adopted together with the Care Strategy, provides guidance to Member States on the direction of national long-term care reforms. These initiatives directly address the risk of poverty for people in need of long-term care and their carers. Member States are recommended to strengthen social protection of long-term care and therefore also affordability of care services, to ensure adequate pay and fair working conditions in the sector and to provide financial support and access to social protection for informal carers.

### Spotlight on Slovenia

Slovenia introduced a major reform of its long-term care system with the adoption of the new Long-Term Care Act (ZDOsk-1) in 2023, which established a mandatory social

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<sup>434</sup> Bernini, A., Natale, F., Nedee, A. And Querin, F., Informal long-term care in the context of demographic change and intergenerational fairness in the EU, Publications Office of the European Union, Luxembourg, 2026, <https://data.europa.eu/doi/10.2760/9689703>, JRC145258.

<sup>435</sup> European Commission, *A European Care Strategy for caregivers and care receivers*, Press release, 7 September 2022, Brussels, [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_5099](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_5099)

<sup>436</sup>OJ C, C/2022/476, 15.12.2022, p. 1, ELI: [EUR-Lex - 32022H1215\(01\) - EN - EUR-Lex](https://eur-lex.europa.eu/eli/consolidated/2022/H1215(01)-en).

insurance scheme for LTC. The reform aims to ensure universal, equitable access to care while reducing the financial burden on users and improving fiscal sustainability through pooled risk-sharing. By shifting financing from fragmented arrangements to a comprehensive insurance model, Slovenia seeks to lower out-of-pocket costs and improve affordability of LTC services while strengthening community-based care.

- **Next steps**

The indicator-based [EU monitoring framework for the LTC recommendation](#) developed by the Commission, was approved by the Social Protection Committee in May 2025 and will reinforce policy analysis and guidance going forward.

The 2027 SPC–Commission Report on Adequate Social Protection in Old Age (ADAGE) will provide an integrated EU analysis of pension and long-term care adequacy - including poverty protection, income maintenance and LTC affordability - and will review recent reforms and future challenges for old-age social protection.

The Commission will prepare a report on the implementation of the Council Recommendation on long-term care.

As mentioned in the EU Anti-Poverty Strategy, in 2027, the Commission will put forward a European Care Deal, setting out a comprehensive package of measures to tackle the challenges posed by an ageing population, and the increasing demand for long-term care services across Europe, focusing on supporting both professional and informal carers and thereby enhancing access and quality of care services, including for vulnerable groups. In particular the Care Deal will guide reforms and investments for affordable and high-quality care services, with specific attention given to those at risk of poverty, as well as for strengthening the attractiveness and quality of jobs in the care sector.

#### *4.2.3.3. Addressing territorial disparities*

As regards access to services, but also labour market and other opportunities, it is essential to address territorial disparities. This requires robust urban policies, rural development policies as well as policies to support outermost regions. In addition to the policy areas described below, the EU cohesion funds have an important role in addressing the territorial dimension of poverty and social exclusion as described in chapter 5.2.

The forthcoming strategy on the "**Right to Stay**" aims to ensure that people, particularly younger generations, have genuine possibilities to build their future in their home regions. This strategy is part of a broader effort to address the demographic challenges faced by Europe, including the need to sustain communities and maintain essential public services. One key element is the need for a transformative agenda to reaffirm the right to stay as a cornerstone of territorial cohesion and inclusive development.

#### 4.2.3.3.1. Urban development policy

Even though cities in the EU are in general centres of growth and opportunities, they face persisting and, in some cases, growing challenges in relation to income inequality, and poverty. These challenges not only disproportionately affect vulnerable groups but are often concentrated in disadvantaged neighbourhoods.

**Achieving inclusive growth and addressing poverty and social exclusion in cities requires a whole-of-government, multi-level and multi-stakeholder approach that aligns long-term vision, actionable targets and delivery and monitoring mechanisms across policy areas and governance levels.** Without such coordination, initiatives at urban level risk being fragmented, reinforcing cycles of inequality and deepening divides. Local and regional anti-poverty strategies, particularly those integrating housing, health, education and social services have shown strong potential to reduce these risks. Integrated policies and investments, (including service development, human capital, infrastructure, and reforms), co-created with relevant stakeholders, should therefore address both individual needs and place-based disadvantages and be coordinated within broader urban development strategies that combine social, economic, sustainability, and territorial goals.

- **EU instruments in place**

**The EU Agenda for Cities, adopted in December 2025,** sets out a forward-looking perspective for sustainable and integrated urban development. This Agenda aims to provide a framework to strengthen the territorial and urban dimension of EU policies and streamlined support to address cities' needs and implement key EU priorities at the local level. One of the key policy areas identified are social inclusion and equality.

The **European Urban Initiative**, with ERDF funding of EUR 395 million in the current programming period, helps cities of all sizes, to build capacity and knowledge in the area of sustainable urban development and develop transferable and scalable innovative solutions to urban challenges of EU relevance, including social inclusion.

The **URBACT** programme, under Cohesion policy, promotes cooperation and capacity building among cities to develop solutions to urban challenges. Its 2018 capitalisation work on urban deprivation supported a Thematic Partnership on Urban Poverty by highlighting good practices on energy poverty, community building, and integrated neighbourhood regeneration. Ongoing URBACT networks continue to focus on social inclusion, including projects involving disadvantaged students.

**A Thematic Partnership on Cities of Equality under the Urban Agenda for the EU,** launched in 2024, brings together local, regional, and national authorities with the Commission and European networks. It focuses on equality and social inclusion challenges in cities, with a special emphasis on tackling spatial segregation, ensuring fair access to services, and fostering participatory governance.

The Commission and the OECD have launched a **two-year project, “What Works for Inclusive Growth in Cities: A Compendium”** (2024–2026). The project intends to gather good practices across policy areas and produce a toolkit to promote inclusive growth in cities.

The project will also be accompanied by three case studies reports, one of which focuses on cities supporting people at risk of poverty and social exclusion with targeted recommendations on policy, funding and governance.

### Spotlight on Italy

From 2017 to 2020, the Urban Innovative Action funded project [CO-City](#), led by the Municipality of Turin, promoted the collaborative management of urban commons to counteract poverty and socio-spatial polarisation. The project was supported by ERDF under the Urban Innovative Actions 2014-2020 initiative with a budget of EUR 4.1 million.

Through "Pacts of collaboration", enabled by a change in the local legislation on the management of urban commons, the city and the residents built co-designed a series of projects making use of under-utilised public spaces and assets to regenerate the deprived neighbourhoods, combat social exclusion, and trigger a process of sustainable development. One of these projects was the network of Neighbourhood Houses, which act not only as a one-stop shop to provide social, cultural and community services but also as spaces to help local organisations, including social enterprises.

These pacts created vibrant places for community welfare services, social, cultural and sport programmes or youth involvement, fostering opportunities for community empowerment, and social inclusion.

The experience of Turin was transferred to other cities across the EU through the [URBACT](#) innovation transfer network.

- **Next steps**

Under the next multiannual financial framework, the Commission will set up an **EU Cities platform**, bringing together different forms of support, such as advisory for funding and financing, capacity building and technical assistance, knowledge resources and digital tools. The platform will provide cities from all sizes with simplified access to EU resources, including in the area of social inclusion and equality.

#### 4.2.3.3.2. Rural development policy

**Addressing poverty in rural areas is essential to ensure social and territorial cohesion and to prevent the widening of inequalities between urban and rural populations.** Integrated rural strategies that address the drivers of rural poverty – including economic structures based on low-income sectors, limited access to high quality education, healthcare and essential services and a growing ageing population, have shown significant potential and can be further promoted.

**Furthermore, a specific focus on enhancing social protection for farmers is key.** As self-employed workers, farmers face income volatility, long working lives, and structural barriers to accumulating sufficient PRSI (Pay-Related Social Insurance) contributions. Current pension and means-testing rules often penalise farmers for holding illiquid land assets, leaving many “asset-rich but cash-poor” and excluded from adequate retirement income, despite a lifetime of

work. This not only undermines dignity and security in old age but also discourages timely retirement, blocking farm succession and generational renewal. Given farmers' essential role in maintaining national food security, rural livelihoods, and land stewardship, a strengthened social protection framework is necessary to ensure fairness and sustainability in the food system.

- **EU instruments in place**

**The 2021 Commission Communication on the Long-Term Vision for the EU's Rural Areas**<sup>437</sup> sets out a shared ambition for rural regions by 2040. The issue of poverty and social exclusion cuts across the pillars of the Vision. It provides for an ambitious Rural Action Plan and a Rural Pact to reach those objectives.

#### Spotlight on the Netherlands

Member States are taking action to implement the Long-Term vision for EU's rural areas, notably through the set up and implementation of national rural strategies. The Dutch Ministry of Agriculture, Fisheries and Food Security has committed to further support the policy development for rural areas, engaged in a rural policy review with the OECD, and also supports the Dutch Rural Pact initiative.

**This first Rural Action Plan**<sup>438</sup> (report in 2024<sup>439</sup>), brings together actions from across the different EU policies to improve the well-being of rural communities. It focuses on among others improving access to education and training opportunities, services, promoting sustainable mobility, and advancing equality and inclusion.

**The 2025 Commission's Communication on the Vision for Agriculture and Food**<sup>440</sup> announced an update of the Rural Action Plan.

The **Common Agricultural Policy (CAP)** provides a flexible framework that allows Member States to respond to the diverse challenges faced by rural and farming communities, including poverty and social exclusion.

The CAP can contribute to these goals through several rural development interventions:

- Investments in small-scale infrastructure to enhance access to services such as healthcare, education, and mobility, thereby enhancing living conditions in rural areas;

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<sup>437</sup> European Commission, *Rural Vision*, [Home - Rural Vision - European Union](#).

<sup>438</sup> European Commission, *Action Plan – Long-term Vision for Rural Areas*, Rural Vision, [https://rural-vision.europa.eu/action-plan\\_en](https://rural-vision.europa.eu/action-plan_en)

<sup>439</sup> European Commission, *The long-term vision for the EU's rural areas: key achievements and ways forward*, Brussels, 27 March, 2024, [The long-term vision for the EU's rural areas: key achievements and ways forward](#),

<sup>440</sup> European Commission, *Vision for agriculture and food*, [https://agriculture.ec.europa.eu/overview-vision-agriculture-food/vision-agriculture-and-food\\_en](https://agriculture.ec.europa.eu/overview-vision-agriculture-food/vision-agriculture-and-food_en)

- Cooperation and community-led local development approaches, including LEADER and Smart villages strategies, which empower local groups to design and implement solutions tailored to their local needs;
- Support for business creation and installation aid, encouraging entrepreneurship and job creation in rural areas, which are key drivers for reducing poverty in rural areas.
- Support for small and family farms through targeted tools such as the Complementary Redistributive Income Support for Sustainability as well as measures aimed at fostering the business development of small farms.

These interventions can be planned by Member States, in the National CAP Strategic Plans, according to identified relevant poverty needs.

- **Next steps**

The **2025 Commission’s Communication on the Vision for Agriculture and Food**<sup>441</sup> committed to update this Rural Action Plan.

#### 4.2.3.3.3. Outermost regions

The outermost regions<sup>442</sup> suffer, on average, from the EU’s highest levels of poverty, illiteracy, unemployment, young people not in employment, education, or training (NEETs), and the lowest levels of educational attainment. Many people in some of these regions lack clean water, decent housing, electricity, education, healthcare, public transport, and internet. Together, these factors reinforce the persistent development gap between the outermost regions, their mainland counterparts, requiring dedicated actions to be undertaken. This was evidenced by an independent study<sup>443</sup> published by the Commission in 2024, which recommended specific investments to improve access to social housing and drinking water, particularly in the French outermost regions, as well on sanitation, electricity, cooling and heating and digital connectivity in these regions.

- **EU instruments in place**

In the 2022 **Strategy for the outermost regions**<sup>444</sup>, the Commission pledged to support these regions in implementing the European Pillar of Social Rights, actions to reduce social exclusion through ESF+, and monitor the social inclusion strategies (e.g. access to essential services) in these regions. The Commission supports synergies between national and EU funds to promote social inclusion, and improve employment opportunities and living conditions in the outermost

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<sup>441</sup> European Commission, *Vision for agriculture and food*, [https://agriculture.ec.europa.eu/overview-vision-agriculture-food/vision-agriculture-and-food\\_en](https://agriculture.ec.europa.eu/overview-vision-agriculture-food/vision-agriculture-and-food_en)

<sup>442</sup> The European Union (EU) includes nine outermost regions, which are geographically remote from the European continent. These are French Guiana, Guadeloupe, Martinique, Mayotte, Reunion Island and Saint-Martin (France), Azores and Madeira (Portugal) and the Canary Islands (Spain).

<sup>443</sup> European Commission: Directorate General for Regional and urban Policy, Study on living conditions and access to selected basic needs, Publications Office of the European Union, Luxembourg, 2024.

<sup>444</sup> [Commission Communication COM/2022/198 final of 3 May 2022 on Putting People First: Securing Sustainable and Inclusive Growth and Unlocking the Potential of the EU’s Outermost Regions.](#)

regions. The Commission also monitors progress on poverty reduction and how the national action plans for the European Child Guarantee address the outermost regions.

### Spotlight on Portugal

In 2021, Madeira introduced its Regional Strategy for Social Inclusion and the Fight against Poverty 2021-2027 as a cohesive framework for social inclusion policies. Following the National Strategy to Combat Poverty, this was extended to 2030. An initial 2021-2024 action plan featured 130 measures across five key areas: strengthening social inclusion policies, improving healthcare access for vulnerable populations, enhancing educational opportunities for children and youth, investing in employment and professional training, and gathering information to analyse Madeira's social landscape.<sup>445</sup>

- **Next steps**

The root causes of poverty in the outermost regions will be considered in the **new Strategy for the Outermost Regions** planned for 2026, which will be accompanied by a regulatory simplification package that will target the main regulatory bottlenecks these regions face.

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<sup>445</sup> Idem.

## 5. Supporting the implementation of the EU Anti-Poverty Strategy in Member States

**Tackling poverty and social exclusion is primarily a responsibility of Member States and of regional and local authorities.** Effective action typically requires coordination across governance levels and policy areas. Local actors are often best placed to identify needs and reach people in vulnerable situations, while national authorities provide the policy framework, funding and the capacity to scale up successful approaches. This section of the Staff Working Document provides an overview how the EU supports EU Member States, in particular through guidance and funding.

