

# Caritas Cares Slovenia Report November 2015

## What this report is about

This report describes the main challenges related to poverty and social inclusion in Slovenia and provides recommendations for policy makers to address these challenges. The recommendations are based on an analysis of the grass-roots experience of Caritas Slovenia, which is compared to official data.

## About Caritas Slovenia

Founded in 1990, Caritas Slovenia's mission is to care for the human dignity and advocacy of people and families at risk of poverty and social exclusion, especially elderly people, children, migrants and homeless people. It provides a variety of services to cover basic needs (food, clothing, school supplies, etc.) but also provides social assistance support services. It operates at national, regional and local level with 10,000 volunteers and 100 employees.



In 2014, the organisation reached a total of 158,353 beneficiaries in Slovenia; of these 49% were male and 51% were female; 53.98% were adults, followed by elderly people (29.17%) and children (16.85%); 50.52% were families and 1.54% were migrants and foreigners; approximately 30-40% were long-term unemployed, 30% single parents and 30% living under conditions of very low income (in-work poverty or with indebtedness difficulties).

### Recent publications by Caritas Slovenia:

Annual Report 2014: <http://www.karitas.si/o-karitas/porocilo/>

### Institutional representative:

Imre Jerebic  
imre.jerebic@karitas.si  
3863005960

### Press contact:

Jana Lampe  
jana.lampe@karitas.si  
3863005968  
<https://www.facebook.com/pages/Slovenska-karitas/247230795358349?fref=ts>

**Recent social protection reforms are not reducing inequality in society and do not have the capacity to break the intergenerational cycle of disadvantage**

## Slovenia's main challenges related to poverty and social exclusion:

- ❖ **Specific income support measures targeted at particular groups more at risk of poverty and social exclusion are needed, especially for older and elderly people, families and single parents with dependent children, and people with disabilities**

Current income support schemes are often not adapted to the people most in need of support. This creates situations whereby certain groups have no or limited access due to unequal criteria and thus are put at greater risk of poverty and social exclusion.

- ❖ **Long-term unemployment and in-work poverty should be addressed urgently**

Slovenia lacks of a comprehensive active inclusion strategy that combines adequate and accessible income support to cover basic needs with accessible support services and inclusive and adaptable employment policies.

## Policy recommendations for the National Government:

### **Adequate income support**

1. Adopt a comprehensive minimum income scheme to ensure that social transfers reach those who require income support combined with access to quality services in the fields of employment, education, healthcare, housing and social services.
2. Revise the income support benefit aimed at disabled persons involved in training (rehabilitation) in the workplace to ensure its entitlement is not only based on the number of hours worked but also on other criteria.

### **Inclusive labour markets:**

3. Reform the employment service by introducing measures to ensure improved mobility and flexibility at work.
4. Establish adapted and protected employment and social entrepreneurship programmes aimed at people with very low employability levels in collaboration with specialised NGOs based on the three pillars of active inclusion (adequate income support, inclusive labour market, and access to adequate services).

## 1. Poverty and social exclusion in Slovenia: the reality behind the data

### The problems of most concern in Slovenia

- ❖ Long-term unemployment
- ❖ In-work poverty

#### Long-term unemployment

Slovenia's workforce is well prepared and educated (with a rate of only 4.4% of early school-leaving and 41% of tertiary educational attainment). However, with the crisis and the bankruptcy of many big companies, very few employment opportunities arise in the labour market. This is causing a rise in steady and massive unemployment, especially long-term unemployment.

Although the unemployed could be eligible for employment benefits or income support, in many cases these have come to an end, leaving them with a social assistance income, which is insufficient to cover basic needs, especially in the case of families with dependent children or single parent families.

Public employment services are generally not flexible enough and are unprepared to provide quality, accessible and adapted services to help people find employment opportunities or educational alternatives. Although some programmes have tried to target specific groups (young people, older people, women, etc.), unemployment in Slovenia is structural, which means that unemployment is affecting all groups, also those aged between 30 and 35 who normally have lower rates of unemployment.

This is in line with Caritas Slovenia's profile of beneficiaries. Worryingly, more and more beneficiaries are long-term unemployed adults, a profile that was previously not commonly seen in our services.

