

EAPN Response to the Social Investment Package

Will it reduce poverty?

KEY MESSAGES

- 1) Integrated strategy
- 2) Sustainable financing through tax justice
- 3) Social investment/protection at heart of EU 2020 and European Semester
- 4) Support fundamental rights and defend universal services
- 5) Priority to reducing income and wealth inequality
- 6) Integrated EU/national anti-poverty strategies, not activation alone
- 7) Invest in Quality Jobs
- 8) Adequate Minimum Income
- 9) Social Innovation must provide better public services
- 10) Personalized, integrated services that benefit people
- 11) Comprehensive Child Poverty and housing-led, preventative, homeless strategies
- 12) EU funds to ensure inclusive growth, and implement the partnership principle
- 13) Invest in partnership and participation

June 2013



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INTRODUCTION¹

On the 20th February 2013, the Social Investment Package (SIP) was adopted by the European Commission. The SIP sets out a ‘new’ framework for policy reforms “*to render social protection more adequate and sustainable, to invest in people’s skills and capabilities and to support people throughout the critical moments experienced across their lives*”. It consists of a main Commission Communication², a Commission Recommendation (on Child Poverty) and 8 Staff Working Documents (SWD).

This paper sets out the views of EAPN members on the SIP. It follows discussions with its 29 National Networks and 18 European Organisations in the EAPN Executive Committee and the EU Inclusion Strategies Group during February – April 2013. This position was finally endorsed by both bodies in May 2013. It consists of a Summary and Key Messages, a Full General assessment of the main Communication, followed by a brief assessment of specific additional documents: 1) The Recommendation on Child Poverty, 2) the SWD on Active Inclusion and 3) the SWD on Structural Funds.

SUMMARY

Reasons for hope?

EAPN welcomes the attempt by the Commission to put the ‘social’ back into the EU agenda. The SIP package reflects an important commitment from the Commission to progress on a stronger EU social dimension, broadly backing a more Nordic model and provides important insight into challenges facing the current Commission, in the context of the dominant policy driver of economic governance and austerity. With greater clarity and political support, the SIP could send a strong message of the urgency of investing in social policies to ensure social cohesion and social inclusion, as well as economic returns. To do this it needs to send a message that social investment/protection is the **only effective and socially viable route to inclusive growth and recovery that can ensure the continuity of the European Social Model**. It must be seen as a key element of a strong Social Dimension of the EU and the EMU, if trust is to be restored in the EU project.

But will the SIP reduce poverty?

The main message of the SIP is that social policy should be seen as investment using budgets more efficiently to get employment/economic and social returns, primarily by strengthening people’s capacity to enter the labor market, through a life-cycle approach. Although much of the language and rhetoric picks on EAPN key inputs towards the SIP³, the good intentions

¹ For more explanation on terms used in the SIP – see EAPN glossary: www.eapn.eu and SIP Briefing.

² EC Communication: Towards Social Investment for Growth and Cohesion- including implementing the European Social Fund (2014-20).

³ EAPN (2012) Final input on the Social Investment Package – Letter to Commission Andor (February 2013).

risk being contradicted by the predominant messages focused on efficiency and the need to refocus social budgets towards activation and 'more enabling' services. This focus prioritizes support to a shift funding away from 'passive' social protection and universal services, to more targeted services, temporary payments and conditionality rather than a strong demand for additional resources for social measures, in order to reduce long-term social, health and economic costs.

For EAPN, these messages are deeply worrying at a time when the EU continues to press for a damaging austerity drive on public budgets, inflicting devastating cuts and new restrictions on social expenditure, particularly in countries under Troika programme arrangements. Although the Package includes some important policy recommendations in key thematic priorities (particularly in the Child Poverty Recommendation, and in the Active Inclusion Implementation Report, Structural Funds, and Homeless Report, as well as in Staff Working Documents (SWDs) on Health, Long-term Care), it is unclear what concrete support will be given for Member States to achieve the results/impact listed, or how these recommendations will be mainstreamed. There are also doubts about the overall coherence of the package, as macroeconomic policies focused on austerity undermine the poverty and social targets.

A positive impact for the SIP depends on the Commission giving clearer signs that the SIP backs **integrated, multidimensional, anti-poverty strategies that combine social protection and social investment**, rather than giving priority only to 'investment', as was indeed underlined earlier in the SIP Communication: *"that well-designed welfare systems, combining a strong social investment dimension with social protection and stabilization, increase the effectiveness and efficiency of social policies, whilst ensuring support for a fairer more inclusive society"* (EC Communication: Towards Social Investment for Growth and Social Cohesion).

Will it have an impact?

As the SIP contains documents of different status, most with the low status of Staff Working Documents, and brings together a large number of already-planned initiatives concerns are firstly raised about its likely impact. Despite being advertised as the major social initiative to balance the Employment Package, National Job Plans and new Youth Guarantee initiatives, there is no one concrete measure which can symbolize to people what the SIP stands for, and which will have an immediate impact on poverty, (for example progress towards setting EU social standards - an EU framework on Minimum Income) . Its implementation is also unclear. The main impact will depend on how well the SIP priorities are mainstreamed through the European Semester and Europe 2020, including the National Reform Programmes (NRPs) and Country-Specific Recommendations (CSRs), as well as through Cohesion Policy and other EU Funds, including the new Programme for Social Change and Innovation (PSCI) and the Social Open Method Of Coordination (OMC).

Getting any kind of shift towards more social CSRs will only happen if Europe 2020 and its combined goals and targets creating inclusive as well as smart growth, are put back at the heart of the European Semester. This will need to demonstrate commitment to **ensuring an equal balance between economic and social objectives, and that macroeconomic objectives enhance rather than undermine social and other objectives**. The credibility of the EU, and support for the future EU project, largely depends on this.