### 5.1. Guidance

#### 5.1.1. Key dimensions of effective policies at national and local levels frameworks

The EU Anti-Poverty Strategy is accompanied by a Guidance document *Principles for effective anti-poverty policies* to help national, regional and local authorities assess the comprehensiveness and coherence of their own national frameworks with respect to Union targets and ambitions.<sup>446</sup>

The *Principles* are based on the need for national policies relevant for poverty reduction and social inclusion to be developed, on the basis of an analysis of challenges, and implemented, where relevant, across different sectors and levels of government with a high degree of coordination, cross-reinforcement and complementarity for them to be truly effective. Poverty and social exclusion are multidimensional and may be driven by a combination of low income, weak labour-market attachment, inadequate access to services, territorial disparities and other barriers, such as discrimination, stigma or health conditions. Addressing these factors requires coherent action across policy areas and sustained implementation over time. This relates to horizontal conditions (strong governance, coordination and monitoring systems, as well as effective access to social rights and respect for fundamental rights), as well as ensuring an active inclusion approach (combining adequate income support, inclusive labour markets and access to quality services), and adopting a person-centred and life-cycle perspective, recognising that individuals and households may face multiple and intersecting disadvantages. Together, these elements support a shift from isolated interventions to coherent systems that prevent poverty, support exits from poverty and reduce its persistence.<sup>447</sup>

The *Principles* were inspired by the existing strategies described below and aims to support upwards social cohesion.

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<sup>446</sup> Commission Staff Working Document SWD/2026/771 final on Principles for Effective Anti-Poverty Policies: Supporting National, Regional and Local Authorities in Their Fight Against Poverty.

<sup>447</sup> See for instance European Commission: Directorate-General for Employment, Social Affairs and Inclusion, *Employment and social developments in Europe 2025*, <https://data.europa.eu/doi/10.2767/9505984> and *Employment and Social Developments in Europe 2024* –.

**22 Member States have put in place specific national Anti-Poverty Strategies.** While most of the strategies are developed at the national level, Greece, France, Portugal, Belgium and Italy also adopted regional Anti-Poverty Strategies (the latter two also have strategies at the regional or community level). Luxembourg, for example, has adopted the National Plan for the Prevention and Reduction of Poverty in December 2025, covering the following areas: access to rights and social services, social assistance and cash benefits, housing and energy, health and social security, education and childhood, lifelong learning and training, employment activation and labour market integration, social cohesion. Government actors, social partners, civil society organisations, research institutions and people experiencing poverty were directly consulted.

**The national Anti-Poverty Strategies across the EU cover a wide range of policy areas.** Among those, employment and activation (18 Member States), housing (16), social protection (15), education and training (12), health including mental health and access to healthcare (13) and social services (10) are the most prominent ones. Most countries follow a cross-sectoral policy approach to reducing poverty, mainstreaming anti-poverty measures across multiple sectors.

**In all Member States, the national Anti-Poverty Strategy is led by the Ministry for Social Affairs/Policy, Employment, or Solidarity or corresponding agencies/institutions.** In the majority of Member States, other ministries participate in the coordination of the strategies as well, such as the ministries for health, children, education, economy, finance, interior, justice, infrastructure, agriculture and regional development. Inter-ministerial commissions or committees carry out the coordination across ministries in France, Hungary, Portugal and Spain. Moreover, regional and local authorities such as municipalities and community centres have a coordinating role in many Member States. For instance, in France, each region has a coordinator and in Italy, the “Unified Conference” of national, regional and local governments manages and approves the plans. Other bodies involved in the coordination of the strategies are social service providers, public employment services, NGOs and research institutes.

**Regional and local authorities play a central role in the governance of national Anti-Poverty Strategies across the EU.** The vast majority of Member States involve regional and local authorities by consulting them for the development and design of the strategy. They also act as key implementers. In the Netherlands, for example, municipalities and their associations hold major implementation responsibilities regarding minimum income policies, debt assistance, early warning, and the provision of local services. In Ireland and Portugal, regional and local administrations additionally contribute to the impact assessment, monitoring and evaluation of strategies.

**The formulation and implementation of NAPSs across Member States involve diverse stakeholders at all levels of governance.** At least 14 Member States have a dedicated committee or working group to guide the development, monitor implementation, and advise on strategies. Committees typically include inter-ministerial representatives, social partners and civil society. For instance, in Malta a “Poverty Reduction and Social Inclusion Implementation Group”, chaired by the Ministry for Social Policy and Children’s Rights, is planned under the framework of the NAPS, comprising other supporting ministries responsible for the provision

of relevant benefits and services, as well as of a mechanism for collaboration between the government and civil society. However, only in some Member States dedicated arrangements are in place to ensure local authorities and stakeholders have the capacity, autonomy, and accountability needed to deliver on the NAPS. For instance, in Italy, municipalities have defined implementing responsibilities and are primarily accountable for the provision of social services on the ground and managing the use of national funds.

**Most Member States conduct consultations to inform the drafting of their Strategies**, often targeting stakeholders in the social sector, and in some cases open for inputs from the public. In all Member States, civil society organisations, especially those that represent groups in vulnerable situations identified and prioritised by NAPs, were involved in the drafting process, but in some countries, they signalled lack of access to policymakers and to opportunities for input, for instance in France and Hungary. In 13 Member States, civil society organisations and non-governmental organisations act as implementing partners of NAPs. Belgium, Italy, the Netherlands and Slovakia also consulted directly people experiencing poverty. Social partners are recognised as key stakeholders in the development and implementation of NAPs in at least 15 Member States. Regional and local authorities are a key partner across Member States, especially in the implementation and monitoring, with at least 16 indicating them as operational partners alongside national ministries and agencies. Finally, academia and research institutions contribute mostly at the preparation level, but in a few cases, support the monitoring process as well.

**All Member States have defined concrete targets and objectives.** All Member States have set national poverty reduction targets to contribute to the EU headline target set by the Action Plan for the implementation of the European Pillar of Social Rights to reduce the number of persons at risk of poverty or social exclusion (AROPE) by at least 15 million by 2030 in comparison to 2019. Moreover, 21 Member States<sup>448</sup> have also set national targets for child poverty reduction, in line with the EU complementary target of a reduction of at least 5 million children out of the 15 million. In their NAPs, a majority of Member States set a target on the reduction of the AROPE rate, some of them explicitly by 2030, in line with the EPSR Action Plan, albeit with important variation when it comes to how these targets are set. Some strategies outline targets for specific groups, such as child poverty (in at least 9 Member States), youth, the working poor, older peoples, Roma people and persons with disability. While most Member States focus on outcome indicators, some have specific targets related to the provision of social benefits and services. For instance, the French NAPS sets out precise targets on number of beneficiaries to be reached – e.g. 20.000 pupils benefitting from the programme “Cantine à 1€” - and the Croatian NAP on raising minimum pension levels.

**Progress is monitored against specified targets** by implementing authorities, through dedicated mechanisms such as regular reports (like in Estonia, Lithuania, the Netherlands, Portugal and Romania), information systems, databases or dashboards (like in Italy). In at least

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<sup>448</sup> Denmark, Italy, Lithuania, Latvia, Hungary and the Netherlands have not set complementary national targets for child poverty reduction.

15 Member States, the NAP is subject to a formal evaluation process, which takes the form of a final evaluation, and in some cases of a mid-term review as well. In 8 Member States, evaluations of the implementation of their national strategies have been made publicly available. Evaluations play a vital role in ensuring efficacy of identified actions and guiding corrective adjustments wherever needed. For instance, Ireland conducts regular reviews of their own implementation, assessing the impact of enacted policies against pre-defined outcome targets, with a view of adapting the Strategy around observed results. Most NAPs (15) have an associated timeline for implementation, often aligning with the time horizon of the ESPR Action Plan and of the UN Sustainable Development goals, meaning that their end date is 2030 (7 NAPs).

**Only in a minority of Member States the implementation of activities under the NAPS is supported by a dedicated budget,** with only 5 of them allocating resources to its implementation, and even in these few cases, financing is often mobilised from pre-existing sources in the state budgets, as opposed to new allocations. Several Member States plan to mobilise of both national and European funding – particularly the ESF+ which is mentioned in 12 NAPs, the Recovery and Resilience Facility and the Cohesion Fund. European funding plays a key role in most Member States, especially when it comes to financing the provision of services at local level, as well as piloting innovative solutions in the area of social and labour market integration, for instance education and training for the most vulnerable, such as in Belgium, Finland, Croatia, Italy, and Slovakia.

### 5.1.2. Remaining challenges in the Member States

**For each Member State, three main structural challenges and drivers of poverty and social exclusion can be identified.** The analysis builds on the Social Protection Performance Monitor (SPPM) as the main analytical starting point to identify key challenges in Member States. It focuses on the SPPM “key social challenges” flagged in the annual SPPM assessment in the SPC annual report, from the years 2021 to 2025. The 2021 exercise was indeed the first to use 2019 data as the baseline, aligned with the poverty headline target reference year. A challenge is considered persistent when it is flagged three times or more over the period covered by the SPPM exercises (2021–2025). This systematic screening has been complemented by evidence from the European Semester Country Reports, relevant thematic work (including on minimum income, pensions, health and long-term care) and Member State expertise, to ensure an accurate interpretation of country-specific contexts and recent developments. In several Member States, more than three significant poverty-related challenges could be identified. In such cases, a prioritisation exercise was carried out to determine the three most relevant challenges. This exercise considered both the scale and the severity of the challenge, including, where relevant, the share of persons at risk of poverty or social exclusion within specific groups concerned. Challenges were also grouped where they were closely interrelated and formed part of the same underlying poverty dynamic.

**Across Member States, these persistent challenges cluster around several recurring drivers of poverty and social exclusion.**

- **Weak labour market attachment remains a major driver of poverty in many as well as in-work poverty and low job quality** (in around two thirds of Member States). It is reflected in high poverty risks among people living in (quasi-)jobless or very low work intensity households, as well as among long-term unemployed and inactive people. In some countries, poverty persists despite improving employment, pointing to barriers affecting specific groups—such as single parents, older working-age people, persons with disabilities, and those people with a migrant background—and to the need for stronger activation and enabling supports. Low wages, involuntary part-time work, precarious employment and limited access to training can prevent people in employment from escaping poverty, particularly among low-skilled workers and those in non-standard forms of employment.
- **Challenges related to the effectiveness, adequacy and coverage of income support, including social transfers and minimum income schemes and gaps in social protection** (in around two thirds of Member States). Where benefits do not sufficiently reduce poverty or do not reach those most in need, poverty can become deeper and more persistent, such as during cost-of-living shocks. In several Member States, gaps in access to social protection for non-standard workers and the self-employed further increase vulnerability and weaken income security in case of unemployment, sickness or other life events.
- **Access to services—including healthcare, long-term care, childcare, education and social support services—emerges as a key enabling factor for poverty reduction** (in around half Member States). Unequal access, long waiting times, limited availability, and workforce constraints can deepen social exclusion and reduce pathways out of poverty, while also increasing care burdens on households.
- **Child poverty and inequality of opportunity are persistent concerns across the EU** (in around half Member States). Poverty risks for children often mirror household circumstances—particularly weak labour market attachment and low parental education—and are reinforced by unequal access to affordable childcare and early childhood education and care, educational underachievement, and limited access to essential services. This can contribute to intergenerational transmission of poverty and long-term exclusion.
- **Old-age poverty and pension adequacy are structural challenges in a number of Member States** (in around one third of Member States). It is often linked to low replacement rates, insufficient pension adequacy and gender gaps in pension outcomes. These risks can be compounded by limited access to affordable long-term care and healthcare, increasing out-of-pocket costs and dependency, particularly for older women and people living alone.
- **Cost-of-living pressures and affordability of basic needs, notably housing and energy, increasingly shape poverty risks across Member States** (in around one third of Member States). High housing costs, housing deprivation and energy poverty can push households into hardship even where incomes are relatively stable, and these pressures are often more severe for renters and low-income households.

- Across these drivers, certain **groups face a persistently higher risk of poverty and social exclusion, including persons with disabilities, Roma, people born outside the EU and single parent households.** These groups often face multiple and intersecting barriers, including discrimination, lower access to employment and services and higher exposure to precarious living conditions (in around two thirds of Member States).
- **Territorial disparities, including regional divides, urban-rural gaps and pockets of concentrated deprivation, remain significant in several Member States** (in around one third of them). Uneven access to jobs, services and infrastructure can reinforce persistent poverty and exclusion in specific territories, including in remote and rural areas, and in some cases in outermost regions.

### 5.1.3. European Semester

**Economic policy plays a central role in preventing and reducing poverty by promoting inclusive, sustainable, and resilient growth that creates quality employment and strengthens social cohesion.** Sound macroeconomic governance provides the fiscal space needed to finance productive investments and social spending in education, healthcare, housing, and active labour market policies—key enablers of social inclusion and upward convergence.

**Evidence-based policymaking is crucial for ensuring successful policies and the credibility of policy actions.** Impact assessments allow to make informed policy choices and distributional impact assessments help understand how they are likely to affect different parts of the population. This is especially relevant as the EU and its Member States strive for socially fair digital and green transitions and face challenges related to the rising cost of living.

The **European Semester** is the EU's annual cycle for coordinating economic, fiscal, and employment policies, ensuring national plans align with EU-level goals for growth, stability, and jobs, driven by the Commission's analysis and culminating in Council-adopted Country-Specific Recommendations (CSRs) under Articles 121 and 148 TFEU. It harmonises procedures, monitors reforms, and provides policy guidance, evolving to include social and environmental dimensions, especially with the European Pillar of Social Rights. In the various cycles, the Semester process has also highlighted social issues and gaps in the national social protection systems, recommending appropriate actions to the Member States. In the last two Semester cycles, more than one third of Member States received each year a CSR related to poverty. As examples of policy action taken further to Semester CSRs, reforms of the minimum income schemes were adopted in Italy, Spain, Croatia, Bulgaria and Romania, which contributed to the reduction of AROPE levels in those countries.

