



JOINT REPORT ON MEASURES TAKEN IN POVERTY ALLEVIATION

2021

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INTRODUCTION

The Europe 2020 Strategy is the European Union's agenda for growth and jobs for the period 2010-2020. One of the headline targets related to the strategy's key objectives is to reduce the number of Europeans living below national poverty lines.

In the Europe 2020 strategy, adopted by the European Union in 2010, the reduction of the number and proportion of people living in income poverty and social exclusion played an important role. The eradication of poverty is also among the top sustainability goals adopted by the United Nations General Assembly in 2015 (SDG 1: End poverty in all its forms everywhere). SDG 1 aims to end poverty in all forms and dimensions by 2030.

The Europe 2020 Strategy set out interlinked, quantified headline targets, including reducing the number of people living at risk of poverty and social exclusion by 20 million at EU level by 2020. In order to adapt each Member State to the Europe 2020 Strategy, Member States broke down EU targets into national targets, reflecting different situations and circumstances. Many of the programs of the past 10 years related to the EU 2020 Strategy's targets have arrived to a stage when results can be evaluated.

As part of the Network on Europe 2020 Strategy Audit, being one of the Network's subprojects, the State Audit Office of Hungary (as coordinator), the Bulgarian National Audit Office, the State Audit Office of the Republic of Croatia, the State Audit Office of the Republic of Latvia and the Supreme Audit Office of the Slovak Republic decided to carry out a coordinated audit to allow for sharing their results and experiences from audits focusing on measures taken in poverty alleviation. The subject of the audit was closely linked to the main objective of the Europe 2020 Strategy.

NATIONAL AUDIT OBJECTIVES AND FRAMEWORKS

Bulgaria

Poverty continues to be a serious challenge for **Bulgaria**. Its scale is evidenced by indicators of income, poverty and social exclusion, which rank the country permanently in the last places in the EU. Over 1.6 million Bulgarians, which represents 22% of the population, live at risk of poverty with incomes of up to 260 euros. The relative share of the poor in the country is significantly higher than the average levels for the other member states and is growing faster, which continues to diverge us from the European Union. Income inequality is deepening and significantly higher than in other European countries.

In these circumstances, the effectiveness of the fight against poverty, as a set of measures, both to mitigate its consequences and to limit the factors to reappear, is of critical importance.

The audit aims to assess the extent to which the efforts to combat poverty have led to overcoming social inequalities and to help improve their effectiveness. Thus the analysis and evaluations are focused on the strategic framework as a tool for effective implementation of the policy aimed at poverty reduction, the established organization in planning the policy implementation, the contribution of the monitoring and evaluation system to improve policy management and the degree of achievement of the national target for reducing the number of people living in poverty.

Croatia

Given the facts that by joining the European Union, the Republic of **Croatia** committed to follow the policies and goals of the European Union and thus the goals of the Europe 2020 Strategy, and that the success of achieving the goals at the level of the European Union primarily depends on the implementation of activities at the national level, also that in 2014 the Republic of Croatia adopted the Strategy for Combating Poverty and Social Exclusion in the Republic of Croatia for the period 2014-2020 and started implementing measures and activities and that according to EUROSTAT data, the percentage of people at risk of poverty in the Republic of Croatia was above the EU average State Audit Office decided to conduct an audit to determine the qualitative and quantitative aspect of Croatia's effectiveness in fighting poverty.

The purpose of this audit was to determine whether the measures and the activities within them are implemented, (determined by the Strategy for Combating Poverty and Social Exclusion in the Republic of Croatia), and what is the added value. Given the fact that the State Audit Office in its audits has not included so far any goals set by the Europe 2020 Strategy, we considered it was justified to conduct an audit of the effectiveness of measures and activities taken to alleviate poverty in the Republic of Croatia. By conducting an audit and giving recommendations based on established facts and opinions, we wanted to contribute to achieving continuity in the successful fight against poverty in the Republic of Croatia with the aim of effective preparation of measures and successful implementation of activities that will contribute to poverty alleviation.

Hungary

The economic crisis of 2008 exposed the problem of poverty at national level. In 2010, one third of the population of **Hungary** (approximately 3 million people) lived below the poverty risk threshold. Hardships related to poverty, poor living and housing conditions, health care problems, low level of education and unemployment have a significantly adverse impact on the functioning and development of the entire society. The presence of poverty can be perceived directly in many ways in everyday life, and also affects the well-being of society.

Successive governments allocated significant resources to reducing poverty and social exclusion and limiting their perpetuation. The audit provides an overview of the effectiveness of strategies regarding the reduction of poverty and related measures and the utilisation of social resources allocated to achieve the goals.

Latvia

For many years, poverty reduction and income inequality have been one of the challenges for the United Nations, the European Union, and **Latvia**.

Latvia has already confirmed its commitment to tackling poverty and social exclusion in 2002 in preparation for joining the European Union.

Although Latvia has prepared many different documents since 2002 by prioritising the reduction of poverty and income inequality both in the top hierarchical documents of the country and in substantiating almost every activity that we are going to implement and that requires additional funding, there is no reason to consider that one tackles those social problems effectively.

Compared to the other EU Member States, the poverty level in Latvia is still high. Local and international experts also point out that to Latvia by emphasising that the implemented activities and reforms are still insufficient and do not achieve their goal in many instances. Besides, the number of people at risk of poverty continues to grow in Latvia, as lower incomes remain invariably low while average incomes increase.

Therefore, this audit was aiming at a systemic assessment of the social support system to find out the actions actually taken by the government and local and regional governments in providing support to people at risk of poverty, starting with defining objectives and identifying groups at risk of poverty up to the original provision of support.

Slovakia

The fight against poverty is an important part of public policies in the **Slovak Republic**. Its specificity is that it has a broad, cross-sectional and multi-departmental character. Poverty is closely linked to employment, sufficient employment opportunities, adequate salary for work performed, housing, level of education, health care, social services, aging of the population, specific problems of certain groups of the population, such as children, Marginalized Roma Communities (MRC), etc.

Poverty alleviation is therefore addressed in a number of strategy documents at national level, many of which rely on and refer to strategy documents at global (Agenda 2030) and European (Europe 2020) levels. The audit was aiming to map strategic documents, which deal with the issue of poverty in the Slovak Republic and to consider if implementation of these strategies contributed towards poverty reduction in Slovakia.

FRAMEWORK FOR MUTUAL ASSISTANCE

The representatives of the five supreme audit institutions have set out the objectives, scope, methodology and other conditions of the cooperation in an agreement. The objective of the audit was to enable the exchange of knowledge, experience and good practices, as well as to evaluate the conclusions and recommendations concerning the execution of the goals of the national strategies and planned measures implemented to improve the circumstances and of people living below the poverty threshold.

The cooperative audit, which was coordinated by the State Audit Office of Hungary, was a compliance and/or performance audit, focusing on the economy, effectiveness and/or efficiency of the implementation of poverty reduction strategies and programs.

The coordinated audit, carried out in accordance with the agreement, has been completed. We all have learnt a great deal from this cooperative audit. We wish to share the results of our work and the lessons learnt with the international community in the hope that they will be used by other European SAIs, government bodies and institutions to evaluate whether the objectives of the Europe 2020 Strategy were met.



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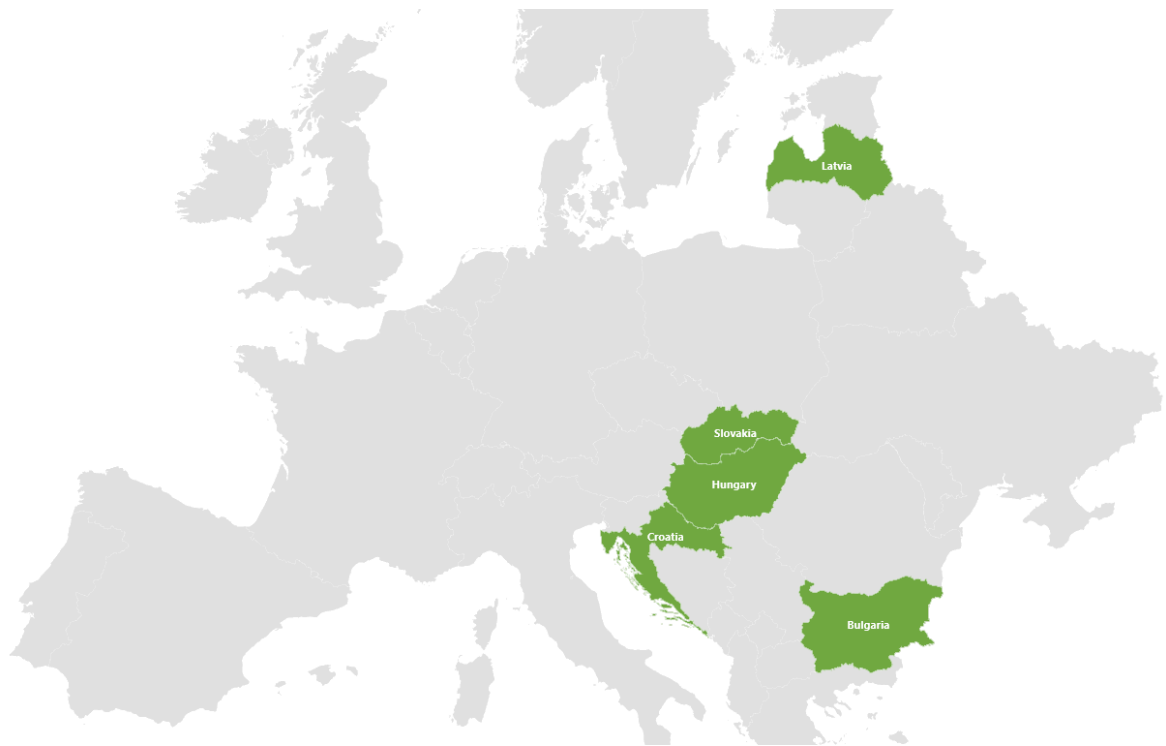
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PARTICIPATING SUPREME AUDIT INSTITUTIONS

Five supreme audit institutions - Bulgaria, Croatia, Hungary, Latvia and Slovakia – volunteered to participate in the coordinated audit on measures taken in poverty alleviation.

Figure 1: Participating SAIs



LEGAL BASIS OF AUDITS

Supreme Audit Institution	Legal basis of audits
Bulgaria	Article 5, paragraph 1, item 3 and in accordance with Article 6 of the Bulgarian National Audit Office Act.
Croatia	Articles 19 and 20 of the State Audit Office Act (Official Gazette, 25/2019) and from the Annual Audit Plan for 2019 of Croatian State Audit Office.
Hungary	Act LXVI of 2011 on the SAO, Article 1 paragraph (3)
Latvia	State Audit Office Law (Section 1. (2) ‘The State Audit Office shall be subject only to law.’) Annual audit plan for 2019 of the State Audit Office of Latvia Audit Schedule no 2.4.1-7/2019 of the Third Audit Department of the State Audit Office of Latvia (01.04.2019.)
Slovakia	Act no. 39/1993 Coll., Act of the National Council of the Slovak Republic on the Supreme Audit Office of the Slovak Republic

MAIN CHARACTERISTICS OF THE NATIONAL AUDITS:

Country	Title of national audits:	Audited period:	Audited institutions:
Bulgaria	Performance audit "Effectiveness of the measures for poverty alleviation"	2015-2018	Ministry of Labor and Social Policy Ministry of Education and Science
Croatia	Performance audit of measures and activities undertaken on poverty alleviation in the Republic of Croatia	2014 - 2018.	Ministry of Demography, Family, Youth and Social Policy as coordinator of the Strategy, Ministry of Science and Education, the Ministry of Labor and the Pension System Ministry of Construction and Physical Planning, as holders of certain strategic areas and implemented measures.
Hungary	Audit of measures taken to raise people living below the poverty line	2010-2018	Ministry of Human Capacities Ministry of Interior
Latvia	Does the national social inclusion policy achieve its targets on poverty reduction?	2017-2018	Ministry of Economics, Ministry of Finance, Ministry of Welfare, Cross-sectoral Coordination Centre, local and regional governments
Slovakia	National Objectives and Measures to Alleviate Poverty in the Slovak Republic	2015 - 2019	Ministry of Labor, Social Affairs and Family of the Slovak Republic

METHODS USED IN THE AUDITS

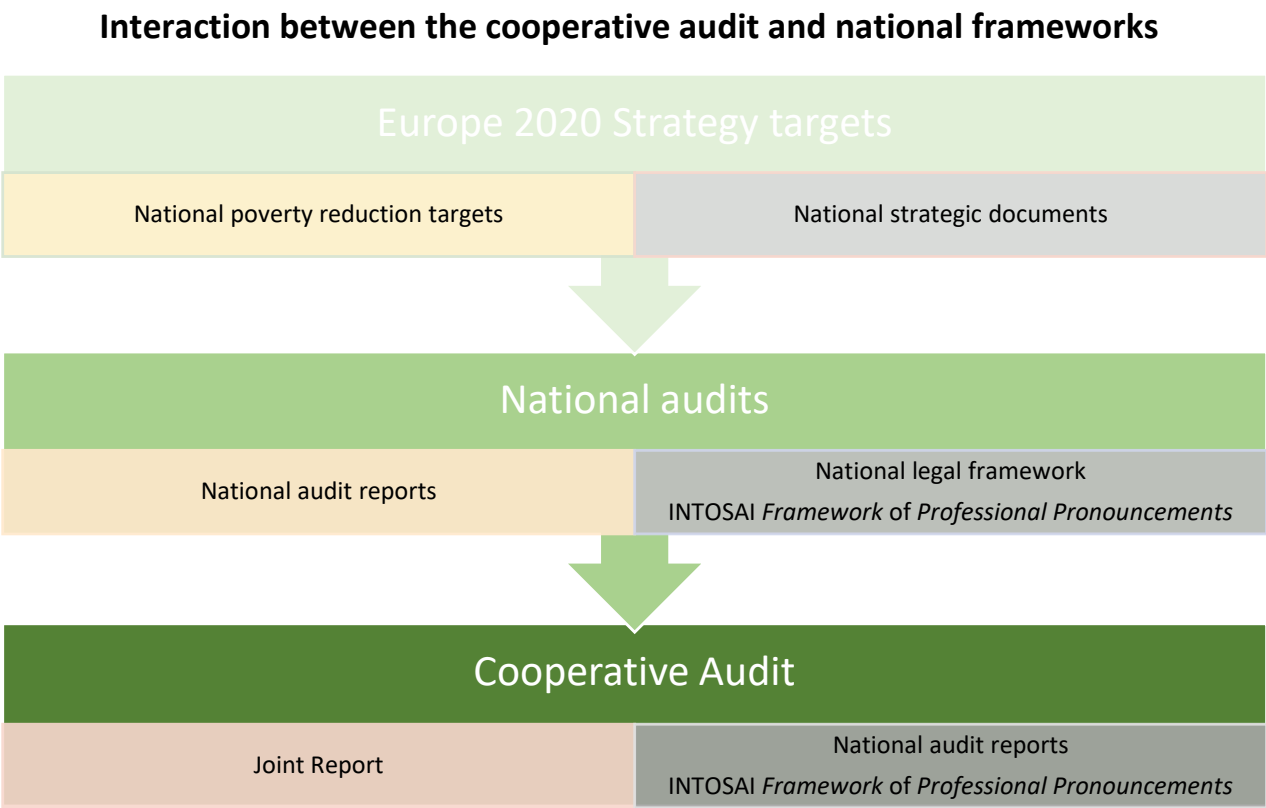
The type of this cooperative audit is coordinated audit. The type of the report is joint report. The joint report is based on national audits performed in all five participating countries. In order to be able to compare the information from the national audits, the participating audit offices prepared a common audit matrix. The main focus questions were:

- 1. Have the strategies, action plans and other related documents been developed in order to achieve poverty reduction goals?
- 2. Have the aims of reducing poverty, the applied concepts and indicators been defined?
- 3. Is the reliability of data and information ensured?
- 4. Have data and information been evaluated?
- 5. Has the monitoring system of implementation been established and operated?

All the participating countries agreed to cover all five questions.

Figure2 demonstrates the interaction between the cooperative audit and the national frameworks for the audit process.

Figure 2

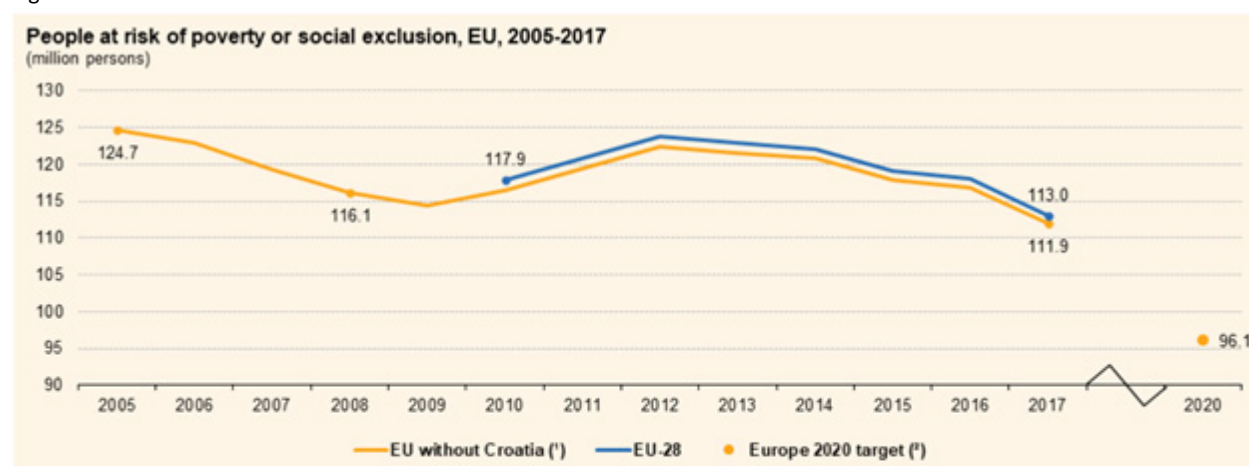


BACKGROUND INFORMATION

The UN Committee on Social, Economic and Cultural Rights defines poverty as “a human condition characterized by sustained or chronic deprivation of the resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights.”¹

Poverty reduction is a key policy component of the Europe 2020 Strategy. The Europe 2020 strategy has set the target of ‘lifting at least 20 million people out of the risk of poverty or social exclusion’ by 2020 compared to the year 2008.