KEY MESSAGES

- 1) **Ensure Social Investment reduces poverty: Back an integrated strategy combining Social Investment AND Social Protection!** Whilst social investments in “enabling approaches” are crucial to empower people at risk of poverty, restrictive approaches, which undermine support for effective social protection could be counter-productive. Comprehensive, integrated strategies which combine social investment with social protection are the most effective in reducing poverty.
- 2) **Don’t let austerity justify cuts in social spending, promote sustainable financing through tax justice.** As austerity continues to dominate government strategy, social investment must avoid the risk of being used to justify cuts to basic social protection and income support. An ambitious SIP should challenge the effectiveness of the current austerity focus which is increasing hardship and driving recession, and defend increased social spending as an investment for short and long-term social, health and economic returns. Arguments should be given to ensure more sustainable financing of social protection systems through tax justice - promoting progressive taxation systems, increased efficacy in tackling tax evasion and avoidance and taxing environmental and social impact.
- 3) **Re-balance EU social and economic objectives putting social investment/protection at heart of EU 2020 and European Semester. Ensure delivery of the SIP through Social OMC.** A pre-condition to getting greater social investment is restoring balance and policy coherence to the European Semester by putting Europe 2020 and its 5 objectives/targets at its heart and ensuring that macroeconomic objectives enhance, rather than undermine the social and other goals. This new balance must be reflected in the Annual Growth Survey, and also in the Country-Specific Recommendations. The Social Open Method of Coordination (OMC) with the National Social Reports (NSRs), promoting an integrated strategy on social inclusion and protection based on the Common Objectives⁴, is a crucial instrument to delivery on the SIP and must be integrated more clearly into its delivery.
- 4) **Support fundamental rights and defend universal services, rather than increased targeting, conditionality and ‘temporary support’.** Replacing universal with targeted services risks undermining the prevention function of social protection and endangering social cohesion. The SIP must confirm a rights-based approach and a commitment to universalism which commits to providing *additional support tailored* to the needs of specific groups at increased risk of poverty and discrimination through personal pathways. Conditionality should not be confused with incentives. Punitive conditionality threatens people already at risk of poverty, with sanctions: cuts to benefits and services, if they do not access jobs or deliver on established goal. This approach “blames the poor” when they have little control over the results, undermines social rights and

⁴ Common Objectives of the OMC on social protection and social inclusion (2008 confirmed 2011).

directly increases poverty, particularly for children, rather than working alongside people in need, providing additional incentives for specific actions. The starting point for support cannot be 'temporary', as the persistence and depth of poverty increases. Continuous, integrated and personalized support is crucial to deliver sustainable results.

- 5) **Increase social cohesion across the EU by reducing social imbalances giving priority to reducing income and wealth inequality.** Social investment must aim to reduce social imbalances within and between countries, which can also contribute to reducing macro-economic imbalances. Reduction of inequality of income and wealth, as well as access to services, should be made an explicit objective, investing in actions to reduce income disparities, and fairer redistribution through tax justice as well as ensuring equal access to benefits and services.
- 6) **Develop integrated EU/national anti-poverty strategies, to deliver on the poverty target, insisting on consistency in implementing Integrated Active Inclusion, not activation alone.** The SIP should make explicit how social investment will reduce poverty. It should develop an EU integrated strategy, together with stakeholders, which demonstrates how social investment and protection can be used as part of multidimensional strategy to prevent as well as tackle poverty and to deliver on the poverty target of Europe 2020. The Annual Growth Survey (AGS) and Country-Specific Recommendations (CSRs) should be used to require national integrated anti-poverty strategies in the NRPs and NSRs that promote social investment and protection. Integrated Active Inclusion must be a key pillar of such strategies, for people of working age, but the Commission must insist on an integrated approach combining the three pillars (income support, access to quality services and inclusive labour markets) not just activation. It must actively report and monitor the effectiveness in delivery, ensuring use of EU funds.
- 7) **Invest in Quality Jobs - address precarious work, pay and conditions and increase public investment in quality new green/social service jobs combined with tailored support for long-term unemployed, including social economy and enterprises.** Increasing flexibility, reduced wages and security is increasing poverty (within and outside work). Social investment in quality jobs and active inclusion is vital to ensure that work provides a sustainable route out of poverty and that excluded groups get access. Public investment in new jobs in the green, but also social/particularly care sector, could help to kick-start the economy and support poverty reduction through the provision of more effective services, as well as jobs. New jobs need to be made accessible to excluded groups through Active Inclusion approaches, with particular support to social economy/enterprises that specialize in providing intermediate, supportive and personalized pathways to sustainable jobs.
- 8) **Adequate Minimum Income doesn't undermine Activation but provides a floor for inclusion. Build on reference budgets + make progress on EU Framework Directive for a Guaranteed Minimum Income.** Reducing income support as an 'incentive' to work, attacks social rights and undermines the effectiveness of minimum income as a springboard for inclusion, and as a stabilizer. The SIP should recognize the value of cash as well as in-kind benefits, as crucial for a dignified life, in a predominantly cash economy. Reducing social imbalances across the EU and supporting the right to mobility means providing level playing field, ensuring rights to minimum income and social protection support across the EU. Getting agreement on common definitions and criteria for adequacy, coverage and take up are crucial, together with developing common methodology of reference budgets. But on their own, they will not ensure a

level playing field. A concrete milestone to ensure progress could be demonstrated by investing in an EU Framework Directive to guarantee adequate minimum income, at least at the 60% poverty threshold, and developed consensually through Reference Budgets.