As part of its integrated analysis of employment and social developments in the context of the European Semester, the Commission assesses risks to upward social convergence in Member States and monitors progress on the implementation of the principles of the European Pillar of Social Rights on the basis of the Social Scoreboard and of the principles of the **Social Convergence Framework**. Further to multilateral review of the Commission's assessment, the results of this process are included in the annual CSRs as relevant.

The reform of the **Economic Governance Framework** aims to ensure sound and sustainable public finances, while strengthening social and economic resilience through reforms and investment. To encourage structural reforms and public investments, Member States are allowed to ask for an extension of the four-year fiscal adjustment period to maximum seven years, if they carry out certain reforms and investments that improve resilience and growth potential, support fiscal sustainability and address common priorities of the EU. The common priorities, identified in the Regulation are a fair, green and digital transition, including the climate objectives, strengthening social and economic resilience, including the European Pillar of Social Rights, energy security and, where necessary, building-up of defence capabilities.

In the context of the Social Open Method of Coordination, the **Social Protection Performance Monitor Vertical Assessment** is an annual exercise to determine key social challenges (KSCs) and good social outcomes (GSOs) in each Member State. It is based on a list of the most relevant Joint Assessment Framework indicators as determined by the Indicator Sub-Group of the Social Protection Committee, as well as findings emerging from other sources in some specific branch of social protection systems “non-JAF analysis”). The results are published and endorsed by the Council with the SPC annual report.

## 5.2. EU funding

**EU funding plays and will continue to play a role in helping Member States prevent and reduce poverty, promote social inclusion and reinforce social protection systems.** The European Commission's proposal for a Multi-Annual Financial Framework (MFF) sets out nearly EUR 2 trillion to support Europe's long-term independence, prosperity, security and growth. The MFF unifies EU funds under a coherent strategy implemented through National and Regional Partnership Plans. At least 14% of the envelope for the National and Regional Partnership Plans will be dedicated to meeting the EU's social objectives.

The **European Social Fund Plus (ESF+)** is the EU's main instrument for investing in people and implementing the European Pillar of Social Rights. Combating poverty and social exclusion is an integral part of this. With a total budget of over EUR 139 billion for the 2021–2027 programming period (over EUR 94 billion from the EU budget), it supports Member States in breaking cycles of disadvantage, promoting equal opportunities and fostering social inclusion across generations. Since the start of the current programming period, the ESF+ has seen 16.1 million participations and 64.6 million participations under the previous programming period.

The **mid-term review** of the cohesion policy programmes, which has recently been finalised, has allowed Member States to successfully reprogramme EUR 34.6 billion in their 2021-2027 cohesion policy funds towards the EU's most urgent strategic priorities. This has also resulted in a positive uptake in the thematic concentration requirements of the ESF+, with resources dedicated to addressing child poverty increasing by 5.4% (an additional EUR 491 million and material deprivation increasing by 3.5% (an additional EUR 211 million.

All Member States are obliged to programme at least 25% of their ESF+ resources to the thematic area of **social inclusion**. This minimum percentage is largely exceeded as Member States are investing over 31% of their ESF+ resources in this domain. This represents EUR 45,3 billion. EUR 29,7 billion of resources are already committed and EUR 9,6 already spent on a total of over 55.000 operations. So far, this has translated into 5 million participations under social inclusion objectives in the current programming period.

To contribute to the implementation of the **European Child Guarantee**, Member States have programmed 6.9% of total ESF+ resources to tackling child poverty on average again largely exceeding the minimum threshold of 5%<sup>449</sup>. This represents EUR 9.6 billion<sup>450</sup>. EUR 6,0 billion of resources are currently committed and EUR 2,2 billion already spent on a total of over 6.500 operations.

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<sup>449</sup> Article 7(3) ESF+ Regulation obliges all Member States to programme an “appropriate amount” of their ESF+ resources to tackling child poverty, and Member States that had an average rate above the Union average of children of less than 18 years old at risk of poverty or social exclusion for the period between 2017 and 2019, on the basis of Eurostat data, have to allocate at least 5 % of their ESF+ resources to this policy priority.

<sup>450</sup> The Commission can track the use of ESF+ investments to address child poverty via secondary theme 06. However, the use of secondary themes is not mandatory. 24 Member States use this secondary theme, while three do not (DK, NL, and SI). As a result, the amounts can only be considered indicative, as secondary themes reflect estimates planned by the Managing Authorities rather than actual budgeted amounts.

Moreover, Member States must also dedicate at least 3% of their ESF+ resources specifically to actions **fighting material deprivation, notably through food aid and basic material assistance for the most deprived**. In total, 4% of the ESF+ allocation is dedicated to food and material support for material assistance and accompanying measures for the most disadvantaged in the EU. Member States thereby exceed the minimum threshold of 3%. This represents EUR 5,8 billion. EUR 3,8 billion of resources are currently committed and EUR 1,6 billion already spent. So far, the ESF+ has reached 31 million end recipients of food support and 4.1 million end recipients of material support. Further, 2.6 million end recipients have benefitted from vouchers which enable the purchase of food or goods.

**The ESF is proving to be effective on the ground for the people.** The ESF 2014-2020 ex-post evaluation showed that participating in an ESF project increased the probability of employment by 16% compared to those who are not participating. The ESF has also improved the education outcomes of individuals participating in its programmes, with significant positive outcomes in interventions targeting students or improving grades<sup>451</sup>. Overall, the highest returns on the ESF investments per participation come from interventions directly addressing early school leaving, employment or active inclusion, reaching a benefit-cost ratio of 43, 20.5, or 16.2 respectively.

Together with other EU funding sources such as the European Regional Development Fund (see below), the ESF+ can also support Community-Led Local Development (CLLD) by co-financing strategies that can address local employment, skills and social inclusion needs through bottom-up action and support to social infrastructure. In the current programming period, until April 2026, over 2.7 million participants to ESF+ funded operations were reached in rural areas (tracked under the common output indicator EECO17 – participants from rural areas).

**The European Regional Development Fund (ERDF)** finances the infrastructure and place-based investments to reduce economic, social and territorial disparities, creating the conditions for social inclusion and equal opportunities across all territories. Under Policy Objective 4 “a more social and inclusive Europe”, the ERDF supports investments aiming to enhance equal access to mainstream high-quality services, and the socioeconomic inclusion of vulnerable and disadvantaged groups like Roma, migrants, and persons with disabilities. As of April 2026, EUR 19,124 billion<sup>452</sup> in EU amounts (EUR 25.598 billion with national co-financing) are planned by Member States to finance investments in long-term and social care infrastructure, education and training facilities, sustainable and affordable housing, including social housing, childcare and early childhood education centres or community-based services for vulnerable and disadvantaged groups. By the end of the implementation of the programming period 67.2 million of persons are expected to benefit from improved or new healthcare facilities, and 3.5

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<sup>451</sup> Häpp, T., *Meta-analysis of the European Social Fund counterfactual impact evaluations: First quantitative results on education outcomes*, Publications Office of the European Union, Luxembourg, 2025, [JRC Publications Repository - Meta-analysis of the European Social Fund counterfactual impact evaluations: First quantitative results on education outcomes](#)

<sup>452</sup> [Open Data Portal for the European Structural Investment Funds - European Commission | Cohesion Open Data.](#)

million of pupils are expected to benefit from new or modernised education facilities<sup>453</sup>. Sustainable and affordable housing and energy efficiency of housing stock are also being supported by the ERDF through Policy Objective 2 – with a planned budget of around EUR 4.6 billion over the period (EUR 6.2 billion including national co-financing). Additionally, through Policy Objective 5, the ERDF implements integrated territorial development strategies that tackle poverty and exclusion in urban, rural, and coastal areas, reducing territorial disparities. Member States are planning to dedicate EUR 19,091 billion in EU amounts under PO5 (25.997 billion with national co-financing).

**Interreg programmes** – the EU’s instrument for cross-border, transnational and interregional cooperation under the ERDF – also contribute to poverty reduction by supporting projects improving access to healthcare, solutions against energy poverty, or innovative tools for disadvantaged groups such as the elderly and people living in rural areas, as well as the integration of marginalised communities and refugees. In some border regions, cooperation in tourism and culture plays a particularly strong role in creating jobs, strengthening local economies, and reducing the risk of poverty. Currently EUR 2.860 billion (EU amounts) are planned across programmes to support investments under PO4.

The **Cohesion Fund (CF)** further complements the investments in housing, related to the promotion of energy efficiency or renewable energy use, including in affordable and social housing, with a planned budget of around EUR 2.1 billion (EUR 2.4 billion with national co-financing).

The **Just Transition Fund (JTF)** contributes to a fair and inclusive transitions to climate neutrality in the territories most affected by it, with an overall budget of EUR 19.6 billion for the 2021-2027 programming period. It supports the reskilling, upskilling, and job-search assistance for workers, alongside measures to access to sustainable and affordable housing, including social housing and energy efficiency measures contributing to reduce energy poverty.

The **Social Climate Fund (SCF)** is a key EU funding instrument and the first EU fund which is principally targeted to supporting **vulnerable households tackle energy and transport poverty**. The Social Climate Fund, which will be implemented from 2026 to 2032, will mobilise over EUR 86.7 billion, out of which EUR 65 billion collected from ETS2 (and ETS1) resources and a 25% national contribution. Its core objective is to help vulnerable households address the social impacts of the new Emissions Trading System for buildings and road transport (ETS2) which may trigger an increase of the price of fossil fuels used for heating of buildings and for road transport. As this may have a disproportionate impact on the most vulnerable, the SCF was created to mitigate that impact through tailored support measures (e.g. reforms) and investments, as well as through direct income support. Since the vulnerable households do not have the financial means to make investments leading to a decrease of fossil fuels used to heat their homes or to switch to alternative means of transport, the SCF will provide help to this end. Concretely, the SCF can support investments in renovation of buildings

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<sup>453</sup> As of April 2026 - Open Data Portal for the European Structural Investment Funds - European Commission | Cohesion Open Data.

(insulation, replacement of old, fossil fuels-based heating sources, installation of renewable energy sources etc.) and in accessing clean transport solutions (new clean public transport solutions or access to electric vehicles). SCF support can include investments that help vulnerable households have access to essential socioeconomic services such as health, social services, education and employment, through on demand transport measures in remote or rural areas, or clean public transport. To benefit from it, Member States must submit to the European Commission social climate plans, designed in consultation with the relevant stakeholders, to set measures and investments aimed at the vulnerable households. So far, the social climate plan of Sweden was adopted and the European Commission is currently negotiating with the Member States with a view to a speedy submission and approval of their social climate plans, that would allow for the investments to be implemented swiftly and thus generate benefits for the vulnerable people.

The **Social Investment and Skills Window of InvestEU** addresses social exclusion and moves people out of poverty. By means of an EUR 2.8 billion guarantee provisioned in the EU budget, which will be further increased under the ‘Omnibus’ package to simplify EU programmes, it increases the risk-bearing capacity of InvestEU Implementing Partners to support social investments and skills. Today, these Implementing Partners include the European Investment Bank, the European Investment Fund, the Council of Europe Development Bank, the European Bank for Reconstruction and Development as well the national promotional banks Cassa Depositi e Prestiti in Italy, Caisse des Dépôts et Consignations in France, Instituto de Credito Oficial and Bank Gospodarstwa Krajowego in Poland. Together, these Implementing Partners play a central role in the European Union’s fight against poverty and social exclusion, supporting job creation, entrepreneurship, social innovation and economic integration for vulnerable groups. Under this architecture, InvestEU facilitates the granting of microcredits and access to finance by social enterprises. Notably by providing microcredits to people who lack access to traditional banking, individuals are enabled to start or expand small businesses, generate income, and strengthen their financial independence. This support is instrumental in reducing poverty and promoting social inclusion by supporting entrepreneurship among groups in vulnerable situations. To date, InvestEU supported around 116,900 microenterprises and around 4,200 social enterprises. In addition, InvestEU facilitates access to affordable social housing and other areas of social infrastructure. Again, this activity contributes to addressing social exclusion, enabling vulnerable groups to participate fully in society and in the labour market. To date, InvestEU supported the construction and renovation of 13,400 social and affordable housing units, potentially benefiting around 46,000 individuals across the EU.

The **Recovery and Resilience Facility (RRF)** seeks to reduce economic inequalities through reforms and investments that strengthen labour market participation, promote up- and re-skilling, and expand access to sustainable and affordable housing. Across social policy fields supported by the RRF, the combined estimated cost of reforms and investments amounts to EUR 163.9 billion, or roughly one-quarter of total RRF funding.

**Technical Support Instrument (TSI)** provides on-demand technical assistance to Member States for the design and implementation of reforms in social assistance and social protection

systems. Its objective is to strengthen social inclusion, modernise welfare systems and support efforts to combat poverty and inequality.<sup>454</sup>

The **Erasmus+ programme**, with a budget of EUR 26.5 billion for 2021-2027<sup>455</sup>, prioritises social inclusion, improving access for people with fewer opportunities in education, training, youth, and sport. It includes dedicated inclusion measures.<sup>456</sup> The programme's bottom-up design ensures that disadvantaged groups benefit from financial mechanisms, enhancing participation. In sport, Erasmus+ promotes social inclusion targeting in particular grassroots sport organisations and disadvantaged groups, while youth initiatives like DiscoverEU Inclusion Action help marginalised young people participate in DiscoverEU, giving them the chance to learn about Europe and gain life skills and competences. Since 2021, more than 14.000 cooperation projects in the education and training, youth and sport fields have advanced social inclusion efforts, leveraging around EUR 3 billion in contracted grants. The **Justice Programme** (running from 2021 to 2027 with a budget of EUR 305 million) provides support and funds projects aiming to facilitate effective and non-discriminatory access to justice for all, including children, and effective redress.<sup>457</sup> The indicative Justice programme budget for the 2028-2034 MFF programming period is set at EUR 798 million.

The **Citizens, Equality, Rights and Values (CERV) programme** contributes indirectly to addressing poverty and social exclusion by promoting equality, non-discrimination, access to rights and civic participation across the EU. It supports civil society organisations and other stakeholders working with groups affected by poverty and social exclusion, including women, older persons, children, persons with disabilities, Roma, LGBTIQ persons and other groups affected by racism and marginalisation.

The **Citizens, Equality, Rights and Values (CERV) Programme**, specifically through its **DAPHNE strand**, addresses **gender-based violence (GBV) and violence against children (VAC)**, including links to poverty, through a holistic, rights-based, and intersectional approach, addressing socioeconomic disparities alongside gender and age-specific vulnerabilities.