#### In-work poverty

In-work poverty has been steadily increasing since 2009, which often discourages people receiving social transfers from accessing employment, as working is not considered to "pay off". The minimum wage of €790 monthly is often similar to the amount received through social transfers. In addition, the labour conditions for those earning minimum income salaries are generally bad; conditions such as the payment of meals, transportation, and holiday allowance are often restricted and people normally have no access to training to improve their professional opportunities.

*"I used to be a construction worker but I lost my job when the company went bankrupt. My wife has a mental illness and often needs psychiatric support. Long-term unemployment and lack of support has caused me distress and, unfortunately, I started having drinking problems. I have three children who attend school but I cannot give them the support they require to perform at school. I wish I had never lost my job or had more support to get back on track."*

*Caritas Slovenia beneficiary*

In addition to labour conditions and access to reduced income, many people face problems related to over-indebtedness (housing loans or loans taken to purchase other goods, such as cars). In recent years, the number of Caritas Slovenia's beneficiaries facing these situations has increased worryingly. They turn to our services, as the Government currently does not have policies or programmes to address these needs.

## Groups at risk of poverty with the highest need for political action in Slovenia

- ❖ Older (between 55 and 64) and elderly people (65 years and over)
- ❖ Families and single parents with dependent children

### Older and elderly people

According to the Country Report of Slovenia published by the European Commission (2015), the employment rate of older people is the lowest in the EU (50% in 2014) and remained unchanged between 2008 and 2014.<sup>1</sup> The employment of older women increased by nearly 10% between 2008 and 2014. The revenue earned by elderly people is quite low, especially when children move away, as they are then normally left with large houses and the costs of maintenance and services are high (e.g. municipal costs). Their social network is also generally weak and Caritas Slovenia has been witnessing various deviant behaviour and violence towards the elderly. As the elderly, who previously provided support to children, no longer have the means to provide such support, new conflicts are being provoked. Many elderly people find it difficult to sell their property and struggle to cover the costs of retirement homes, which are very expensive.

*"I lost my job ten years ago, which forced me to move to my parents, with my two children. In the past 10 years I have only been employed twice for one year through a protected employment programme. I survive thanks to social assistance and child benefit (lower payment class in kindergarten, subsidy, nutrition in school, and payment of basic and supplementary health insurance). As I have few employment opportunities I am forced to work in a pub occasionally to pay-off my debts and cope with my family's expenses."*

*Caritas Slovenia beneficiary.  
Single mother with two children.*

### Families and single parents with dependent children

High rates of unemployment, especially long-term unemployment combined with few employment opportunities and poor labour conditions, have forced many families and single parents to focus all their energy on maintaining their jobs or on accessing employment, neglecting in some cases their private and family life. This is causing a lot of distress within families and is having a negative impact on children and their school performance.

<sup>1</sup> European Commission, 2015. Country Report Slovenia 2015. [http://ec.europa.eu/europe2020/pdf/csr2015/cr2015\\_slovenia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/cr2015_slovenia_en.pdf).

## The challenges in achieving active inclusion in Slovenia

- ❖ Adequate income support
- ❖ Inclusive labour markets
- ❖ Access to quality services

### Adequate income support

In Slovenia, minimum income schemes are accessible, although they are generally inadequate to cover basic living needs or to reduce poverty and social exclusion, as they are generally not complemented by employment support services or other key services (such as education, health and housing), which ensure that individuals and families can have an independent and decent life.

Slovenia has a statutory minimum wage. The minimum wage is basically intended to provide a minimum standard of living and as such is bound by yearly inflation rates and the increase of basic consumer goods' prices. People can access and are eligible for social assistance if they are included in the population register. The recipients of social assistance have access to other benefits: payment of basic and supplementary health insurance, various subsidies for children in school, lower payment of kindergarten fees, housing rent subsidy, etc.). In addition, people can also access income support that covers living expenses related to housing maintenance or replacement of durable consumer goods. In total, a person on income support may not receive more than €449,80 per month, which is insufficient to cover basic needs.

However, people who work and earn a low income (very little above the threshold) are not eligible for all of those benefits, or are eligible only to a lesser extent. Unfortunately, this group of people has risen in the past few years. Many individuals and families living under these circumstances have limited access to affordable housing; many are on a waiting list to access social housing but until they are selected, they pay high rents and live in extreme financial difficulty. This is also the case for pensioners and disabled people.

