

# EAPN's Response to the Draft Joint Employment Report 2010

## Key Messages

1. **Poverty cannot be seen just a bottleneck to growth!** The draft Employment Report is **overly driven by the macro-economic demands made by the Annual Growth Survey.**
2. The new report **does not sufficiently deliver on its new mission – to provide a balanced, assessment of progress, making recommendations on inclusive growth.**
3. Not enough priority given to how **quality of employment will be ensured.**
4. The support for **integrated Active Inclusion strategies is welcomed** in policies to combat poverty, but more specific recommendations are needed to guarantee **coverage and adequacy of minimum income and social protection systems for all, particularly in the context of austerity cuts.**
5. The development of **integrated strategies to combat poverty and social exclusion for all groups, particularly those who are not of working age.**
6. There is insufficient focus on **“putting in place effective anti-discrimination measures”.**
7. The **role of Structural Funds and Cohesion Policy** to support integrated pathways to active social and economic inclusion of vulnerable groups is not mentioned.
8. **Stakeholder involvement in the development of the European Employment Strategy and the National Reform Programmes should be strengthened.**

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## 1. Context

On the 13th January, the Commission published the Draft Joint Employment Report (JER) as part of the Annual Growth Survey, launching the new European Semester governance cycle for Europe 2020.

The Draft JER builds on the main economic messages from the Growth Survey, an analysis of the employment situation in Europe, the implementation of the new Europe 2020 Employment Guidelines, as well as the results of the country examination of the draft NRPs, carried out in the Employment Committee on the 23 and 24 November 2010.

In the context of Europe 2020, the new JER not only assesses progress on employment policies and their contribution to delivery on the employment guidelines (7 and 8) but also on education and training (9) and, for the first time, on combating poverty and social exclusion (the new Guideline 10).

This combined role means that the document should equally reflect on both employment and social challenges, in the broader economic context, by establishing links between the two and also towards other policy areas likely to have an impact on the employment and poverty targets.

EAPN responded to the launch of the Growth Survey with a press release<sup>1</sup>, expressing regret that growth and fiscal consolidation objectives undermine formal commitments to reduce poverty, social exclusion and inequality.

EAPN has submitted its own assessment and proposals for the European Platform Against Poverty on the 17<sup>th</sup> January<sup>2</sup> (released by the European Commission on December 16<sup>th</sup> 2010).

EAPN has also just released a second edition of the EAPN Crisis Report<sup>3</sup>, presenting a review of its member's assessment of the impact of the crisis and the austerity measures. This paper builds on the aforementioned EAPN positions, outlining our assessment regarding how EAPN concerns are reflected in the Draft Joint Employment Report (JER).

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<sup>1</sup> EAPN press release on the Annual Growth Survey, 14 January 2011,

<http://www.eapn.org/images/stories/docs/press-releases/PR14-01-Annual-Growth-Report-en.pdf>

<sup>2</sup> "EAPN first response to the European Flagship Platform against Poverty", 17 January 2011,

[http://www.eapn.org/index.php?option=com\\_content&view=article&id=2168:eapn-first-response-to-the-european-flagship-platform-against-poverty&catid=46&Itemid=77&lang=en](http://www.eapn.org/index.php?option=com_content&view=article&id=2168:eapn-first-response-to-the-european-flagship-platform-against-poverty&catid=46&Itemid=77&lang=en)

<sup>3</sup> "Is the European project moving backwards? The Social Impact of the Crisis and of the Recovery Policies in 2010", <http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/crisis-report-2011-en.pdf>