The **EU4Health Programme, with a budget of EUR 4.6 billion** and implemented through annual work programmes, is the main financial instrument to fund the European Union health initiatives. It brings an EU added value and complements the policies of the Member States and

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<sup>454</sup> TSI examples include: [Developing structural tools to support the implementation of the European Child Guarantee in Portugal - Reforms and Investments](#), [Development of performance-based vocational education and training funding - Reforms and Investments](#), [Making higher education in Portugal more inclusive - Reforms and Investments](#).

<sup>455</sup> The programme also has an additional indicative envelope of EUR 2.2 billion allocated from External Cooperation Instruments (IPA III and NDICI-Global Europe), which complements the EUR 26.5 billion heading 2 budget.

<sup>456</sup> Such as targeted communication and easier-to-access activity formats, as well as dedicated financial mechanisms such as inclusion support for organisations, inclusion support for participants and the top-up amount to the individual support for long-term mobility for students and recent graduates with fewer opportunities in higher education.

<sup>457</sup> Including by electronic means (e-Justice), by promoting efficient civil, and criminal procedures, and by promoting and supporting the rights of all victims of crime as well as the procedural rights of suspects and accused persons in criminal proceedings.

associated countries to strengthen the resilience of health systems, improve and foster people's health, promote innovation in the health sector and enhance health crisis preparedness.

The **Common Agricultural Policy (CAP)** contributes to poverty alleviation and supports disadvantaged groups in rural areas across the EU. By allowing Member States to design locally tailored interventions, it supports small-scale rural infrastructure investments, community-led approaches like LEADER and cooperation, enhancing rural services and bolstering local economies. It provides direct aid to small, family and young farmers, especially those facing natural constraints, through initiatives like the Complementary Redistributive Income Support for Sustainability (CRISS) and the Small Farmers Scheme, which reinforce income support. Targeted payments help maintain agricultural activities, preventing land abandonment and supporting small and medium-sized farms. By stabilizing farmer incomes and ensuring food production, the CAP reduces vulnerability to price fluctuations, contributing to food affordability and long-term poverty reduction in rural regions. In addition to enhancing the EU school scheme's complementarity and synergy with other instruments at EU, national, and regional levels, the proposal for the next Multiannual Financial Framework introduces the possibility for Member States to prioritise certain groups of children according to socioeconomic considerations recognising that children from vulnerable groups are more prone to have unhealthy diets.

The **Asylum, Migration and Integration fund (AMIF)** supports integration measures, with a focus on early integration of non-EU country nationals, complementing other EU funds, such as the ESF+ and ERDF, in areas such as access to housing, health services, employment, education and in particular supporting the establishment of reception centres for asylum seekers and the provision of early integration services or language training to non-EU country nationals. Within the AMIF global envelope of EUR 11 billion for the 2021-2027 period, Member States' have earmarked a significant part of their national programmes to the integration of non-EU country nationals (EUR 1.7 billion for the 2021-2027 period)<sup>458</sup>. Through the AMIF Thematic Facility, the Commission has been allocating funds (EUR 78.5 million so far)<sup>459</sup> for transnational projects on integration and inclusion as well as children in migration.

The **Connecting Europe Facility (CEF)** supports connectivity projects – either highly innovative projects or projects with strong cross border impact. Many of these projects explicitly target remote, sparsely populated, or underserved areas, directly contributing to bridging the rural-urban divide and indirectly economic and social divides.

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<sup>458</sup> The figures are updated at cut-off date of 20/04/2026.

<sup>459</sup> The figures are updated at cut-off date of 20/04/2026.

## Focus on the contribution of the European Investment Bank (EIB) Group

Through targeted and sustained social investment, such as in education, healthcare, social and affordable housing, care infrastructure and resilient public services, including to micro-enterprises and underserved groups through the European Investment Fund, the EIB Group helps address structural barriers that can trap individuals and communities in cycles of disadvantage. These investments directly contribute to preventing poverty by mitigating risk of exclusion and strengthening long-term resilience, while at the same time strengthening the EU's competitiveness and security.

As an example, through Commission programmes such as EPMF, EaSI and InvestEU, the EIF implemented portfolio guarantees and debt solutions that generated tangible social impact, expecting to mobilize over the past 15 years close to EUR 16 billion and benefiting more than 350,000 entrepreneurs and helping create or safeguard over one million jobs. In 2025, the EIB Group invested more than EUR 9.5 billion in social infrastructure within the EU. This included EUR 3 billion for education and EUR 1.3 billion for health, supporting universal access to high-quality services, improved well-being and a more productive workforce.

The strong expansion of inclusive finance in Europe over the past decade, notably in microfinance<sup>460</sup> and social entrepreneurship finance, has been underpinned by EU-level central financial instruments<sup>461</sup> aimed at improving access to finance for a wide range of vulnerable, excluded entrepreneurs, including social enterprises, cooperatives and non-governmental organisations providing services to underserved and vulnerable groups, but also rural entrepreneurs, Roma communities, migrants and refugees, low-income households, people experiencing homelessness and small farmers across Member States.

The EIB Group will continue to play a pivotal role in reducing poverty across Europe by catalysing investment in education, health and social infrastructure—sectors that are essential to breaking cycles of deprivation and expanding access to opportunity.

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<sup>460</sup> The most recent Microfinance Market Survey, issued jointly by the European Microfinance Network and Microfinance Centre in February 2026, reports the size of the European microfinance market at around €6.3 billion in 2024.

<sup>461</sup> European Progress Microfinance Facility (2010-2014); Employment and Social Innovation (2015-2020); Social Investments and Skills Window of the InvestEU Fund (2022-2027).

Under the **next Multiannual Financial Framework**, as part of the **National and Regional Partnership Plans (NRPP)**, the ESF will remain the main instrument to promote and strengthen social cohesion, investing in Europe's people, their future and preparedness. It will contribute promoting equal opportunities for all, to support strong social safety nets, foster social inclusion, intergenerational fairness and fight poverty.

According to its dedicated regulation, the ESF will contribute to:

- supporting quality jobs and labour mobility,
- improving education, training, and lifelong acquisition of skills,
- fighting poverty and homelessness,
- promoting social inclusion and equality,
- addressing material deprivation,
- developing social infrastructure.

At least 14 % of the financial envelope of the NRP Plans (including loan support but excluding direct payments under the CAP and excluding Social Climate Fund budget) will be dedicated to social objectives. This ensures a minimum level of support for social policies, notably in the fight against poverty, whilst allowing to respond to the individual needs faced by Member States and regions.

In addition, the recitals of the ESF regulation as well as Annex VI of the NRPP regulation specify that Member States should concentrate resources, inter alia, on the following four priority (i.e. obligatory) themes:

- social inclusion
- food and/or basic material assistance
- addressing child poverty and implementing the Child Guarantee
- combating youth unemployment, including through education and training and implementing the Youth Guarantee

The European Semester will play an ever more important role to direct funding towards those social and employment areas most in need as, taking into account the specific national and regional needs and challenges identified. The Commission will be vigilant to ensure that the social and employment challenges are appropriately covered in the Plans.

Furthermore, the proposed EU Facility covers the scope of the current InvestEU Social Investment and Skills Window. By using the budgetary guarantee foreseen under the new European Competitiveness Fund InvestEU instrument, it will allow to use that guarantee for the same measures that are today supported under InvestEU, including microfinance and affordable social housing.

## 5.3. Monitoring

### *Enhanced monitoring*

**The rapid pace of changes exacerbated by the cost-of-living, as well as significant shifts in the labour market and workforce, calls for better anticipation and stronger, more agile evidence.** In this context, the Commission will improve the monitoring of poverty and put forward new indicators on affordability, with a view to having them agreed by 2028 and identify a strong monitoring basis for progress towards the 2050 ambition of helping eradicating poverty in the EU by 2050. This new set of indicators will reflect relevant different dimensions of poverty, as well as affordability, such as access to basic goods and services essential for a decent life, and purchasing power, wealth and debt.

**Social monitoring frameworks agreed by the Council and the Social Protection Committee cover various dimensions of poverty.** Tools for monitoring progress towards the EU 2030 poverty and social exclusion target and developments in the overall social situation include i/ the Social Protection Performance Monitor (SPPM) dashboard (horizontal trends) and SPPM vertical assessment tool (to identify key social challenges and good social outcomes across countries), ii/ 2030 national targets monitoring charts in Annex to the SPC Annual Report; iii/ the Joint Assessment Framework and iv/ the EPSR social scoreboard (that also supports the Social Convergence Framework) and v/ other specific monitoring frameworks.<sup>462</sup>

**While significant efforts have been made to improve the monitoring of poverty, there is scope to further improve poverty indicators, focusing in particular on affordability in the light of the cost-of-living pressures experienced over recent years.** It appears important to further looks at all relevant dimensions of poverty, including in particular severe poverty as well as affordability (such as access to basic goods and services, which are essential to ensure decent living and wealth or debt). In this respect, the list of deprivation items would gain to be reviewed in order to better reflect severe forms of poverty, while the work on agreed indicators on the cost of living would gain to be deepened (focusing on the purchasing power of various categories of households). Further efforts are also needed as regards the timeliness of social statistics, while also improving the comprehensiveness of data and indicators, in particular on areas related to access to services or wealth.

**Improving timeliness would significantly improve the monitoring by allowing to make poverty indicators as timely as economic and employment ones.** This is a long-standing issue highlighted also by the Council and it could be addressed by using more systematically flash estimates of poverty and income. Greater use of administrative data could be explored, as underlined in the June 2024 Council Conclusions on the role of labour market, skills and social

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<sup>462</sup> European Commission, 'Monitoring and Benchmarking Frameworks: Indicators Sub-Group', *Employment, Social Affairs & Inclusion*, accessed 26 April 2026, [https://employment-social-affairs.ec.europa.eu/policies-and-activities/social-protection-social-inclusion/social-protection-committee/indicators-sub-group/monitoring-and-benchmarking-frameworks\\_en](https://employment-social-affairs.ec.europa.eu/policies-and-activities/social-protection-social-inclusion/social-protection-committee/indicators-sub-group/monitoring-and-benchmarking-frameworks_en).

policies for resilient economies,<sup>463</sup> and explore ways to enhance comparability of time series, for instance through the development of adjusted (break-free) series for key social indicators such as AROPE, where appropriate and subject to methodological considerations.

### *Reviewing progress and implementation*

**As outlined in the EU Anti-Poverty strategy, the Commission will review the progress towards the 2030 target and the 2050 ambition regularly until 2050.** It will provide for each Member State an analysis of the main poverty-related challenges and their drivers as well as a stress test to assess the resilience of national welfare systems when confronted with potential shocks. It will also report on the implementation of the European Child Guarantee (<sup>464</sup>) across Member States.

**This will serve as a basis for joint work with the Social Protection Committee, to help Member States achieve their goals.** The Commission will intensify its efforts to support those experiencing poverty by further implementing existing initiatives and launching the initiatives outlined in the APS. These EU efforts should be complemented by national and local efforts and efforts from all stakeholders. The Social Protection Committee also has a key role in monitoring the implementation of the Strategy, building on existing deliverables and workstreams, as well as feeding into discussions on the implementation of the APS on a regular basis.

### *The need for further research*

**The implementation of measures should be consistently accompanied by rigorous research and evaluation.** Evidence collected so far shed light on poverty as a multidimensional phenomenon and provided policymakers at EU, national and regional level with recommendations on how to tackle these issues. Yet, given the complexity of the phenomenon, its heterogeneity depending on the different geographical areas and social protection characteristics, and the rapidly changing landscape (due to demographic, technological, climate changes and the new geopolitical context), further efforts have to be done.

**Research can further build on recent or upcoming results.** The JRC has already worked on several dimensions of poverty and projects under Horizon Europe cover relevant topics such as key drivers of inequality trends, the economic and social returns of social services and increasing economic fairness.

**Further research, combined with evaluations and testing/piloting innovative approaches, is key for evidence-based policy making.** A key dimension relates to testing and scaling innovative solutions, to support more effective policy tools for tackling poverty. Other areas for further research relate to the territorial mapping of distribution of poverty, at granular local level to better understand the drivers of poverty at territorial level as well as the more systemic use administrative data, for instance to better analyse the persistence and dynamics of poverty

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<sup>463</sup> [Draft Council Conclusions of 18 June 2024 on the role of labour market, skills and social policies for resilient economies \(doc. 11066/24, SOC 443, EMPL 258, ECOFIN 676\).](#)

<sup>464</sup> Along the 2021 Council Recommendation establishing a European Child Guarantee.

or low income and low wage situations or the intergenerational transmission of poverty and disadvantage. The JRC will also examine associations between demographic change and drivers of poverty in the EU through quantitative and qualitative analysis. Additionally, JRC research on the intergenerational transmission of wealth will examine how unequal access to family resources amplifies income and housing disparities. Investing in solutions that are backed by rigorous evidence enables us to better leverage and accelerate the impact of spending, to better disseminate best practice across the EU and promote a culture of rigorous innovation in social policy.

## 6. Combating poverty globally

**Poverty reduction is a key element of the EU's enlargement and external policies.** Addressing poverty worldwide is not only a moral, but is also an economic imperative, crucial for ensuring global security, stability and shared prosperity. Reducing poverty and social exclusion is an important component of the EU enlargement process, as candidate countries and potential candidates are expected to align their social protection and employment systems with the EU acquis to advance socio-economic convergence. In the Agenda 2030 for Sustainable Development, the global community recognised that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development, and made a joint plan, in the form of the Sustainable Development Goals, to work towards this ambition. By promoting inclusive growth, sustainable development and social inclusion and protection in partner countries, the EU supports the 2030 Agenda and strengthens its role as a values-based global actor. Ensuring consistency between internal and external policies is vital to achieving lasting progress in poverty reduction both within and beyond the EU.

### *Enlargement policy*

**Poverty and social exclusion remain significant challenges across the candidate countries and potential candidates,** reflecting structural labour market weaknesses, demographic pressures, regional disparities, and gaps in social protection systems. As a result, fostering inclusive growth and social convergence becomes vital for stability, democratic governance, and trust in the EU integration process. The EU's enlargement policy plays a crucial role in combating poverty and promoting social inclusion in these regions, preparing them for EU Membership.

