

14 June 2010

To: EU Prime Ministers and Heads of State and Governments

Ref: The June Council must take urgent action to tackle poverty by promoting equitable solutions to the crisis

Dear Prime Minister,

The Spring Council **agreed to make poverty and social exclusion a key priority** for the next decade as part of the **Europe 2020 strategy**. The first big test of this commitment will be the message given by the June Council in relation to **exit strategies from the Crisis**. Many EU Member States are currently planning drastic austerity measures to recoup public deficits. Whilst these difficult decisions have to be made, it is now more than ever that we need a clear message that EU cooperation is about the **defence of fundamental rights**. It is grossly unfair that 'poor' people should be asked to pay the price for sorting out a crisis which they did not cause.

As highlighted by the **Final Declaration of the EAPN General Assembly, held in Cyprus on 10-12 June**: “ *EAPN believes that there can be no exit strategies from the crisis without an exit strategy from poverty. Enormous cuts in public spending are not a solution. More equitable solutions must be found – Let those who have caused the crisis and built up huge profits as a result, pay the largest part*”

The message from the June Council must set out a vision for an **equitable exit strategy from the crisis** based on a social version of the 'polluter pays principle'. This equitable exit strategy must **redirect the current public spending cuts** which are reducing the provision of essential public services, causing severe cuts to minimum income and social protection schemes, as well as hardening conditionality and increased sanctions for those already suffering exclusion. The current approach will inevitably result in increasing poverty, social exclusion and inequality. Unless synergy is developed between the exit strategies from the crisis and the poverty target in the Europe 2020 strategy the **credibility of the EU's commitment on poverty reduction will be severely undermined**.

To ensure a sustained effort to reduce poverty it is essential that the June Council adopt an **ambitious Poverty reduction Target**. The EPSCO Council (7-8 June) agreed a proposal for an EU target to reduce poverty and social exclusion by 20 million, based on a combined aggregate involving 3 indicators (60% median income, material deprivation and jobless households). In adopting such a target the June Council should explicitly state that **the ambition is to improve the situation for everybody living in poverty** while ensuring that at least a further 20 million people have incomes above the 60% median income, are lifted out of material deprivation or have access to quality jobs that pay wages that lift people out of poverty.

The decision on how to shape the **Economic and Employment Guidelines** so as to ensure that the **Social Guideline** maintains a broad scope capable of delivering effective strategies to tackle and prevent poverty and social exclusion and which does not only focus on employment, will have a crucial impact on the integration of social concerns into the overall Europe 2020 strategy.

A further test will be in how far the Council supports the implementation of the **proposed partnership principles** (Recital 14) and ensures that civil society organisations are engaged in development, delivery and monitoring of the Europe 2020 strategy and the proposed flagship; 'Platform against Poverty'.

In light of the agenda for the Council meeting **EAPN urges Prime Ministers to:**

- 1) **Take urgent action to prevent the increase of poverty and social exclusion through proposing equitable solutions and increasing social investment** rather than cuts in social protection systems and public services.
- 2) **Agree an ambitious European Poverty Reduction Target** as a concrete step towards the eradication of poverty that is followed up by **national targets that are consistent with the European target.**
- 3) **Ensure that the Social Guideline goes beyond employment** and that social objectives are mainstreamed throughout the Europe 2020 strategy.
- 4) **Embed and support active partnership with civil society organisations from the start – based on recital 14 of the Employment Guidelines.**

1) **Take urgent action in the exit strategies to prevent the increase of poverty and social exclusion by increasing equitable solutions and social investment** rather than cuts in social protection systems and public services

All Member States are facing severe challenges trying to recoup public deficits. But it must not be forgotten that the crisis was caused by speculation and de-regulation, and not by the public sector or by people experiencing poverty. Those responsible need to be made accountable. As highlighted by the recent EAPN General Assembly: *"It is intolerable that ordinary people especially people experiencing poverty, pay for a crisis they did not cause"*.

The SPC, EPSCO and Council have clearly recognized the role of minimum income and social protection systems as 'automatic stabilisers'. But they are more than this – they not only prevent and alleviate poverty, but provide the basis for security and trust – the essential "glue" to support social cohesion. This is the time to increase social investment, not to cut and undermine it. Any commitment to a poverty target will be meaningless unless it is matched with an equitable response to exit strategies.

The Council should:

- Carry out **ex-ante social impact assessment and hold an urgent social summit** on the social impact of the exit strategies, particularly on plans to cut social expenditure.
- Insist on **equitable solutions to public deficit crisis:** restricting cuts on social protection and public services to the minimum, recuperating loans from the banks and use the crisis as an opportunity to promote fairer redistribution of income and wealth, including taxation on financial transactions.