- 9) Social Innovation must provide better public services, not just promote privatization: defend what works, back bottom-up, non-for-profit NGO initiatives.** Social innovation is currently viewed with suspicion as a tool to cut costs and a back-door route to promote privatization rather than to improve services and their delivery. The support to top-down social experimentation developed through randomized trials is also overly narrow. NGOs and social economy have long experience of bottom-up social innovation, developing new services and ways of working that respond to the direct needs of people experiencing poverty and exclusion, building on previous learning. EU funds must support bottom-up NGO social innovation initiatives, effective exchange and mutual learning and ensure funding so that successful approaches are scaled up and rolled out.
- 10) One-stop shops should improve personalized, integrated services that benefit people and create trust, not increase surveillance.** Whilst one-stop shops can improve coordination, this must result in better services for the user, rather than be primarily a means to tighten control and implement conditionality, particularly between when linking income support and activation services. When coordination is perceived as increased surveillance, it is likely to increase suspicion and undermine trust in the services, as well as to undermine the effectiveness of the tailored support. The joined-up working should ensure that equal weight is given to ensuring access to quality services.
- 11) Implement comprehensive Child Poverty and housing-led, preventative, homeless strategies, through a partnership approach.** The 3 pillars of the Child Poverty Recommendation (adequate income, access to quality services, and children's rights and participation) are strongly supported, reflecting the consensus built through the Social OMC, Belgian Presidency and work in the SPC and EPAP. The SIP Homeless report sets out a comprehensive strategy for housing-led homeless strategies, which invest in prevention as well as integrated actions to tackle emergency and rising homelessness. A road map for implementation needs to be developed at EU and national level, with a concrete work programme and budget, delivered through a partnership approach, involving NGOs. Whilst integrated thematic strategies are crucial for effective intervention, policy coherence needs to be ensured through setting all within an overarching holistic integrated strategy to fight poverty and social exclusion for all groups and ages.
- 12) Guide the use of EU funds to ensure inclusive growth, and implement the partnership principle, ensuring access to funds and decision-making to NGOs.** EU funds are being underused to support inclusion, with NGO engagement under threat. The SIP backs combined use of EU funds (Structural and Investment Funds) to deliver on poverty reduction. This new architecture will require detailed guidance from the Commission to make sure that Member States make best use of all of these EU financial instruments to boost the delivery on the SIP priorities and social targets of Europe 2020 and, then, properly monitor the implementation and progress achieved. A new link of EU funds to the CSRs, will only improve social investment, if social balance in the European Semester and the CSRs is restored. Whilst the partnership principle is strongly backed,

with the new Code of Guidance, more is needed to ensure access for NGOs, including global grants and Technical Assistance.

- 13) Invest in partnership and participation: ensuring participation of people experiencing poverty and backing stakeholder engagement in joint solutions.** The SIP gives stronger backing to partnership, but few concrete proposals. A focus on “enabling” people should give greater emphasis to “participation” and empowerment of people experiencing poverty, in service design and delivery, but also in decision-making processes. Europe 2020 needs obligatory guidelines on stakeholder engagement or a Code of Guidance which ensures the effective engagement of stakeholders, (including people experiencing poverty, families, children), to ensure effective solutions. Reporting and monitoring of the quality of stakeholder engagement in NRPs, NSRs, and CSRs should be reviewed annually in the AGS and progress report. The Annual Convention needs to become a yearly meeting of national stakeholders already engaged in EU 2020 processes at the national level, to review progress and make concrete recommendations to the Annual Growth Survey to ensure results, if the partnership approach to delivering the SIP is to become a reality.

FULL ASSESSMENT OF MAIN COMMUNICATION: TOWARDS SOCIAL INVESTMENT FOR GROWTH AND COHESION – INCLUDING IMPLEMENTING THE EUROPEAN SOCIAL FUND

Social Investment – in whose interest?

EAPN members strongly support a progressive concept of social investment, that justifies spending *more money, more effectively and in the right places*, in order to reap short and long-term social and economic returns. However, this concept seems to be contradicted by the current national and overall EU policy priorities, reflected in the SIP. Firstly, the majority of Member States are prioritizing austerity measures by cutting social spending. This is leading to declining household incomes and purchasing power, impacting negatively on GDP. In countries receiving IMF bail-outs, also known as “Troika countries”, with the European Commission playing a key role under the Memorandums of Understanding, cuts are also being made to the very services that the SIP is supposedly backing. For example in Portugal, a 4.700 million cut will be made to the budget (during 2014-2016), with estimated negative cuts on education and health services, amongst others. Secondly, the EU Council of Ministers refused an increase in the EU budget by 5%, and are pressing for a 3.5% reduction. If austerity is accepted as the pre-condition, social investment is likely to be used as justification for cuts. A similar concern is expressed by EAPN members, that the SIP could be used to defend an ideological agenda, whose priority is to pilot the marketization of the welfare state, expand the internal market, with little consideration of the social impact on reduced quality, access, affordability and coverage of services. This is likely to only confirm the trend of transfer of wealth from the poor to the better off, and support the siphoning off of public money to mainly large private corporations. The SIP needs to demonstrate that these fears are not justified.

Poverty reduction needs Social Investment AND Social Protection

In the initial part of the SIP Communication, a strong statement is made of the crucial role of the interlinking functions in spending on the welfare state. This is underlined even more strongly in the SWD: Evidence on Demographic and Social Trends: Social Policies Contribution to Inclusion, Employment and the Economy (2 volumes), claiming that “social investment policies reinforce social policies that protect and stabilize”. Strong evidence is also provided to show that the size of social spending counts, but also how it is spent, showing that joint approaches that integrate both investment and social protection are more effective (p.59, vol. 2), particularly in the role of unemployment benefits with activation, as well as showing how social protection has been more effective at sustaining household income during the crisis than tax systems. However, these important claims are later contradicted by focusing only on social investment and justifying allocating more money. In the context of cuts in public spending, this runs the risk of supporting a shift in funding from social protection to social investment rather than backing a combined approach.

Respecting fundamental rights

Whilst many of the investment priorities that are outlined are crucial – i.e. childcare and early-learning, lifelong learning, health, effective homeless policies, positive labour market activation, the recommendation to switch spending from protection (i.e. universal benefit systems and services) not only undermines EU Treaty commitments to fundamental rights, particularly Articles 3 and 8, but contradicts the coherence of the Commission’s own approach – particularly in relation to integrated Active Inclusion, which concretely combines

protection with social investment (adequate income support and access to quality services with inclusive labour markets). It is also likely to be counter-productive and damaging to the objectives of the approach, and likely to generate increased poverty. For example, providing quality early learning to a child will not prevent poverty increasing if their parents income is reduced with cuts in benefits, they are forced into poverty jobs and cannot afford to provide decent housing, health care, and other basic services in a context of rising prices.

Sustainable financing for social protection through tax justice

The SIP Communication highlights the need for providing a more stable financing base for social protection systems, through improved revenue collection, broadening tax bases, and making tax more growth-friendly. The proposal that the Social Protection Committee (SPC) will work on a common strategy, developing a methodology based on shared practices, by the end of 2013, is strongly welcomed. However, a stronger message is needed on the redistributive role of social protection and tax systems, and their contribution to reducing income and wealth inequality.