EU initiatives such as the **European Child Guarantee** and the **Youth Guarantee**—which are progressively being implemented by candidate countries and potential candidates—will be instrumental in tackling child and youth poverty. By improving access to quality education, healthcare and employment opportunities, these instruments aim to break intergenerational cycles of poverty and foster equal opportunities for all young people, regardless of their background or residence.

**Candidate countries have made notable progress in aligning their national policies with key EU social and employment frameworks.** Montenegro has adopted a new Social and Child Protection Strategy, introducing targeted measures to reduce child poverty and improve access to education and healthcare services. Albania, Serbia and North Macedonia are advancing the implementation of their Youth Guarantee Plans, strengthening employment services and activation measures, particularly for young people not in employment, education or training (NEETs).

**Ukraine and Moldova** are taking steps to implement the European Child Guarantee, through dedicated national plans. **Ukraine** is also working towards implementation of the **Youth**

**Guarantee**, with the support of the Commission, the ILO and the European Training Foundation.

**The EU's financing toolbox, most notably the Instrument for Pre-Accession Assistance (IPA III) for the Western Balkans and Türkiye**, plays a crucial role in supporting social inclusion, employment, social services and poverty reduction in candidate and potential candidate countries. These investments strengthen public administration capacity, enhance access to quality education and healthcare, and modernise social protection systems in line with EU-*acquis* and the European Pillar of Social Rights. Emphasis is placed on empowering women, young people, and marginalised groups, as well as promoting labour market reforms that reduce activity in the informal sector and increase access to decent work.

**In parallel, the Reform Agendas for the Western Balkans and the Republic of Moldova, and the Ukraine Facility Plan are key instruments** that set out specific commitments aimed at strengthening human capital, improving education and skills development, enhancing labour market integration, and expanding inclusive employment opportunities. By linking financial support to concrete reform milestones, these instruments reinforce sustainable livelihoods and improved access to quality social services.

**The combination of national reforms and EU-supported strategies provides a structured framework to reduce poverty**, strengthen social cohesion, and support gradual socio-economic convergence with the European Union.

### *International cooperation*

**The EU has long been a global leader in advancing Sustainable Development Goal 1 — ending poverty in all its forms.** Eradicating poverty remains the primary objective of EU international cooperation, as enshrined in the Treaties and reaffirmed by the European Consensus on Development, and it is a core pillar of the Global Gateway strategy.

After decades of progress, global poverty reduction has stalled, raising concerns that the 2020s could become a “lost decade” for development. Today, around 10% of the world's population (nearly 800 million people) still lives below the extreme poverty line of USD 3 per day.

**At the same time, inequalities are widening both within and between countries.** The Human Development Index (HDI) has declined for two consecutive years, reversing long-term gains. While global social protection coverage has improved surpassing half of the world's population for the first time at 52.4% in 2024, up from 42.8% in 2015, 3.8 billion people remain without income security or access to essential services, leaving them at risk of persistent poverty.

**The Commission has made concrete commitments to allocate resources and measure the impact of the EU's external action on poverty reduction.** Between 2021 and 2024, 8.1% of EU-financed Official Development Assistance (ODA) (over EUR 26.6 billion) directly supported SDG 1 on eradicating poverty, as part of the wider scope of EU-financed ODA, where all SDGs are enablers of poverty reduction. In Cabo Verde, for instance, EU Budget Support helped develop the National Extreme Poverty Eradication Strategy, aiming to eliminate extreme poverty by 2026 through an innovative domestic financing mechanism, the Fundo Mais.

Taking a multidimensional view of poverty, the Commission is on track to meet the NDICI<sup>465</sup>–Global Europe target of allocating at least 20% of ODA to social inclusion and human development in 2021–2027. By 2024, 32% of EU ODA had been directed to areas such as healthcare, education and training, nutrition, water and sanitation, decent work, gender equality, and universal social protection.

The Global Gateway complements this by mobilising public and private investments in sustainable infrastructure that create jobs, raise incomes, and expand access to essential services such as clean energy, water, health and education; thereby reducing multidimensional poverty.

**Creating decent jobs remains one of the most powerful levers for poverty reduction and development impact.** In many partner countries, however, unregistered and precarious work continue to limit access to stable income and social protection. The EU works closely with the International Labour Organization (ILO) to assess the employment impacts of investment projects through the STRENGTHEN programme. Another example is the Team Europe Initiative Jobs through Trade and Investment in the Middle East and North Africa that promotes job creation, skills development, entrepreneurship, and women’s and youth economic empowerment.

**The EU maintains a zero-tolerance policy on child labour, both within its borders and in its external action.** It supports global efforts to end child labour through development cooperation, trade agreements and targeted projects such as CLEAR Supply Chains Project, which addresses the root causes of child labour in supply chains, involving businesses and public authorities as well as communities, to increase monitoring and awareness, and tackle poverty, and access to education.

**Social protection is another proven driver of poverty reduction.** Since the beginning of the 2021-2027 Multiannual Financial Framework, the EU has supported national social protection systems in almost 50 countries, focusing on system strengthening, expanding coverage, improving digital systems, and building resilience against shocks. Increased coordinating efforts with EU Member States are taking place, for instance through regional Team Europe Initiatives — on Social Protection in Sub-Saharan Africa and on Inclusive and Equal Societies in Latin America and the Caribbean — aiming to reduce poverty and inequality and strengthen social cohesion.

**To better target inequality and exclusion, the Commission developed the Inequality Marker (I-Marker), using the Distributional Impact Assessment methodology, to assess how interventions benefit the poorest 40% of the population and the most vulnerable.** In 2024, 62% of new international partnership projects were marked as contributing to reducing inequality, up from 59% in 2023. The I-Marker now also applies to EFSD+ blending operations and will soon include guarantees, enhancing the monitoring of inclusivity under the Global Gateway.

In MENA countries, the EU supports reforms in Jordan to increase women’s participation in the labour market and improve access to quality services, while in Lebanon, EU cooperation

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<sup>465</sup> Neighbourhood, Development and International Cooperation Instrument.

strengthens the social protection system and fosters economic recovery for groups in vulnerable situations. In Egypt, the EU for Decent Life programme supports national efforts to improve living conditions for over 57 million rural residents. In Syria, the 2025 Special Measure prioritises economic recovery by expanding financial inclusion and livelihood opportunities for displaced and vulnerable populations.

Throughout external actions, the Commission utilises the OECD DAC gender marker and through the EU Gender Action Plan 2021-2027 (GAP3) it committed that at least 85% of all its actions have gender equality as a principal or significant objective.

### *Trade policies*

**Free trade is widely recognised as an important instrument for poverty reduction, both in economic theory and practice.** It refers to the removal of barriers such as tariffs, quotas, and subsidies that restrict the movement of goods and services between countries. The link between trade liberalisation and poverty reduction is grounded in the principles of comparative advantage, specialisation, and expanded market access which together foster more efficient resource allocation, stimulate economic growth, and improve living standards.

**Trade with non-EU countries remains a key driver of Europe’s prosperity and a major source of employment.** The EU has developed one of the world’s most extensive networks of free trade agreements (FTAs) to strengthen supply chains and support inclusive globalisation. The new generation of EU FTAs includes Trade and Sustainable Development (TSD) chapters with legally binding commitments on the effective implementation of core labour standards and the promotion of the decent work agenda, ensuring a level playing field with global economic partners.

In addition, the EU’s Generalised Scheme of Preferences (GSP) reduces or removes import duties on products from over 60 developing countries in exchange for adherence to international social and labour standards. For middle-income countries, GSP+ provides tariff preferences in exchange for ratifying and effectively implementing ILO conventions, including the eight first fundamental ILO Conventions. For least-developed countries, the ‘Everything But Arms’ scheme eliminates all tariffs and quotas (except for arms and ammunition), granting full market access for their exports to the EU, on condition that a country does not severely violate the principles enshrined in the fundamental ILO conventions.

To ensure that trade liberalisation aligns with sustainable development objectives, EU trade negotiations are systematically accompanied by independent **Sustainable Impact Assessments**, which analyse the potential economic, social, human rights, and environmental impacts of new trade agreements.

**Beyond preferential market access, the EU also supports partner countries in strengthening the institutional capacity required to uphold international labour standards.** A leading example is the EU funded ILO Trade for Decent Work (T4DW)<sup>466</sup>

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<sup>466</sup> International Labour Organization (ILO), *Trade for Decent Work*, accessed 26 April 2026, <https://tradefordecidentwork.ilo.org/>, <https://tradefordecidentwork.ilo.org/>.

project, launched in 2019, which links trade policy with targeted technical assistance to improve working conditions in developing economies. The T4DW initiative has delivered concrete results in enhancing labour governance systems. It has facilitated the ratification of a number of ILO conventions, protocols and frameworks across several participating countries (Bangladesh, Côte d'Ivoire, Madagascar, Mozambique, the Philippines, and Vietnam), extending the reach of fundamental labour protections. The project also addresses implementation: for example, eight participating countries fulfilled their ILO reporting obligations between 2021 and 2023, reversing previous patterns of non-compliance.

**This capacity-building approach reflects the EU's recognition that sustainable trade requires strong domestic institutions capable of enforcing labour standards, fostering social dialogue and ensuring transparency.** By reinforcing these systems, the EU helps ensure that the gains from trade are more equitably shared, turning market access into a genuine pathway to decent work, social inclusion and long-term poverty reduction.

# Annex 1. Synopsis report – consultations on the EU Anti-Poverty Strategy

*This document should be regarded solely as a summary of the contributions made by stakeholders in the context of consultations on the EU Anti-Poverty Strategy. It cannot in any circumstances be regarded as the official position of the Commission or its services. Responses to the consultation activities cannot be considered as a representative sample of the views of the EU population.*

## INTRODUCTION

This document provides an overview of all consultation activities conducted with stakeholders from July 2025 to March 2026 as part of the drafting of the EU Anti-Poverty Strategy. The general objective of all consultation activities was to collect stakeholders' views on the main root causes of poverty, to enable the Commission to gather evidence on the areas requiring further action at the EU level to advance efforts to combat and prevent poverty, drawing on a comprehensive, transparent, and inclusive stakeholder perspective.

The following types of consultation took place:

- **Open Public Consultation** through the 'Have Your Say' portal (25 July 2025 - 24 October 2025) <sup>(467)</sup>;
- **Call for Evidence** through the 'Have Your Say' portal (25 July 2025 - 24 October 2025) <sup>(468)</sup>;
- **targeted consultations** with Member States, persons experiencing poverty (PEPs), civil society organisations (June – October 2025);
- a dedicated **hearing with social partners** (14 October 2025);
- an academic conference on the EU Anti-Poverty Strategy with the Bocconi University in Milan;
- Consultations and meetings with relevant **EU institutions, agencies and bodies** (the European Parliament, the European Committee of Regions (CoR), the European Economic and Social Committee (EESC), European Labour Authority (ELA), Eurofound, European Training Foundation (ETF));
- An **Implementation Dialogue on measures to combat poverty**, the Council Recommendation on Minimum Income ensuring active inclusion and the European Child Guarantee, held by Executive Vice-President Roxana Mînzatu (24 February 2026);
- A high-level seminar on “**Fighting poverty at the local level**” with Executive Vice-President (EVP) Roxana Mînzatu (24 March 2026).

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<sup>(467)</sup> The open public consultation is also summarised in the Factual Summary Report published on the ['Have Your Say' web portal](#).

<sup>(468)</sup> The full text of the call for evidence is available on the ['Have Your Say' web portal](#).

In the Communication on the European Year of Youth 2022, adopted on 10 January 2024 (COM/2024/1), the Commission committed to introducing a ‘youth check’ by making full use of the Better Regulation and consultation tools. The targeted consultation with civil society organisations (3 July 2025) included CSOs representing young people. Moreover, the Commission met the Member States’ representatives acting as Youth Guarantee coordinators (5 December 2025) to gather their views on the Strategy. Moreover, on the 3 March 2026 in a parallel event to the European Employment and Social Rights Forum, 15 young participants discussed with the EVP Roxana Mînzatu about cost of living and its impact on youth during the Youth Policy Dialogue. It encouraged young people to share their experiences, challenges, ideas and expectations concerning the rising cost of living. The discussion addressed also the key priorities in the EVP's portfolio, specifically the work on the EU Anti-Poverty Strategy.

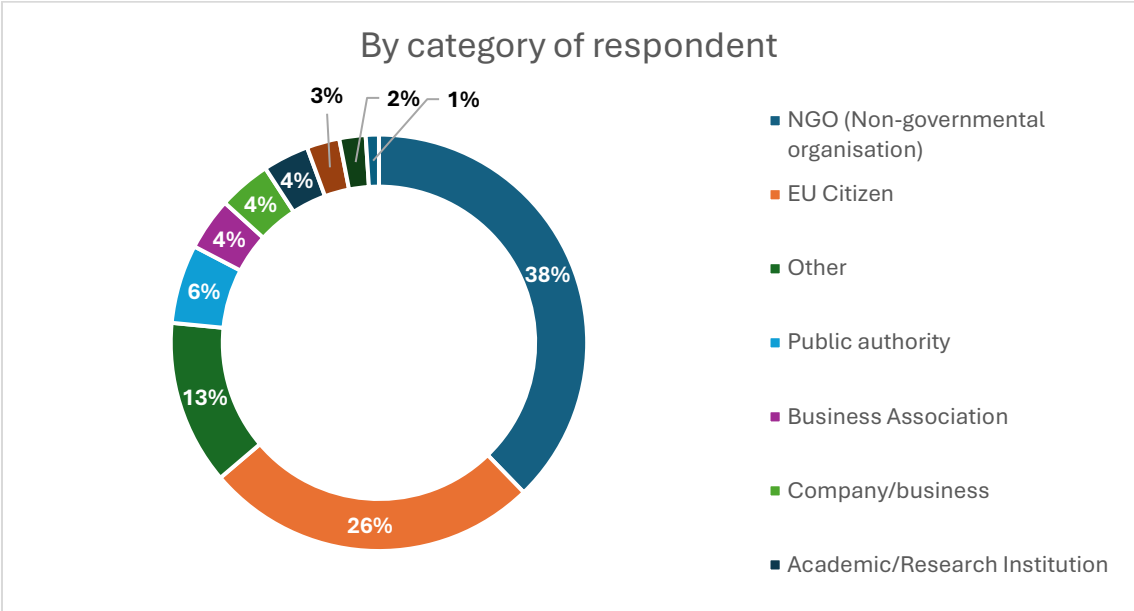
**OVERVIEW AND RESULTS OF CONSULTATION ACTIVITIES**

This section presents the methodological and procedural aspects of the different consultation activities that fed into the report.