*T. was only employed four hours. His wife, A., is retired due to a mental illness. They had no other option than to live with their parents on the top floor of an old house. A. received a pension of €320, the same salary as T. for his part-time work. T. was forced to retire due to permanent illness and receives a pension of €200. Their son attends elementary school but the daughter stays at home as they cannot afford kindergarten. They have extreme financial difficulty but are not eligible for social transfers as the income they receive as a family exceeds the minimum threshold.*

*Couple with two children, Caritas Slovenia beneficiaries*

### Inclusive labour markets

The labour market in Slovenia is not becoming more inclusive, especially with regards to certain groups, e.g. the long-term unemployed, low-skilled people, people with disabilities, people with caring responsibilities, single parents with dependent children, and young people. The labour market lacks the conditions that ensure employers can be flexible enough whilst guaranteeing security for workers.

Employment policy measures are often too many, not well coordinated and very bureaucratic.

Social entrepreneurship, which could give work to the most vulnerable groups, is not developing in the right direction. The Government does not see social entrepreneurship as an opportunity to promote employment among people whose probability of re-entering the labour market is very low. According to Caritas Slovenia's estimations, 10% to 20% of people in Slovenia will never be able to enter the labour market. The absence of co-operation between local communities and non-governmental organisations is one of the main reasons why this sector is not developing adequately.

On the basis of the Social Entrepreneurship Act, on 25 July 2013, the Government adopted a Strategy for Development of Social Entrepreneurship for the period 2013-2016. Unfortunately, this act is too employment-oriented and not socially oriented enough. For instance, vulnerable people who are not competitive due to their illness, disability, low education levels or employability skills do not receive employment support at work (from qualified occupational therapists) despite the fact that they would require it. This hinders them from having a positive experience at work, creating further cause for distress. In the end, these people stay away from the labour market and are forced to live on welfare benefits, which can be five times more expensive than funding employment support programmes.

## Access to quality services

In recent years, access to services has become less accessible, especially education and healthcare, as in many cases citizens have to pay for certain services. This is particularly worrying in the case of families earning very low income or with dependent children or with caring responsibilities, especially if they are in institutional care (children with disabilities or elderly people). With regards to housing, although Slovenia has social housing programmes, the cost of rents and services is very expensive. It is worth highlighting that social housing programmes are restricted to Slovenian citizens.

## 2. How effective are Slovenia's policies to fight poverty and social exclusion?

The Country Report for Slovenia,<sup>2</sup> published by the European Commission in February 2015, reflects the main problems and reality of poverty and social exclusion in the country. However, the National Reform Programme<sup>3</sup> published by the Government of Slovenia only partly reflects the main problems and reality of poverty and social exclusion in the country and, in general, it can be said that the current

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<sup>2</sup>European Commission, 2015. Country Report Slovenia 2015.

[http://ec.europa.eu/europe2020/pdf/csr2015/cr2015\\_slovenia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/cr2015_slovenia_en.pdf).

<sup>3</sup>Government of Slovenia, 2015. National Reform Programme Slovenia 2015.

[http://ec.europa.eu/europe2020/pdf/csr2015/nrp2015\\_slovenia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/nrp2015_slovenia_en.pdf).

policies implemented in Slovenia are normally not very effective in addressing the problems of poverty and social exclusion. There is insufficient focus on promoting the competitiveness of the economy. Likewise, Slovenia is also late in the reform of the health system and reform of the social security system (such as the de-institutionalization and reform of social work centres).

## What policies are needed to address poverty and social exclusion more effectively?

In Slovenia, the best way to reduce poverty and social exclusion would be to have a successful economy. Tax reform is a necessary measure in terms of unburdening the economy. However, this should be pursued in parallel with pension reform and labour market reform. Also essential are health reform and the introduction of long-term care insurance.

## The impact of social protection system reforms

### Social protection system reforms & modernisation in Slovenia

- ❖ The reforms have focussed on budget cuts and some steps have been taken to partially reform some aspects of the social protection system.
- ❖ However, they are not contributing to reducing inequality in society and do not have the capacity to break the intergenerational cycle of disadvantage.

Recent reforms of the social protection system have had both positive and negative impacts on poverty and social exclusion in Slovenia.