## 2. Key messages

- 1) **Poverty cannot be seen just a bottleneck to growth!** The draft Employment Report is **overly driven by the macro-economic demands made by the Annual Growth Survey**, viewing employment and social policies primarily as tools for growth, rather than as instruments to promote inclusion, combat poverty and ensure full participation based on fundamental rights.
- 2) The new report **does not sufficiently deliver on its new mission – to provide a balanced, assessment of progress, making recommendations on inclusive growth** reflected in an integrated approach of delivering the range of new guidelines, particularly on integrated policies to promote social inclusion and combat poverty (Guideline 10).
- 3) Whilst new support to creating employment and supporting vulnerable people into work is welcomed, not enough priority given to how **quality of employment will be ensured**, particularly the strive to ensure, as much as possible in the current context, that jobs created ensure a route out of poverty, while tackling in-work poverty.
- 4) The support for **integrated Active Inclusion strategies is welcomed** in policies to combat poverty, but more specific recommendations are needed to guarantee **coverage and adequacy of minimum income and social protection systems for all, particularly in the context of austerity cuts** and more targeted efforts to support specific groups. Integrated active inclusion approaches must also be **more strongly mainstreamed in the general employment approaches** (Guideline 7 and 8) with increased references to measures to promote **coordinated, personalised, pathway approaches** to labour market integration and the **key role of social economy**, particularly WISEs.
- 5) The development of **integrated strategies to combat poverty and social exclusion for all groups, particularly those who are not of working age**, is insufficiently developed, for example in ensuring access to rights, resources and services for older people and for children. In the proposals on child poverty, insufficient attention is given to **tackling in-work poverty for parents, ensuring affordable and accessible childcare** and promoting children and parent's rights.
- 6) There is insufficient focus on **“putting in place effective anti-discrimination measures”** and to ensure better professional and social integration opportunities, particularly for migrants and ethnic minorities, especially the Roma.
- 7) The **role of Structural Funds and Cohesion Policy** to support integrated pathways to active social and economic inclusion of vulnerable groups is not mentioned.
- 8) Stakeholder involvement in the development of the European Employment Strategy and the National Reform Programmes is not highlighted and should be strengthened, in line with Recital 16 of the Employment Guidelines, with particular reference to the participation of people experiencing poverty and their civil society organizations.

### 3. Positive aspects

EAPN welcomes the fact that:

- The report contains positive rhetoric on **need to reduce poverty** (p. 4, 9-10), and on the **key role of social protection** and **minimum income** (p. 7, 9, 10, 11).
- **Active Inclusion** strategies are recognised as a crucial element to invest in, if the poverty and employment targets are to be achieved (p. 9-10).
- **Living wages** for those who work are clearly mentioned (p. 9), although there is, unfortunately, no mentioning in the document of the persisting gender pay gap.
- There is an explicit stress on **job creation**, especially green and white jobs, as the scarcity of jobs is hardly compatible with active measures to increase labour supply.
- The report questions the **segmentation of the labour market** (p. 5, 9, 12), underlining the **need for more security** and protection of **employment rights** (p. 4-5), and **addressing undeclared work** (p. 5, 7, 10). Care needs to be taken that, while striving to ensure equal levels of protection, **rights and protection are not lost** by those who are currently enjoying them.
- There are welcome references to the strengthening of the capacity of **Public Employment Services**.
- **Vulnerable groups**, including older workers, women and young people are explicitly mentioned in the Report (page 4), recognizing the need for integrated strategies, although not all elements are addressed to improve their professional and social inclusion.
- The report includes a comprehensive section on **education and training**, including considerations on access to training, quality of training, as well as recognition of informal and non-formal skills (p. 7-9).
- **Child poverty** and the intergenerational transmission of poverty are extensively dealt with, including the recognition of the need for **childcare facilities**, for **family income support**, and for **early intervention** (p. 10), although insufficient attention to affordability, children and parents' rights and empowerment.

## 4. Missed opportunities

The Report starts by an overview of the current employment situation in the Member States. While pointing to signs of recovery, the increase in terms of employment rates has been only very slight, but unemployment has more or less stabilised at 9,6%. However, it is pointed out that the number of people receiving benefits has increased, while skills mismatches still affect participation in the labour market. The main weakness of the report lies its failure to capture the challenge of the new Europe 2020 approach, which should give equal weight to inclusive, as well as sustainable and smart growth, and start from the basis of how Member States can achieve on the targets and guidelines, rather than a top-down process driven by the macro-economic messages of the Growth Survey.

### 1) Mobilising all policies to deliver on social inclusion

Although several social aspects are mentioned employment and social policy are still viewed primarily as tools for growth, and there is little attempt to assess how far all policies can be mobilised to deliver on the objective of reducing poverty. This is reflected in the two main headings: “Employment Performance is Affecting the Macro-Economic Framework Conditions” and “Identifying priority areas for growth enhancing reforms”. Poverty is seen mainly as a bottleneck to growth, rather than opting for a rights-based approach. There are very scarce mentions of people’s well being and of their right to a decent life. Rather than viewing growth as a tool towards better lives for all, social concerns are viewed from the perspective of their impact on economic growth. Growth alone will not guarantee a better society for all<sup>4</sup>, while also combating inequalities and poverty will deliver on better lives for the entire society. A comprehensive approach to preventing as well as alleviating poverty, with specific reference to strategies for key target groups, is missing, together with a strong commitment to invest in social protection and minimum income, to prevent increasing long-term social and health costs, ensuring access to rights, resources and services, as agreed by the Common Objectives of the Social OMC (2006). Neither is there a mention of how economic and other policies (including those relating to the internal market) must be assessed for their social impact/ and form part of an integrated approach to reduce poverty.

