

EAPN Response to Europe 2020: Delivering on the Poverty Target!

Introduction

On 3rd March 2010, the European Commission published its proposals for the post 2010 Lisbon Strategy: [Europe 2020](#). These proposals build on President Barroso's Guidelines for the next Commission published in September 2008 and the draft outline EU2020. For EAPN, the inclusion of an EU poverty target, Flagship programme and process, represents a **potentially historic step forward for the EU fight against poverty**, reflecting the strong inputs from Social NGOs and many other actors to the consultation, including [EAPN](#)¹ (also see [key messages](#) for 2010) and its national networks and European organisations, the [Social Platform](#) and the [Spring Alliance](#). However, these positive proposals need to be strongly supported by Member States, with concrete policy measures and effective mainstreaming, to ensure a coherent integration of the social objectives in the overall strategy, if they are to have an impact.

Key Steps forward for the fight against Poverty:

- The inclusion of a **relative Poverty Target** to reduce at risk of poverty by 25% by 2010, as one of the 5 key headline targets for the new strategy;
- The establishment of a specific flagship programme: the **“European Platform against Poverty”** to *“ensure economic, social and territorial cohesion, building on the current European Year for combating poverty and social exclusion so as to raise awareness and recognise the fundamental rights of people experiencing poverty and social exclusion enabling them to live in dignity and take an active part in society”*;
- A **“transformed” Social OMC**, moving beyond cooperation and exchange to becoming an *“instrument to foster commitment by public and private players to reduce social exclusion and take concrete actions”* backed with targeted support from the Structural Funds, notably ESF;
- **Social Innovation programmes** to provide education, training and employment support for deprived groups and fight discrimination, including a new migrants' integration agenda;
- At national level, the **implementation of targeted measures** to support specific groups including Women, Roma and Homeless and to *“ensure adequate income support and access to health care”*.

However, these “good intentions” are currently undermined by:

¹ EU We can Trust: EAPN position paper on post 2010 – see www.eapn.eu.

- **An over-exclusive focus on growth** (Smart, Green and Inclusive Growth) as the sole objective rather than as an instrument to deliver a fairer, social and sustainable society.
- **The lack of emphasis on reducing growing social inequalities²**, as highlighted in the Joint Report 2010.
- **The proposal of an ambiguous “European Platform against Poverty” rather than an EU action plan with concrete policies** to deliver on the poverty, including progress on social standards.
- **Little recognition of the vital role of social security and social protection systems and affordable quality public services** in preventing as well as alleviating poverty.
- **Insufficient priority to creating quality jobs** and making these accessible to people who are currently excluded from the labour market, through Active Inclusion approaches.
- **A confusing architecture and insufficient participative governance mechanisms involving civil society** which doesn’t clarify the role of the Social OMC and its relationship to the Europe 2020 strategy which could ‘undermine’ the “poverty pillar” and its key tool – the Social OMC, instead of ensuring equality between all pillars, and participation of all stakeholders.

Key Messages

- 1) **Set out more clearly a vision that puts people first and show how the growth strategy will deliver social progress and mainstream social objectives.**
- 2) **Defend the proposed relative poverty target and establish an explicit Action Plan against Poverty.** Make it achievable by reducing social inequalities and being ambitious on social standards.
- 3) **Emphasize the need to invest in social security and social protection systems and defend public services.**
- 4) **Focus on how to create quality jobs and ensure access to people who are currently excluded** through Active Inclusion approaches.
- 5) **Strengthen the architecture and governance – guarantee a reinforced Social OMC and equal standing for all pillars, delivering on social cohesion.** Agree guidelines for meaningful participation of civil society actors including people in poverty throughout strategy.

