

POVERTY WATCH REPORT 2020 – CZECH REPUBLIC

EAPN ČR

The European anti-poverty network is independent network of organizations and groups that are part of combating poverty and social exclusion in Europe. In CR the national network to EAPN CR, z.s. (member of European anti-poverty network) is advocating welfare dependency people's rights. The goal of EAPN CR associations is to accept the social exclusion issue in CR and to eliminate social and political barriers against social excluded people.

EAPN CR missions:

- Aim for the priority of social inclusion and combating poverty in public administrations.
- To support, evolve and realize activities towards social inclusion.
- To facilitate access to information technology and education for social excluded people.
- To support the development in the quality of social services for social excluded people. To support human rights.
- To associate people or organizations in field of combating poverty and social exclusion.
- To transfer the sensible methods and approaches in European union and make the most of this experience, and to participate in creation of national politics in social intrusion
- To support social inclusion organizations and their clients.

POVERTY – WHAT DOES THAT MEAN?

The EAPN CR understand the poverty as life with lower than 60% of median income; also, they discover ownership of tangible property (like TV, dishwasher or car) or how often the subject or family can afford holiday abroad.

Other factors are age, sex, household type and employment situation, that bring together more in-depth view on people with the biggest risk of poverty. Generally, people who live below the poverty line over a longer period face higher risk than those who lived like this only for a short time. The income limits are not only major criteria.

16% of the inhabitants in the European Union live in poverty, which is about 78 million people. In the Czech Republic lives more than 10% people in poverty, which is about 1 million inhabitants. Percentage of children with risk of poverty under 17 is 19%. It is little higher percentage than for people over 65. About 33% of households with one parent and underage children are at risk of poverty. It is the average here which vary from country to

country in EU. Majority of households make ends meet pretty well or with minor difficulty. For 17,6% it is major problem. Single mothers and women over 65 who lives by themselves are struggling to make ends meet the most. Nearly a tenth of Czech households pay for housing and energy more than 40% of their net income. About two thirds of them lives in rented apartment and most of them are female pensioners who lives alone. According to researches 16% people in Czech Republic suffer financially (are unemployed, low income, pensioners, single mothers), and other 20% are at risk of poverty. This “permanently at risk” class is specific for Czech Republic – it is working people, educated people with potential, but they have low income and with no assets. Also, greater taxation of income is not helping.

Monthly ceiling risk of income poverty for selected households in 2019 (1€ = 27 Kč approx.)	
Individual	12 818 Kč
Two adults	19 227 Kč
Parent with child under 13	16 663 Kč
Parent with two children over 13	25 635 Kč
Parents with child under 13	23 072 Kč
Parents with two children under 13	26 917 Kč
Parents with three children – one under 13, two over 13	35 889 Kč

(Source: Life Conditions in Czech Republic 2019 Survey, Czech Statistical Office)

It should be recognised that poverty have a crucial impact on people from entire community. Social deprivation caused by living in poverty has huge impact on physical and psychological health of the individual – there seems to be connection with limited in the jobs on the market, with health care, decent habitation (80 000 people - 20 000 children in habitation need). Poverty is social reproducible and the data shows that children from families with execution will less likely have higher education (in CR is 9% of population in execution, in poorer region about 16%).

Poverty has strong impact on vulnerable groups like pensioners, women (single mothers), children, migrants, people with disabilities, people with chronic disease. Beside executed people there are “working poor”, when people are working, but their income is not high enough so they could save money. Unexpected spending or disease are real problems (unexpected spending about 10 000 can’t afford about 25% households). It is linked with deficits in social security system, so their higher risk this people could lose their habitation.

Moreover, it should be recognized that number of people who lives with too low incomes is higher than the official number – it is because these numbers does not include executed people whose income is average before amount due is deducted. The difficulty is also the fact, that wage in CR are relatively low in long term. The growth is significant only over

recent years. On account of the current situation (global pandemic) and its impacts on economy is the future development uncertain.