### 2) Quality of Employment

The chapter on poverty (page 9) starts with the statement “A job is the best safeguard against poverty”. However, evidence shows that, unless the job provides living wages, job security and other elements comprised under job quality, people only end up experiencing in-work poverty. As a result, 8% of people are still suffering in-work poverty, and an increasing number of people

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<sup>4</sup> “One of the lessons to be drawn from 10 years of Lisbon strategy is that despite economic and employment growth, the 2000 original objective of reducing poverty significantly was not met” in the “Social Protection and Social Inclusion Report on the Social Dimension of Europe 2020”, page 12, 2011.

experiencing poverty are actually in a job (25%)<sup>5</sup>. Specific proposals and a road map for ensuring progress on quality are, regrettably, missing from the report, despite the reasonable amount of references to decent wages, employment security and rights, reconciliation of private and professional life, and access to training. While in times of crisis and job scarcity it is difficult to promote quality jobs, efforts should still be made to ensure proper compensation, working conditions and employment security and rights, as much as possible, for people. In-work poverty is highlighted as a problem, but no strategy is proposed for tackling this. Finally, although job creation is picked up in the JER, the focus seems rather on green and jobs, as well as entrepreneurship and self-employment. Links between employment policy and industrial and competition policy are missing, as well as the mentioning of third sector employment opportunities (social economy), particularly for vulnerable groups. Reducing social security contributions to boost employment must be an instrument used with care, as not to jeopardise the financing of social security systems. Also, these jobs need to be created in disadvantaged areas, to ensure that people experiencing poverty have proper access to them.

### **3) Integrated Active Inclusion, investment in adequate income and services and pathway, personalised support**

The Active Inclusion strategy is supported in the report in the section related to Guideline 10, but not mainstreamed through the general employment sections. This is likely to undermine a coherent, integrated policy response to supporting the most vulnerable people into work. Personalised, pathway approaches, starting from the individual's own needs and circumstances, need to be placed at the heart of efforts to increase participation.

Such approaches need to propose tailored measures to tackle the specific obstacles of different groups, including lack of flanking services (like affordable childcare, transport, decent housing, education, training and counselling support). More evidence could be given of building on the learning from the Peer Reviews under the Social OMC on this theme. While personalised services are mentioned once (page 9), there are references through the report about increasing conditionality and restricting eligibility on benefits and the use of sanctions. There is no evidence that such punitive approaches succeed in ensuring that vulnerable people move into sustainable jobs, particularly in the current context, and they appear more a cynical strategy to cut public expenditure at vulnerable people's expense.

Although concerns are raised about the adequacy of income and impact of austerity measures on benefits and services, the report needs to press for a much stronger commitment to strengthen minimum income and social protection (implementing the '92 Council Recommendation and the Active Inclusion Strategy) and ensuring affordable access to services, as essential investment in recovery and reduction of long-term social and health costs, as well as delivery on fundamental human rights<sup>6</sup>. Positive activation strategies, which ensure adequate benefits, access to services need to be more concretely supported, especially through proposing a roadmap for the coherent implementation of integrated Active Inclusion approaches by 2020.

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<sup>5</sup> "It is therefore important that labour market policies aim at ensuring living wages for those in work, by addressing **labour market segmentation, low pay and under-employment**" in the SPC report, page 19, 2011.

<sup>6</sup> "Active inclusion strategies combining adequate income and labour market support and access to enabling service can prevent long-term exclusion and increase the efficiency of social spending.", in the SPC report, page 31, 2011.

#### **4) Fighting discrimination**

Surprisingly, the Report contains scant references to the situation of migrants and ethnic minorities, particularly Roma, or to proposing strategies for effectively combating discrimination in access to employment, inside the labour market or in access to benefits and services, including education. Measures are needed for tapping into the potential of these groups, while simultaneously ensuring their social and professional inclusion. Undocumented migrants are amongst the first to lose their already precarious employment. Non-recognition of existing qualifications or lack of specific skills, including linguistic competencies, is a serious obstacle for migrants wishing to enter the labour market. Competition for scarce jobs and resources exposes migrants and ethnic minorities to xenophobic and racial backlash, excluding them further from the labour market and undermining integration. Also, aside younger and older workers, the long-term unemployed, as well as the unemployed living in remote areas, have to face discrimination and multiple obstacles when attempting to access the labour market<sup>7</sup>.