Beyond growth-friendly to inclusive-growth

The Commission's renewed focus on tax reform has provided welcome evidence of current trends, however the overriding focus on 'growth-friendly' taxation, without due consideration of the impact on inequality and poverty, runs the risk of negative social impact. For example, the increased focus on raising consumption taxes (e.g. VAT), which are largely regressive, falling proportionately on the poor, and away from wealth, property, progressive income tax, is a worrying trend. While environmental taxes are welcomed, care must be taken to avoid regressive social impact (i.e. recognizing the limited housing and energy consumption choices for people on low incomes). Whilst the EU is involved currently in developing new frameworks on tax evasion and avoidance, as well as the implementation of the Financial Transactions Tax through enhanced coordination in 11 countries, this is given little emphasis in the SIP. An integrated strategy on tax reform to support the financing of social protection systems is urgently needed. This should include a comprehensive assessment of the impact of the full range of taxes on inequality and poverty, as well as an assessment of the benefits of reducing income and wealth inequality through the tax system, and consequent impact on consumption and sustainable economic growth.

Urgent action to reduce social impact of austerity and widening inequality

The SIP importantly recognizes the trend towards widening social inequality, and how this is being exacerbated by fiscal consolidation measures. It highlights the differentiated impacts to different population groups, as well as growing income and wage gaps. It underlines the need to ensure that any fiscal consolidation measures are adequately designed to avoid negative repercussions on poverty and social cohesion. This strongly confirms the messages

from the SPC, particularly in the SPC Annual Report⁵. However, no further recommendations are made about reducing inequality, nor concrete proposals to restrict the social impact of austerity. Indeed more proposals are made about *'targeting'* social spending, without insisting on the underpinning of universal welfare provision, which is likely to increase poverty, exclusion and inequality. Targeting, which involves cut off points for eligibility also risks creating greater poverty traps. Unless fiscal consolidation measures are poverty proofed, with ex-ante social impact assessment backed by clear guidelines red-lining key services and benefits, as well as detailed and transparent monitoring of the social impact (short, medium and long-term), the impact will continue to worsen. Reducing inequality also needs to be made more clearly a transversal priority, requiring an integrated approach which includes redistribution measures – tax justice, as well as the role of services and income support, reduction of wage and income gaps, both between and within different regions.

Consistency to supporting Integrated Active Inclusion, not activation alone

The Communication gives important backing to the full implementation of the Active Inclusion Recommendation: *"fully implement the Recommendation on Active Inclusion (2008), including with funding from ESF and ERDF, integrating its three pillars: adequate income support, inclusive labour markets and enabling services"*. This includes proposals to put in place legal frameworks to ensure access to high quality and affordable social services, establishing reference budgets for the adequacy of minimum income schemes, closing the gender pay gap, monitored through Europe 2020 including the NRPs and CSRs. Actions to fight homelessness were also listed as a priority for EPSCO under active inclusion in June 2012, but were not integrated into the SIP proposals.⁶ However, often the overall focus in the Communication and the SWD tends to be on activation alone, with an emphasis on increasing punitive conditionality. Although paid employment can be a crucial part of the inclusion process and may offer a road out of poverty, it cannot be the only goal, particularly when sufficient jobs do not exist, nor all people able to work. Forcing people into jobs that do not take them out of poverty, particularly in precarious labour conditions with low pay, can only exacerbate hardship, increase ill-health consequences, debt and destitution, and even become a new form of slave labour. It also undermines the de facto unconditionality of rights. People on benefits need to be given the right training, counseling and support to access quality jobs, where this is a feasible option and be able to combine temporary work which can enable them to acquire experience without risking losing benefits or access to free services, and with adequate remuneration required through a quality framework.

Implementing Active Inclusion through partnership

As regards the implementation of Active Inclusion, EAPN welcomes the recognition of the importance of partnership with NGOs and other stakeholders at the national level, but

⁵ SPC Annual Report 2013.

⁶ See EPSCO Council Conclusions: <http://register.consilium.europa.eu/pdf/en/12/st11/st11639.en12.pdf>

stresses the need for concrete proposals to reinforce implementation, at national level, particularly through structured dialogue mechanisms with stakeholders including people experiencing poverty through the NRP and NSR. The development of concrete indicators for measuring the effectiveness of integrated approaches through Europe 2020 and the European Semester will be crucial. (See more detail in assessment of the Active Inclusion SWD below).

Creating quality employment and reducing precarious work, including wage gap

The SIP gives important backing to the enabling role of employment, intervening on youth and NEETs, on unemployment and long-term unemployment. EAPN strongly supports this approach, but stresses that without ensuring that the jobs on offer are quality, secure jobs, taking action on precarious work, employment will not provide a sustainable route out of poverty, nor increase purchasing power or widen the tax base. The dominant approach continues to be focused on supply-side solutions. People are not usually unemployed because of receiving high benefits, but because of the lack of quality employment. There is a need for change from supply-side to demand-side solutions, investing in quality jobs, as well as support to not for profit organisations and social economy and enterprises, rather than relying only on market-led solution. This means public investment, and should be a prime focus of social investment. Specific focus is needed on measures to ensure more adequate minimum, or living, wages, and to reduce the income/wage gap with higher earners and the gender pay gap, providing support for women in decision-making jobs/roles.

Towards an EU Framework for Adequate Minimum Income

The Communication highlights that Member States' welfare systems are failing to protect people from poverty, social exclusion and unemployment, with the recommendation that adequacy of minimum income should be reinforced through reference budgets. It highlights the need to ensure better take up and coverage. It makes an important recommendation backing the joint development of a common methodology for designing reference budgets together with the SPC, and specific monitoring on adequacy, as well as the other concerns, through the NRP. Whilst these proposals are broadly welcomed, EAPN is concerned about the implementation, the overall focus and coherence of the approach on ensuring adequacy of minimum income throughout the Package, particularly in the light of the current austerity measures, which are severely impacting on benefit levels. A first priority is to prevent the reduction of benefit levels/coverage etc through austerity, and recognizing that adequate minimum income does not undermine activation but enhances people's capacity to participate and look for sustainable work.