The most common causes of poverty

- **long-term unemployment** or underpaid, unskilled working – not enough to save money
- **low levels of education** and work experiences, which reduces ability to find good employment
- **over-indebtedness** – debts, executions
- **habitat loss**, poor housing conditions, homelessness (in CR - absence of social housing - emphasis of this legislation was rejected repeatedly)
- **family size** - biggest risk factor is large number of children, single parents, poverty reproduction
- **gender** – women are suffering more than men – as women with lower income than men (in the same position), single mothers, property loss, losing social status after divorce
- **health insurance**, chronic disease and lower chance of finding high-paying jobs as a result, higher living cost
- **living in habitat exclusion** – worse access to public services (transport, school, authorities, culture, sport,..)
- **minority ethnic groups** – in CR Roma and migrants without valid documents – discrimination, racism – limited options of good education, worse housing conditions, worse access to basic services

Social exclusion has strongest effect on social links, state of mind or self-acceptance, which could affect the capability of problem solving in in the areas mentioned.

EAPN AND EU

The development of the socio-economic situation in the context of the member states is described annually in a working document of the European Commission services called the Report on the Czech Republic. Last year's report noted a positive trend in reducing poverty and exclusion, but also some persistent difficulties such as widening disparities between regions and population groups, growing private debt as a potential risk factor for debt growth and further growth in socially excluded localities. We consider the report to be concise and well capture the problems of the poor and socially excluded.

In May each year the European Commission assesses the progress made and issues Country Specific Recommendations (CSRs) in order to propose new actions. The recommendations provide policy guidance tailored to each EU country on how to boost jobs and growth, while maintaining sound public finances. The recommendations focus on what can realistically be achieved over the next 12-18 months. We agree with proposals such as greater labor market inclusiveness, wider access to childcare, employment of the disadvantaged and the

need for greater support for women's employment, but we see the emphasis on ensuring fiscal stability and sustainability as synonymous with further austerity measures.

We see activities in the field of social norm-setting at the EU level as key, as we consider many of the proposed ones (recently a common framework for minimum income) to be highly commendable and otherwise hardly enforceable from below.

POVERTY AND COVID 19

VULNERABLE GROUPS

- **low pay individuals and families** – on poverty line in long term
- **individuals and families in debt** – higher probability of inability to repay debts
- **women** – generally worse of an impact of pandemic - increased risk of conflicts and domestic violence (no chance to “escape” from partner during quarantine)
- **single parents** – they should work, but they have to stay at home with children, possible more spending (they had to cook for them), worse access to basic needs
- **children from socially excluded localities** – problem with access to online education (education and digital divide), particularly in cases of poor and social excluded population groups, unavailability of youth clubs
- **foreigners** - lack of information in uncertain time (not knowing the language, reductions in services, loosing job or habitation)
- **homeless people** – worse health condition, unavailability of health care
- **seniors and people with chronic diseases** – generally vulnerability group, facing chances of infection because of lack of protective equipment in social services, isolation (this has an impact on mental health)
- **availability of medical services worsened this spring** – it can have long term negative impact on groups mentioned

GOVERNMENT ACTIONS

- the government put together legislative package to mitigate the impact of coronavirus crisis
- this spring the parliament approved **the proposal of Care-giver's allowance** chance (pay out to parents with child under 13, also to parents with child with disabilities (1. degree, with no age limit), payed once every month; **tax reliefs for self-employed** (6 months relieve, compensative bonus), at the beginning of fall the government discussed “kurzarbeit” (the country should be bailing out 60-80% of losses income, but there are more versions, so there is immediate need to amend the proposal)
- postponement of tax return (for 3 months)
- one-off reward payment 5000, - for workers in social services who take care of infected people (same reward for medical workers)
- legislative measures for people in debt
 - o a) Instalment deferral of mortgage (when loosing job because of pandemic)

- b) people in insolvency - inability to pay because of pandemic – they not to have to pay 30% of amount due – but the insolvency proceedings were not canceled
- help from Českomoravská záruční a rozvojová banka - free credit for entrepreneurs affected by coronavirus
- currently, with second wave of coronavirus pandemic the programme to support individuals, self-employed, firms and other sectors of the economy (culture, sport, restaurants) was reintroduced, however the amount will be lower