### ***Example of an effective policy or programme related to the active inclusion pillar of inclusive labour markets***

An example of a policy measure with a positive impact on the reduction of poverty and social exclusion is the Youth Guarantee Programme, implemented by the Ministry of Labour, Family, Social Affairs and Equal Opportunities. It adopted 36 measures to facilitate the access of young people to education or employment. According to information available in January 2015,<sup>4</sup> after one year of implementation of the programme, the number of unemployed young people decreased by 9%. When compared to 2013, the number of young people that were employed increased by 23.6%. The implementation of measures to promote the employment of young people within the Youth Guarantee programme is also continuing this year, in particular, the exemption of employers' contribution payments for employees under 30 years of age, during the first 24 months of employment, which has been extended this year by the Emergency Act.

<sup>4</sup>[http://www.mddsz.gov.si/nc/si/medijsko\\_sredisce/novica/article/1966/7602/](http://www.mddsz.gov.si/nc/si/medijsko_sredisce/novica/article/1966/7602/)

***Example of an effective policy or programme related to the active inclusion pillar of access to quality services***

Another example of a programme with a positive impact on the reduction of poverty and social exclusion is the “Supplement for labour activity for social assistance beneficiaries” project.<sup>5</sup>

On 1 September 2014, the Act Amending and Supplementing the Social Protection Benefits Act came into force, which redefined the position of social assistance beneficiaries who volunteer, namely, recipients of social assistance receive an extra €75 if they are involved in volunteering activities (at least 24 hours per year) in a charitable organisation (the condition is to have a signed volunteering agreement).

This measure not only encourages solidarity but it also contributes to unemployed people remaining active. In 2014, 37 social assistance beneficiaries were involved in voluntary work within Caritas Slovenia institutions.

***Example of an ineffective policy or programme related to the active inclusion pillar of access to quality services***

The Government continues to support the institutionalisation of young people with special needs, instead of investing in comprehensive family benefits and social services and health reforms that can guarantee that young people with special needs can continue to live with their families and access services in their local community. The Association for the Theory and Culture of Handicap (YHD) reports that currently 945 young people with disabilities are living in institutions in Slovenia.<sup>6</sup>

## The use of EU funds in Slovenia

Caritas Slovenia has not been involved in the planning process of the European Structural and Investment Funds 2014-2020 in Slovenia, although it is expected to be involved in the direct implementation of the funds.

In this programming period, Slovenia has a specific European Social Fund Operational Programme (OP) that specifically addresses the challenges of poverty and social exclusion: the Operational Programme for the Implementation of the EU Cohesion Policy in the Period 2014-2020.<sup>7</sup> This OP includes the following investment priorities:

- Active inclusion, including the promotion of equal opportunities and active participation, and improving employability.
- Socio-economic integration of marginalised communities, such as the Roma.
- Combating all forms of discrimination and promoting equal opportunities.

<sup>5</sup><http://www.cnvos.si/article/id/10604/cid/23>

<sup>6</sup><http://www.za-mdi.si/novice.html>

<sup>7</sup>[http://www.svrk.gov.si/fileadmin/svrk.gov.si/pageuploads/KP\\_2014-2020/OP\\_SFC\\_poslano\\_11\\_12\\_2014.pdf](http://www.svrk.gov.si/fileadmin/svrk.gov.si/pageuploads/KP_2014-2020/OP_SFC_poslano_11_12_2014.pdf)

- Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment.

### 3. The response of Caritas: initiatives that have been effective when addressing poverty and social exclusion

The following initiatives run by Caritas Slovenia are contributing to the reduction of poverty in Slovenia:

#### **ACTIVE INCLUSION OF VULNERABLE GROUPS**

[http://www.ess.gov.si/iskalci\\_zaposlitve/programi/zaposlovanje/javna\\_dela\\_2015](http://www.ess.gov.si/iskalci_zaposlitve/programi/zaposlovanje/javna_dela_2015)

#### **Project “Integrating people who are more difficult to employ through employment in public works”**

##### **Description**

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Through this project, Caritas institutions (such as diocesan and social institutions) employ people that have less probability of accessing employment. They often work as charitable programme assistants whilst actively seeking a second job. These contracts are part of a public works programme which is cofounded by Caritas and public tenders.

##### **Problem addressed**

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This project addresses a challenge related to active inclusion, with regards to providing employment opportunities for people who have more difficulty in accessing the labour market.

##### **Results**

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In the year 2014, Caritas Slovenia employed 31 persons through this programme and every year more people become involved in the programme through the public works’ initiative.