Establishing a common EU framework

Whilst reference budgets are a useful instrument for assessing how far income support covers the cost of essential goods and services, they need to be underpinned by an

overarching framework which establishes common principles about what goods and services are to be considered as essential. The methodology for this needs to engage people experiencing poverty from different household types, as well as general households, to establish a norm of acceptable levels for a dignified life which meets physical, psychological and social needs, and includes the need for social participation.⁷ Reference budget standards also need to be set within a common EU framework, with a relative benchmark as a reference point, otherwise budget methods can be used to drive down minimum income levels. A logical starting point for this should be the 60% at risk of poverty level, as backed by the EP, EESC and CoR Opinions⁸. Action also needs to be taken against the countries who currently do not have a national minimum income schemes (Greece) or where adequate national schemes are lacking (Hungary, Italy, Spain) and where increasing numbers fall outside any kind of safety net coverage.

Establishing an **EU Framework Directive on Adequate Minimum Income**, as called for by the CoR could ensure a level playing field across the EU, ensuring access to the right to a dignified life, preventing hardship and unnecessary economic migration due to the lack of an adequate safety net. EAPN has shown the necessary legal base exists. The EU Framework should establish common definition, criteria, indicators and methodology, with an explicit monitoring framework and timeline for implementation, and should provide a relative benchmark for all countries of the at-risk-of-poverty threshold, and draw on a common methodology for reference budgets, and provide an explicit support to a common framework for adequate/living minimum wages.

Both cash and in-kind benefits are essential

The overall coherence of the backing for minimum income is also at times undermined by proposals that highlight that spending is “more effective” on services rather than on cash support (*“in certain cases, social services are more supportive than cash benefits... they should be conditional⁹ upon the individual achieving an appropriate and specific goal”*): EC SIP Communication (2013). These should not be presented as contradictory options. Both services and cash benefits are necessary as part of an integrated approach. In a cash economy, it is a fundamental attack on rights and dignity to deprive people of cash income. In terms of monitoring and implementation, agreement has to be reached on common criteria for adequacy, backed by indicators also on take up and coverage, which can form the basis of monitoring through the NRPs.

Social Investment in Cohesion and Solidarity Mechanisms

The SIP does not explore the diversity of the national context, across the EU. The problems facing different Member States are very diverse. Ensuring cohesion across and between EU regions requires a comprehensive, compensatory approach. For example, under

⁷ See Vincentian Partnership for Social Justice on budget standards.

⁸ Opinions on European Platform Against Poverty (2010) and Minimum Income.

⁹ CoR (2010) Opinion on the European Platform against Poverty.

demographic and ageing pressure and considering the currently increasing emigration flows, Portugal may face a severe reduction of the work force and increased qualification mismatches in the future. To face these tendencies, balanced intervention between Member States is also necessary, and a vital pre-condition for social cohesion in the EU. Policies must be designed specifically for the national context, with the aim of providing an adequate work force and quality employment for all those who can work, and support into social participation for those who can't, with adequate social protection and access to quality services. The SIP needs a concrete measure that can demonstrate the principles of social investment, reduce the social imbalances and support cohesion for example an *EU Framework Directive on Minimum Income*, as highlighted above.

Innovation should provide better public services not just privatization

The SIP Communication highlights the importance of backing partnerships to develop concrete strategies for social innovation (public, private and third-sector), and the proposal to provide financial, training and other support, including through EU funding. Some of the proposals on social investment bonds could be interesting in this regard. The key question, however, is who benefits, and what the impact will be on the quality of services for people experiencing poverty? In Ireland, the Government is looking at further ways of privatizing public services, under pressure from the Troika Programme arrangements. If the goal of outsourcing to private companies is merely cost-saving, whether to private companies or third sector organizations, this will inevitably have a detrimental impact on the quality of services. Public services provided by the public sector are already under-resourced, so a search for increasing profit margins on already reduced services, is likely to lead to lower standards, subsidized by the public purse. Finding new ways to provide better services is crucial, and the non-for profit sector (NGOs, 3rd Sector, social economy) offer an important route, working alongside people facing poverty.

However, innovation should not be used to replace existing successful approaches, nor to undermine existing key public services, with primarily a privatization agenda. EAPN members highlight the risks that the innovation agenda, backed by the SIP approach, is used to increase public-private partnerships (PPS), which have proved controversial in many countries, and have primarily been used to privatize public services, and thus support a transfer of public money to large private corporations, who have often reduced the quality and coverage of the services and increased prices. Third sector organizations, meanwhile, have often been marginalized or expected to deliver existing services, with increased demands but at lower costs. The impact of privatization of services of general interest is also of great concern. In the area of energy, the liberalization of the energy market is focused on raising tariffs, which combined with austerity cuts in producing an unacceptable squeeze on low household incomes. Energy social tariffs are not a compensation for this trend, demonstrating notoriously low take up in many countries (e.g. Portugal, where the energy social tariff only reaches about 10% of the people at risk. Little over 70.000 families access the social tariff out of the estimated 600.000 people in need, according to the calculations of ERSE, the Portuguese Energy Regulator). The EU needs to take coordinated regulatory action to ensure that privatization and liberalization is benefiting the user and prices affordable, with more comprehensive steps taken to protect vulnerable and low-income users.

Supporting the added-value of not-for profit organizations

A clear distinction needs to be made between the role of not-for-profit/third sector and large profit-making private organisations. Third sector organizations are often seen as useful

for activating emergency action, but are not always systematically engaged in the definition of criteria, goals and priorities. The importance of backing social criteria for public procurement (that are not anchored in low cost criteria), and investing in the sustainability of the sector, is crucial. EAPN calls for an independent assessment, and engagement with social and civil partners on the short and long-term costs of PPS in terms of their impact on public finances, on capacity to provide a sustainable role for the mainly non-for profit sector, and on the impact on quality of services, including from the perspective of the users.

Investment in defending universal services, improving health access and outcomes

As regards health services, EAPN members recognize that ‘better spending’ is possible and an important challenge in some countries, but highlight growing concerns about developments which are undermining universal access to health services, prioritizing effectiveness as well as efficiency, for example in Spain, universal coverage is being replaced by conditionality linked to employment, which is excluding key groups, including undocumented migrants, contributing to the growth of infectious diseases¹⁰. Whilst the SIP emphasizes the need to look at efficiency and effectiveness, the absence of a critical analysis and assessment of the impact of privatization of health services in terms of quality of patient care and impact of health inequalities is sorely lacking. Crucial to this process is listening to the views of patients, staff and local communities. The current trend of x minutes per patient may count as cost-effective, but reduces the quality of the diagnosis and treatment, and is likely to lead, at primary care level, to wrong diagnosis, overconsumption of medication, with increased costs for social protection services, as well as inhibiting people’s use of primary care, particularly for people with multiple problems. Similarly creating a market for medicines – rather than supporting generic production, it is likely to drive up prices, through increased marketing the consumption of medication.