Figure 3



(1) Data for 2005 and 2006 are estimates.

(2) The overall EU target (referring to the 27 EU countries before the accession of Croatia) is to lift at least 20 million people out of the risk of poverty or social exclusion by 2020. Due to the structure of the survey on which most of the key social data is based (i.e. EU Statistics on Income and Living Conditions), a large part of the main social indicators available in 2010, when the Europe 2020 strategy was adopted, referred to 2008 as the most recent year of data available. This is the reason why monitoring of progress towards the Europe 2020 strategy's poverty target takes 2008 as a baseline year.

Source: Eurostat (online data code: t2020_50)

Poverty is calculated by the statistical office of each European Union member state on the basis of a uniform set of indicators. A complex indicator called At Risk of Poverty or Social Exclusion (AROPE) takes into account not only income but also other forms of poverty, such as material deprivation and labor market exclusion.

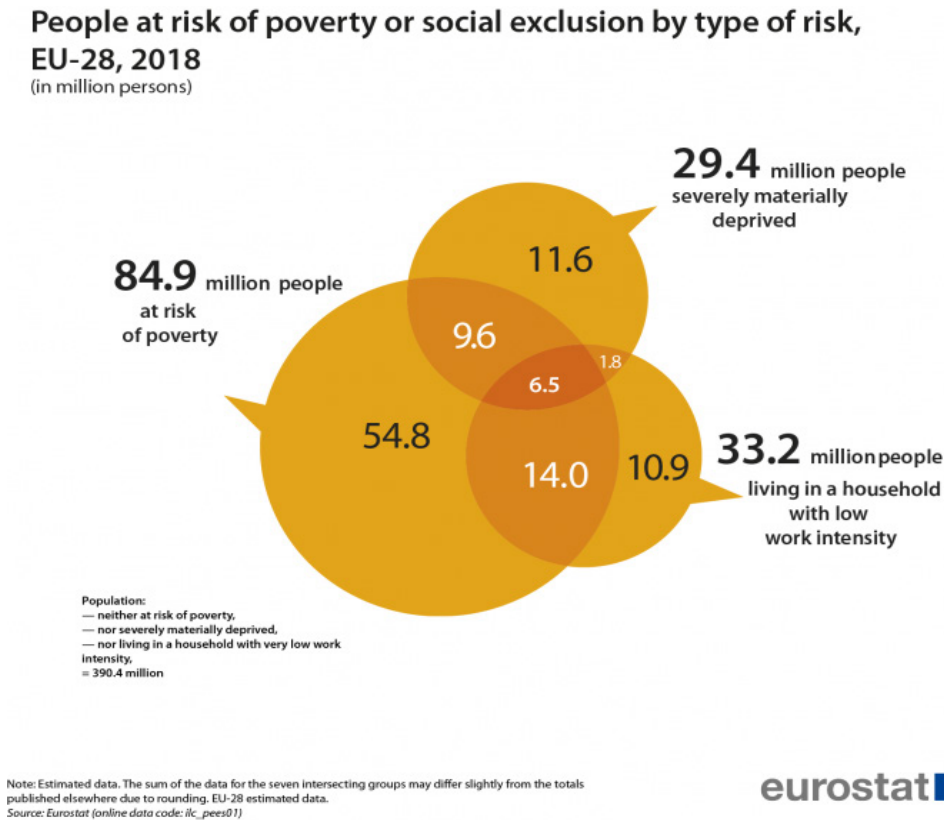
Based on these, the composite poverty indicator includes three sub-indicators:

- relative income poverty rate,
- proportion of those affected by severe material deprivation,
- proportion of people living in households with very low work intensity (in-work poverty).

Those at risk of poverty or social exclusion are those who are affected by any of the three dimensions.

¹ United Nations Economic and Social Council, Committee on Economic, Social and Cultural Rights. Substantive issues arising in the implementation of the International Covenant on Economic, Social and Cultural Rights: poverty and the International Covenant on Economic, Social and Cultural Rights. Geneva, United Nations, 2001 (e/C.12/2001/10) www.ohchr.org

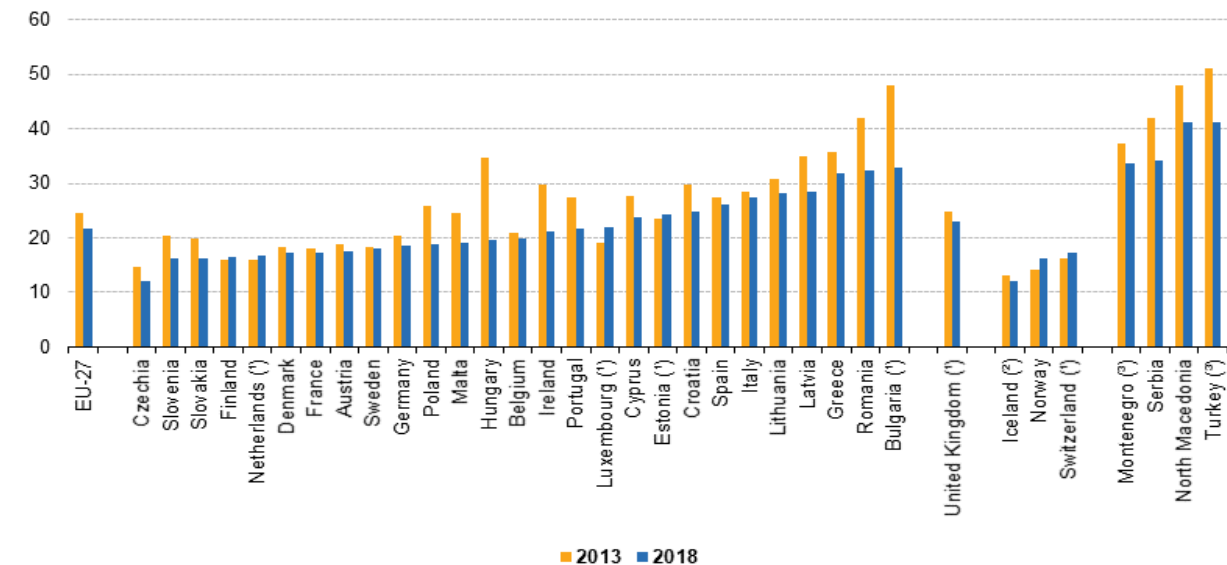
Figure 4



In 2018, 109.9 million people, or 21.8% of the population, in the EU were at risk of poverty or social exclusion, meaning that they were they were affected by at least one of the three conditions. In 2019, 21.4% of the population, equivalent to 107,5 million people, were at risk of poverty or social exclusion, not materially less than in 2018. This aggregated figure represents large differences between Member States.

Figure 5

People at risk of poverty or social exclusion, by country, 2013 and 2018
(% of population)



Source: Eurostat (online data code: sdg_01_10)
(*) Break(s) in time series between the two years shown.
(*) 2016 data (instead of 2018).
(*) 2017 data (instead of 2018).

MAIN FINDINGS:

Bulgaria:

In the context of the Europe 2020 Strategy, Bulgaria sets as a national objective to reduce the number of people living in poverty by 260,000 and the objective refers only to the monetary sub-indicator: “people at risk of poverty after social transfer”.

The established strategic framework largely addresses the key poverty issues in the country. However, it has a number of deficiencies related to the lack of identification of the challenges that need to be overcome by the end of the implementation of the sectoral strategy.

The strategic targets are not operationalized and there is no sufficient focus on vulnerable groups, as well as no profiling of the strategy’s specific target groups. There is no system of indicators established for monitoring the progress of the implementation of the sectoral strategy, which: prevents the assessment of the effectiveness and efficiency of the implementation of the measures; hinders the realistic assessment of progress in achieving the national targets; and limits the ability for taking adequate management decisions for corrective measures.

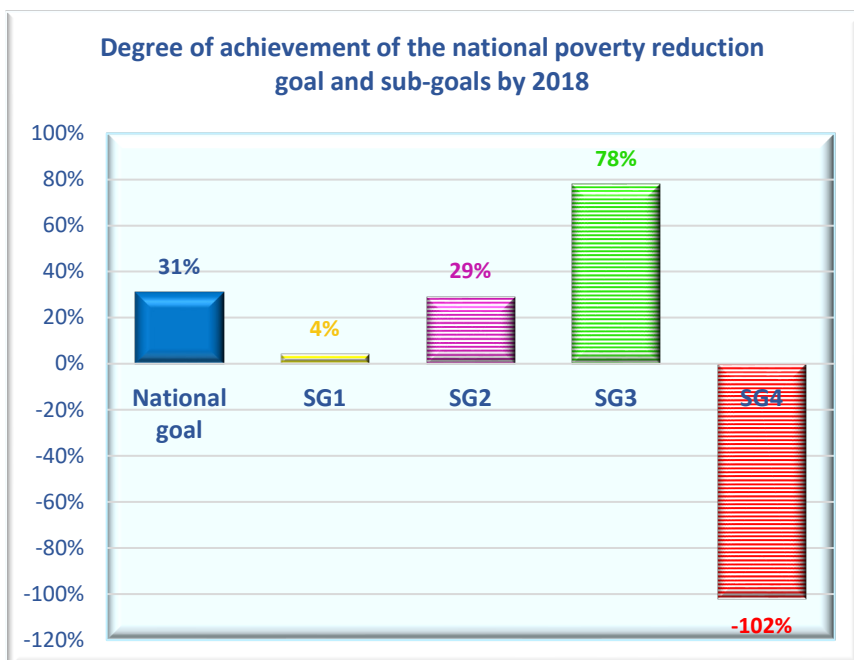
There are weaknesses in the organisation of the planning and implementation process of the sectoral strategy that result in significant delays in the development and adoption of the action plans, lack of detailed and concrete guidance for inclusion of measures and activities in the plans, deficiencies in the work of the National Council on Social Inclusion, overlooking the role of analysis and foresight in management, etc.

The monitoring and evaluation system also does not contribute to the effective implementation of the policy for poverty reduction and promotion of social inclusion. The reason is that the organization of the monitoring and reporting process does not provide an opportunity to monitor adequately the progress, which poses a risk to proper operational planning.

No analysis and evaluations have been performed of the effectiveness of the measures and the degree of achievement of the national target and the specific sub-target for poverty reduction, incl. the impact of demographic and migration processes on poverty and social inclusion indicators. The implementation of the measures for combating poverty has not been analyzed from a regional point of view, which limits the possibilities for undertaking the necessary actions, in accordance with the specificities of the economic development of the different country regions.

Progress towards the achievement of the national poverty reduction target is limited, given that according to the latest statistical data, the rate of its achievement is 31%. The level of achievement of three of the sub-targets is also not encouraging. This is particularly evident for the sub-target on reducing the number of the working poor, where significant increase against the base year has been observed, which means departing twice from the target set.

Figure 6: BNAO-1



Children do not have their own ways to get rid of poverty. Even the reduction in population cannot lead to a lower number of poor children, which by 2018 was only 3000 less than during the base year. This means that the state's efforts to address the factors causing poverty among children are not effective. The reduction in the number of people living in poverty above 65 years of age is also limited and despite the serious demographic crisis and the drastic reduction in population, the level of achievement of this sub-target

is only 29%. Significant progress is observed only in the reduction in the number of unemployed poor aged 18-64 and it is expected that this sub-target will be met.

The limited progress in reaching the national target, the increasing inequality in income distribution, the disparities in the poverty levels compared to the other EU countries, against the backdrop of the low unemployment levels and economic development in Bulgaria all show that the measures on poverty reduction are not effective enough and a thorough rethinking of the planning, implementation, monitoring and evaluation mechanisms of the poverty alleviation and social inclusion policy is needed, so as to ensure improved quality of life of vulnerable groups and the creation of conditions for their self-fulfillment.

Croatia:

Through conducting the Performance audit of measures and activities undertaken on poverty alleviation in the Republic of Croatia, State Audit Office elaborated a number of audit findings based on the established facts.

More detailed elaboration of the implementation of the Strategy is planned through the three-year implementation programs, therefore it was not planned to adopt implementation documents to implement measures and activities for the seven-year period of the Strategy.

The Program for the implementation of the Strategy for the period 2014 - 2016 was adopted by the Government of the Republic of Croatia nine months after the adoption of the Strategy, meaning at the end of the first year of implementation, and the envisaged programs for the implementation of the Strategy, which should have been related to 2017, 2018, 2019 and 2020 were not drafted and adopted, while in 2018 and 2019 a large number of measures and activities that were foreseen in the Program for the implementation of the Strategy for the period 2014 - 2016 were still being implemented without a new implementation Program being drafted and adopted, respectively.

The process of drafting annual reports, from the end of the reporting period until their submission to the Government for adoption, has been taking more and more time each year, and the report on the implementation of measures for 2018 has not been prepared until the time of the audit, so the purpose

of reporting has not been fully achieved and information on measures and activities taken to alleviate poverty have not been provided in a timely manner.

The sessions of the working groups were not held in accordance with the Government decisions or the decision of the Ministry of Demography, Family, Youth and Social Policy, and also the Working group for preparing annual reports and the Working group for developing and monitoring the implementation Program, have not fully accomplished their tasks.

Among ten measures covered by the audit, two measures ceased to be implemented, and the audit findings of the remaining eight measures identified weaknesses in implementation and monitoring, such as, the main objective of the measure is not aligned with the activities of the measure, the target group is too wide, the outcome indicators are not clearly defined, no target values have been set and they are not monitored through annual reports, the activities of the measures are not carried out in accordance with the foreseen deadlines, and sources of financing and funds are not planned or the funds spent for financing the measure activities are not monitored on an annual basis.

In some annual reports data on the reduction of poverty and social exclusion are presented by the number of persons in Croatia at risk of poverty and by the number of persons at risk of poverty or severe material deprivation or those living in low-intensity households, while in others there are only data on the at-risk-of-poverty rate and the percentage of persons at risk of poverty or social exclusion, so it is not possible to continuously monitor the achievement of the national target of reducing the number of persons at risk of poverty by 150 000.

Finally, comparison of statistics on poverty and social exclusion in the EU Member States is given only within one annual report, the stated statistical data show minor discrepancies with the Croatian Bureau of Statistics and Eurostat data, while the fact that the national target of the Strategy was reached in 2016, indicates that planning of the target for Croatia was not realistic.

Hungary:

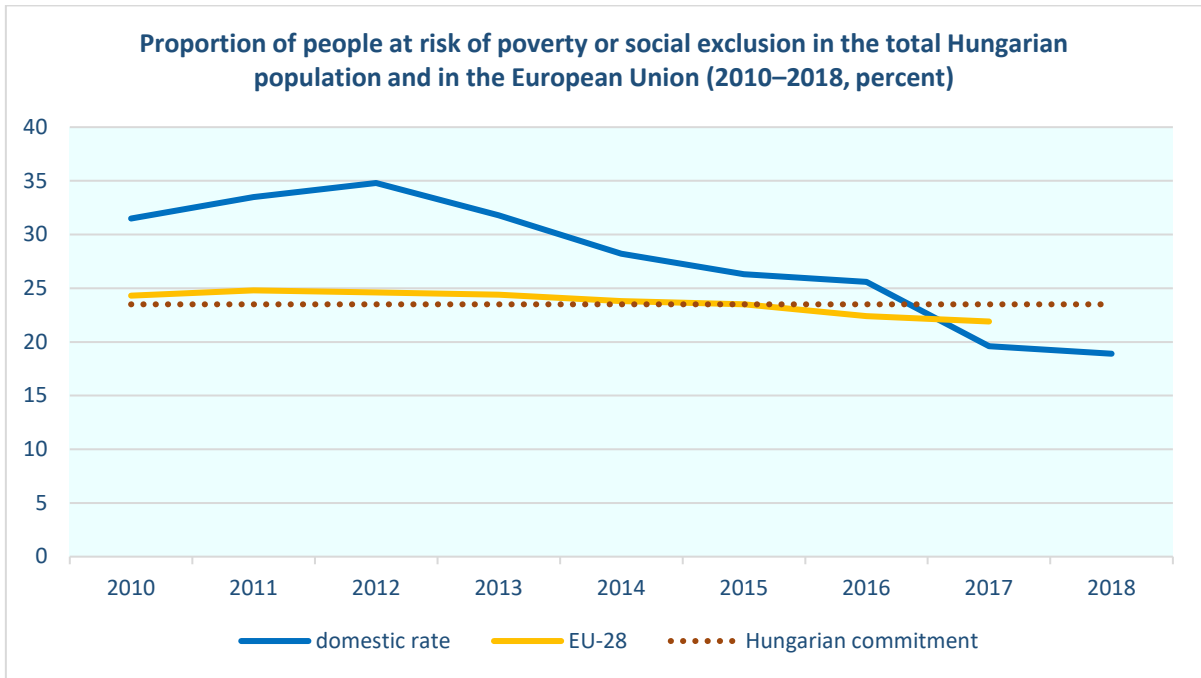
In connection with the poverty reduction objectives of the Europe 2020 Strategy, in 2011, the Hungarian Government created a national strategy and an action plan for its implementation. In relation to the reduction of poverty, strategic goals were set, the relevant concepts were defined, and the numerical definition of the main goals to be achieved by 2020 was created. Three-year action plans were drawn up to achieve the strategic goals. Those responsible for the implementation of the planned measures were identified, an organisational framework and rules of coordination and cooperation between the participants in the implementation were put in place, and the organisation responsible for coordination was determined.