1. **Set out more clearly a vision that puts people first and show how the growth strategy will deliver social progress and mainstream social objectives.**

Europe 2020 claims to set out a vision of “*Europe’s social market economy*”, with three priorities for growth, 5 headline targets and 7 flagship programmes which claim to deliver a “*smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion*”. However, in the introduction, scant reference is given to social cohesion or to how it will be delivered, nor how poverty and social exclusion will be reduced. This misses the opportunity to acknowledge the learning arising from the

² Joint Report 2010 highlights “Despite the clear redistributive effect of social protection, inequalities have often increased”.

previous “growth and jobs strategy”, as reflected in the SPC appraisal³ that growth does not always deliver on poverty and exclusion, unless distributive measures are guaranteed. It also must recognize the new context of the Lisbon Treaty, particularly the new social objectives reflected in Article 3 (TFEU) with its commitment to promote social justice and social protection, equality between men and women and a social market aiming at full employment and social cohesion. A more ambitious commitment to redefining prosperity beyond purely economic indicators is key to this new approach combined with effective ex-ante social impact assessment to ensure mainstreaming of the social objectives in the whole strategy, as highlighted in the 2010 Joint Report⁴.

Recommendations

- Make a clear reference to the **new social objectives** in Article 3 (TFEU) and the **vision of a social and sustainable market economy based on rights**, framed by the implementation of the Charter of Fundamental Rights as overarching objectives and state how growth will deliver on these objectives.
 - **Be ambitious on redefining “prosperity” beyond GDP** and include a commitment to making social progress including a commitment to make progress on developing multiple indicators to monitor societal progress beyond GDP.
 - **Embed ex-ante Social Impact assessment in the context of integrated impact assessment arrangements for all policy proposals, as proposed in the 2010 Joint Report** and use participative methodologies engaging stakeholders, to ensure that social objectives are mainstreamed across all pillars.
2. **Defend the proposed relative poverty target and establish an action plan against Poverty which will reduce social inequalities and be ambitious on developing social standards.**

The Europe 2020 strategy proposes a poverty target for reducing the relative poverty at risk of poverty rate by 25% by 2020, backed by a flagship programme “*European Platform Against Poverty*”. Whilst the EU goal must remain the eradication of poverty, interim targets are vital as an expression of political will to put the fight against poverty at the heart of the new strategy and drive delivery. The specific **relative poverty headline target** must be defended as the agreed EU indicator,⁵ developed through the Social OMC, which can tackle growing inequalities as well as poverty. The EU target, however, will need to be followed up with **national targets**, agreed between Member States and the Commission, which reflect on the social reality in each country and prevent ‘creaming’ or focussing support on only the easiest to reach groups living in poverty. **This will realistically take time, beyond the current June deadline.** The Action Plan also needs to set out how the targets will be delivered through concrete policies and monitoring mechanisms. As the relative poverty target measures inequality as well as poverty levels, Europe 2020 needs a clearer commitment to reducing income and

³ SPC Opinion on Post 2010.

⁴ “The development of an adequate ex ante social impact assessment capacity in the context of integrated impact assessment arrangements is encouraged”. 2010 Joint Report on social protection and social inclusion.

⁵ 60% of the median equivalised household income

wealth inequality defending strong distributive measures. The commitment to “ensure collective and individual responsibility” must also avoid blaming people in poverty and promote increased civil and corporate responsibility for fair taxation measures.

But more than this will be needed. A “Flagship Programme on Poverty” should become an **“EU Action Plan or Road Map against Poverty”** which can make progress on defending social rights and social standards. The single most effective way to prevent poverty will be by ensuring an **adequate minimum income** for all, above the poverty threshold, as proposed by the European Parliament in its resolution (2009) and access to quality services. This should build on the 92 Council Recommendation and the Commission’s Recommendation on Active Inclusion, endorsed by the EPSCO and the European Parliament in 2008. Targets also need effective monitoring mechanisms. The Social OMC is a vital instrument for this purpose but will need to be strengthened to ensure a revitalisation of the national as well as EU process with yearly reviews of progress involving all relevant stakeholders, including social NGOs and people experiencing poverty, social services providers and users as part of the National Action Plan process, linked to debates in national and EU parliaments.