2) **Agree an ambitious European Poverty Reduction Target as a concrete step towards the eradication of poverty that is followed up by National Targets that are consistent with the European Target.**

The EPSCO on the 7/8 June has backed the proposals made by the Social Protection Committee for target to reduce poverty and social exclusion by 20 million, based on an aggregate of three Social OMC indicators: at risk of poverty, material deprivation and jobless households. This proposal must now be

supported, in order to make progress on the commitment to eradicate poverty in the EU. It should not be used to undermine the already agreed comprehensive set of Social OMC indicators that reflect the multi-dimensional nature of poverty and social exclusion. It should also be clear that the ambition must be to improve the situation of all people living in poverty while making progress towards meeting the target.

It will also be crucial **that national targets reflect all 3 indicators, rather than choosing only one.** For example - a target on jobless households alone could result in Member States increasing the number of people in “poverty jobs” but without reducing poverty or material deprivation.

The Council should:

- **Support the EPSCO proposal on the aggregate EU target to reduce poverty by 20 million** as a step towards progress on the commitment to eradicate poverty and social exclusion, highlighting the importance of making progress on each of the three indicators that have been selected for the headline target.
- Explicitly state that the ambition is to **improve the situation of all people living in poverty** while making progress towards reaching the target.
- **Agree that the national targets set should aim for reductions on all three indicators**, and that monitoring of the multidimensionality of poverty be carried out on the full set of OMC indicators.

3) Ensure that the Social Guideline goes beyond employment and that social objectives are mainstreamed throughout the Europe 2020 strategy

EAPN has presented detailed proposals on the Guidelines, some of which we are pleased to see have been taken on board. It is vital that Prime Ministers ensure that the Social Guideline maintains a broad scope capable of delivering **effective strategies to tackle poverty and social exclusion, which do not only focus on employment.** While employment plays a crucial role, if it leads to decent jobs that pay living wages, it cannot be the only solution for tackling poverty and social exclusion. These actions must be based on fundamental rights, tackle the multidimensionality of poverty and social exclusion, be consistent with the Principles on Active Inclusion previously adopted by the Council and utilise to the fullest extent possible the competences available in the EU Treaties.

To ensure this broader approach, it is vital to ensure that the Social Protection Committee is given a specific role in the delivery, through the **Social OMC and in the EU Flagship Platform against Poverty.** EAPN supports the SPC’s proposals in this regard.

The Council should:

- **Back the SPC proposal on Guideline 10 on poverty and social exclusion**, ensuring that a broad approach to tackling poverty and social exclusion is maintained, beyond employment which can fulfil the Social OMC objectives at the heart of the EU Flagship Platform against Poverty.
- Ensure a strong role for the **SPC and the Social OMC in the development, implementation and monitoring of the strategies to deliver on the poverty reduction target** as a central part of the Flagship Platform against Poverty.

4) Embed and support active partnership with civil society organisations from the start – based on recital 14 of the Employment Guidelines

The Commission’s proposals in the recital to the Employment Guidelines (Recital 14), sets out clearly the need to engage in partnership national, regional and local authorities, as well as parliaments, social partners and representatives from civil society in the “elaboration of national reform programmes, their

implementation and the overall communication of the strategy". However, we are aware that the Commission has already carried out bilateral meetings with Member States on Europe 2020, with no transparent consultation process. **This is not an auspicious start.**

We would urge the Council to take seriously the commitment to engage civil society, but particularly people experiencing poverty themselves and the NGOs that support them, through organisations such as EAPN and its national networks, right from the start – this would help to give visibility and build ownership of the strategy, but also develop effective strategies and solutions which can actually deliver on the targets.

The Council should:

- **Confirm support for recital 14 and mainstream governance and participation principles** across the entire Europe 2020 strategy, starting with explicit engagement of stakeholders including people experiencing poverty and NGOs in the development of the National Reform Programmes and the strategies to deliver the targets.
- **Ring fence funding to support the engagement of NGOs and people in poverty** on an on-going structured dialogue in relation to the development, delivery and monitoring of the strategy.

EAPN will be closely monitoring the outcome of the Council to assess how far it can be seen as providing a key contribution for a **positive legacy from the 2010 EU Year to combat Poverty and Social Exclusion**. We hope that our comments and recommendations can assist towards achieving such an outcome.

Yours sincerely,



Ludo Horemans
President



Fintan Farrell
Director

Cc:

Mr Jerzy Buzek, MEP, President of the European Parliament.

Mr Jose Manuel Barroso, President of the European Commission.

Mr H. Rompuy, President of the European Council.

Ms Pervanches Beres, MEP, President of the EP Committee on Employment and Social Affairs,

Mr Lazlo Andor, Commissioner for Employment, Social Affairs and Inclusion