REQUIREMENTS/RECOMMENDATION FOR GOVERNMENT

- unequivocal commitment – groups with low income will “survive” the crisis; not to cut wage in social services (funding will be ensured – as it did before)
- Introduction of social legislation that will help to mitigate the impact of coronavirus crisis – in CR it is the introduction of territoriality and system 1 debtor – 1 distrainor, introducing protected account
- Adopt the Law of social housing - affordable housing is the basis for lifting out of poverty
- Temporary tax relieves for self-employed and small business (Social and Health welfare payments)
- Care-giver’s allowance at least 80% of employee’s assessment base – instead of 60%
- emphasis of legislation which allow people to remain in insolvency (they cannot work because of coronavirus crisis)
- to stop the unenforceable execution (10 and more)
- with regard to the minimum income, the benefit system needs to be continuously revised so that it responds continuously to the unfavorable situation of people and at the same time is motivating for their future employment in the labor market; over time, benefits should be significantly lower than the minimum wage and income of working people

PEP – PEOPLE EXPERIENCING POVERTY

Below are some authentic testimonials from social services clients that reflect the first (spring) wave of the coronavirus pandemic:

We live with a partner and four children. The partner could not go to work at the factory due to the virus. We began to have a shortage of baby food, diapers and food for everyone. We had to borrow money to rent. We borrowed money for rent. I wrote to various charities about food. A friend looked for occasional jobs but found nothing much. Maybe a friend will get a job in a factory again so he can make money. I hope the charity will provide me with more food.

Kristýna, 23 let, v současnosti na mateřské

I had to stop going to work because my employer told me to stay at home with my son at the Czech Republic. So I've been home for two months. Due to the small paycheck in March, I had trouble paying my rent and I was very stressed about it. I asked for food help from Caritas and they also helped me from the Nora Friedrich Foundation. They bought me a lot of food and drugstores. I also asked the landlord to wait for me to pay the rent.

Olga, 38 let, samoživitelka

At first I had a problem wearing a scarf, but I got used to it. I was not afraid of infection. The beginning of the epidemic I was lying in a hospital with another disease, there I was not afraid of infection, I felt safe. Since I live on the street, I had a problem that I had nowhere to hide, because the department stores, waiting rooms and libraries were closed and the city police drove us homeless everywhere. I was happy to take the opportunity to be in the Mother Teresa Asylum House all day, where we were allowed to stay soon after the beginning of the emergency. I have been here for almost two months and I am happy to be here. I don't miss anything. I try to exercise every day so that I don't have to walk on a cane, I will continue to take care of my health, I'm not afraid of covid infections, I think I have strong immunity.

Aleš, 56 let, bez domova

Since the beginning of the state of emergency, I can't find any part-time job as before, I also can't find a place in the dormitory, because now they don't take it and I have to sleep in a charity dormitory. I don't have a problem with wearing a veil. I was never afraid of the infection, the probability of the disease was low. However, I complied with the restrictions imposed by the government.

Jan, 37 let

At first, I had no idea what to. Then I contacted Authority for Social and Legal Protection of Children, my friend and I found room at boarding house. My husband did not help me at all. Then I applied for the benefits. Some financial support from foundation could help me to pay off my debts for the services. I had money which I wanted to use to pay for the service, but I had to pay for storing my belongings. I am in a vicious circle and I do not know how to get out of it. I do not want to lose my belongings or place where I live now so I have to pay for the service and the storing

Nikola, 25 let, jedno dítě, aktuálně těhotná

I do not know if it is a problem, but some things are complicated for me now. Because of the guidance of the government of the CR school are closed. I was not happy about this. I have four children. Teachers are sending them tons of homeworks. So, I need to study with them. Based on government decision face mask as required. I decide to borrow a sewing machine and I started to sew face mask for these who need them. Then another 11 mothers started to sew with me. We have sewn about two thousand of them and we sent the to hospitals, to police departments, to fire departments and to senior houses. Now we started to sew surgical gown. To overcome these problems, we distanced ourselves from the neighborhood, family, friends, just all loved ones. Once a week we went for a big purchase. It also affected our financial situation. My husband works at company producing automobile components. Since the automobile manufactures was closed it influenced the company. So now he gets only 70% of the salary. I hope everything will go back to normal soon.

Anna, 38 let