Indicators were defined for the monitoring and evaluation of the progress of the achievement of strategic goals aimed at combating poverty, and a system of relevant data collection and monitoring was created.

The implementation of the strategies developed to reduce the number of people living below the at-risk-of-poverty threshold was effective, as the targets set in the strategy documents for 2020 had been met before the target date. Between 2008 and 2017, the number of people living in poverty in Hungary decreased by 908,000, which significantly exceeded the 450,000 people included in the national commitment for 2020. 18.9% of the total population, i.e. 1 million 813 thousand people, were at risk of poverty or social exclusion in 2018, which is 9.4 percentage points lower than the rate in 2008, meaning a significantly higher reduction than the 5 percentage points target undertaken in line with the objectives of the Europe 2020 Strategy.

Figure 7 shows the data reflecting the effective implementation of the strategy aiming at the reduction of poverty.

Figure 7



Source: HUNGARIAN CENTRAL STATISTICAL OFFICE (HCSO), EUROSTAT

During its audit, the State Audit Office of Hungary assessed a specific period, however, this topic cannot be closed. While sustaining the results of the measures taken to reduce poverty, the established social inclusion mechanism, proven to be effective in the fight against poverty, must continue to operate, taking into account the current challenges and responding to them in action plans.

Latvia:

Social inclusion policy, especially in poverty reduction, is a coordinating policy implemented not only under the state policies under the responsibility of the Ministry of Welfare such as unemployment reduction, state social benefits, social assistance, social insurance, equal opportunities for disabled people but also under taxation, education, health, economics, and other policies.

Therefore, both the top long-term and medium-term national development planning documents such as the Sustainable Development Strategy of Latvia until 2030, Latvia’s National Development Plan 2014–2020, and the Latvian National Reform Program for the Implementation of the EU 2020 Strategy, under which Latvia has committed to implement the objective set by Europe 2020 Strategy of the European Union, and unemployment reduction, social security, equal opportunities for disabled people, child and family rights and tax policies and so on, also include the commitment to implement measures aimed at reducing the risk of poverty.

However, the audit findings have led us to conclude that social inclusion policy for poverty reduction is not implemented effectively at present (id est, the actions taken by the institutions involved in the implementation of this policy are not always aimed at achieving the defined goal) and efficiently (that is, one could achieve specific results through fewer resources or achieve better results with the same resources) and cooperation among the institutions involved, as the cooperation mechanism put in place to implement a coherent and coordinated policy is currently insufficient and does not contribute to reducing the risk of poverty or social exclusion.

In a comprehensive assessment of the performance of the institutions involved, the auditors have identified several factors that have a negative impact on reducing the risk of poverty in the country at present.

The main one is the lack of a framework for coordinating and reaching mutual agreement on the actions of all institutions involved towards the achievement of the goals set.

At present, each of the institutions involved performs only the tasks it is accountable for. Still, none of them assesses those tasks in context, for example, whether the tasks have an impact on the poverty reduction target because the country does not have a single document setting out an action plan to achieve the goal for poverty reduction set in the top planning documents at the UN, EU, and national level that would cover all areas and institutions, including local and regional governments, which have a crucial role to play in poverty reduction.

All the shortcomings identified in the audit indicate the need to improve the established cooperation mechanism for the unified and coordinated monitoring of social inclusion policies.

No significant improvements are expected without complex measures to address the needs of the people at risk of poverty or social exclusion.

Slovakia:

A number of Strategic documents (SDs) in Slovakia deal with the mitigation of the consequences of poverty, which are divided into several groups, the most important of which are two framework documents - National Framework Strategy for Promoting Social Inclusion and Fighting Poverty (the NFS) and the Update of the NFS. No less important SD, which deals with one of the most vulnerable groups, is the Strategy of the Slovak Republic for Roma Integration until 2020 (MRC Strategy). All documents at the national level are based on the Europe 2020 Strategy. The responsible institution for the fight against poverty, which also fulfills a coordinating function, is the MLSAF SR, but also other ministries, institutions, local governments and non-profit organizations cooperate in this matter.

The SR has defined measures and objectives for poverty alleviation in its SD. The main objective of the fight against poverty is set out in the Europe 2020 strategy. With it, Slovakia has committed to reduce the number of people at risk of poverty or social exclusion by 170 000 by 2020, or to reduce the share of the population at risk of poverty or social exclusion by 17.2%. Between 2008 and 2019, the number of people at risk of poverty or social exclusion decreased by 234 000 people (by 21.1%) from 1 111 000 to 877 000 people. Slovakia thus reached and even exceeded the target by 37.6% (by 64 000 people) in advance. Within the ranking of 28 European countries, the SR ranks well in the aggregate indicator (6th place), in the partial indicator of the at-risk-of-poverty rate after social transfers and in the very low work intensity rate (Slovakia is above EU28 average). The situation is worse in the severe material deprivation rate, where the SR lags behind. According to the individual deprivation items, the worst situation is in three, which have been regularly repeated over the last 10 years: almost every third inhabitant of the SR cannot afford to pay a week's holiday outside the house once a year, every third cannot face unexpected financial expenses and every eighth cannot indulge in one meat meal every other day.

In addition to aggregate and sub-indicators, national poverty indicators are also used. All are regularly monitored and evaluated. Some SDs have their own indicators that are subject to evaluation and measurement of progress, such as MRC strategy.

The monitoring system is provided through the Report on the Social Situation of the Population of the SR, which is published annually on its website by the MLSAF SR. Information on the evaluation of the

performance of the NFS was processed for the year of 2016 and other evaluation Information was part of the NFS Update. The last Information was taken into account by the Slovak government in October 2019.

It is more than clear from the strategic documents and set goals that organizations, institutions that participate in the fight against poverty strive to improve the situation of the poor in Slovakia and create opportunities for them for their social inclusion. However, it is a long-term process that requires considerable financial and human capacity, often the personal involvement of many volunteers in working with socially disadvantaged groups. The elaboration of a quality long-term strategy of the SR to fight poverty, which will not change with the new government, is a necessary condition for improving the lives of the poorest. The current pandemic also brings new challenges. All measures aimed at alleviating poverty should contribute, if not to the eradication of poverty as such, at least to the mitigation of its consequences for the most vulnerable groups.

OVERVIEW OF RESULTS

The following table shows the summary evaluation results on the fulfilment of the criteria used in assessing the measures taken in poverty alleviation:

Focus questions	Bulgaria	Croatia	Hungary	Latvia	Slovakia
1. Have the strategies, action plans and other related documents been developed in order to achieve poverty reduction goals?	Partially	Partially	Yes	Partially	Yes
2. Have the aims of reducing poverty, the applied concepts and indicators been defined?	Yes	Partially	Yes	Partially	Yes
3. Is the reliability of data and information ensured?	Yes	Partially	Yes	Partially	Yes
4. Have data and information been evaluated?	Partially	Partially	Yes	Partially	Yes
5. Has the monitoring system of implementation been established and operated?	Partially	Partially	Yes	Partially	Yes

OVERALL CONCLUSIONS:

The Supreme Audit Institutions, as independent audit bodies, have the responsibility to provide the society and all stakeholders with information on the effectiveness of the government policies. The various forms of cooperation between SAs increase the added value of their work, as they go beyond the limits of national constraints and have the opportunity to compare and analyse the examined policies and problems at international level.

By joining the Union, each country undertakes to implement common European policies, which successful implementation is directly dependent on the contribution of Member States. In this context, the contribution of individual Member States to the implementation of the common European goal of reducing the number of people at risk of poverty and social exclusion is planned in the national strategy papers by defining the respective national targets.

Poverty and social inclusion policy, due to its horizontal nature, requires the application of a synergistic approach in the implementation of measures and activities in different areas of the economy and social life in order to improve the quality of life of vulnerable groups and create conditions for their self-fulfilment. The wider basis for comparison between the approaches applied in the different countries provides valuable information about their practical application and an opportunity to share the good practices and the challenges in their implementation.

Poverty has different dimensions in EU countries. The specifics of the socio-economic development of the new members of the EU determine the existence of similar problems in combating poverty and social exclusion. In this context, the contribution of this joint initiative to improve the capacity addressing policy challenges in this area is undeniable.

The cooperative audit revealed discrepancies between the five countries covered by the audit. On one hand the audits revealed differences in the effectiveness of policy implementation, on the other hand sufficient and also insufficient coordination and cooperation between the institutions involved.

The following are the key points emerged from the audits:

- The strategies to raise people living below the poverty line have been basically elaborated.
- Three countries identified that strategies failed to be implemented effectively.
- Three countries identified that there had been a higher reduction in the number of people at risk of poverty than the percentage points targeted in line with the objectives of the Europe 2020 Strategy.
- Two countries noted deficiencies in cooperation/coordination between the relevant institutions.
- Three countries identified gaps and weaknesses in monitoring and evaluation that had influence on delivering data about the progress.

The audit reports found that strategies have been essentially developed. However, the strategic planning process should not end once the document is created. The social objective defined in strategies is in general served by sub-goals to be achieved in a shorter period of time. Good governance in strategies' implementation should include effective action plans where everyone has clear roles and responsibilities. In the rapidly changing world environment it is essential to review the objectives of the strategy regularly, to rethink the formulated goals by adapting them to the existing socio-economic conditions. Regular monitoring and evaluation are essential components to ensure that the actions are relevant and effective and to learn on strategic plans' progress and effectiveness.

The success to meet strategic objectives was different at country-level. The audit reports revealed that this was due in some cases to the inadequate definition of goals and to the shortcomings of the monitoring

and evaluation system and the development of multi-level strategic documents. In some cases the strategies have been implemented effectively, as the targets set in the strategy papers for 2020 have been met before the target date. The proportion of people at risk of poverty or social exclusion has shifted and decreased.

The increase in the level of activity and the expansion of employment contributed to the effectiveness of actions taken in poverty alleviation. Measures and subsidies aimed at maintaining jobs, decreasing as well as the burden on employers, can help to reduce poverty.

GOOD PRACTICES AND LESSONS LEARNT

The objective of the coordinated audit was – among others – to enable the exchange of knowledge, experience and good practices. The areas pointed out in this chapter are considered to be good practices or identified as shortcomings.

Bulgaria:

Poverty and social inclusion policy is a horizontal policy, the successful implementation of which requires the implementation of synchronized actions in a number of areas of the economy and targeted efforts by government and non-governmental organizations. The creation of a targeted strategic document - The National Strategy for Reducing Poverty and Promoting Social Inclusion 2020, has the potential to be a proper tool for managing such a complex process, but in order to achieve the intended results it is necessary that the processes of planning, implementation, monitoring, reporting and evaluation of policy implementation be adequately organized and managed. The gaps and weaknesses in these processes identified during the audit hinder the improvement of the quality of life of vulnerable groups and the creation of conditions for their self-fulfilment.

Croatia:

State Audit Office assessed the effectiveness of measures and activities taken to alleviate poverty in the Republic of Croatia, as follows:

Based on the conducted audit procedures and established facts, the State Audit Office assessed that the objectives of the Strategy, as a basic document for solving poverty and social exclusion in the Republic of Croatia, are in line with the objectives of the Europe 2020 Strategy and thus enable their realization. However, it was assessed that the implementation programs for the entire period covered by the Strategy have not been adopted for implementation of measures and activities, that the implementation program in the previous period has not been adjusted on the bases analyses within annual reports on implementation of measures, also auditees and established working groups did not fully meet the prescribed tasks. Furthermore, based on the insight into the implementation of ten measures from the sample, it was assessed that, from 2014 to the end of 2017, the implementation of two measures was not effective, the implementation of seven measures was partially effective and the implementation of one measure was effective. Given that there was no new implementation program adopted, there are no clear criteria for assessing the effectiveness of the implementation of measures. With regard to two measures, the implementation of which ceased before the end of the audit period, the State Audit Office did not make any recommendations for further action. Also, it was assessed that the achievement of the national target was not monitored in a clear manner and regular comparisons of statistics on poverty reduction and social exclusion of EU member states were not conducted. Following the above, the State Audit Office assessed that the measures and activities taken to alleviate poverty in the Republic of Croatia are partially effective and significant improvements are needed.

Hungary:

The Strategy has been elaborated, those in charge and the coordinators have been designated, separation of tasks was clear. Indicators have been defined for the three-year action plans. Back testing by regular preparation of detailed monitoring reports has been implemented. The task has clearly emerged on the governmental level and action has been taken.

Latvia:

The Ministry of Welfare is responsible for the state information system 'Welfare information system', which can also be used for monitoring poverty and social exclusion policy. Although the functionality of the system has not yet been fully used for policy monitoring, there are already settlements in place to analyze data of various social services and benefits, such as the income of disabled persons (both - from paid employment and from social support provided by state and municipalities) in order to determine whether they reach at-risk-of-poverty threshold.

Slovakia:

Good Practices are some activities implemented through the Slovak strategy for Roma integration until 2020 (Healthy Communities, Atlas of Roma Communities) and the Report on the Social Situation of the Population of the Slovak Republic.

This Strategy of the Slovak Republic for the Integration of the Roma community until 2020 addresses the target group (the marginalized Roma communities - MRC), which is one of the most vulnerable in reducing the poverty rate. It is divided into seven priority areas (Education, Employment, Health, Housing, Financial inclusion, No-discrimination, approaches towards the majority society), with each of these priorities monitoring the achievement of objectives and measures.

Healthy Communities and the Atlas of Roma Communities are noticeable from the implemented activities of the MRC Strategy. The goal of the Healthy Communities national project is to find a systemic and sustainable solution to the alarming state of health and social conditions of disadvantaged groups in Slovakia – particularly Roma communities. The main aims are to promote access to health care and public health, including preventive health care and health education and to reduce the gap in health status between the Roma community and the majority population. At the core of this concept is the work of Health Mediators who are members of the Roma community they serve and in which they live. With the support of coordinators, Health Mediators are actively engaging with their local communities and informing local people of the services offered by the project.

Over the years, the project has delivered concrete results. It has implemented in 271 locations in the poorest regions of Slovakia. 261 Health Mediators and 25 coordinators have improved the health situation of the social disadvantaged people. In some regions, Roma Health Mediators managed to completely stop the spread of infectious diseases thanks to cooperation with doctors and state health organisation staff. The professional titles of Roma Health Mediator and Health Field Worker were recognised and certified by the Slovak Ministry of Education.

In 2013, the first Atlas of Roma Communities was issued, followed by a new Atlas from 2019, implemented by the Office of the Plenipotentiary of the Slovak Government for Roma Communities in cooperation with Institute for Labor and Family Research. The aim of both was to find out data on the type and infrastructure of municipalities, the concentration of marginalized Roma communities, the availability of social and health services and the political and civic participation of the Roma population.

The Report on the Social Situation of the Population of the Slovak Republic has been published regularly every year by the Ministry of Labor and Social Affairs of the Slovak Republic since 2003. It is the integral part of the monitoring system. The report includes a number of indicators that are monitored each year, such as development of unemployment, including long-term unemployment, development of employment, amount of average nominal monthly wage, pension and sickness insurance benefits, state social support, assistance in material need, social services, indicators of poverty and social exclusion, etc. From the development of indicators, it is possible to evaluate progress in the field of employment, social policy, including anti-poverty policy.

ANNEX 1: DETAILED FINDINGS AND CONCLUSIONS OF THE NATIONAL AUDITS

1.1 Findings and conclusions of the Bulgarian audit

The national target defined in the context of the Europe 2020 strategy is set out in the National Reform Programme and the National Development Programme: Bulgaria 2020. National policies have been developed, which are expected to contribute to the achievement of the national target. This is a precondition for the fulfillment of the commitments made by Bulgaria towards the common EU target of reducing the number of people at risk of poverty or social exclusion through the establishment and application of appropriate measures for the implementation of the strategic documents.

In the context of the European objective to encourage social inclusion through poverty reduction, the National Reform Programme has set the national target 5 “Reducing the number of people living in poverty by 260,000” and 4 specific sub-targets:

- Reducing the number of children aged 0-18 living in poverty by 78,000 (30% of the common national target and 25% of the number of poor children in 2008);
- Reducing the number of people aged 65 or more living in poverty by 52,000 (20% of the common national target and 10% of the number of poor older people in 2008);
- Reducing the number of unemployed aged 18-64 living in poverty by 78,000 (30% of the common national target and 25% of the number of poor unemployed people aged 18-64 in 2008);
- Reducing the number of working poor people aged 18-64 by 52,000 (20% of the common national target and 22% of the number of working poor people aged 18-64 in 2008).

The national target is based on the v of poverty in 2008 and the number of people living below the poverty line – 1 632 000 people, and refers only to the sub-indicator “population at risk of poverty after social transfers”. The application of the combined indicator is considered not to be appropriate for Bulgaria because of the subjective nature of the “material deprivation” indicator.

The established strategic framework largely addresses the key issues of poverty in the country. However, the strategic targets have not become operational and there is no clear focus on vulnerable groups, as well as no profiling of specific target groups. These gaps hinder the planning of a clear sequence of actions to overcome the identified challenges and do not allow for linking policy implementation with specific deadlines and clear and measurable results. This hinders the appropriate planning of concrete and consistent activities and the assessment of the effect of their implementation. In addition, there is no established mechanism to alter the policy implementation, if needed.