#### **5) The key role of social economy**

Although one reference is made to the untapped potential of social economy as a key means to deliver social innovation, the commitment to social economy needs to be better mainstreamed into the main employment sections, with specific recommendations on measures to support its development, including on access to EU funds. Although it is increasingly considered as a great tool for contributing to inclusion, the key role of social economy, as especially of WISEs (work integration social enterprises) and community enterprises providing new social community services is not acknowledged. The social economy sector provides about 10% of employment, while WISEs contribute significantly to more inclusive labour markets and provide work placements, temporary or permanent, to disadvantaged groups, which would otherwise face significant hardship in accessing jobs.

#### **6) A targeted use of Structural Funds**

Apart from mentioning the context of fiscal consolidation and lack of public funding, the document doesn't make any reference to how to financially back the employment and poverty reduction targets of the EU 2020 Strategy, and especially the role that Structural Funds could play in promoting access to quality jobs through active inclusion approaches, and in supporting strategies for social inclusion through quality community services. More transparency is needed on the process, access and amount. Cohesion Policy should be used as a powerful instrument to match the new social targets of the EU2020 Strategy, through a comprehensive and integrated delivery of the social objectives of this Strategy, by making social inclusion and the fight against poverty a binding priority in all Operational Programmes. That implies an ambitious, increased

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<sup>7</sup> See the SPC Report for 2011, page 9 and 32.

budget for Cohesion Policy, and the necessity to mobilize Structural Funds to lift the most vulnerable groups of people out of poverty and social exclusion, especially in times of austerity<sup>8</sup>.

## **7) Better governance and participation**

A paragraph is dedicated to the importance of social dialogue (in employment policy - page 5), but more recognition should be given to the benefit of enlarging stakeholder involvement to include beneficiaries and their civil society organization, in recognition of their key role in developing effective employment, social and other policies, which can contribute to reaching the Europe 2020 targets. EAPN members report quite limited consultation, on behalf of their Governments, in the preparation of the draft NRPs, although this is a concern specifically mandated for by Recital 16 and flagged up by the Annual Growth Survey. We would have hoped that the report had commented on this lack of broader stakeholder involvement. Civil society stakeholders, including people experiencing poverty and their associations, are crucial actors who will enable the development and delivery of more effective integrated and coherent policy responses to tackling poverty and social exclusion (economic, employment, social and other policy responses). Lessons need to be learnt from the Social OMC, which has greater experience of embedding such an effective dialogue with national stakeholders through the National Action Plans for Inclusion and the national strategies for social protection and social exclusion and the current study and conclusions on governance and participation.

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<sup>8</sup> See the SPC report for 2011, page 9 and 33-35.

## 5. Conclusions

The main priority areas of the Joint Employment Report are focused on reaching full employment, primarily through increasing labour market participation and active labour market policies and creating a highly skilled work force.

There are very limited references to combating poverty and social exclusion (Guideline 10).

The Report is mainly driven by macro-economic messages from the Annual Growth Survey and does not send a sufficiently independent or coherent message, supporting the need for integrated policies to deliver on the key employment, education and poverty targets, and to ensure that the benefits of growth are fairly distributed and that economic progress does deliver on better societies and lives for everyone.

The reliance on jobs as the best safeguard against poverty, particularly in the current context, undermines the more positive messages on the need for integrated approaches to active inclusion and to fighting child poverty.

Whilst we welcome mentions of the stabilizing role of social protection and adequate income support, fostering job creation, improving job quality (while not called as such) through better wages and increased employment security, as well as attention paid to vulnerable groups, the lack of a clear implementation strategy with concrete measures mainstreamed throughout the report is regretted.

The Report misses the opportunity to use a rights-based approach, emphasizing the need to ensure access to rights, resources and services, encouraging investment in adequate social protection and affordable quality services, as part of integrated active inclusion approaches, and strongly challenging the current tendency of Member States to implement austerity cuts, precisely undermining this approach.

In terms of employment – efforts to improve job quality as much as possible, personalized support backed by a targeted use of Structural Funds, tackling in-work poverty, fighting discrimination and capitalizing on social economy need to have a much stronger role.

Stronger links need to be made between the targets and a comprehensive, coherent response to unemployment, poverty and economic growth alike should also take into account links with important fields and policy, such as research, industrial innovation and development, access to funds, social dumping and the global social, economic and employment context.

Stakeholder involvement in the NRPs and in policy development is not addressed at all, despite Recital 16, and no coherent mechanism is put in place to ensure civil dialogue and the participation of people experiencing poverty to the policies and decisions impacting on their lives.

This is a missed opportunity to give visibility, get national ownership of the strategies and reform programmes, and to develop adequate policy responses.



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