Life-cycle approach developed through multi-dimensional anti-poverty strategy

The SIP emphasizes the importance of providing integrated support, at critical points throughout a person’s life, with a focus on investing on early-learning, youth guarantee, long-term care and active ageing. If this approach is properly integrated, it can provide a crucial red-line through investment priorities from the person’s perspective. However, the approach needs to start from the base of reducing inequality, poverty and exclusion through redistribution measures and ensuring access to all to universal, preventative services, combined with tailored approaches for groups that cannot access their rights. An essential pre-requisite in the SIP is to require an overarching EU strategy to fight poverty and social exclusion, with guidelines for national integrated strategies which can take a holistic, integrated and rights-based approach for all groups, and tackle the structural causes of reducing inequality in income and wealth, as well as support through the life cycle. This could provide the framework for thematic strategies for specific groups.

¹⁰ Rovira J, Dept of Economic Theory, University of Barcelona.

Targeting, conditionality + temporary support undermine universal principles

Some of EAPN's main concerns arise through increased emphasis on targeting, conditionality and temporary support, justified because of the demands to restrict expenditure in an austerity context, and arguing that these ensure "effectiveness". These appear to undermine the commitment to universal, rights-based welfare systems. Often, there is a lack of precision on the terms used.

Continuous according to need not temporary?

All anti-poverty campaigners would hope that poverty reduction measures would only be necessary temporarily.. However this approach counters the evidence of growing persistence and intensity of poverty, highlighted in the SIP and in the recent Employment and Social Development Report. *Temporary* or "Time limited" support within a holistic case management approach normally means where changes are made to the type or intensity of the support offered (for example when different milestones are reached by the person in the process and the support can be reduced/alterd or eventually phased out). The introduction of time limited support, without any guarantees of sustainable quality employment or adequate income support will only contribute to an enormous increase in precariousness and poverty levels, particularly where the number of people without coverage of any kind is increasing daily. Continuity in support services is therefore vital to provide security and a positive evolution for the people involved and must always be available to those in need as part of an integrated approach tailored to the needs of every specific case through the life cycle.

Tailoring and Targeted Universalism, not as an alternative

Even comprehensive universal services are not always accessible to the most vulnerable. This is why *additional targeting/or tailoring* of these services is usually necessary. Tailoring services towards the needs of specific vulnerable and excluded groups and individual needs is crucial to ensure that obstacles to accessing services are overcome. Targeted services should not, however, be provided as an *alternative to universal services*. Giving priority to targeted over universal services undermines the key role of universal social protection systems to prevent people becoming poor. It also threatens the buy-in of the whole population to ensure social cohesion and their commitment to a common social protection system against risks, that can benefit everybody, throughout the life cycle.. *Targeted universalism*, on the other hand, starts from guaranteeing universal access for all, with additional tailored support or targeting, to ensure all groups benefit.

Incentives, not punitive conditionality

There also needs to be more precision around the differences between *conditionality and incentives*. *Conditionality* always operate as a negative 'stick' (through sanctions, loss or reductions of benefits if the person does not access work or other preferred actions). *Incentives* offer an attractive 'carrot' (additional or complementary benefits rewarding positive initiatives) and do not involve loss/attack on basic social rights. Conditionality is usually negative, and likely to be contradictory to a human rights approach, as well as being largely ineffective. In Portugal, EAPN PT highlights that the stricter conditionality of minimum income schemes has hindered its capacity to help people at the very moment when they most need it. A positive example of incentives is an example from Belgium, where additional education grants are given to families who take up early-learning opportunities, rather than reducing their income or child-benefit support.

Integrated Services that benefit people, rather than increased surveillance

The SIP's recognition of support to personalized, integrated services and benefits is crucial, including simplifying procedures to support better access proposals on one-stop shops, as well as support to investment in childcare, education and training, housing support, health, and positive active labour market measures. However, the questions of affordability and access for all groups are not sufficiently raised, nor the question of quality. The introduction of the conditional use of services as a coercive instrument to ensure activation is a serious concern, undermining a rights-based approach, and bringing with it the likelihood of generating more poverty (see above). We are also missing the broader frame of ensuring access to all key services of general interest – e.g. transport, energy – with explicit reference to the commitment to access to rights, resources and services as stated in the recently confirmed Social OMC Common Objectives¹¹.

Beyond one-stop shops to personalized support

Although one-stop shops offering *integrated employment support* functions with *benefit provision* could be beneficial, the overall approach in the SIP tends to be focused on providers' capability and institutional gains, with administrative savings and institutional coordination as the main criteria, rather than from the perspective of user needs, or indeed the exploration of other types of one-stop shops focused on the specific needs of key groups e.g. homeless. Without active engagement of the people themselves, both in designing personalized pathways, accompanying them in finding solution to the multiple obstacles, such coordinated approaches run the risk of becoming coercive instruments. For example, EAPN members highlight the fears of families with direct experience of poverty of engaging with one-stop shops, which bring together social security and employment search services, as the main objective becomes getting people off benefits, rather than helping them into gainful employment, thus reinforcing a negative policing function. This can result in reduced take-up of services and benefits, and long-term impacts on poverty, health and exclusion.

Ensuring continuous, sustainable interventions

The continuity of support is also crucial, helping people at risk of poverty to adapt to the increasing number of transitions they have to face on their own. These transitions go beyond the classical temporary transitions from school to work, as constant change and 'flexibility' become the new 'norm', characterized by moves in and out of precarious jobs, continual changes to benefit/social protection rules leading to reduced coverage and levels. This constant change only increases vulnerability and deepening insecurity without the fall-back of an all-embracing welfare state... Effective accompaniment can only be provided through long-term investment in wrap-around integrated services and benefits, supporting the social as well as the active inclusion of people through the life-cycle.