The National Strategy for Reducing Poverty and Promoting Social Inclusion 2020 is geared towards establishing a cohesive, consistent and sustainable policy on social inclusion, based on the integrated approach and cross-sector cooperation at the national, regional, local and municipal level. The strategy aims to improve the quality of life of vulnerable groups in the Bulgarian society and to create the conditions necessary for their self-fulfillment. The main target groups have been identified in the Strategy and 9 key priorities with implementation measures have been defined. All relevant institutions and authorities have been involved in the Strategy implementation through biennial action plans adopted by the Council of Ministers.

The National Strategy for Reducing Poverty and Promoting Social Inclusion 2020 has not been updated throughout its 7-year implementation period, irrespective of the fact that the national target on poverty reduction is seriously underachieved and there is a need for change in the planning of measures and actions on poverty alleviation.

The implementation of the social inclusion policy is monitored by the National Council on Social Inclusion of the Council of Ministers. A number of deficiencies have been identified in the work of the National Council, which poses questions about the effective performance of its coordination, cooperation and

consultation functions in the development, implementation, monitoring and evaluation of the government policy on social inclusion.

The monitoring and evaluation mechanisms must be considerably improved in order to be effective and to facilitate the modification of policies and measures aimed at addressing poverty issues against the backdrop of severe demographic crisis and discrepancies in the economic development of the different regions in the country.

No comprehensive and reliable system of indicators to assess the implementation of the social inclusion policy has been established. The National Development Programme: Bulgaria 2020 and its action plans do not include indicators on measures, impact areas and sub-priorities. The National Strategy for Reducing Poverty and Promoting Social Inclusion 2020 does not include indicators to measure the state of completion of the targets and the progress on delivering the priorities of the Strategy, as well as indicators on results, which hinders the proper assessment of the effectiveness of the measures and the progress made on reaching the national target. The monitoring process is further complicated by the lack of target values for performance indicators for some of the activities and impact mechanisms of the National Development Programme: Bulgaria 2020 and the National Strategy for Reducing Poverty and Promoting Social Inclusion 2020.

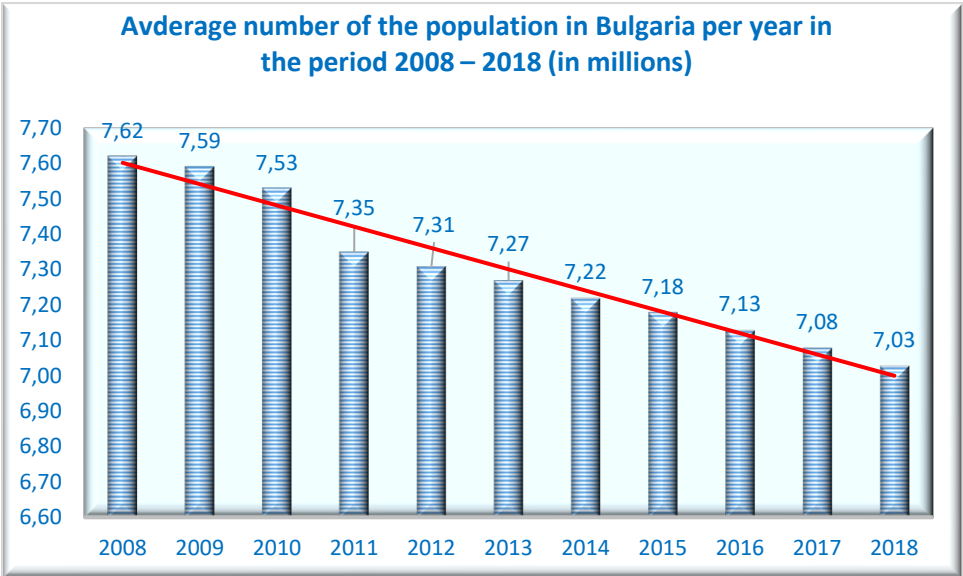
The system for collecting reported data and information is not organized in a way that ensures uniformity of the reporting and complete information on all performance indicators included in the action plans of the National Development Programme: Bulgaria 2020 and the National Strategy for Reducing Poverty and Promoting Social Inclusion 2020.

The reporting on the implementation of measures and activities is not accompanied by an analysis of results from a regional point of view, which impedes the launching of activities that take into consideration the specificities of the different country regions and the existing considerable discrepancies in the poverty level in the various regions.

In the period 2015 – 2018 no impact assessment of the poverty reduction measures was carried out and no analysis and evaluation was performed of the impact of the worsening demographic structure and migration on the poverty and social inclusion indicators, as well as on achieving the targets pursued.

In the last 11 years, disparities in the level of economic development have been observed in Bulgaria – initially, a period of crisis and rising unemployment, followed by gradual recovery and development of the economy, as well as decreased unemployment, which reached historically low levels in 2018. This

Figure: BNAO-2

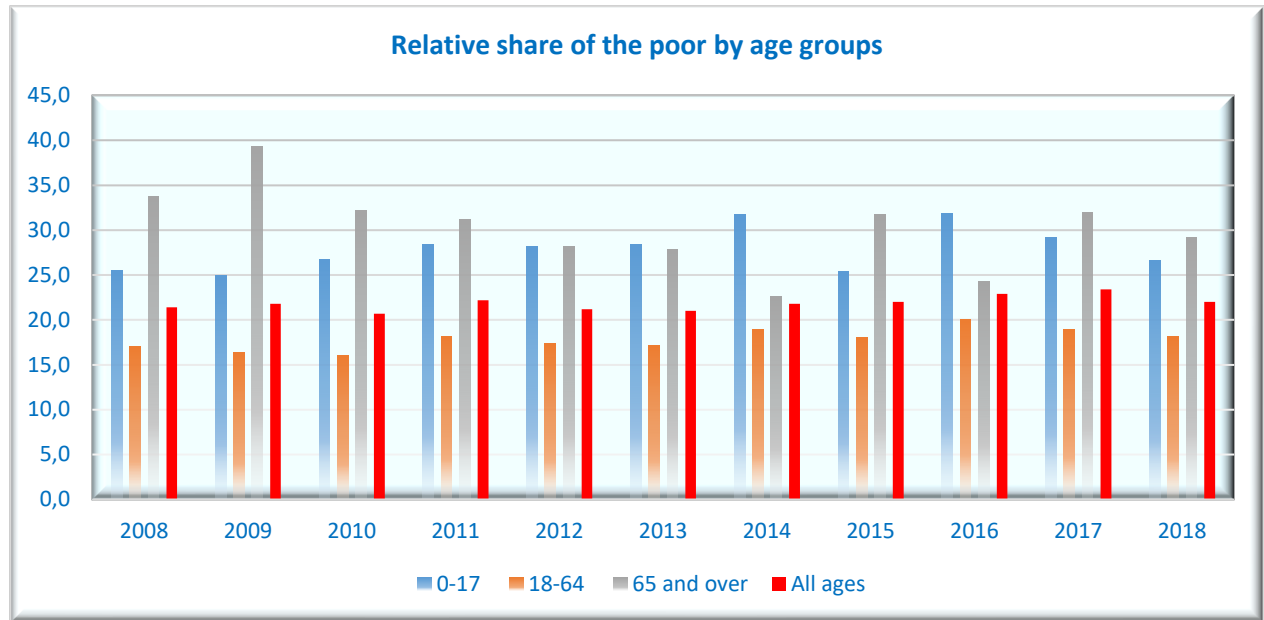


Source: National Statistical Institute

development is underscored by severe demographic crisis characterized by a continuous reduction and aging of the population, low birth rate and high death rate. In addition, significant imbalances are observed in the territorial distribution of the population.

The relative share of poor people in the country increased in this period. In addition to being considerably higher than in the rest of the EU, it has increased more rapidly, which differentiates Bulgaria from the rest of the European Union based on the average values of this indicator.

Figure: BNAO-3



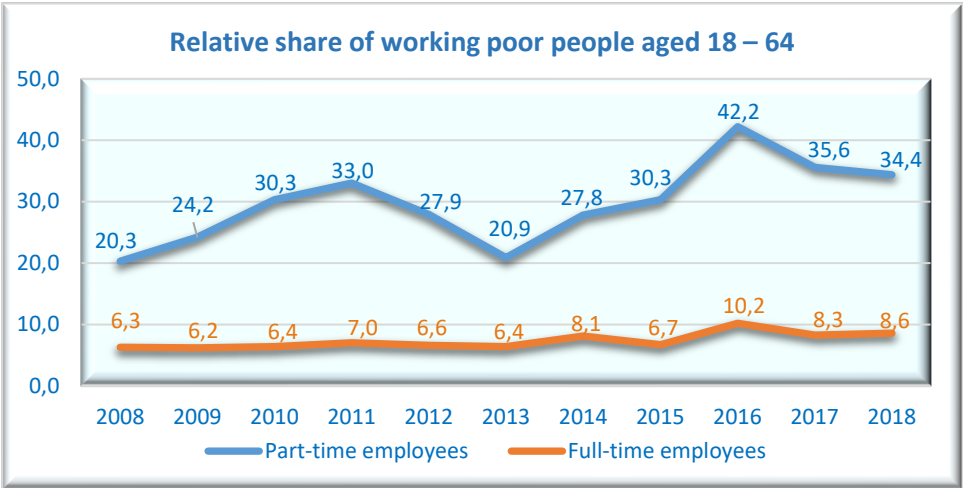
Source: National Statistical Institute (EU-SILC)

The data analysis on the basis of age emphasizes the persons above 65 years of age, where the relative share of the poor is the highest. In a study of the elderly, the data show that the highest proportion of the poor is seen in people aged 75 years and above this age. In 2018, their relative share is 35.2%, ie. every third person above the age of 75 years is poor. For comparison, the share of the poor among people under 75 years is 20.7%. The poverty status at this age group is affected on the one hand – by the pension policy, incl. the annual update of pensions, and on the other hand - by what has been the participation of persons in the labour market in their working age.

The second place, in terms of the share of the poor, are people under 17 years of age. The fact is that children do not have their own ways to get above the poverty line and among the factors causing poverty among children are - the participation of parents in the labour market, other people living with them in households, social transfers and others.

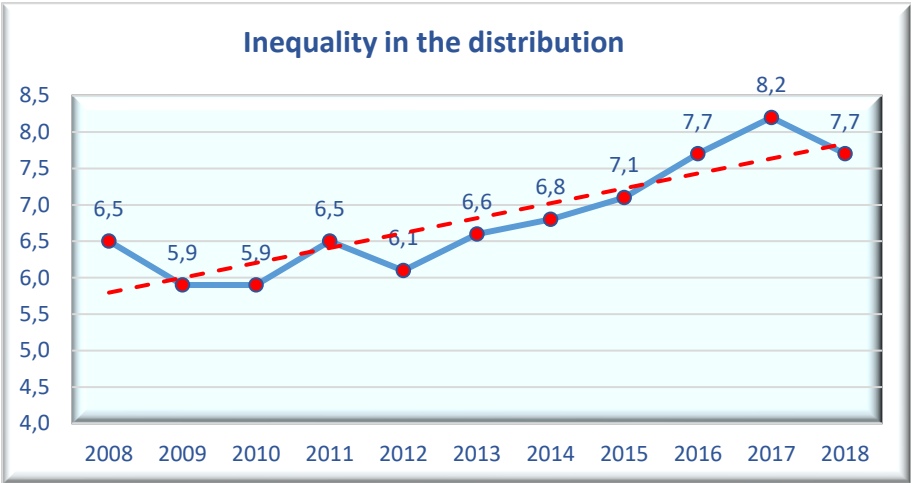
The inequality in the distribution of incomes in Bulgaria has deepened and is considerably higher than in the other European countries. At the same time, significant regional disparities are observed, which again proves the need for adapting the measures and activities to the territorial aspects of poverty.

Figure: BNAO-4



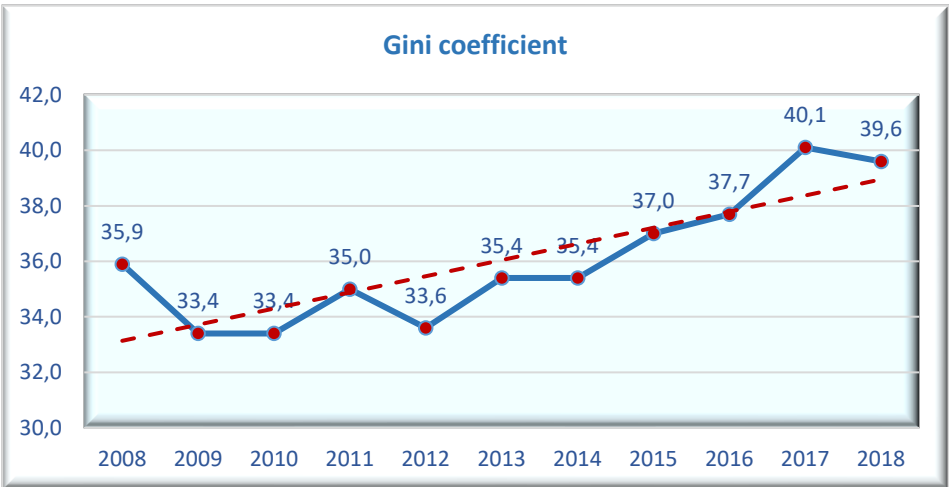
Source: National Statistical Institute (EU-SILC)

Figure: BNAO-5



Source: National Statistical Institute (EU-SILC)

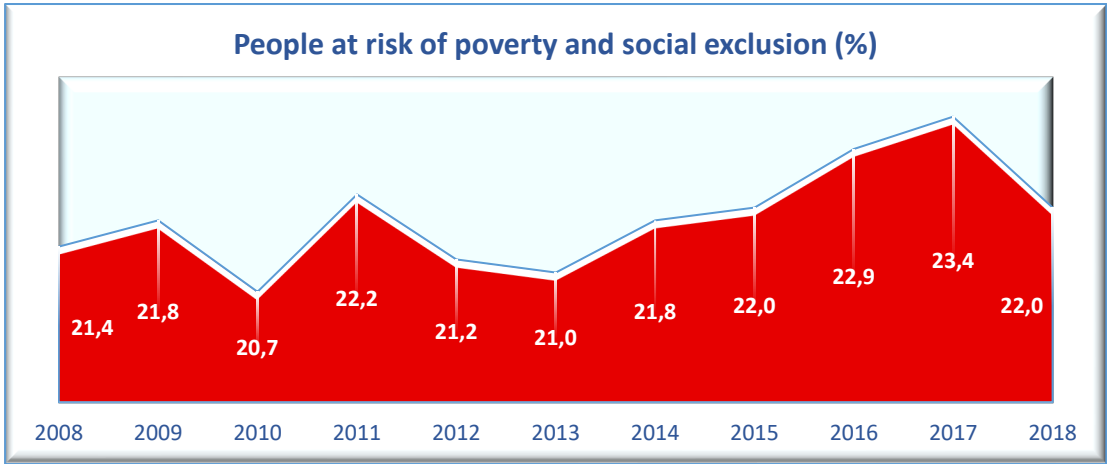
Figure: BNAO-6



Source: National Statistical Institute (EU-SILC)

The combined indicator “relative share of the population at risk of poverty or social exclusion”² shows that in 2018 about one third (32,8%) of the population, or 2 315,2 thousand people, are at risk of poverty and social exclusion. Overall, this indicator is declining, but still remains at significantly higher levels than the EU average levels.

Figure: BNAO-7

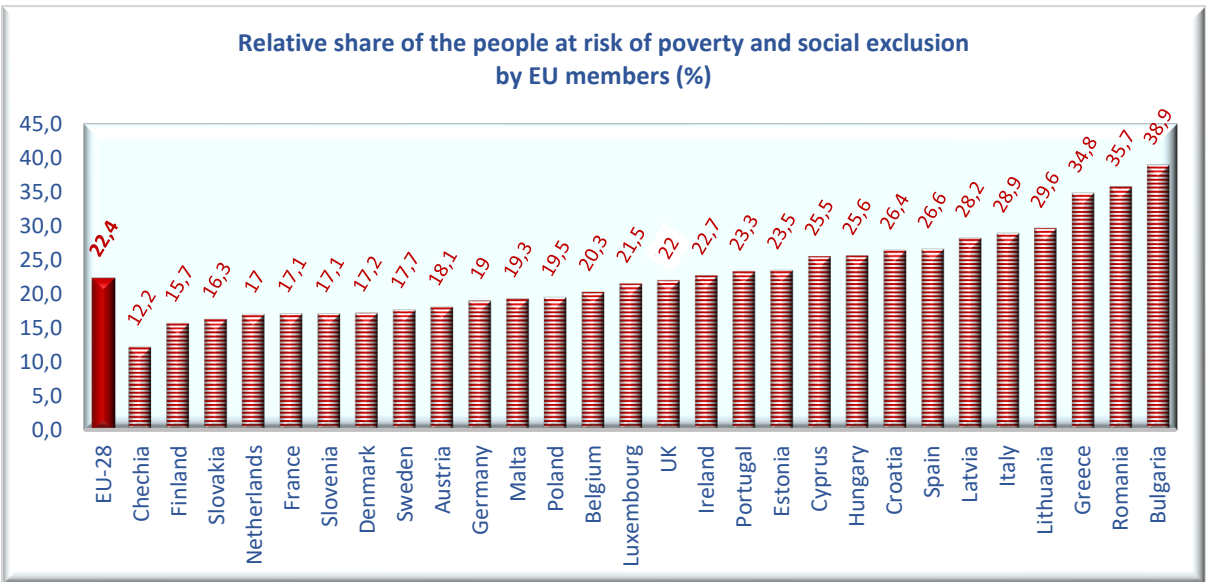


Source: National Statistical Institute (EU-SILC)

The share of men at risk of poverty or social exclusion is lower than the share of women. When examining the indicator by age, it should be noted that the largest share is among people above 65 years of age, followed by the share of people under 17 years of age, and the lowest is among people aged 18 to 64 years. If a study is conducted on the relative share of the population at risk of poverty or social exclusion by age and sex, then the most vulnerable group is that of women above 65 years of age.