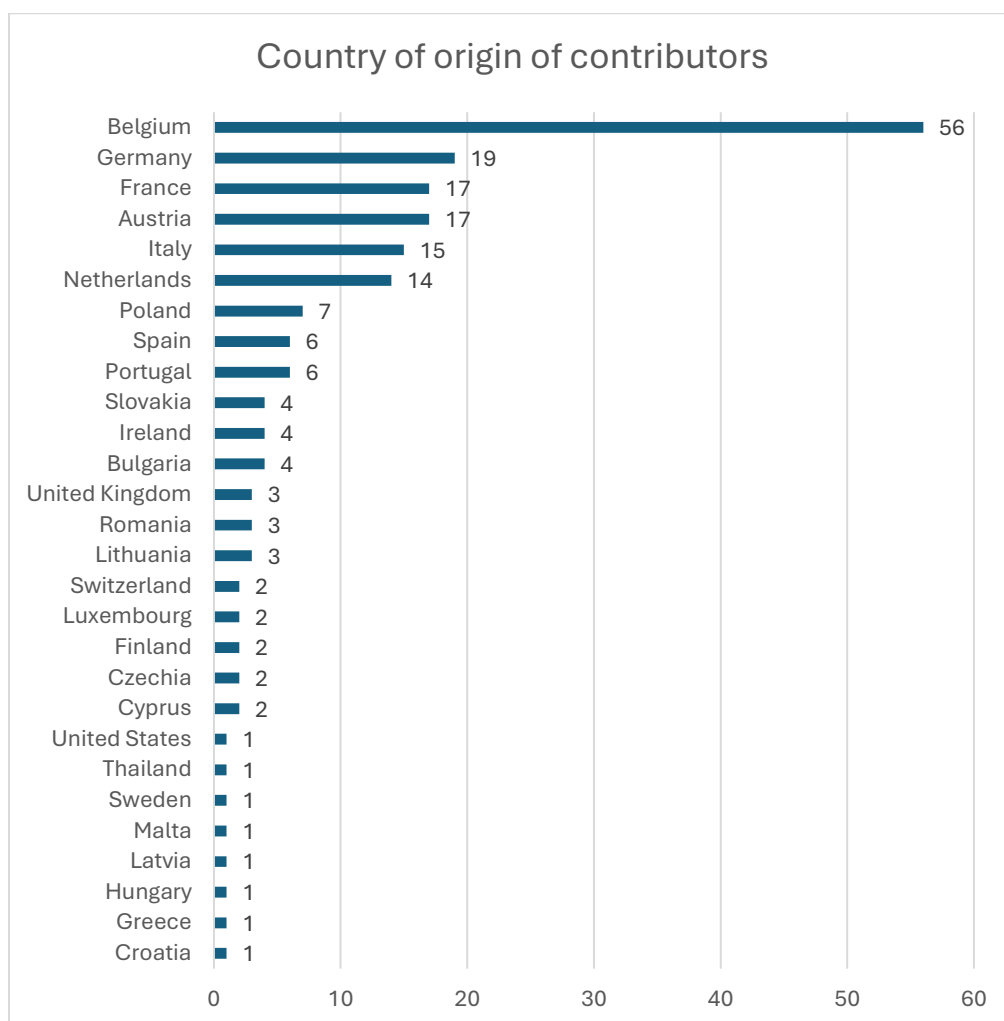
**Call for evidence**

The call for evidence ran between 25 July and 24 October 2025 on the ‘Have Your Say’ portal. It aimed to compile a broad range of opinions from stakeholders. A total of 196 contributions were received.

Out of the published 196 contributions, 74 came from non-governmental organisations (38%), 51 (26%) from EU citizens, 12 (6%) from public authorities.



Regarding the country of origin, 96% of the responses were received from EU Member States (4% from non-EU countries). Belgium was the most represented country (56 replies), followed by Germany (19 replies) and France (17 replies).



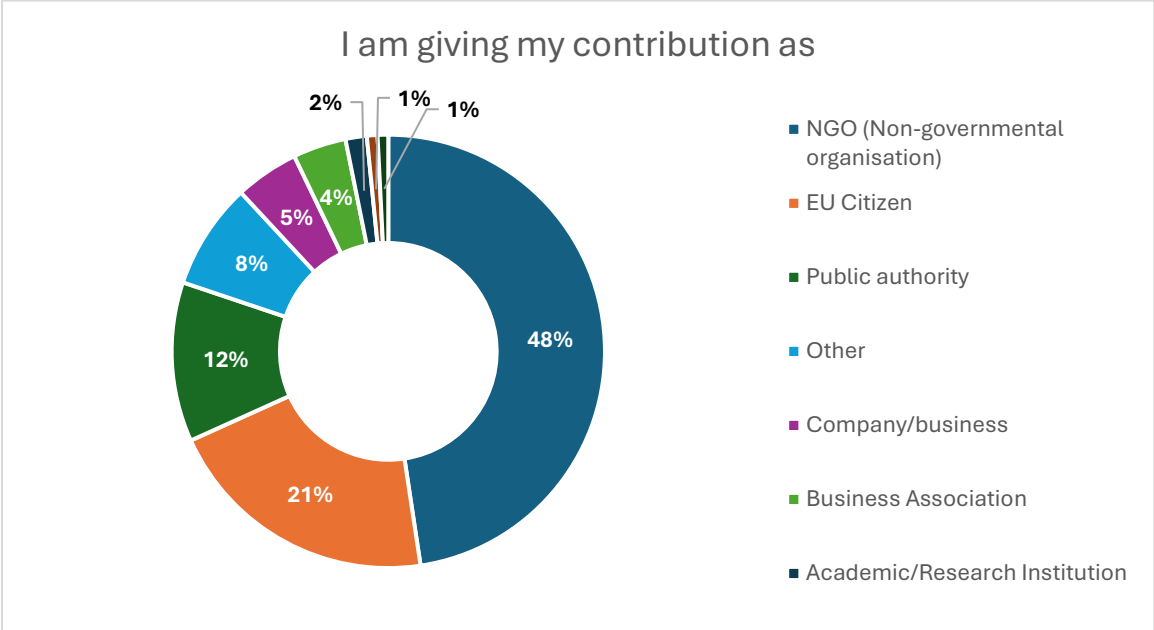
The key themes that emerged from the call for evidence include a strong emphasis on the need for a comprehensive and rights-based approach that clearly recognises poverty as a multidimensional issue affecting various demographic groups including children, single-parent families, persons with disabilities, ethnic minorities, and older people. Stakeholders consistently advocated for universal access to adequate minimum income, set above poverty thresholds and accessible without bureaucratic obstacles. They called for the expansion of affordable housing and care services, investment in lifelong education, and substantial efforts to break intergenerational poverty cycles. Furthermore, stakeholders underlined the importance of quality employment with fair wages that combat in-work poverty, addressing digital exclusion, and ensuring sustainable social and economic development through targeted, adequate, and sustained EU funding. Meaningful participatory mechanisms involving those with lived experiences of poverty in designing and evaluating policies were a recurrent element of numerous contributions. All contributions from the call for evidence can be found [online](#).

### **Open public Consultation**

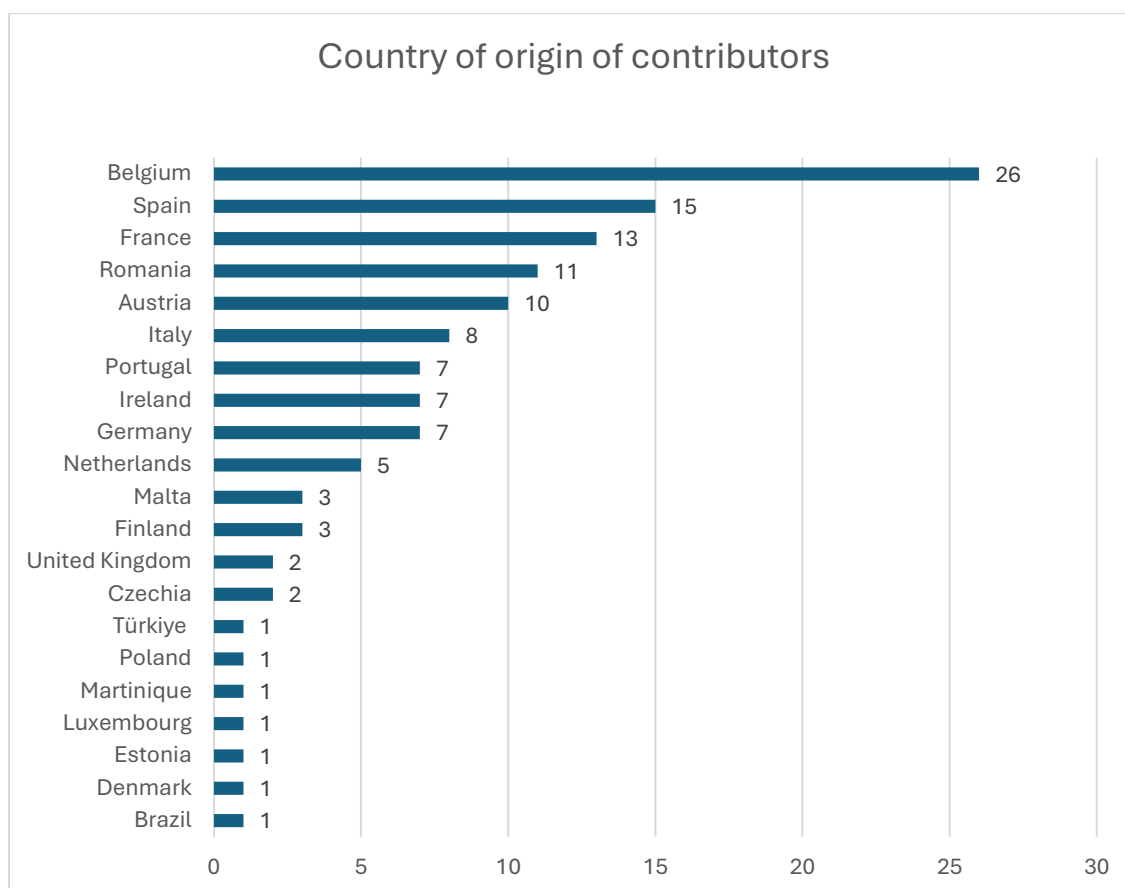
The open public consultation on the EU Anti-Poverty Strategy was open between 25 July and 24 October 2025. The online questionnaire, available in 24 EU languages, sought views on the root causes of poverty and on the national and EU actions for combating and preventing

poverty. The public consultation gathered 126 replies. The questionnaire combined both closed and open-ended questions. Most questions used a Likert-scale rating to assess the relevance and effectiveness, while other questions allowed respondents to provide more detailed input or suggestions. Its goal was to gather quantitative and qualitative feedback from citizens and stakeholders.

The stakeholder categories that responded to the public consultation included: non-governmental organisations (47.6% – 60 respondents), EU citizens (20.6% – 26 respondents), public authorities (11.9% – 15 respondents), companies/businesses (4.8% - 6 respondents), business associations (4% – 5 respondents), academic/research institutions (1.6% – 2 respondents), a consumer organisation (0.8% – 1 respondent) and a trade union (0.8% – 1 respondent). Additionally, 7.9% (10) respondents classified themselves as ‘other’.



Regarding the country of origin, 97% of the responses were received from EU Member States (3% from non-EU countries). Belgium was the most represented country (26 replies), followed by Spain (15 replies) and France (13 replies).



The respondents were predominantly within the 30-54 age group, forming a majority of 53% of all participants. The 55-64 age group represented the second-largest segment at 24%, while younger adults aged 18-24 and 25-29 made up much smaller portions at 7% and 6% respectively. Senior respondents aged 65 and older comprised 8% of the sample, and those under 15 were the smallest group at 2%.

Most respondents reported no experience with poverty at the time of the contribution (71% of all participants). Among those facing economic challenges, 12% answered affirmatively that they were experiencing poverty at the time, while 10% indicated they had experienced poverty in the past but were not living in poverty at the time of the contribution. 7% reported that although they were not in poverty, they felt at risk of falling into it.

The questionnaire asked the respondents about their perception of the most important causes of poverty. All proposed causes were found to be very relevant, with too low or inadequate social benefits, high costs of essential goods/services, high housing costs the following considered to be relevant or very relevant by the highest number of respondents.

When asked about poverty's causes, respondents rated inadequate social benefits (98.4%), high costs of essential goods/services (97.6%), and high housing costs (94.4%) as most relevant <sup>(469)</sup>. For national policy effectiveness, improving access to affordable housing (4.79/5), supporting

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<sup>(469)</sup> The figure in parentheses represents the percentage and number of respondents who regarded the cause in question as either 'very relevant' or 'relevant'.

children's access to quality services (4.75/5), and improving access to essential services for vulnerable groups (4.72/5) received the highest ratings<sup>(470)</sup>. Respondents identified children living in poverty (110 of 126), persons with disabilities (97), and the homeless (91) as priority vulnerable groups requiring intervention. Past national policies involving civil society (4.33/5) and people experiencing poverty (4.31/5) were rated most effective. When asked what poverty means to them, stakeholders described it as multidimensional deprivation extending beyond income to include lack of access to essential services and a human rights violation incompatible with human dignity. Regarding EU-level actions, contributors most frequently emphasised the need for adequate and accessible minimum income schemes (with calls for an EU directive), affordable social housing and energy poverty solutions, universal access to affordable essential services, quality employment with fair wages to combat in-work poverty, multidimensional and intersectional approaches coordinating policies across sectors, meaningful participation of people experiencing poverty in policy design, and strong EU funding with robust monitoring mechanisms and disaggregated data collection.

### **Targeted consultations and input from stakeholders**

Targeted consultations were conducted from June 2025 to March 2026.