¹¹ Social OMC Common Objectives (2008).

Implementing integrated Child Poverty Strategy through partnership approach

The Commission Recommendation on Child Poverty, *Investing in Children*, is one of the main highlights of the SIP, building on the consensus developed through the Social OMC, and particularly during the Belgian Presidency and the Ad-Hoc Group of the SPC. It backs the three pillar approach: 1) support to adequate livelihoods, 2) access to essential services, 3) right to participate, and calls for an integrated strategy through case and in-kind benefits, access to early education, health and social services, eliminating school segregation, supporting early childhood education and care (ECEC), in line with the Barcelona targets on childcare and reporting progress in the NRP, using EU funds. However, the strategy lacks a **concrete road map** on implementation, which engages all actors through a partnership approach. EAPN together with other organisations made concrete proposals to this effect to Commission Andor, earlier this year¹². The Recommendation would also benefit from placing the strategy to fight child poverty within an overarching strategy to fight poverty for all groups, linked to the life cycle approach. Other areas needing clarification are: more detail needed on the participation strand, concrete proposals for integrated support for poor families and parents, and policy guidance to avoid pressure being brought to bear on parents (particularly single parents) to take up poor quality work, which provide no route out of poverty, undermine well-being and increase poverty for the children. (See separate assessment on the Recommendation below).

Backing comprehensive, housing-led strategies on homelessness

Homeless people are a priority group for intervention for most EAPN members, particularly in the context of rising homelessness, due to the crisis and austerity measures. The rise in unemployment, cuts in welfare benefits including housing benefits, has impacted negatively on people's disposable income, increasing evictions because of difficulties in paying rent and bank loans. EAPN generally welcomes the SIP proposals, particularly emphasizing the importance of establishing comprehensive homeless strategies, based on prevention and housing-led approaches, which reviews regulations and practices on eviction. Members highlight increases amongst the homelessness of women, immigrants, ethnic minorities, particularly Roma, families and youth¹³. Monitoring of homelessness policies is crucial, to assess the impact of current policies. However, from the CSWD on homelessness the level of commitment required from Member States is not clear, nor how this will be implemented. At the EU level, it is crucial to move towards a common definition of homelessness and housing exclusion. The SIP confirms the ETHOS definition, but many countries have adopted narrower definitions, leading to the exclusion of some situations or groups living in extreme conditions, as is the case of Roma families (for example in Italy), people leaving institutions,

¹²Adhoc Group letter to Commission Andor with proposals for implementation through partnership (March 2013): EAPN, Eurochild, Eurodiaconia, Caritas Europa, Coface, Picum, ESN.

¹³ FEANTSA Response to 2012 NRPs <http://www.feantsa.org/spip.php?article615&lang=en>

such as prisons, or those at risk due to domestic violence.

Some concrete demands would include: 1) an EU implementation plan developed in cooperation with relevant EU networks working at national and EU level to support MS to progress on the issue of homelessness within the Agenda 2020 framework/timeline. 2) Encourage MS to include homelessness in their NRP and report on the use of Structural Funds to fight against homelessness as proposed in the CSWD, and report on the use of Structural Funds to fight against homelessness as proposed in the CSWD. 3) For the Commission/Council to address homelessness through the CSRs to avoid the risk of creaming to reach the target. 4) Launch a tender for an in-depth cost-benefit study of Housing-led approaches to homelessness as a means to strengthen the social investment logic developed in the SIP. 5) Call upon MS to stop criminalization of homelessness as in the CSWD with a special and urgent focus on Hungary.

Prioritising prevention, within a holistic strategy to fight poverty

Whilst EAPN believes that a targeted approach to homelessness is important, they stress the need to set this approach within a clearer, holistic strategy for fighting **poverty**. This is particularly important at the national level, where there is a risk of tackling emergency alone and forgetting prevention (e.g. preventing poverty, as well as other key causes of homelessness).

Guiding the use of EU funds to ensure inclusive growth within the EU

The SIP aims at better coordinating and boosting EU Funds to deliver on inclusive growth through a combined use of what is called ESI (European Structural Funds and Investment Funds embracing the ESF, ERDF, PROGRESS 2007-2013, EUPSCI and FEAD) to invest in a wide spectrum of social fields: employment, human capital, social services, social inclusion, childcare, health, housing and education infrastructure as well as food and material deprivation. In a context of shrinking national and EU resources (with a major decrease of the EU Budget scheduled for 2014-2020), the ESI together with other Funds (Horizon 2020, COSME, World Bank, Council of Europe Fund and EIB) will be mobilized to deliver on all the social targets of Europe 2020 (employment, education and poverty reduction). This new architecture will require a detailed guidance from the Commission to make sure that Member States will make the best use of all of these EU financial instruments to boost the delivery on the SIP priorities and social targets of Europe 2020 and, then, properly monitor the implementation and progress achieved. EAPN hope that the policy guidance document announced in the SIP for Mid-2013 will help in that regard. It is also expected that Social NGOs, who have long-standing expertise of the SIP priorities, will be consulted to feed into this important document and become partners in the implementation.

Driving social inclusion through Cohesion Policy

The SIP will also operate in the **context of the future Cohesion Policy 2014-2020** characterized by the crucial place given to NRPs and CSRs in driving the Structural Funds' priorities in the Operational Programmes. Such a new linkage will only have a real positive impact on the SIP agenda and the delivery on the social targets of Europe 2020 if the CSRs give more importance to socially integrated policies than macro-economic and fiscal stability.

More pro-active support to drive participation and partnership

The SIP gives some focus to the importance of strengthening the involvement of stakeholders. An explicit reference is made to engaging civil society organisations at all levels, particularly through the Annual Convention. However, the most explicit reference to

the involvement of stakeholders is made with reference to their role in EU Funds: “particularly CSOs close to the target groups for social interventions, in programming, implementing and facilitating access to funds”. As Europe 2020 and the NRPs are a principle instrument for delivering the SIP, a similar concrete Code of Guidance and financial support is necessary to ensure active, regular engagement of stakeholders, including NGOs, in the development, monitoring and delivery of the NRPs. This could go some way to ensure that social investment and social protection are core priorities at national level, backing effective approaches in an integrated approach to fight poverty, exclusion and inequality. The Annual Convention, then, could be used to provide a yearly bringing together of these national stakeholders, engaged regularly **at the national level in Europe 2020 and in EU funds dialogue and delivery**, to review progress together, highlight new trends and challenges, and make concrete proposals. This should also include reviewing progress on the thematic priorities of the SIP such as child poverty, homelessness, and active inclusion. In this way, the national and EU stakeholder engagement can be made an effective partnership for change.