The relative share of the population at risk of poverty or social exclusion in the EU in 2017 varies greatly from country to country. At one extreme are countries with a very low relative share, such as the Czech Republic with 12.2% and Finland - 15.7%, and at the other: Bulgaria, with the largest share of the population at risk of poverty or social exclusion – 38, 9% and Romania - 35.7%. It should be noted that in 2008 according to this indicator Bulgaria is again at the last place in the EU.

Figure: BNAO-8



Source: Eurostat

² The indicator includes persons living at risk of poverty, with material deprivation or in households of the unemployed or with low intensity of economic activity

At this stage of implementation of the National Development Programme: Bulgaria 2020 and the National Strategy for Reducing Poverty and Promoting Social Inclusion 2020 a significant progress in reaching the national target, and respectively the four sub-targets, should have been expected. But evident from the latest statistical data, only one-third of the national target has been accomplished – 31,27%. The forecast indicates that if this tendency persists by 2020, not even half of the national target to reduce the number of people living in poverty will be met, irrespective of the deep demographic crisis and the drastic reduction in population.

The level of achievement of three of the sub-targets is also not encouraging. This is particularly evident for the sub-target on reducing the number of the working poor, where significant increase against the base year has been observed, which is a departure from the target pursued. Even the reduction in population cannot lead to a lower number of poor children, which by 2018 was only 3000 less than during the base year. The reduction in the number of people living in poverty above 65 years of age is also limited and despite the serious demographic crisis and the drastic reduction in population, the level of achievement of this sub-target is only 29,23%. Significant progress is observed only in the reduction in the number of unemployed poor aged 18-64 and it is expected that this sub-target will be met.

A number of recommendations in several areas were made:

- on the improvement of the planning and monitoring mechanisms for the implementation of the strategic documents in the field of poverty alleviation and social inclusion policy;
- on performing an impact assessment of strategic documents which set out the policy implementation;
- on the analysis and evaluation of the management, monitoring, control and reporting of strategic documents in this policy area, in order to improve the effectiveness in designing and developing such documents in the future.

1.2 Findings and conclusions of the Croatian audit

The main audit findings include:

- a more detailed elaboration of the implementation of the Strategy is planned through the three-year implementation programs, therefore it was not planned to adopt implementation documents to implement measures and activities for the seven-year period of the Strategy
- the Program for the implementation of the Strategy for the period 2014 - 2016 was adopted by the Government of the Republic of Croatia nine months after the adoption of the Strategy, meaning at the end of the first year of implementation, and the envisaged programs for the implementation of the Strategy, which should have been related to 2017, 2018, 2019 and 2020 were not drafted and adopted, while in 2018 and 2019 a large number of measures and activities that were foreseen in the Program for the implementation of the Strategy for the period 2014 - 2016 were still being implemented without a new implementation Program being drafted and adopted, respectively
- the process of drafting annual reports, from the end of the reporting period until their submission to the Government for adoption, has been taking more and more time each year, and the report on the implementation of measures for 2018 has not been prepared until the time of the audit, so the purpose of reporting has not been fully achieved and information on measures and activities taken to alleviate poverty have not been provided in a timely manner
- the sessions of the working groups were not held in accordance with the Government decisions or the decision of the Ministry of Demography, Family, Youth and Social Policy, and also the Working group for preparing annual reports and the Working group for developing and monitoring the implementation Program, have not fully accomplished their tasks
- among ten measures covered by the audit, two measures ceased to be implemented, and the audit findings of the remaining eight measures identified weaknesses in implementation and monitoring, such as, the main objective of the measure is not aligned with the activities of the measure, the target group is too wide, the outcome indicators are not clearly defined, no target values have been set and they are not monitored through annual reports, the activities of the measures are not carried out in accordance with the foreseen deadlines, and sources of financing and funds are not planned or the funds spent for financing the measure activities are not monitored on an annual basis

Implementation evaluation of measures in the audit sample

No.	Name of strategic area	NAME OF THE MEASURE	IMPLEMENTATION EVALUATION OF THE MEASURE
1.	EDUCATION AND LIFELONG LEARNING	Enabling equal development of pre-school education for all children	IMPLEMENTATION IS PARTIALLY EFFECTIVE The activities of the measure are being implemented, but the performance indicators do not enable the evaluation of the achievement of the objective of the measure
2.		Financing of transport costs for pupils	IMPLEMENTATION IS PARTIALLY EFFECTIVE The activities of the measure are being implemented, but the performance indicators do not enable the evaluation of the achievement of the objective of the measure
3.		Adoption of new vocational curricula based on learning outcomes and labour market needs	IMPLEMENTATION IS PARTIALLY EFFECTIVE The activities of the measure are carried out but not in accordance with certain deadlines and performance indicators
4.	EMPLOYMENT AND ACCESS TO EMPLOYMENT	Increasing the employment rate and boosting employability	IMPLEMENTATION IS PARTIALLY EFFECTIVE The activities of the measure are implemented, but impact indicators do not allow for the evaluation of the achievement of the objective of the measure
5.		Encouraging self-employment	IMPLEMENTATION IS PARTIALLY EFFECTIVE The activities of the measure are implemented, but impact indicators do not allow for the evaluation of the achievement of the objective of the measure
6.		Preparation of the basis for drafting occupational standards - implementation of the Occupational Standard Survey	IMPLEMENTATION IS PARTIALLY EFFECTIVE The activities of the measure are implemented but do not comply with certain deadlines and impact indicators
7.	HOUSING AND AVAILABILITY OF ENERGY	Adoption of the programme for drawing up the housing model	IMPLEMENTATION IS PARTIALLY EFFECTIVE The activities of the measure are implemented but are not aimed directly at people at risk of poverty and social exclusion (the main goal or the target group)
8.		Use of housing capacities owned by the Republic of Croatia for social issues by drafting a plan for the use of real estate for the disposal of socially sensitive groups	IMPLEMENTATION IS NOT EFFECTIVE The implementation of the measure was ceased (there were no activities in 2016, 2017 and 2018)
9.	ACCESS TO SOCIAL BENEFITS AND SERVICES	Redefining the system of monetary benefits by improving Regulation and integration of financial assistance and services at national level through IT networking and data exchange	IMPLEMENTATION IS NOT EFFECTIVE The implementation of the measure was abandoned
10.		Providing and improving employment-stimulating services and programmes and supporting programmes aimed at strengthening the homeless for independent living	IMPLEMENTATION IS EFFECTIVE Activities of the measure are implemented

- in some annual reports data on the reduction of poverty and social exclusion are presented by the number of persons in Croatia at risk of poverty and by the number of persons at risk of poverty or severe material deprivation or those living in low-intensity households, while in others there are only data on the at-risk-of-poverty rate and the percentage of persons at risk of poverty or social exclusion, so it is not possible to continuously monitor the achievement of the national target of reducing the number of persons at risk of poverty by 150 000

- comparison of statistics on poverty and social exclusion in the EU Member States is given only within one annual report, the stated statistical data show minor discrepancies with the Croatian Bureau of Statistics and Eurostat data, while the fact that the national target of the Strategy was reached in 2016, indicates that planning of the target for Croatia was not realistic.

On the bases of the established facts, and taking into account the objectives of the audit, the State Audit Office estimates that the measures and activities undertaken on poverty alleviation in the Republic of Croatia are partially effective and require significant improvements.

State Audit Office gave the following recommendations to the auditees:

- take action to adopt a new implementation Program as soon as possible so that the measures and activities still being implemented following the Program for the implementation of the Strategy for the period 2014 - 2016, as well as possible new measures, are implemented under the appropriate implementation program, for the remaining period of the Strategy (Strategy coordinator)

- in accordance with the adopted Government conclusions, timely undertake the activities necessary for the preparation of annual reports on the measures implementation, which include monitoring of the measures implementation, gathering and submitting the necessary data, and drafting and submitting annual reports to the Government with a view to their prompt adoption (Strategy coordinator and holders of strategic areas)

- in accordance with the Government decisions, as well as with the decision of the Ministry of Demography, Family, Youth and Social Policy, the working groups should meet regularly and continuously carry out their tasks related to the preparation and monitoring of the implementation programs, the preparation of annual reports and other tasks (Strategy coordinator)
- in the further implementation and monitoring of the measures covered by the audit, in the period until 2020, or in the implementation of the new implementation program, align the main objective of the measure with the activities; identify the target groups more clearly and thus direct the activities of the measures directly to the reduction of poverty and social exclusion; define the outcome indicators more clearly and define target values to enable the evaluation of achieving the objectives of measures and monitor them more accurately in the annual reports; carry out the measures' activities in accordance with the foreseen deadlines and plan and identify the fund sources and funds for the entire period of measures implementation, as well as monitor the funds spent for financing the activities of the measures on annual basis (holders of strategic areas)
- report on the overall statistical data including the number of persons at risk of poverty, within annual reports on implementation of measures, and accordingly enable continuous and accurate monitoring of the reduction of the number of persons at risk of poverty and social exclusion (Strategy coordinator)
- additionally, review and align relevant data to avoid discrepancies and further inconsistencies, and regularly monitor and compare statistics on poverty reduction and social exclusion of EU Member States through annual reports on implementation of measures (Strategy coordinator).

The State Audit Office is of the opinion that the implementation of these recommendations would contribute to the elimination of identified shortcomings and omissions, and that would increase the effectiveness of measures and activities undertaken for poverty alleviation in the Republic of Croatia.

1.3 Findings and conclusions of the Hungarian audit

Strategies and action plans were developed to achieve poverty reduction targets. In 2011, the Government adopted a strategy to achieve poverty reduction targets, which was revised in 2014. The objectives of the strategy were in line with the poverty reduction targets of the Europe 2020 Strategy.

In order to achieve the objectives related to the Europe 2020 Strategy, national programmes and strategies were prepared, which were adopted by the Government in decisions appropriate for the provisions of Government Decree No. 38/2012 (III. 12.) on Government Strategic Management.

The Hungarian target related to the EU’s poverty reduction targets was to reduce the proportion of the population living in poverty or social exclusion by 5 percentage points by 2020. This target was first set by the Preliminary National Action Plan adopted by the Government in 2010 on the basis of statistics for 2008, in line with the objectives of the Europe 2020 Strategy. In order to achieve the set target, the National Reform Programme adopted in 2011 envisaged a 20 percent reduction for each case: the poverty rate of families with children, the number of people living in severe material deprivation and the number of people living in households with low work intensity by 2020. The combined effect of these (excluding overlaps according to the HCSO methodology) meant to reduce the number of the population affected by these three indicators by about 450 thousand people by 2020, which represents the 23.5% of the total domestic population.

The National commitments to the reduction of poverty are presented in Table 1.

Table 1

HUNGARIAN COMMITMENTS RELATED TO THE REDUCTION OF POVERTY			
	2008.	Commitment for 2020	Reduction by 2020
Rate of households living in poverty with children	16% (872 thousand people) (225 thousand households)	12.8% (698 thousand people) (180 thousand households)	174 thousand people (45 thousand households)
Severely materially deprived persons	17.9% (1,771 thousand people)	14.3% (1,417 thousand people)	354 thousand people
Persons living in households with low work intensity	10.3% (1,018 thousand people)	8.2% (814 thousand people)	204 thousand people

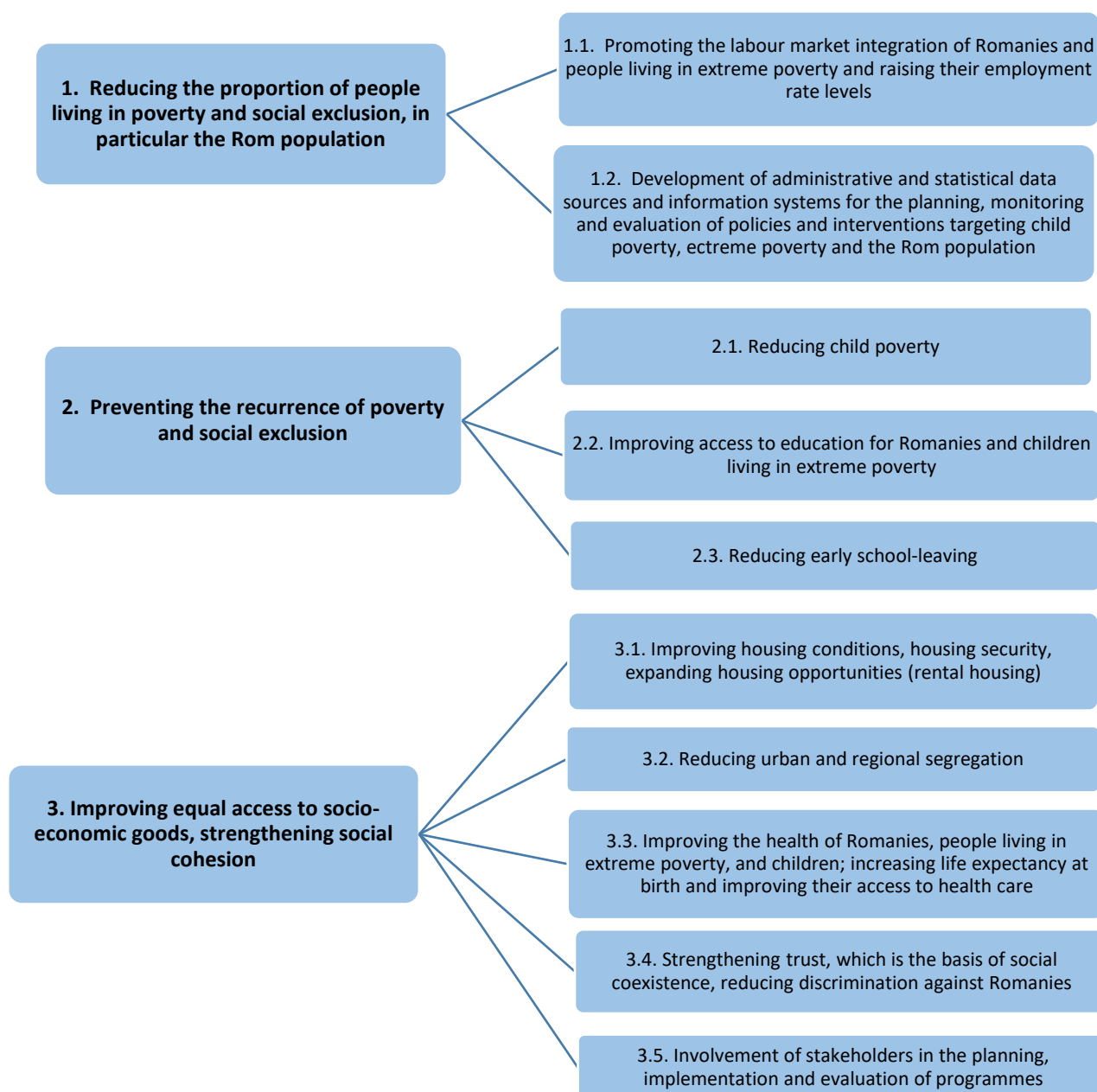
Source: NSSI

In order to achieve its objectives, in 2011, the Government adopted the National Strategy for Social Inclusion (NSSI). The NSSI was reviewed in 2014 and adjusted according to the results of the re-measurements, as set out in the related action plan. The new name of the strategy became the Hungarian National Strategy for Social Inclusion.

At the top level of the NSSI and HNSSI target systems, the comprehensive domestic targets related to the fight against poverty of the Europe 2020 Strategy are to be found, and in order to achieve these, sub-targets were also defined to help achieve these comprehensive targets. Figure 2 provides an overview of the hierarchy of targets.

Figure 2

THE HIERARCHY OF TARGETS OF THE HNSSI (COMPREHENSIVE TARGETS AND SUB-TARGETS)



Source: HNSSI

In order to achieve the strategic goals of the NSSI and HNSSI, the Government adopted three-year action plans:

- concerning years 2012–2014 with the Government Decision No. 1430/2011 (XII. 13.) on the National Strategy for Social Inclusion and on the Government Action Plan for the Implementation of the NSSI for the Years 2012–2014;
- concerning years 2015–2017 with the Government Decision No. 1672/2015 (IX. 22.) on the Hungarian National Strategy for Social Inclusion II and on the Government Action Plan for the Implementation of the HNSSI for the Years 2015–2017;
- for the following years, an action plan for the period up to 2020 was adopted in 2019.

The measures included in the action plans were in line with the objectives of the strategies.

Those responsible for implementing the planned measures were identified. An organisational framework, a system of coordination between those involved in implementation, and a system of cooperation were established. With regard to social inclusion tasks, the Secretary of State for Social Inclusion and the Deputy Secretary of State exercised professional guidance. The responsible State Secretariat operated at the beginning under the auspices of the Ministry of Public Administration and Justice and, as from 8 September 2012, the Ministry of National Resources / Ministry of Human Resources. The professional management of the field of social inclusion was assigned to the Ministry of Interior as from 1 May 2019. The consultative bodies supporting the Government, the Inter-Ministerial Committee on Social Inclusion and Romany Affairs, the National Strategy Evaluation Committee for 'Better Conditions for Children', the Coordination Council of Romany Affairs and the Roma Coordination Council also played a prime role in monitoring the implementation of the HNSSI.

The Inter-Ministerial Committee on Social Inclusion and Roma Affairs monitored the implementation of the inclusion strategy and action plan. In order to fulfil its monitoring tasks, it set up and operated a policy and monitoring working group to provide professional support for monitoring and review.

The main targets aiming to reduce poverty, the relevant indicators, and the target values for the three main indicators were defined.

An indicator system to evaluate the effectiveness of measures and interventions was developed, and the content of concepts and indicators was defined. The definition of the three main indicators (proportion of people living in poverty, in severe material deprivation and in households with low work intensity) was identical to those used by EUROSTAT. Target values for indicators were set to monitor the implementation of the measures.