Recommendations

- **Back the proposed target based on the Social OMC primary indicator to reduce relative poverty by 25%, by at least 20 million**, as an interim target towards the explicit goal of eradicating poverty. Actions to achieve this goal must ensure efforts to improve the living standards of all people living in or at risk of poverty while ensuring that at least 20 million people are raised above the relative poverty line.
- **Allow time to negotiate national targets between the Commission and Member States**, which adequately reflect the nature and scope of poverty, the urgency of social problems, as well as the diversity and inequality of resources, and which draw on the best practice models of equivalent Member States. These could include sub-targets on key agreed priority groups, including a target for eradicating street homelessness by 2015, as proposed in the European Parliament Resolution No 111 and reducing Child Poverty by 50% by 2020 (as proposed in the European Parliament Resolution).
- **Include guidance to Member States to promote fairer redistribution and explore alternative policy responses** to raising public funds in the exit strategies to the crisis, through tackling tax evasion and avoidance, using Financial Transaction Taxes, harmonising capital gains taxes and shifting tax base from labour towards resource use, capital and pollution.
- **Convert the Flagship programme into a – “European Action Plan against Poverty”** which can provide a timeline for making progress at EU level on developing social standards, which can guarantee an access to an adequate income, quality work and rights to services, as part of integrated Active Inclusion approaches.
- **Set out the intention to move forward on developing an EU Framework Directive to guarantee an adequate minimum income to all**, at least at the poverty threshold, reflecting the European Parliament Resolution.

- **Confirm that Structural Funds need to be used to support the social inclusion objectives** of the Social OMC, by supporting better distribution, improving access to quality services, as well as to quality employment.
- **Revitalise the Social OMC and embed stakeholder dialogue** including with civil society and people in poverty, on setting targets, devising appropriate policies and monitoring delivery as part of a revitalised National Action Plan on social inclusion process. Embed yearly scoreboard mechanisms to monitor progress.

3. Invest in social security and social protection systems and defend public services

The issue of adequate minimum income, social protection and public services (Services of General Interest) appear almost invisible in the draft proposal, despite their crucial role in preventing and alleviating poverty, social exclusion and inequality. As part of their “exit strategies” from the crisis, many Member States are introducing cuts in public budgets which are damaging the universal access to public services at the expense of the most vulnerable groups of people. Minimum Income schemes and Social Protection systems have been recognized by the Economic Recovery packages and Exit Strategies from the crisis as playing a crucial function as “automatic stabilisers”. But they are more than this. Universal social security systems are collective insurance systems for everybody, guarding against all social risks, throughout the life cycle. They play a crucial role in preventing poverty – the most recent data highlights that without them, the at risk of poverty rate would be nearly 40% instead of 17%. They provide the “security” foundation for flexicurity approaches. They are also the primary and most effective means of redistributing resources to increase equality, promoting a more cohesive society for all. The focus on “modernisation” of social protection must not just mean ‘reduction of levels and restricting access,’ leaving the most vulnerable further excluded from accessing universal services.

The right to access public services (SGI – particularly social services like housing, health and education, but also basic services like water, electricity etc) are fundamental rights and essential parts of the EU social model. EAPN therefore regrets that so much emphasis is given to the accomplishment of “an open single market” for services, without a full independent appraisal of the social impact of the liberalisation and privatisation of services on the user, as requested by the European Parliament in 2007. EAPN hope that the Commission will take advantage of the new protocol (No 26) and provisions (Article 14) in the Lisbon Treaty to promote the accessibility and quality of public services. The lack of reference to Active Inclusion approaches misses the opportunity to stress the key role of guaranteeing access to quality social services, to support social inclusion. Moreover, although the draft mentions the role to be played by Cohesion policy to deliver territorial and social cohesion, no reference is made to Article 36 of the Charter of Fundamental Rights which confirms the role of Structural Funds in defending access to services.

If the EU is concerned to ensure the sustainability of our social model in the crisis, advice needs to be given to Member States of the **importance of universal public services and the need to defend and strengthen social security and social protection systems**, as an

essential factor in ensuring a more secure, cohesive and integrated society, over and beyond their role as social stabilizers in time of crisis.