#### **EU Member States**

Targeted consultations with representatives of Member States were conducted through:

Discussion in the Employment, Social Policy, Health, and Consumer Affairs (EPSCO) Council on the 19 June 2025 and in the informal EPSCO on the 12 February 2026;

Discussions in the Social Protection Committee (SPC) on the 24 October 2025 and 3 February 2026;

Meeting with the advisers for European PES affairs (AFEPAs) (4 December 2025);

Meeting with Youth Guarantee coordinators (5 December 2025);

Meeting of the Minimum Income Network (MINET) (10 December);

Discussions in the Employment Committee (EMCO) of the Employment and Social Affairs Council (EPSCO) on the 19 January 2026.

During the discussion in the EPSCO Council (19 June 2025), the aim of poverty reduction resonated strongly among Member States representatives, with each expressing targeted strategies towards poverty alleviation, including some already implemented at the national level. Delegations shared the opinion that poverty must be tackled from a multi-dimensional perspective, with an important focus put on children and affordable and accessible basic services. Housing affordability was also considered one of the main roots of poverty across Member States.

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<sup>(470)</sup> The survey asked respondents to evaluate each policy on a scale of 1 to 5, where 1 denoted 'not effective at all' and 5 signified 'very effective'. The figures in parentheses provide the mean rating assigned to each respective policy on the 1-5 scale, with figures the closest to 5 representing the most effective policy.

One of the policy debates of the informal EPSCO Council held on the 12 February 2026 was dedicated to the Strategy. The European Parliament and the Social Protection Committee (SPC) underlined the importance of linking the strategy to the European Semester. The Member States delegates agreed on the need to tackle the multi-dimensional nature of poverty and highlighted that the subsequent Multiannual Financial Framework (MFF) should be compatible with ambitions of the Strategy. There was also consensus among several delegates on the need to break the inter-generational cycle of poverty and take a holistic approach covering housing, education, childcare and pensions.

During the Social Protection Committee (SPC) discussion on the 24 October 2025, Member States broadly supported a comprehensive and systemic approach to poverty, going beyond social and education areas. Key thematic priorities included minimum income, child poverty and support for families, inclusive labour markets, access to affordable housing and essential services and mental health. Several delegations underlined the importance of tackling non-monetary aspects of poverty, such as social exclusion, food insecurity and territorial inequalities. Many Member States called for a comprehensive monitoring framework combining quantitative and qualitative indicators, and for peer learning and exchange within the SPC to remain central throughout the process. At the SPC meeting on the 3 February 2026, delegations broadly supported the forthcoming Strategy and agreed that the SPC should play a role in its follow-up. Several delegations underlined the need for the Strategy to draw on a broad evidence base.

At the discussion in the EMCO Committee of the EPSCO on the 19 January 2026, there was consensus among the delegates that promoting entry into the labour market and inclusive activation, through targeted and individualised support especially to those furthest from the labour market, should be a priority of poverty-reduction efforts. Delegates agreed that quality employment remains the surest and shortest path out of poverty, as well as key to its prevention. The way to fight in-work poverty through a series of consistent measures aimed at improving the job and income security of workers was also highlighted by numerous delegations.

The framework of the EU Anti-Poverty Strategy was presented to the advisers for European PES Affairs (AFEPAs) and the Minimum Income Network (MINET), respectively on the 4 and 10 December 2025. The two exchanges underscored a central message, reflected in a consensus among the delegates that poverty is multidimensional and tackling it means comprehending its root causes and leveraging cross-sectoral policy instruments – social protection, essential services, employment policies, and beyond.

The meeting with Youth Guarantee coordinators (5 December 2025) brought diverse views on support strategies for young people experiencing or at risk of poverty. Some coordinators emphasised systematic, preventive, long-term support tailored to individual needs. On the housing front, Housing First solutions emerged consistently in the discussion as a recommended course of action.

## Relevant EU institutions, agencies and bodies

On 25 June 2025, the EMPL committee held a public hearing on the development of a new EU Anti-Poverty Strategy. Moreover, a dedicated debate in the European Parliament was held on the day of eradication of poverty (17 October 2025). The European Parliament adopted an own-initiative report on developing an EU Anti-Poverty Strategy on 12 February 2026.

The hearing on a new EU Anti-Poverty Strategy in the European Parliament's EMPL committee was accompanied by a roundtable with stakeholders<sup>(471)</sup>. The speakers invited the Commission to aim for poverty eradication, while also redefining poverty in the context of the new European Pillar of Social Rights (EPSR) Action Plan. They advocated for investing in early childhood and addressing child poverty through a strengthened European Child Guarantee, promoting active labour market policies and addressing in-work poverty. They called for adequate funding and strong governance, involving people experiencing poverty and civil society organisations.

During the European Parliament Plenary Debate on the International Day for the Eradication of Poverty (17 October 2025), several political groups emphasised the multidimensional nature of poverty, the need to target funds where most needed, and the central role of a strengthened European Child Guarantee. A call for integrated multi-policy actions across employment, social, education and energy policies resonated among the Members.

The European Committee of the Regions (CoR) adopted an opinion on the forthcoming EU Anti-Poverty Strategy during its Plenary Session on 14 October 2025<sup>472</sup>. The CoR acknowledged the disparities in poverty levels across Europe in its opinion and called for an ambitious, realistic plan aligned with the United Nations 2030 Sustainable Development Goals, addressing these differences. The opinion urged the EU not only to alleviate but to eradicate poverty, in line with the statement by Commission President von der Leyen on the EU's ambition to eradicate poverty in the EU by 2050.

The European Economic and Social Committee (EESC) was consulted through a request for an opinion, which was adopted on 17 July 2025<sup>473</sup>. The EESC called for the Strategy to be intersectional, gender-responsive, and based on a multidimensional definition of poverty that includes social, psychological, political and gender dimensions, with ambitious targets aimed at eradicating extreme poverty through a rights-based approach. The opinion considered that its key elements should include binding standards on adequate income and social protection, measures to combat in-work poverty through quality jobs and proper implementation of minimum wage directives, and universal access to affordable essential services.

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<sup>(471)</sup> Fourth World, UNICEF and KU Leuven, Social Platform, European Anti-Poverty Network (EAPN), ATD (All Together in Dignity).

<sup>472</sup> European Economic and Social Committee, *Opinion on the EU Anti-Poverty Strategy*, 2025, <https://cor.europa.eu/en/our-work/opinions/cdr-1106-2025>

<sup>473</sup> European Committee of the Regions, *Opinion CDR 1106/2025*, Brussels, 2025, <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/eu-anti-poverty-strategy>

The Advisory Committee on Equal Opportunities between women and men prepared an opinion on feminisation of poverty in the context of preparations of the Strategy<sup>474</sup>.

The European Union Agency for Fundamental Rights contributed to the discussions on the Strategy through participating in the expert roundtable on an EU Anti-Poverty Strategy organised by the Office of the United Nations High Commissioner for Human Rights (OHCHR) on the 6 October 2025. The outcome of the roundtable was outlined in the OHCHR's input to the European Commission public consultation<sup>475</sup>.

The Commission met the European Labour Authority (ELA) on the 24 November 2025. ELA recommended for the Strategy to reflect on positive approaches, including preventive approaches, which safeguard the income of and access to quality jobs for the working poor. Moreover, the need to reflect on how the vulnerable groups to be identified in the Strategy intersect with the sectoral breakdown of undeclared work, and to identify patterns where analysis exists emerged.

The Commission met the European Training Foundation (ETF) on the 6 February 2026. The exchange focused on policy implications of addressing risks of social exclusion and poverty in the EU neighbouring, particularly enlargement countries. ETF highlighted that in candidate countries, poverty is primarily influenced by low-quality and informal employment rather than solely by unemployment. This results in widespread in-work poverty due to factors such as insufficient wages, insecure contracts, and restricted access to social insurance. The discussion concluded that while social protection systems contribute to poverty reduction, they are significantly less effective compared to those in the EU, due to limited coverage, inadequate benefit levels, and less precise targeting.

On 24 February 2026, Executive Vice-President Roxana Mînzatu hosted an implementation dialogue on “Measures to combat poverty: the Council Recommendation on adequate minimum income ensuring active inclusion, and the Council Recommendation on the European Child Guarantee”. The multistakeholder exchange with representatives of Member States, regional and local authorities, social partners, and civil society organisations demonstrated an overall agreement on the importance of the local level in addressing poverty-related issues, with participants signalling that governance is often fragmented. Many participants identified adequacy, availability, and awareness as challenges hampering the full implementation of both the Council Recommendation on adequate minimum income and the European Child Guarantee. The lack of sufficient funding and investments was mentioned repeatedly, together with calls for ring-fencing allocations for social matters and/or ECG implementation in the next

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<sup>474</sup> Advisory Committee on Equal Opportunities for Women and Men: Opinion on Women and Poverty, [https://commission.europa.eu/document/download/29582f6a-33f4-4bc4-a107-95d1d5ebaf25\\_en?filename=2025\\_Opinion\\_Feminisation\\_of\\_Poverty\\_EN.pdf](https://commission.europa.eu/document/download/29582f6a-33f4-4bc4-a107-95d1d5ebaf25_en?filename=2025_Opinion_Feminisation_of_Poverty_EN.pdf).

<sup>475</sup> Office of the United Nations High Commissioner for Human Rights (OHCHR), An EU Anti-Poverty Strategy grounded in human rights Input to the European Commission public consultation <https://europe.ohchr.org/sites/default/files/2025-10/EU%20Anti-Poverty%20Strategy%20contribution%20-%2030-10-2025.pdf>.

MFF. Outreach to vulnerable groups, such as Roma or families living in rural areas, was indicated as a successful practice for addressing intergenerational poverty.

### **High-level seminar with cities**

On 24 March, EVP Roxana Mînzatu hosted a high-level seminar “Fighting poverty at the local level”, co-organised by the Commission and Eurocities. The roundtable discussion with representatives from 8 European cities (Athens, Barcelona, Dublin, Ghent, Lodz, Rotterdam, Tallinn, Zagreb). Yonnec Polet, CoR Rapporteur on the Anti-Poverty Strategy, and André Sobczak, Secretary General of Eurocities set the scene on the role cities (and regions) in addressing poverty. The participants shared best practices of measures to fight poverty and child poverty, and measures to support people facing housing exclusion. Moreover, the participants reflected how the upcoming Strategy could help them implement policies and projects to fight poverty at the local level. The cities highlighted in their interventions best practices for measures to address (child) poverty and to support people facing housing exclusion which included a focus on prevention and early identification measures (such as early debt detection), outreach to vulnerable groups, evidence-based and data-driven projects and policies, including partnerships with universities to research what works, an integrated approach to service delivery including data exchange between different institutions and services, the inclusion of experts by experience in policy design and implementation, and measures to improve the trust of citizens towards the institutions (e.g. direct contact, neighbourhoods' involvement). Participants agreed on the need for EU funding to support local initiatives. Some participants called for earmarked funding and for mandatory urban chapters.

### **People experiencing poverty**

In a parallel event to the 2025 Social Forum (Porto, 18 September 2025), persons experiencing poverty (PEPs) were consulted on the EU Anti-Poverty Strategy. Eight workshops were organised around the topics of participation of PEPs in policymaking, housing and homelessness, active inclusion (minimum income and integration in the labour market), in-work poverty, discrimination, access to services, national and local anti-poverty strategies and digitalisation. The discussions underscored the necessity of an institutional approach to PEP participation in policymaking. Key concerns included digital barriers for impoverished individuals, and the vital role of integrated services like education and healthcare or housing demolitions impacting Roma communities. There was a call to ensure access to adequate minimum income, facilitate active labour market inclusion and tackle in-work poverty through the improved implementation of minimum wages. Access to services was deemed crucial, with a demand for sufficient funding, better training for social workers, and clear legal frameworks.

The Commission held a consultation webinar with representatives of Roma (Brussels, 21 October 2025), organised in collaboration with the European Roma Grassroots Organisations (ERGO) Network, on their experience of poverty and their vision for the EU Anti-Poverty Strategy, with a specific focus on income support, inclusive labour market and access to quality services. The exchange highlighted the persistent multidimensional poverty and discrimination faced by Roma communities across Europe. Participants called for combating discrimination in access to housing, addressing evictions of Roma settlements and implementing mechanisms to

support the legalisation of informal housing. They stressed the need to improve access to essential services, such as running water, electricity, sanitation, banking, as well as healthcare and quality food.

All Together in Dignity (ATD) Fourth World held a participatory dialogue with the Commission (Brussels, 22 October 2025), with the meaningful participation of people living in poverty across Europe, focusing on issues of socio-economic discrimination and non-access to benefits and services. The participants expressed that individuals experiencing poverty often feel neglected by the very services meant to support them. This societal stigma, exacerbated by political rhetoric, fosters discrimination and unfair treatment, leading to detrimental outcomes like dropping out of school or work, addiction, and mental health problems, ultimately perpetuating a cycle of poverty. Participants urged for EU-wide legislation criminalising discrimination on socio-economic grounds and for improving access to services unities. The concept of 'double punishment' emerged, where those already struggling face additional challenges and stigma when seeking aid. Involving individuals with lived experiences of poverty was encouraged, noting the importance of mutual understanding and ensuring they are informed about if and how their feedback informs policy decisions.

### **Social partners**

A dedicated hearing with social partners took place on the 14 October 2025. The meeting was attended by representatives from the Commission and was organised by the Social Dialogue Committee, comprising recognised European cross-industry social partners and their national organisations. The purpose of the meeting was to gather the social partners' views and input on the upcoming EU Anti-Poverty Strategy <sup>(476)</sup>. In total, 33 social partner organisations were present, of which 22 represented trade unions and 11 were employer organisations.

Trade unions and employers reported on different challenges heavily impacting Europe's workforce in the context of in-work poverty. Employers called for increased in-work benefits whereas social partners advocated for addressing low work intensity. There was a consensus on the need to tackle involuntary part-time work. Trade unions emphasised the need to address its key drivers while employers stressed that finding affordable housing remained a significant struggle across several Member States, urging intervention at the EU level. They pointed out that even with salary increases, the rise in living costs erases any progress made. Both sides united in their call to rethink public procurement policies, warning that focusing solely on the lowest prices often leads to undeclared work and inadequate working conditions, thus obstructing efforts to alleviate poverty across the EU. Additionally, they advocated for enhanced labour inspections to address informal employment and smoother transitions to unemployment benefits between fixed-term contracts.