At the second level of the indicator system, NSSI contained 38 indicators for the sub-objectives and 103 when the HNSSI was adopted. The HNSSI indicator system was reviewed in 2016, as a result of which 102 indicators were recorded.

The NSSI and HNSSI documents provided a detailed description of the concepts used in the highest strategy for the fight against poverty at EU level, defined the strategic goals, together with their statistical description. At the compilation of the indicator system the previous indicator systems and recommendations were taken into account (e.g. the recommendations of the Indicator Working Group of the National Strategy Evaluation Committee for 'Better Conditions for Children!'), studies and analyses on the topic, experiences gathered in connection with the EU indicator system, as well as related documents by the OECD and the UNICEF were considered. Ensuring international comparability was also an important aspect in developing the indicators. The system included both input (effort-related), output (institutional) and outcome (social) indicators.

At the third level, being the most detailed level designed to monitor the implementation of each specific measure, the implementing organisations identified 510 indicators in total.

The monitoring system concerning the implementation of the strategic objectives and the performance of the measures was set up, developed and systematically reviewed.

A unified, comprehensive indicator and monitoring system was defined to assess the progress and implementation of the planned measures.

The monitoring and evaluation system related to the inclusion strategy consists of two parts. One of the aims is to monitor and evaluate the objectives of social inclusion on the basis of indicators at strategic level, the other is to evaluate the progress of the measures (programme monitoring).

Tasks and responsibilities related to the monitoring were defined in the action plans. In order to evaluate the progress and implementation of the measures, the key areas of coordination were fixed. These include operation and maintenance of the HNSSI monitoring system, development of statistical data collection and decision support solutions, monitoring of public employment and promotion of local equal opportunity programmes (aiming to create equal opportunities for and improve the situation of people living in extreme poverty and of the Romanians, and carry out interventions at the local level to promote social inclusion).

The monitoring system was operated.

Every year since 2013, follow-up reports were prepared for the Government to monitor the measures included in the NSSI/HNSSI action plans.

In addition, overview monitoring reports covering longer periods were prepared on the experiences of the implementation of strategies against poverty and the relevant social processes (in 2014, 2017 and 2018, respectively). The aim of these was to examine the progress of the measures, to analyse the development of social processes in the period since the adoption of the strategy, to support elaboration of future action plans, and to formulate recommendations for further developments and corrections.

The calculation of the current value of the indicators and the content uploaded into the system came mainly from data by the HCSO. The data needed to appraise the effectiveness of the measures were uploaded in the Territorial Information System (TEIR) developed as part of the Social Sector Information System.

The reliability of the data and information was ensured.

Ensuring measurability was a primary aspect in determining data. Under the HNSSI, 510 indicators related to the implementation of measures ensured the measurability of implementation.

The data managers of the HNSSI indicator system were the institutions belonging to the official statistical data delivery network, such as the HCSO, organisations managing EU funds, ministries, and local governments. According legal provisions, ensuring reliability of data so delivered is the responsibility and falls into the scope of competence of the head of the given institution.

In the case of the data collected by it, the HCSO ensured the internal validation according to the applied methodologies, such as checking data according to the 'four eyes' principle. In addition, data provided by the HCSO for the indicators of the Europe 2020 Strategy were validated by EUROSTAT as an independent organisation.

The implementation of measures to lift out the number of people living below the at-risk-of-poverty threshold was effective, targets were met by 2018, two years ahead of schedule.

The effectiveness of the implementation of strategies to lift out people living below the at-risk-of-poverty threshold was regularly assessed.

Annual monitoring reports to the Government presented the measures taken to achieve the strategic goals and their results.

Based on the monitoring report covering the first five years of the HNSSI, prepared in 2017, public expenditures in the amount of HUF 915 billion in total could be linked to the 2012–2014 action plan and HUF 2,000 billion to the 2015–2017 action plan. The proportion of resources serving employment-related tasks was high in both action plans (68% and 75%, respectively), followed by child welfare (15% and 8%, respectively).

The results of the comprehensive monitoring reports on the experience of implementing strategies to reduce poverty were used in the annual follow-up reports submitted to the Government.

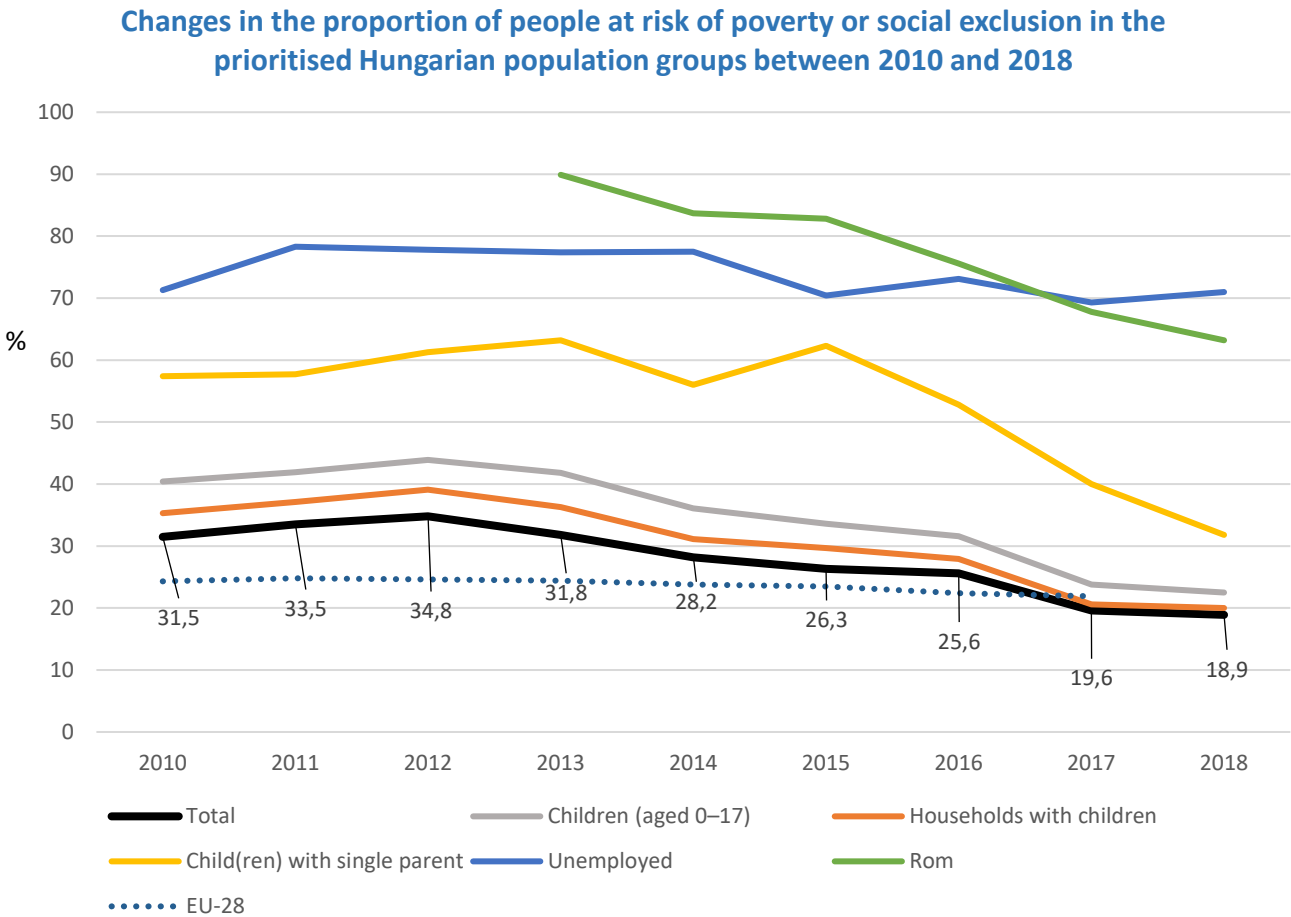
The targets set in the strategy papers for measures to lift out the number of people living below the at-risk-of-poverty threshold had been met by 2018.

According to HCSO data, the poverty rate could be continuously reduced from 2013 to 2018. Between 2008 and 2017, the number of people living in poverty in Hungary decreased by 908 thousand, significantly exceeding the task of 450 thousand people included in the national commitment for 2020. 18.9% of the total population, i.e. 1 million 813 thousand people, were at risk of poverty or social exclusion in 2018, which represents 9.4 percentage points less than the rate in 2008. Within the aggregate poverty indicator, 12.4% of the population lived below the at-risk-of-poverty threshold (i.e. in relative income poverty), severe material deprivation affected 8.7% of the population, and 3.7% of the total population lived in a household with very low labour intensity. By 2018, the national targets set in connection with the Europe 2020 Strategy had been met for both the aggregate poverty indicator and the three sub-indicators.

Regarding the fulfilment of the aggregate poverty indicator and the targets of the three sub-indicators, the HNSSI follow-up reports did not identify any risks.

From 2015 onwards, there was a trend-like decline in the proportion of the population at risk of poverty or social exclusion in all social groups concerned. Figure 3 shows the data covering the entire period of implementation of the strategy.

Figure 3



Source: HUNGARIAN CENTRAL STATISTICAL OFFICE (HCSO), EUROSTAT

1.4 Findings and conclusions of the Latvian audit

1. „Have the programs (strategies), action plans and other related documents been developed in order to achieve poverty reduction goals?

Have the aims of reducing poverty, the applied concepts and indicators been defined

Partly. The criterion is met only partially.

Poverty reduction goals are included in the following documents:

- The hierarchically top long-term development planning document “*Sustainable Development Strategy of Latvia until 2030*”. One of the goals included therein: **to reduce social and income inequality when gross domestic product increases by promoting social inclusion, reducing poverty risks, facilitating the expansion of socially and economically stable middle class**. One indicates the performance indicators for 2030 such as the at-risk-of poverty rate after social transfers will be less than 16%, but the Gini coefficient characterising income inequality will be less than 30.
- The medium-term national development planning document “*National Development Plan of Latvia for 2014-2020*”, which is the action plan of the *Sustainable Development Strategy of Latvia until 2030*. The following goals are set therein:
 - Take measures to increase the level of welfare of the employed by **reducing the proportion of the employed at risk of poverty** in the age group from 18 to 64 years from 9.5% in 2010 to 5% in 2020;
 - **Reduce the risk of child poverty** from 24.8% in 2010 to 20% in 2020 by means of a comprehensive family support system that promotes the reconciliation of work and family life.
- The internationally proposed development planning document “*National Reform Program of Latvia for the Implementation of the Europe 2020 Strategy*”. With regard to poverty reduction, it sets the goal of **reducing the proportion of persons at risk of poverty and/or low work intensity households to 21% by 2020 or eliminating the risk of poverty by 121 thousand people**.

There is no action or activity plan developed for the medium-term development planning document *the National Development Plan of Latvia for 2014-2020* and for *the National Reform Program of Latvia for the implementation of the Europe 2020 Strategy*. One has appointed a responsible institution (ministry and/or local and regional governments) for each task aimed at achieving the goal.

In their turn, the institutions in charge implement the given tasks by including the necessary actions (measures) in the policy planning documents of the respective sectors such as guidelines and their action plans. Local and regional governments develop their sustainable development strategies and development programs, for the implementation of which they draft action plans as well.

However, the audit concluded that either sectoral level policy-planning documents in 2019 and 2020 were not developed for all sectors related to the social inclusion to reduce poverty (and/or were not in effect), or goals, planned directions and measures to reduce poverty were not included therein.

For example, at the level of sectoral policy, the medium-term policy-planning document “Family State Policy Guidelines for 2011–2017” and their action plan for the area of children’s and family rights were developed only until 2017, and the current medium-term development planning document was still not developed at the beginning of 2020. Also at the sectoral level, one has not elaborated policy-planning documents for the area of state social benefits and social assistance.

The planned measures included therein as well were not sufficient, for example:

They cover too wide range of population. Such deficiencies have been identified in the children's and family rights policy and taxation policy.

For instance, the hierarchically top documents on children's and family rights policy in relation to poverty set the goal of reducing the risk of child poverty from 25% in 2010 to 20% in 2020. Particular deliverables have been identified for families with children most at risk of poverty, i.e., households with three or more children, as well as single-parent families.

When assessing the goals, policy deliverables, and performance indicators set in the Guidelines for the State Family Policy for 2011–2017³, the audit established that the second and third directions of action⁴ were related to poverty reduction, which include various measures for families with children (for example, increase of resident income tax relief for dependent children, increase of state family benefit, promotion of employment of parents, free lunch for the first to fourth-year students, etc.).

Still, most of them are meant for all families with children, regardless of their social and economic status, without providing targeted support for those families most at risk of poverty, including single-parent families.

They do not cover at all and/or are not targeted at any group of the population at risk of poverty and social exclusion (taxation policy, social services policy, children's and family rights policy).

For example, although the country has defined that the homeless are at risk of poverty and social exclusion, when assessing the Guidelines for the Development of Social Services for 2014–2020⁵, which is the major medium-term development planning document in the area of social services, the audit has established that the descriptive part contains data on the number of homeless people or persons without a declared place of residence. Yet, **none of the specific policy goals and objectives (measures) relate to the homeless as a specific target group**, although one has also targeted the measures at specific social groups such as victims of trafficking, prostitutes, etc. Due to their extremely poor financial and social situation, it is particularly important for the homeless to have access to social services by providing the required support to reintegrate into society and to earn an income to meet basic needs.

One cannot assess the adequacy of the measures included in three of the assessed policies at all, because one has never drafted a policy-planning document for particular area (*state social benefits and social assistance*) or has never collected/analysed the data within the policy to assess whether the defined performance indicators of the measures are achieved (*equal opportunities policy for persons with disabilities*).

2. Is the reliability of data and information ensured?

Partly. The criterion is met only partially.

The audit has established that one can obtain information on certain social groups from the statistics published by the Central Statistical Bureau and other institutions and from their information systems regarding persons. For example, local and regional governments collect data on needy and low-income persons, State Medical Commission for the Assessment of Health Condition and Working Ability collect data on persons with disabilities, the State Employment Agency accumulates data on the unemployed, including the long-term unemployed.

³ Guidelines for the State Family Policy for 2011–2017 (approved by the Cabinet of Ministers Order No 65 of 18 February 2011).

⁴ Family life planning and the child's entry into the family, as well as support for the implementation of parenting.

⁵ Guidelines for the Development of Social Services for 2014–2020 (approved by the Cabinet of Ministers Order No 589 of 4 December 2013).

However, the only source of information on **the number of people at risk of poverty or social exclusion**, including by population group, is the Central Statistical Office's survey "The European Union Statistics on Income and Living Conditions" or the EU-SILC survey currently.

Although one conducts the EU-SILC survey pursuant to a methodology developed by the EU, the survey sampling of the EU-SILC survey represents 0.4% of the total population of the country.

In addition, it currently provides information on the at-risk-of-poverty rate for people of retirement and pre-retirement age, large families (*households with a couple with three or more children*), single-parent families (*households with one adult with children*), and children. Information on people with disabilities (*based on their own health assessment*) can only be obtained in part, but one does not analyse information on specific groups such as the Roma, people released from prisons, people with insufficient, low or incompatible knowledge and skills, etc. at all.

Besides, one has not estimated some of the population groups at risk of poverty defined by Latvia (*families with many children, single-parent families, the homeless, etc.*) at all in exact figures, which means that one does not know the exact population to which they refer.

One also lacks complete and correct information on the social support provided by local and regional governments and the funding spent on it, as the official statistical reports prepared by local and regional governments, where the local or regional government lists the provided support, and budget data are erroneous (correct classification of expenditures is not met). Therefore, one cannot use them to get an idea of the actual social support provided by local and regional governments. See Table No 1 attached hereto for the data that are collected and available on the major groups of the population at risk of poverty.

3. Have data and information been evaluated?

Has the monitoring system of implementation been established and operated?

Partly. The criterion is met only partially.

In order to assess the performance of *the National Reform Program of Latvia for the implementation of the Europe 2020 Strategy*, the Ministry of Economics, which is responsible for its monitoring, prepares progress reports every year.

For the reporting purposes, it requests information from the responsible ministries on the progress made including the developed policy-planning documents and/or changes in the laws and regulations. The quality, scope, and compliance of the information provided with the planned measures is the responsibility of each ministry concerned.

Having reviewed the reports⁶ on the poverty reduction target, the auditors found that the reports analysed several indicators based on the EU-SILC survey, including the at-risk-of-poverty rate by population groups.

For example, the 2013 Progress Report indicates that the at-risk-of-poverty rate among the employed has fallen, but it has risen among the people of retirement age and single-parent families. The 2016 Progress Report indicates that, given the high risk of poverty or social exclusion for people of retirement age, several measures have been taken to increase the income level of retired people.

⁶ Progress reports on the National Reform Program of Latvia for the implementation of the EU 2020 Strategy. Available at https://em.gov.lv/lv/eiropas_savieniba/strategija_eiropa_2020_latvijas_nacionala_reformu_programma/ (viewed on 27 June 2019).

Despite the fact that one indicates changes in the at-risk-of-poverty population following the EU-SILC survey, the major risks to the poverty reduction target reported have been identical for five years, that is:

- ✓ A large sector of the informal economy, which has a negative impact on the level of social protection of the employed therein in the event of social risk, and it increases the burden on state and municipal expenditures on social protection in the long run;
- ✓ A high proportion of employed who make mandatory state social insurance contributions from income up to the minimum wage (approximately 30%) and which will negatively affect the level of income replacement of those people after retirement in the future;
- ✓ High level of household debt (consumer loans, housing loan, debt for utility payments) resulting in the probability that people with average or relatively high income might also become recipients of social assistance.