Recommendations

- **Defend universal public services (of general interest) and strengthen social security and social protection systems**, including progress on a Directive on Minimum Income.
 - **Deliver an independent study assessing the social impact of privatisation and liberalisation of public services (SGI)** involving stakeholders, including civil society and people in poverty.
 - **Progress towards providing an EU framework to defend universal service obligations to Services of General Interest**, building on the new protocol and Article 14 in the Lisbon Treaty.
 - **Ensure that Structural Funds are able to support the development of accessible, affordable, quality public services**, particularly social services, throughout the EU.
- 4. Give a focus to creating quality jobs and ensuring access to people who are currently excluded through Active Inclusion approaches, backed by Structural Funds**

The current proposals focus on promoting inclusion by *“empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems so as to help people anticipate and manage change” and build a cohesive society*”. This will be delivered through a Flagship initiative: *“An agenda for new skills and jobs”*. However, the current analysis is weakened by starting from the needs of the labour market, rather than from the needs of the people who want to find a decent job; from focussing on the supply rather than the demand side. The two sides need to be brought closer together, while focusing on the sustainability and quality of the employment proposed as a paramount principle.

The emphasis is also mainly on defending those already in employment – rather than those who are currently outside the labour market. *“Active Inclusion”* integrated approaches are needed to support those who want to enter the labour market, through tailored, pathway approaches, adequate education/training, personalized support and counselling, and ensuring affordable flanking services – particularly childcare, housing etc. Adequate income and access to quality and affordable services are the cornerstone for supporting participation in the labour market. The strategy resorts too much to *“make work pay”* approaches, which penalize the unemployed and place all responsibility on the individual, rather than addressing poverty traps and systemic welfare to work problems. In a context of the crisis, where unemployment is increasing and jobs are scarce, this is particularly negative. More efforts are needed for adequate job creation and to ensure quality jobs, which pay a living wage capable of taking the current 8% of the working population out of in-work poverty. The potential of job creation especially in sectors such as social and care services could be further explored, also in connection to skills upgrading and matching, as investing in quality training and up-skilling for social services serves a double aim – better social services, as well as more and better jobs in this sector.

References to youth unemployment, gender equality and the fight against discrimination are very welcome, however the lack of concrete measures to promote reconciliation and tackle discrimination in accessing jobs, as well as in the work place, is regrettable. Youth unemployment is a serious problem in many countries, and while apprenticeships and other work experience schemes are welcome, particular attention needs to be paid to the quality of these mechanisms and to the adequacy of resources available to young people in the meantime, to foster youth autonomy and avoid poverty. The “Agenda for skills and jobs” needs to put people first, and support access to quality jobs for all.

The employment and education targets proposed seem to mostly take into account the quantitative dimension, focussing on raising employment levels and reducing school drop-out. While these are welcome objectives, more attention needs to be paid to the quality of the education and employment provided, as well as to the conditions in which targets are achieved. Poor skills, as well as inappropriate working conditions (including wages, job security and protection etc) may only result in perpetuating or increasing the share of working poor.

Recommendations

- **Ensure that decent quality work principles are at the core of the Employment pillar** of the new Strategy, setting specific objectives: including adequate income, job security, good social protection, respect for human rights and ILO norms, while providing an EU framework for “living wages”.
 - **Create a pathway to inclusion – through “Active Inclusion” integrated approaches**, by including a full reference in the new Integrated Guidelines (currently Guideline 19), agreeing a road map to implement the approach at EU and national level, as part of the Flagship agenda for new skills and jobs, and through the new National Reform Programmes and through the Social OMC.
 - **Make the implementation of the Active Inclusion principles an overarching framework for the targeted use of Structural Funds.**
 - **Increase public investment in social and green jobs**, ensuring accessibility for key excluded groups, and provide guidance to Member States on the role that Structural Funds can play in supporting this process.
 - **Ensure monitoring of the quality aspect in education and training**, in order ensure a pathway to sustainable, quality jobs, especially for young people.
 - **Provide an adequate EU framework to expand role of social economy – particularly Work Integration Social Enterprises, and inclusive entrepreneurship.** Ensure that micro-credit support is targeted to those most in need and currently excluded from the labour market.
5. **Strengthen architecture and governance – guarantee a reinforced Social OMC and equal standing for all pillars, delivering on social cohesion. Agree guidelines for participation of civil society actors throughout strategy.**