### 4. Recommendations to address the described problems

**Recommendation 1: Adopt a comprehensive minimum income scheme to ensure that social transfers reach those who require income support combined with access to quality services in the fields of employment, education, healthcare, housing and social services.**

- ➔ **Problem addressed if implemented:** Providing income support for people living under the poverty threshold but also preventing situations of poverty and social exclusion, thus ensuring that income support is complemented with key support services according to the person’s needs. This would contribute to avoiding unequal situations. For instance, the situation where “A” lives alone and is a

recipient of social assistance, receiving €269 per month; he is additionally entitled to receive supplementary support (health insurance, subsidised rent, RTV licence fee, etc.) whereas “B” lives alone and is a pensioner receiving €271 per month. As he receives €2 more than the threshold he is not entitled to supplementary support. The conditions necessary to access supplementary support should be revised so as to address such unequal situations.

- ➔ **Governmental department that could lead this measure:** The Ministry of Labour, Family, Social Affairs and Equal Opportunities.
- ➔ **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market.
- ➔ **How the Commission could support this measure:** By developing an EU common base regarding minimum income schemes according to the poverty threshold in every EU Member State.

**Recommendation 2: Revise the income support benefit aimed at disabled persons involved in training (rehabilitation) in the workplace to ensure its entitlement is not only based on the number of hours worked but is also based on other criteria.**

- ➔ **Problem addressed if implemented:** Avoiding the regrettable situations where disabled people on training in workplace programmes lose their income support benefit when they are unable to comply with the 100 hours per month criteria. Often, people with disabilities, who have just completed their medical treatment and are re-entering regular life and the labour market, face many new situations, challenges and barriers as well as potentially facing an unstable health situation. Therefore, despite their desire to work, due to various factors, many are often unable to work the required minimum 100 hours per month. However, this is the only condition for receiving the income support. Those who are unable to complete the 100 hours, or can only complete 95 hours for instance, lose the income support, which puts people in very difficult situations that they are often not able to cope with. The income support entitlement should combine different criteria. For example, a complementary assessment by the mentor and trainer could be an option.
- ➔ **Governmental department that could lead this measure:** The Ministry of Labour, Family, Social Affairs and Equal Opportunities; the Employment Service of Slovenia; and the Office for Disabled People.
- ➔ **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market; the Slovenian Plan for the implementation of active employment policy measures for 2015; the Strategy of the development of social entrepreneurship for the period 2013 – 2016.<sup>8</sup>

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<sup>8</sup>[Action Programme for Persons with Disabilities 2014-2021](#)

**Recommendation 3: Reform the employment service by introducing measures to ensure improved mobility and flexibility at work.**

- **Problem addressed if implemented:** Inadequate employment services that are unable to offer employment support services adapted to unemployed people, especially those who have been long-term unemployed. The employment services should be able to offer training or education options according to the demand of the labour market and offer employment opportunities.
- **Governmental department that could lead this measure:** The Employment Service; and the Ministry of Labour, Family, Social Affairs and Equal Opportunities.
- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market (the “inclusive labour markets” pillar). The Slovenian Plan for the implementation of active employment policy measures for 2015. The Strategy for the development of social entrepreneurship for the period 2013 – 2016.<sup>9</sup>
- **How the European Commission could support this measure:** By recommending Member States adopt specific measures related to long-term unemployment and promoting the sharing information on initiatives.

**Recommendation 4: Establish adapted and protected employment and social entrepreneurship programmes aimed at people with very low employability levels in collaboration with specialised NGOs based on the three pillars of active inclusion (adequate income support, inclusive labour market, access to adequate services).**

- **Problem addressed if implemented:** Low and long-term unemployment rates of people at most risk of poverty and social exclusion.
- **Governmental department that could lead this measure:** The Ministry of Labour, Family, Social Affairs and Equal Opportunities; and the Employment Service.
- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market; the Employment and Rehabilitation Act for Persons with Disabilities, and the Social Entrepreneurship Act.
- **How the European Commission could support this measure:** By facilitating recommendations and guidance on how to implement effective protected employment and social entrepreneurship programmes based on experiences that have been successful and by encouraging Governments to make use of ESF funding for this purpose from a sustainable perspective.

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<sup>9</sup>Ibid.



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