Although the progress reports also indicate measures taken in key policy areas based on information provided by line ministries, **most measures do not indicate their impact on the achievement of poverty reduction target, that is, whether and how the measure included has affected the poverty reduction target.**

During the audit, the Ministry of Economics stated that it did not have adequate tools to assess the impact of the implemented measures at its disposal when preparing progress reports. One indicates the impact of the implemented measures only if it has been the subject of a separate study.

The audit also identified identical weaknesses in terms of poverty reduction when analysing how monitoring reports are prepared on the progress of the National Development Plan of Latvia for 2014-2020 and the Sustainable Development Strategy of Latvia until 2030.

Those biennial reports also summarise the EU-SILC survey data on the indicators for achieving the objectives of *the National Development Plan of Latvia for 2014-2020* and official statistical data on the set goal for poverty reduction. Based on the information provided by line ministries, one also indicates all activities, events, and measures implemented within the framework of budget adoption (priority measures), which are applicable to the measures for poverty reduction provided for in *the National Development Plan of Latvia for 2014-2020*.

For instance, the 2017 monitoring report of the National Development Plan of Latvia for 2014-2020 indicates that families with several children will benefit less from the taxation reform than families without children⁷. The report also recommends the elaboration of specific support instruments for single-parent families, working families in the 1st and 2nd income quintiles, and families with one parent having a disability. For ensuring the necessary investment to support those target groups, one should also review the system of granting and paying universal family state benefit, for example, by evaluating the possibility to waive family state benefit if two parents whose income comply with the 4th income quintile group at least have one dependent child⁸.

Although the monitoring reports also highlight the necessary improvements, including the target groups for which improving the implemented measures was necessary when analysing the results of the EU-SILC survey such as *one-person households, elderly people living alone*, nobody acts to improve the action directions and measures included in the National Development Plan of Latvia for 2014-2020 and sectoral policies.

⁷ Page 44, Monitoring report 2017 on the implementation of the National Development Plan of Latvia for 2014–2020 and the Sustainable Development Strategy of Latvia until 2030 “How is Latvia achieving its development goals?”

⁸ Section 64, Page 97, Monitoring report 2017 on the implementation of the National Development Plan of Latvia for 2014–2020 and the Sustainable Development Strategy of Latvia until 2030 “How is Latvia achieving its development goals?”

Even after the preparation of reports and their presentation in the Cabinet of Ministers and the Latvian Parliament, no action followed. Both the Cabinet of Ministers and the Latvian Parliament accept them only for information.

At the level of sectoral policies, evaluation reports on the implementation of sectoral policy documents (initial, interim, and final impact assessment) are prepared within the deadlines set by the Cabinet of Ministers, as well as informative reports, which are reviewed by the Cabinet of Ministers.

Although the audit found that a monitoring system is in place, significant weaknesses in the monitoring of the system are related to the fact that the established cooperation mechanism between the involved institutions is insufficient and does not contribute to the reduction of the number of people at risk of poverty.

While monitoring the achievement of the goals set in *the National Reform Program of Latvia for the implementation of the Europe 2020 Strategy* and *the National Development Plan of Latvia for 2014-2020*, the Ministry of Economics and the Cross-sectoral Coordination Centre mainly collect statistical information from the Central Statistical Bureau and the information provided by the responsible ministries regarding the measures taken during the relevant period regarding poverty reduction mainly, but they do not assess the impact of the measures implemented. Although one mentions the changes required, nobody acts to improve the lines of action and measures contained in those documents or to perfect the sectoral policies.

The Ministry of Welfare, which is the responsible body for coordinating social inclusion policies to reduce poverty, monitors it mainly at the level of the own areas of responsibility (equal opportunities policy for the persons with disabilities, protection of family and children's rights, inclusive labour market and unemployment reduction, social protection (social assistance, social insurance, state social benefits, and social services).

The Social Inclusion Policy Coordination Committee chaired by the Ministry of Welfare is the only cross-sectoral cooperation instrument currently being implemented. However, the Committee only takes note of the issues discussed there mainly, as the Committee is not empowered to give binding assignments to the institutions involved in the implementation of the policy. Consequently, it is not a sufficient tool to coordinate social inclusion as a separate policy in a cross-sectoral framework.

There is also a lack of a single document setting out an action plan to achieve the poverty reduction targets set out in the UN, European Union, and national top-level planning documents by covering all areas and institutions, including local and regional governments which have a key role to play in poverty reduction."

Figure 1. Sectoral policies included in the audit scope.

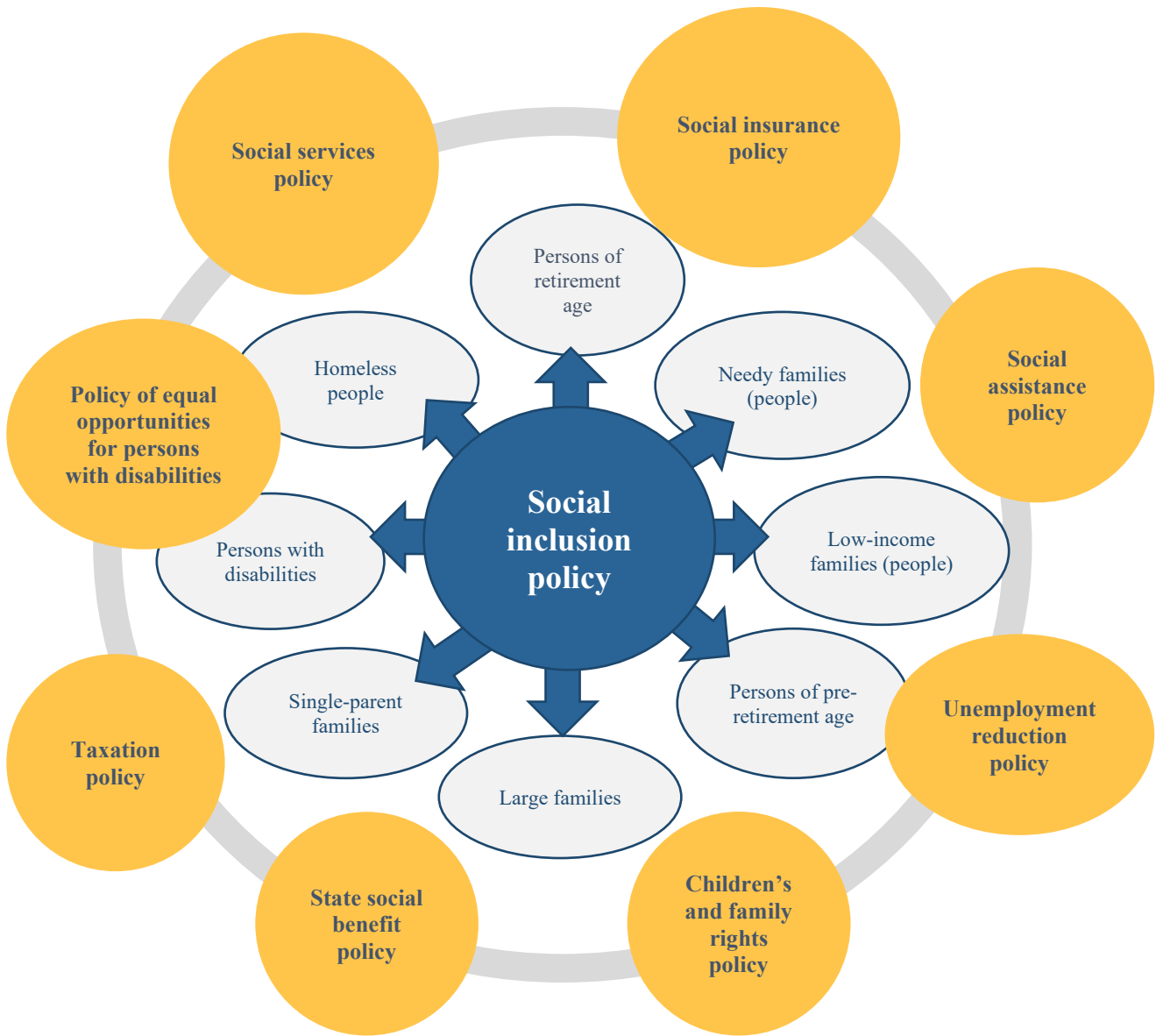


Table 1

Group	Number at the beginning of 2019	Proportion of total population ²³ (%)	At-Risk-of-Poverty rate in 2018	Source of information
Persons of retirement age	438,292 persons (above working age) 388,979 persons (aged 65+)	22.8% 20.3%	47.9% (people aged 65+)	Data of the Central Statistical Bureau ²⁴
Persons of pre-retirement age (aged 50 to 65)	400,406 persons	20.9%	24.6%	Data of the Central Statistical Bureau ²⁵
Large families (families with three or more children)	22,500 families or 112,500 persons (auditors' estimate)	~5.9%	16.7% (couples with 3+ children)	No statistical information on large families is accumulated in Latvia ²⁶ . To estimate the number of large families, the auditors used the data submitted by the State Social Insurance Agency on persons receiving state family benefits for three or more children. According to the EU-SILC survey ²⁷ , there were 16,388 couples with three or more children in Latvia in 2018.
Single-parent families	90,534 families or 203,792 persons	9.8% (as of March 2011)	26.2% (single adult household with	No statistical information on single-parent families is accumulated in Latvia. To estimate the number of single-parent families, the auditors used the

²³ The total population of Latvia was 1,919,968 at the beginning of the year. Data table of the Central Statistical Bureau "Total population, its changes, and main indicators of natural movement" [ISG010].

²⁴ Data tables of the Central Statistical Bureau: "Population by the age groups before working age, of working age, and over working age in statistical regions, federal cities, 21 development centres, and regions at the beginning of the year" [IRG010], "Total population by age groups and sex in statistical regions, federal cities, and regions at the beginning of the year" [IRG040], and "At-risk-of-poverty rate by age and sex (%)" [NIG030].

²⁵ Data tables of the Central Statistical Bureau: "Population by the age groups before working age, of working age, and over working age in statistical regions, federal cities, 21 development centres, and regions at the beginning of the year" [IRG010] and "At-risk-of-poverty rate by age and sex (%)" [NIG030].

²⁶ According to Section 1 of the Law on the Protection of the Rights of the Child, a large family is a family with at least three children under its custody, including children placed in a foster family and under guardianship. An adult person who has not reached the age of 24 is also considered be a child of a large family if he or she is acquiring general, professional or higher education.

²⁷ Data tables of the Central Statistical Bureau: "Distribution of households by their demographic type (%)" [MVG060], "Total number of private households, thsd" [ISG060], and "At-risk-of-poverty rate by household type (%)" [NIG050].

Group	Number at the beginning of 2019	Proportion of total population ²³ (%)	At-Risk-of-Poverty rate in 2018	Source of information
	(as of March 2011)		children)	Central Statistical Bureau 2011 census data ²⁸ . The census listed families by family nucleus; one household may have several nuclei of families ²⁹ (for example, grandparents live in the same household with their adult daughter who has a minor child). According to the EU-SILC survey ³⁰ , there were 31,137 households with one adult with children in Latvia in 2018.
Children (0-17 years)	376,840 children	19.63%	14.5%	Data of the Central Statistical Bureau ³¹
Persons with disabilities and functional disorders	194,319 adults (except persons living abroad and have not indicated their address) 9,159 children (except children living abroad) (data of 2018)	10.6%	50.3% (if health problems have severely limited activities) (data of 2017)	The data from the State Medical Commission for the Assessment of Health Condition and Working Ability 2018 public report. The EUROSTAT calculates and publishes the at-risk-of-poverty rate ³² based on personal information on activities limited to health problems.
Homeless people	6,838 persons	0.4%	Not identified ³³	Given that the exact number of homeless people cannot be determined, the

²⁸ Data tables of the Central Statistical Bureau: "Number of families with minors by type of family nucleus and number of children by statistical regions, federal cities, and regions on 1 March 2011" [TSG11-282] and "Permanent population by territorial units by sex on 1 March 2011" [TSG11-01].

²⁹ Types of family nuclei distinguish married couple family, cohabiting partner families, single father family, and single mother family.

³⁰ Data tables of the Central Statistical Bureau: "Distribution of households by their demographic type (%)" [MVG060] and "Total number of private households, thsd" [ISG060].

³¹ Data tables of the Central Statistical Bureau: "Average age and population by age and sex in statistical regions and federal cities at the beginning of the year." [IRG030] and "At-risk-of-poverty rate by age and sex (%)" [NIG030].

³² Eurostat data "People at risk of poverty by level of activity limitation, sex, and age" [hlth_dpe020].

³³ Given that the target group of the EU-SILC survey is the people living in private households, as they do not survey people living in collective households or institutions (that is, senior homes, boarding schools for the disabled children, student dormitories, hotels, hospitals, sanatoriums, prisons, etc.), then the homeless are not included in the EU-SILC survey.

Group	Number at the beginning of 2019	Proportion of total population ²³ (%)	At-Risk-of-Poverty rate in 2018	Source of information
Needy families (persons)	50,447 persons (who received income-tested benefits in 2018)	2.6%	-	number of persons provided with shelter and night shelter services is listed ³⁴ . Statistical information is collected on those low-income families (persons) who were granted income-tested municipal social assistance benefits ³⁵ .
Low-income families (persons)	50,235 persons (who received income-tested benefits in 2018)	2.91%	-	Statistical information is collected on those low-income families (persons) who were granted income-tested municipal social assistance benefits ³⁶ .

³⁴ Official statistics of the Ministry of Welfare "Reports on social services and social assistance in the local and regional governments ____", Table 2.3. Available on the website of the Ministry of Welfare: <http://www.lm.gov.lv/lv/publikacijas-petijumi-un-statistika/statistika/valsts-statistika-socialo-pakalpojumu-un-socialas-palidzibas-joma/gada-dati> (viewed on 28 January 2020).

³⁵ Official statistics of the Ministry of Welfare "Reports on social services and social assistance in the local and regional governments ____", Table 3.1.2. Available on the website of the Ministry of Welfare: <http://www.lm.gov.lv/lv/publikacijas-petijumi-un-statistika/statistika/valsts-statistika-socialo-pakalpojumu-un-socialas-palidzibas-joma/gada-dati> (viewed on 28 January 2020).

³⁶ Official statistics of the Ministry of Welfare "Reports on social services and social assistance in the local and regional governments ____", Table 3.1.2. Available on the website of the Ministry of Welfare: <http://www.lm.gov.lv/lv/publikacijas-petijumi-un-statistika/statistika/valsts-statistika-socialo-pakalpojumu-un-socialas-palidzibas-joma/gada-dati> (viewed on 28 January 2020).

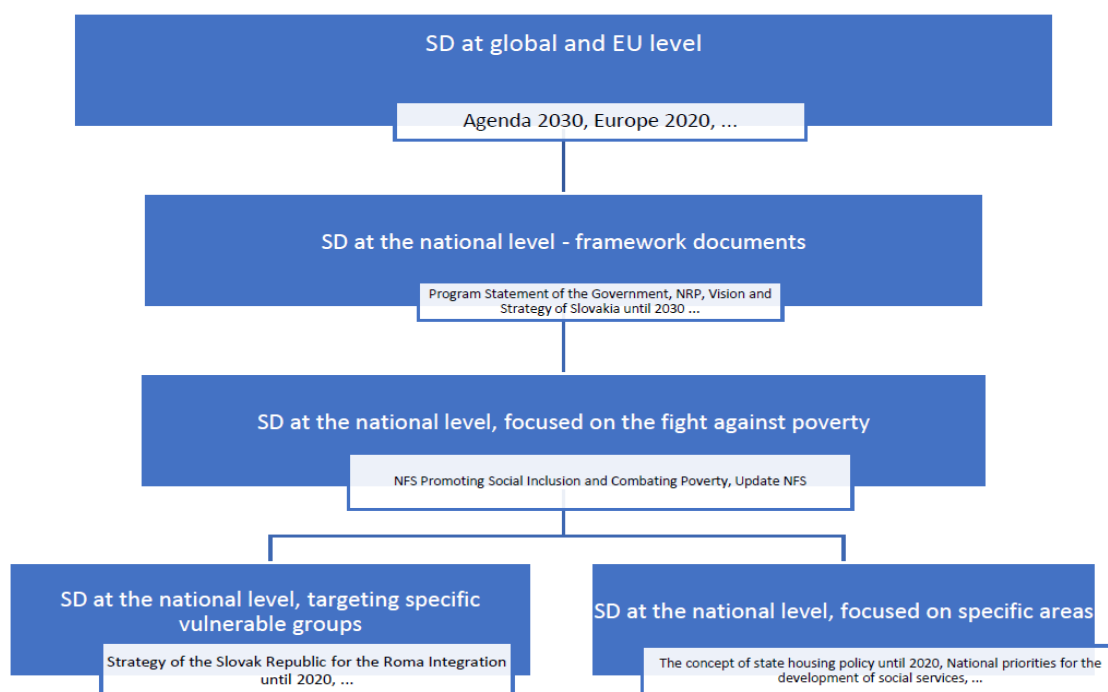
1.5 Findings and conclusions of the Slovak audit

Strategic documents in the field of poverty

In Slovakia a lot of strategic documents are connected to poverty alleviation. In the period from 2015 to 2019 the SR had 21 strategic documents addressing poverty in some way, two of which are framework documents and deal exclusively with poverty.

All poverty alleviation strategic documents can be divided into five groups (Scheme 1).

Scheme 1: Poverty alleviation strategic documents in the SR



Source: NFS, SAO SR

Due to the existence of a number of strategies in the SR, it is not possible to evaluate all of them. The most important ones used in the preparation of other specific SDs aimed at tackling poverty are considered to be:

- Europe 2020 Strategy
- The National Reform Program together with the NRP Action Plan and the European Council Recommendations for the SR
- Strategy of the SR for Roma Integration until 2020
- National Framework Strategy for Promoting Social Inclusion and Combating Poverty (NFS)
- Update of the National Framework Strategy for the Promotion of Social Inclusion and the Fight against Poverty (Update of the NFS).