The current proposals outline that a thematic approach will be followed, backed by more focused country surveillance. These will build on the strength of existing coordination instruments (OMC) focussed on the delivery of the targets and the flagship programmes under the three pillars: smart growth, sustainable growth and inclusive growth. However, the role of the Social OMC in this architecture is very unclear. Whereas the National Reform Programmes and revised Integrated Guidelines are highlighted as the key instruments, no reference is made to the Social OMC, which currently appears to follow a separate, parallel reporting process delivering the Flagship “Platform” on poverty. For EAPN, **it is crucial that the Social OMC is defended and reinforced and not just incorporated into the National Reform Programme, losing its separate identity.** In our experience, such mergers have led to crucial weakening of the effectiveness of these instruments (both with the European Employment Strategy and the experience of Streamlining EU Social Protection and Social Inclusion strategies). The Social OMC needs to be allowed to build on its stronger participative base and connection with national stakeholders through the National Action Plans for Inclusion, reinforced with more participative consultation and partnership mechanisms, better monitoring and implementation, linked to national and European Parliament debates, to ensure real delivery. **A specific Social guideline should be developed** and included in the new Integrated Guidelines which ensures that the poverty target is monitored as well through the National Reform Programme process as through the Social OMC, referencing and respecting the Social OMC’s autonomous operation, accountable to national and EU social stakeholders.

The draft rightly highlights the need to **increase participation**, recognizing that the Europe 2020 strategy needs to be a “shared strategy” owned by national and EU stakeholders if it is to be effective. It gives new importance to the European Council to provide leadership, the Commission to increase its monitoring and advice role, the European Parliament to strengthen its ability to mobilize citizens and raise visibility. The role of civil society, however, is only recognized in its role to help implement and “communicate” the strategy. For EAPN, this is a wasted opportunity. The EU faces a grave credibility gap, as highlighted by the lowest participation rate recorded in the recent European Parliament elections. This apathy cannot be countered by one-off encounters between “citizens and decision-makers”, nor by instrumentalizing civil society actors as communication intermediaries. People in poverty and the NGOs have a vital role to play in devising better policies, monitoring their implementation and proposing new initiatives. They need to be part of a regular, structured dialogue which operates as a genuine partnership mechanism between key stakeholders at local, regional, national and EU levels. The Social OMC has demonstrated in some countries how this can work effectively through the NAP inclusion process. Such good practices must be built on, and mainstreamed into the Europe 2020 governance process, developing and monitoring EU principles and guidelines on participation and governance through structured benchmarking, if Europe 2020 is to become a real shared strategy and civil society enabled to play their part in implementation. Providing adequate financing for civil society engagement will be key if this is to be effective.

Recommendations

- **Ensure that the poverty objective, target and programme are given equal weight in the architecture** – getting a balance between social, environmental, economic and employment objectives and ensuring that all objectives contribute to social cohesion.
- **Maintain the Social OMC as a separate, autonomous instrument, accountable to national and EU stakeholders, including social NGOs and people experiencing poverty**, but linked through reporting mechanisms to the National Reform Programmes
- **Develop a separate social guideline which guarantees that the National Reform Programmes contribute to the delivery of the poverty targets** and the achievement of the objectives of the Social OMC.
- **Strengthen and embed real civil society engagement and the direct involvement of people in poverty in the implementation of the strategy through embedding regular on-going dialogue** as part of the governance mechanisms, drawing on the positive experience of the Social OMC, and promote benchmarking by developing EU principles, guidelines and indicators.
- **Set up a European Funding Programme to Combat Poverty and Social Exclusion**, building on PROGRESS and other existing mechanisms to adequately support this engagement of civil society and people experiencing poverty in the implementation and consultation mechanisms of the new strategy.

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For more information on EAPN Positions on Europe 2020, see: www.eapn.eu.