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<sup>(476)</sup> Background documents were provided to the social partners in advance of the meeting, and they were also invited to submit written contributions until 31 October 2025.

## **Civil society organisations (CSOs)**

A dedicated meeting with civil society organisations (CSOs) active in the area of social inclusion, combating poverty, youth policies and energy poverty took place on the 3 July 2025. This meeting gave the EU-level umbrella organisations the opportunity to share questions, preliminary comments and highlight key topics that required attention in the preparations of the EU Anti-Poverty Strategy. In total, 56 participants representing 42 EU-level civil society organisations were present. The discussion centred around root causes of poverty, effective and ineffective strategies in addressing poverty, and proposals of concrete activities or policies to combat and prevent poverty. In their feedback, CSOs welcomed the strategy, calling for a multidimensional, life-cycle-based approach and urged that poverty be analysed beyond monetary terms, emphasising societal participation and access to social services. Highlighting the inadequacy of generic, one-size-fits-all activation measures, they advocated for access to adequate resources, including minimum income schemes above the poverty line. They supported integrated, rights-based, person-centred approaches and the inclusion of beneficiaries as policy co-creators. Furthermore, attention was drawn to intergenerational poverty, the importance of family support measures, and maintaining work-life balance. Finally, they cautioned against non-evidence-based, fragmented programs and overreliance on employment as the sole solution to poverty.

## **Academic conference on the EU Anti-Poverty Strategy**

The European Commission and the Bocconi University in Milan co-hosted a high-level conference on the 20 October 2025. The event aimed to gather expert insights and recommendations for shaping the EU Anti-Poverty Strategy. The conference featured three thematic panels, bringing together expert speakers from academia, civil society, and the European Commission. The discussions also included contributions from people with lived experiences of poverty and student presentations offering innovative policy ideas. Panel 1 (‘Minimum income: an active Inclusion approach’) highlighted the importance of developing minimum income models that truly work for people. Speakers stressed the need to challenge misconceptions about minimum income schemes and simplify administrative procedures to enhance accessibility. Panel 2 (‘Addressing the root causes of poverty across generations: from child and old-age poverty to prosperity pathways’) presented evidence showing that poverty persists across all EU regions and is often intergenerational. Experts called for comprehensive, family-based policy approaches, with a strong focus on ensuring opportunities and inclusion for younger generations. Panel 3 (‘Poverty and finance: addressing poverty as an investment – ensuring the right balance in tax/benefit systems’) discussed the economic and social returns of investing in anti-poverty measures, highlighting the costs of inaction. Speakers also underlined the importance of financial and pension literacy as essential tools for individual empowerment and long-term resilience.

On the 5 March 2026, the advisory service to the European Commission **Inspire, Debate, Engage and Accelerate Action (I.D.E.A)**, hosted a High-Level Working Lunch ‘Addressing Poverty in the EU: Shaping the first-ever EU Anti-Poverty Strategy’. It aimed to facilitate an exchange academic experts and Commission officials. The cyclical nature of poverty was

highlighted, and the experts underlined that it requires policies addressing both persistent and transitional poverty, with particular emphasis on creating pathways between education and work, ensuring quality employment, and improving social benefit uptake through effective support systems that consider administrative and cultural barriers. Additionally, the experts emphasised that the alignment of EU strategies with national implementation faces challenges, requiring proactive engagement from the Commission and Member States to develop transformative policies that address economic insecurity, uneven territorial impacts of the green transition, and improve coordination across governmental entities.

## **OVERALL RESULTS FROM CONSULTATIONS**

The consultations conducted and the input provided by Member States, EU institutions, agencies and bodies, as well as civil society, persons experiencing poverty and social partners highlighted key priorities to be addressed by the Strategy.

Overall, stakeholders welcomed the Commission's commitment to combating and preventing poverty and to supporting Member States' efforts in pursuing these objectives.

The consultation revealed strong consensus among stakeholders on several critical policy priorities. The most frequently advocated measure across multiple organisations was the establishment of adequate minimum income systems and simplified procedures to access benefits. Numerous contributions called for affordable housing and interventions to combat homelessness, including scaling Housing First approaches, implementing rent regulation and banning utility disconnections for vulnerable households. Energy poverty also emerged as a major concern.

Stakeholders consistently emphasised the need for meaningful participation of people experiencing poverty in policy design and implementation, such that goes beyond consultation and adopts formal structures to ensure genuine co-decision-making. A key recurring theme was the need to prevent and combat child poverty, with contributors calling for strengthened implementation of the European Child Guarantee. Concerning labour market and employment, quality employment with fair wages, and measures to combat in-work poverty constituted recurring points.

A significant cross-cutting theme was the demand for improved data collection with disaggregation by ethnicity, age, gender, and other characteristics to better monitor vulnerable groups. Throughout the consultation, contributors emphasised a human rights-based approach that treats poverty as a rights violation rather than individual failure and urged a shift from viewing social spending as expenditure to recognising it as strategic social investment with economic returns. Strong support for civil society organisations through direct, multi-annual funding and simplified administrative processes underpinned many contributions.

The consultation produced detailed feedback from a wide range of stakeholders that was reviewed thoroughly in the process of the design of the Strategy and its related actions.

## Annex 2. Synopsis report - consultations on the Commission proposal for a Council Recommendation on Fighting Housing Exclusion

The feedback received from the open public consultation on the EU Anti-Poverty Strategy open between 25 July and 24 October 2025 contributed to shaping the content of the Commission's proposal for a Council Recommendation on Fighting Housing Exclusion. Targeted consultations with people experiencing poverty which took place in the context of the development of the EU Anti-Poverty Strategy in September and October 2025 also informed the development of this proposal.

This initiative is also built on the results of the public consultation undertaken by the Commission in the context of the development of the European Affordable Housing Plan which took place between 11 July and 17 October 2025. This consultation included questions aimed to gather participants' views on ensuring affordable and accessible housing for people in vulnerable situations, at risk of discrimination, or homeless persons. More than 13 000 responses were provided in the framework of this consultation, as part of the Affordable Housing Dialogue launched by the Commission in the context of the preparation of the Plan.

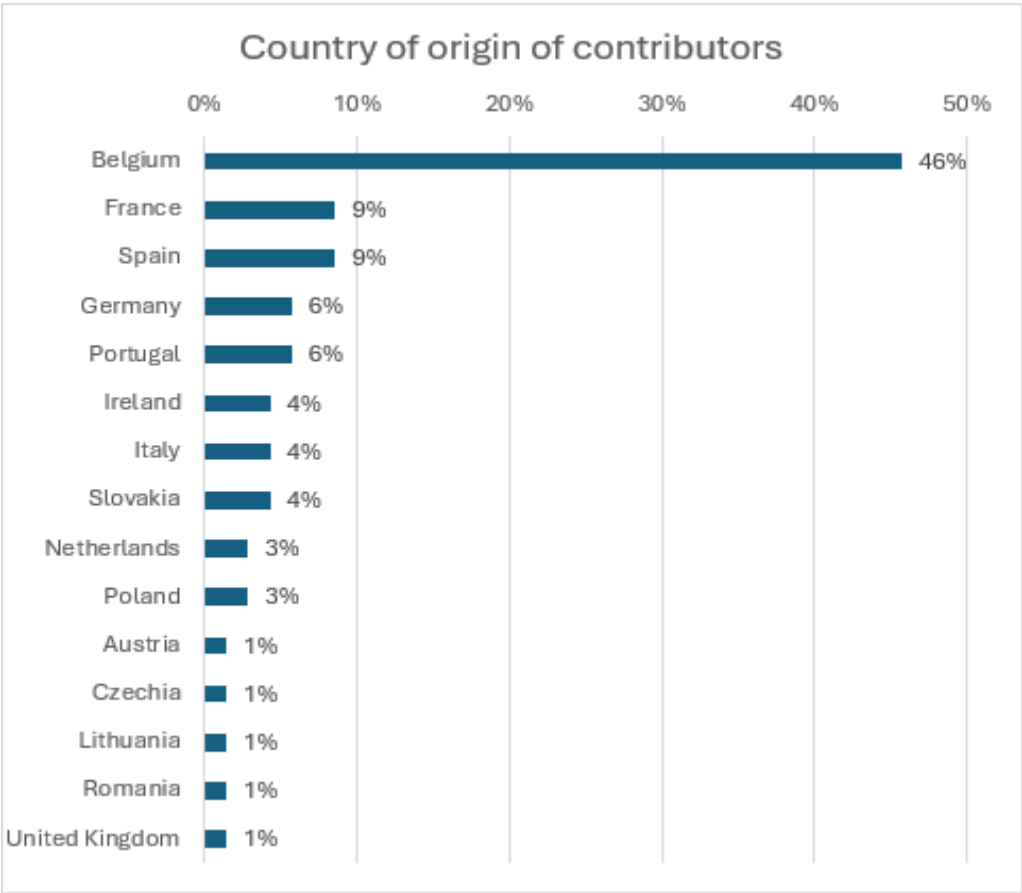
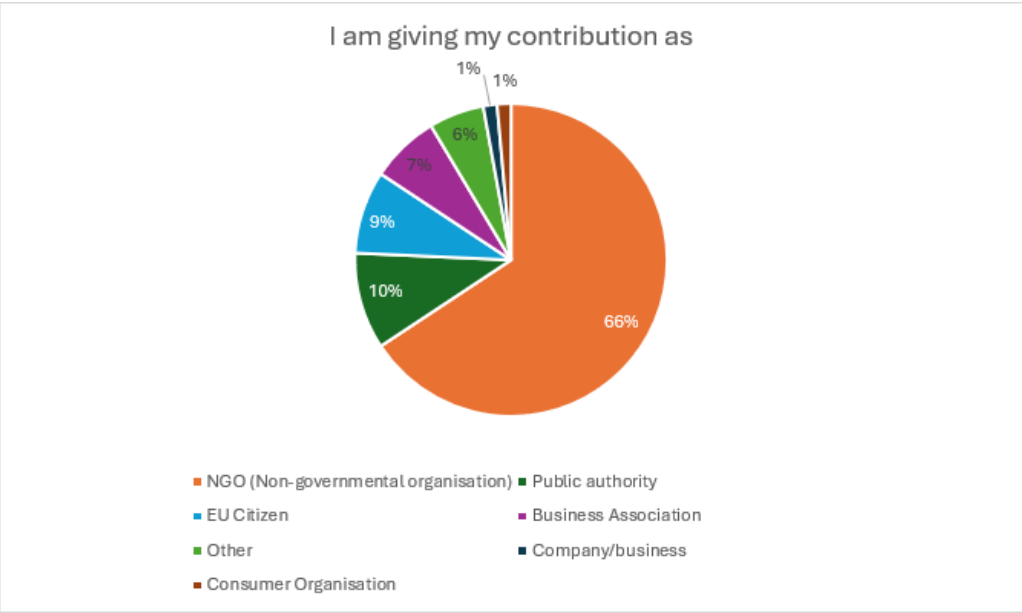
The European Platform on Combatting Homelessness which includes all relevant stakeholders that are responsible for the fight against homelessness - the European Commission, the European Parliament, all Member States, the Committee of the Regions, the Economic and Social Committee, social partners and relevant European NGOs, were consulted on the contents of this proposal via a targeted written consultation in January 2026.

### **Call for evidence**

The call for evidence ran between 12 March 2026 and 9 April 2026 on the "Have Your Say" portal. [A total of 70 contributions were received.](#)

Out of the published 70 contributions, 66% (47 total) came from non-governmental organisations, 10% (7 total) came from public authorities, while 9% (6 total) are EU citizens.

Regarding the country of origin, 99% of the responses were received from EU Member States (1% from the UK). Belgium was the most represented country at 46% (32 replies), followed by France and Spain at 9% (6 replies) and Germany at 6% (4 replies).



The call for evidence revealed a broad consensus that housing exclusion and homelessness are multidimensional and structurally embedded challenges across Member States, driven by rising housing costs, limited supply of affordable and social housing, and increasing socio-economic

precariousness. A recurring theme is the widening gap between income levels and housing prices, exacerbated by, among others, inflationary pressure and financialisation of housing markets, leading not only to visible homelessness but also to an expansion of housing exclusion, including overcrowding and precarious tenures. The feedback highlights that certain groups face disproportionate barriers, including Roma, persons with disabilities, LGBTQI+ people, women and single mothers, young people leaving care, migrants, and large families, pointing to the need for more targeted and inclusive approaches. At the same time, housing exclusion increasingly affects low- and middle-income households, families with children and workers in precarious employment, highlighting its systemic nature.

Another key challenge concerns the fragmentation of policy responses and governance structures. Housing exclusion is closely linked to other policy areas such as social protection, health, employment, and migration, yet coordination across these domains remains limited. This fragmentation reduces the overall effectiveness of interventions and creates gaps in service provision, particularly for those with multiple vulnerabilities.

Contributors emphasise that Member States should prioritise strengthening the supply of social and affordable housing through sustained, targeted investment, underpinned by effective land-use policies and financing mechanisms designed to secure long-term affordability. Better regulation of private rental markets, including measures addressing excessive rent increases and the impacts of short-term rentals, is identified as necessary to improve affordability and security of tenure. Additionally, the collected replies highlight that discrimination in housing access, whether in private or public sectors, remains a persistent and systemic barrier to housing inclusion.

Homelessness emerges as the most severe form of housing exclusion and a critical social risk requiring targeted and coordinated policy responses. The feedback underscores the importance of shifting towards housing-led models which prioritise rapid access to permanent housing combined with tailored and sustained support and integrated, person-centred approaches.

Prevention is identified as a key, yet underdeveloped, policy dimension. Early identification of housing risks, effective eviction prevention, access to adequate housing benefits and timely social support can significantly reduce the likelihood of housing exclusion and homelessness.

There is a shared call for more stable, multi-annual financing, strengthened coordination between housing, employment and social policies, and systematic involvement of regional and local authorities and civil society.

Finally, the contributions point to the importance of data and evidence-based policymaking. Improved data collection, based on common definitions and harmonised indicators, is essential to capture all forms of housing exclusion and homelessness, and to support monitoring and evaluation at EU and national level.

Overall, the contributors call for a more strategic, integrated, and adequately resourced approach to tackling housing exclusion, grounded in the recognition of housing as a key determinant of social inclusion.