Out of the eight defined objectives of the Europe 2020 Strategy, there is one that is related to social policy - to reduce the number of people at risk of poverty and social exclusion by 20 million by 2020 at the EU level; in the case of the SR this goal is adopted to the national goal.

The measures of the Action Plan in the last 5 years are almost identical each year and are concentrated in five areas - labor market and employment, care for children under 3 years of age, MRC, education in

connection with labor market needs and the pension system. At first sight, it can simply be stated that progress was not successful enough, as each measure was repeated in the following year. On the other hand, it is clear that no improvement can be achieved in these areas in a short period of time. It requires a long-term effort, the results of which can only be seen in a few years.

In last years the Council's recommendations on poverty are similar each year aiming at the same target groups as the long-term unemployed, women caring for children under 3 or 6 years of age and willing to enter the labor market, disadvantaged groups such as MRC, etc. Working with them is very demanding and improving their situation is possible only through long-term and systematic efforts. In order for the results to be visible, its framework and conditions, defined in the SD, which are created by responsible government institutions in cooperation with several organizations, should not change after each election.

Another important SD which requires attention is the Slovak Strategy for Roma Integration until 2020. As can be seen from the NRP Action Plans as well as from the Recommendations of the Council for the SR, this is a target group that is one of the most vulnerable in reducing the poverty rate.

The usefulness of such a strategy in the conditions of the SR is unquestionable. Its division into priority areas enables effective monitoring of the fulfillment of objectives and measures in individual priorities. Positive signal is the continuous updating of action plans every two years, as well as the involvement of the public in their creation; Working groups for individual areas are set up at the Office of the Plenipotentiary of the Slovak Government for Roma Communities, consisting of representatives of the public, academic and non-governmental sectors, as well as representatives of the ministries concerned.

Atlas of Roma Communities 2013 and 2019, Community centers, Field social work, Local civil order services, Healthy Communities, etc. are initiatives and projects that deserve attention from the implemented activities of the MRC Strategy.

The mere existence of the MRC Strategy is not enough. As it turns out in practice, the achieved results are not satisfactory also with regard to the used financial and human resources. The issue of the Roma population has been talked about since the velvet revolution, for more than 30 years, but the differences between the MRC and the rest of the population remain. Significant poverty, low levels of education, housing and health care in the vast majority of this population have not yet been eradicated.

At the national level, the basic and most important strategic document is the National Framework Strategy for the Promotion of Social Inclusion and the Fight against Poverty and its subsequent Update. The aim of both is to systematize approaches to fighting poverty in the SR and to develop them under a single framework in connection with the objectives of the Europe 2020 strategy and the recommendations of the European Council in the policy of combating poverty.

The target group of both strategies is the population living at risk of poverty or social exclusion, i. e., those whose equivalent disposable income is below the at-risk-of-poverty line (poverty) or those who cannot afford any of the necessities of life (severe material deprivation) or live in families where no one works or works only occasionally (very low work intensity).

At first glance, the NFS and the NFS Update appear to be quite extensive and confusing. They contain a number of activities, projects, goals, plans and indicators.

NFS has no action plan. It covers other strategic and conceptual documents that the action plans have, e.g., the National Reform Program and the MRC Strategy have their own. The action plan of the relevant SD also identifies the institutions responsible for implementing the measures.

On the positive side, both framework strategies follow on from the mechanism for assessing poverty or social exclusion within the EU, especially in achieving the headline target in the fight against poverty.

The indicators used in the NFS and the Update of the NFS to assess progress are based on the setting of targets under the Europe 2020 Strategy. National indicators of poverty and social exclusion, which cover specific groups of people at risk of poverty and are rather complementary, are also used to evaluate policies. The main source of data collection is the harmonized EU SILC statistical survey on income and living conditions, which is carried out by the Statistical Office of the SR. In addition, Eurostat and COLSAF SR data are used, which are publicly available, as well as data from individual ministries.

Regarding the reliability and documentation of data and information collection methods, data collection is already documented directly at the sources that are used to calculate individual indicators. The reliability of further information to evaluate the implementation of measures is already ensured by the fact that they are submitted by expert guarantors for individual specific areas.

In the event of failure to achieve the required progress, the MLSAF SR has not yet taken any corrective measures; according to the ministry, the set goals and indicators are being met on an ongoing basis and progress in the implementation of the strategy is clear.

Responsible institutions

The responsible institution for solving the problems of poverty, which also fulfills a coordinating function, is the MLSAF SR. Due to the multidimensional nature of poverty, other ministries and institutions such as the Ministry of the Interior, the Ministry of Transport and Construction of the SR, the Ministry of Education, Science, Research and Sports of the SR, the Office of the Government of the Slovak Republic, Office of the Plenipotentiary of the Slovak Government for Roma Communities, Ministry of Health, Ministry of Finance, Institute for Labor and Family Research and etc. also participate. An important role is also played by non-profit organizations participating in many projects funded by the EU Funds.

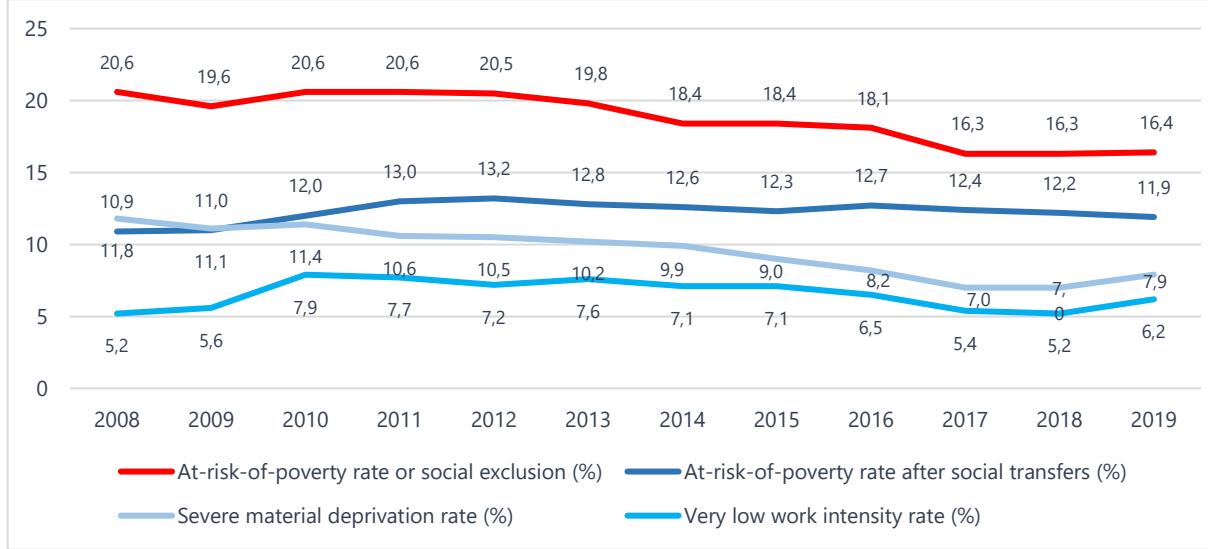
National objectives to alleviate poverty

In order to meet the main goal of the fight against poverty at the level of EU countries by 2020 - to reduce the number of people at risk of poverty or social exclusion by 20 million, Slovakia has committed itself to reducing the number of people at risk of poverty or social exclusion by 170 thousand by 2020, or to reduce the proportion of the population at risk of poverty or social exclusion⁹ to 17.2% (from 20.6% in 2008).

The situation in Slovakia in the area of poverty, measured by means of aggregated and partial indicators, is shown in Graph 1.

⁹ This aggregate indicator that is used to measure poverty is a combination of three partial indicators - at-risk-of-poverty rate, severe material deprivation rate and very low work intensity rate and is defined as the number of people who are at risk of poverty and/or severe materially deprived and/or living in households with very low work intensity.

Graph 1: Indicators of poverty or social exclusion in the Slovak Republic (2008 - 2019, %)



Source: Eurostat

The latest data from 2019 shows that 16.4% of the population in the SR was at risk of poverty and social exclusion, while the EU average was 21.4%. The development of the aggregate indicator shows that after 2012 the share of the population at risk of poverty or social exclusion is constantly declining, except for 2018 when the share remained at the same level as in the previous year and for 2019 when the rate has started to increase. In reference year 2008 1,111,000 people were at risk of poverty or social exclusion (20.6%), in 2019 the number decreased by 234 000 people (by 21.1%) to 877 000.

Comparing the base year 2008 with the last known data, Slovakia has achieved and even exceeded the goal set in the Europe 2020 Strategy already in 2018 (to lift 170 thousand people out of poverty) by 69 thousand people (by 40.6%). In 2019 Slovakia also exceeded this goal by 64 thousand people (by 37.6%).

A comparison of 2008 and 2019 shows a positive trend of a decrease in the aggregate indicator by 21.1% (by 234 000 people), a decrease in one partial rate - severe material deprivation by 33.5% (by 213 000 people) and negative increase in two partial indicators - very low work intensity by 14.7% (by 33 000 people) and the at-risk-of-poverty rate after social transfers by 8.5% (by 50 000 people).

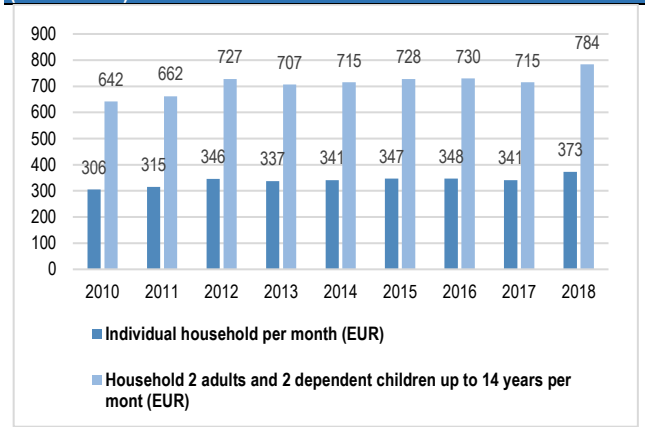
Table: Development of poverty indicators in Slovakia (2008, 2019, in thousands of persons)

Indicator	2008	2019	Difference	%
At-risk-of-poverty or social exclusion rate	1 111,0	877,0	234,0	21,1%
At-risk-of-poverty after social transfers	588,0	638,0	-50,0	-8,5%
Severe material deprivation rate	636,0	423,0	213,0	33,5%
Very low work intensity rate	225,0	258,0	-33,0	-14,7%

Source: Eurostat, SAO SR

The partial indicator of the at-risk-of-poverty rate after social transfers was 11.9% in 2019, which is well below the EU-28 average (16.8%). In absolute terms, the number of people living in households with very low work intensity reached 258 000 in 2019, representing 6.2% (EU28: 8.5%). The SR achieved worse results in the degree of severe material deprivation, although this has been permanently declining since 2010, in 2019 there was a breakpoint when it increased to 7.9% compared to 7% in 2018, which is above the EU28 average (5.5 %). In this indicator the SR belongs to one of the last European countries.

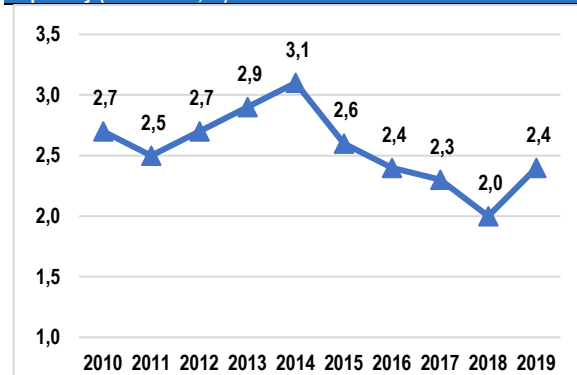
Graph 2: Poverty risk threshold in the Slovak Republic (2010 - 2019 (eur / month)



Source: SO SR, SAO SR

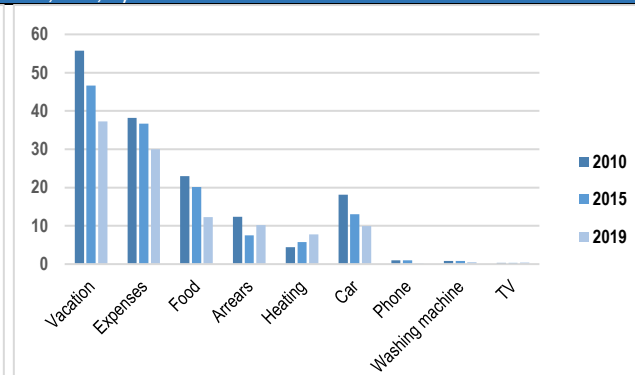
According to the latest known data from EU SILC 2019, a single person household with an income of less than eur 406/month and a household consisting of two adults and two children with an income not exceeding eur 853/month were in the at-risk-of-poverty zone. In 2019 compared to 2010 it increased monthly by 32.7% in the case of an single person household (2010: eur 306, 2019: eur 406) and increased by 32.9% per month in the case of a household consisting of 2 adults and 2 children under 14 years of age (2010: 642 eur, 2019: 853 eur).

Graph 3: Residents of the Slovak Republic at risk of all 3 dimensions of poverty (2010 - 2019, %)



Source: Eurostat

Graph 4: Severe material deprivation rate in the Slovak Republic (2010, 2015, 2019, %)



Source: SO SR

The most vulnerable population groups are those affected by all three dimensions of poverty, which means that at the same time they suffer from income poverty, severe material deficiency and live in a household where its members do not work or show very low work intensity. According to the last EU SILC 2019 in Slovakia it is 2.4 % of the population. This group needs to be paid the most attention in the fight against poverty.

According to age groups, children under the age of 18 are most at risk of poverty or social exclusion. In terms of individual deprivation items, in 2019 most Slovak residents could not afford to pay for one week's annual holiday away from home (37.3%, i.e., every third) and 30% (every third) of them could not face unexpected financial expenses, 12.3% (every eighth) of people in the SR could not indulge in eating one meat meal every other day and 9.9% (every tenth) of the population could not buy a car. Also 10.2% (every tenth) faced debt problems in the repayment of loans, mortgages and installment sales.

Methods of collecting data and information on the poverty situation

Aggregated and partial indicators

Poverty or social exclusion indicators are based on the EU SILC sample survey. Based on it, the SO SR calculates the indicators and monitors their development in accordance with the Europe 2020 Strategy.

The sample survey is the main source of data for analysis of the income and living standards of the population, as well as for conceptual plans and the adoption of measures aimed at improving the quality of life of Slovak citizens.

National indicators

In addition to the indicators set by the EU (aggregated and partial indicators), the so-called national indicators are also used. The main task of 32 national indicators is to point out the specifics of poverty and social exclusion in the conditions of the SR with emphasis on the most endangered groups of the population. The indicators are divided into 5 groups according to the dimension of poverty that is monitored: income poverty, marginalized position in the labor market, the situation of children, regional disparities and living conditions associated with housing problems and spending on basic living needs.

Evaluation of progress and monitoring system in the field of poverty

The monitoring system is provided through the Report on the Social Situation of the Population of the SR, which has been published regularly every year by the MLSAF SR since 2003. The latest report was published on the Ministry's website for 2019. The report includes a number of indicators that are monitored every year, such as unemployment rate trend, including long-term unemployment, development of employment, average nominal monthly wage, pension and sickness insurance benefits, state social support, material need assistance, social services, indicators of poverty and social exclusion, etc. From the development of indicators, it is possible to evaluate progress in the field of employment, social policy, including anti-poverty policy.

The reports have a similar structure, consisting of text and a data annex to the individual chapters. It usually contains these chapters: Main macroeconomic indicators in the conditions of the SR, Labor market, wages, working conditions and social economy, Social protection, Standard of living and social cohesion and Comparison of selected indicators between EU countries in the context of the Europe 2020 strategy. Information on the evaluation of the implementation of the NFS in support of social inclusion and the fight against poverty is also an important monitoring tool. It was processed for the year of 2016. In 2017, the evaluation information was part of the NFS Update. Further information on the evaluation of the fulfillment of tasks arising from the NFS Update was submitted to the meeting of the Slovak government in October 2019.

Progress in reducing the poverty in all SDs is measured mainly through an aggregate indicator - the risk of poverty or social exclusion for each year, which is supplemented by monitoring partial indicators (at-risk-of-poverty rate after social transfers, severe material deprivation rate and very low work intensity rate). Some SDs, focused on a specific area or target group, have their own indicators in addition to these, such as The MRC strategy, which has set global objectives and sub-objectives for each priority and sub-priority area as well as their relevant indicators.

ABBREVIATIONS

BNAO	Bulgarian National Audit Office
EU	European Union
Eurostat	Statistical office of the European Union
EU-SILC	European Union Statistics on Income and Living Conditions
GINI coefficient	Gini coefficient measures the extent to which the distribution of income within a country deviates from a perfectly equal distribution (Eurostat)
Joint report	Joint report on measures taken in poverty alleviation. <i>In respect of Hungary, joint report does not constitute a report (as it is understood under Section 32 of the Act on the State Audit Office of Hungary) but shall be interpreted as a study (as it is provided for under Section 5 (13) of the Act on the State Audit Office of Hungary). Therefore, as regards Hungary, any reference to coordinated audit in this document shall be interpreted as a study.</i>
OECD	Organisation for Economic Co-operation and Development
SAI	Supreme Audit Institution
SAO SR	Supreme Audit Office of the Slovak Republic
SDG	Sustainable Development Goal
SR	Slovak Republic
UN	United Nations