Enabling approaches should back empowerment of people experiencing poverty

Participation as a theme is generally weak in the SIP. If ‘*enabling*’ approaches are to be given new emphasis, the direct participation of people experiencing poverty, exclusion, unemployment is fundamental in designing effective solutions. This needs to be both in the development and management of services, as well as in supporting advocacy and representation of people experiencing poverty and their organisations in the broader strategic policy -making processes. The SIP should positively support mutual learning on current examples, and support to participative methodologies and processes, that promote the empowerment of people experiencing poverty, (at all ages), the active participation of service users, and engagement in the policy dialogue processes such as the National Reform Programme and National Social Report.

ASSESSMENT OF SWD: FOLLOW UP ON THE IMPLEMENTATION OF ACTIVE INCLUSION RECOMMENDATION REPORT

A stock-taking exercise, or renewed political commitment?

EAPN welcomes the Commission’s initiative to review progress made by Member States in implementing the Active Inclusion Recommendation of October 2008, placing a particular focus on the integrated approaches, covering the three strands of the Strategy: adequate income support, access to quality services, and inclusive labour markets. This approach is meant to bring those who can work closer to quality, sustainable employment, and guarantee social rights and participation for those who can’t work. However, the Staff Working Document, which forms an integral part of the Social Investment Package, lacks the needed visibility and implementation tools, in order to effectively enact change in Member States’ policies. It is primarily a stock-taking exercise, not aimed at providing a much-needed political impetus to enact change. While the end recommendations are positive, they are rather generic, and the ideas are not mainstreamed through the rest of the Package, which raises the issue of policy coherence, and do not stress the need for implementation, particularly of the 1992 Council Recommendation on Minimum Income. There is, however, strong encouragement for stakeholder involvement, including people experiencing poverty and social NGOs, an aspect which EAPN has strongly advocated for over the years. However,

sadly, a comprehensive implementation roadmap is missing for both the national and the EU level.

Active Inclusion alone is not enough to fight poverty!

While the document makes extremely important points about the need to invest in comprehensive, integrated active inclusion strategies, fighting poverty cannot be reduced to one policy or strategy alone. Such a complex, multi-faceted phenomenon requires a policy mix, with a number of actions and initiatives mutually reinforcing one another. The text presents Active Inclusion as the one and only, overarching, sufficient initiative to end poverty in Europe, which, in EAPN's view, is not enough, as it focuses on people of working age. Moreover, one initiative, even if championing an integrated approach, is enough on its own, and social policy on its own is not enough. What is needed is a comprehensive mix of different initiatives, coherent across the policy spectrum, a true strategy covering all groups and all needs through the lifecycle, a mainstreaming of social concerns and social impact assessment in all policy initiatives. At the same time, Active Inclusion is narrowly understood exclusively as a strategy to get people back into employment, thus invalidating the aim of the initial Recommendation of 2008, which speaks about social participation for those who can't work, and looks at inclusion in societies beyond the labour market, and at access to rights, resources and services for all groups, regardless of whether they can work or not. But even if understood as a broad social participation strategy, for those able and unable to work alike, Active Inclusion on its own is still not enough, for the reasons explained above. Additionally reducing its scope to labour market integration alone, by considering poverty only as a temporary state before one gets back into employment, is an even more dangerous approach, which undermines real, comprehensive anti-poverty strategies, and the achievement of the poverty target of Europe 2020.

The crisis and austerity measures endanger implementation

The document highlights the high correlation between the poverty situation in a given Member State and the robustness of that country social protection system, which is a welcome step from EAPN's perspective. However, while there are some considerations about the impact of the crisis and austerity measures, these concerns, and their damaging impact on both poverty and the initiatives aimed at combating it, are not mainstreamed through the text, or addressed in any meaningful way. There is no mention of ex-ante or ex-post social impact assessment of measures being implemented. While Member States are encouraged to mainstream Active Inclusion in the NRPs and NSRs, and this will be monitored also in the framework of the European Semester, it is not clarified how mainstreaming will be squared with harsh fiscal consolidation measures, and Troika-imposed reforms, which are threatening these objectives while reducing social budgets.

Adequacy of Minimum Income is crucial

EAPN strongly supports the emphasis given to minimum income as a key tool to fight poverty and social exclusion, particularly in times of crisis. Equally, we welcome the fact that the document focuses extensively on the low coverage of the benefit, and warns that the most disadvantaged are not reached by the measures. Another positive element is suggesting reference budgets as means of establishing adequacy of minimum income, and monitoring this in relation to the national poverty target, in the framework of Europe 2020. However, as highlighted in our overall assessment of the Package above, there are several risks associated to relying exclusively on reference budgets. Moreover, other means of establishing adequacy, such as linking minimum income to the 60% poverty line, or creating

a positive hierarchy with minimum wages, are regrettably absent from the document. The text contains a very worrying reference to minimum income being set at 40% of the median income, which is below the poverty line. Very little is said about how to ensure sustainable financing of adequate minimum income in times of crisis and harsh austerity, and there is no mention of indicators for adequacy being developed by the Social Protection Committee. Another significant concern is that, when speaking of take-up, the issue of stigma and discrimination of welfare recipients is only mentioned once. Additionally, as indicated above, minimum income seems to be primarily perceived as a “get-back-to-work” tool, with a damaging emphasis on employment-linked conditionality and negative sanctions for people who fail to comply. Also, a dangerous link is made between generous social protection and disincentives to work, while the Commission’s own Employment and Social Developments in Europe 2012 report has found evidence to the contrary.

Inclusive Labour Markets are not just Active Labour Market Policies

The document dedicates ample space to the issue of in-work poverty, which is a welcome development, and condemns insecure contracts, as well as the increased precariousness and flexibility on labour markets. However, little is said about quality jobs and low pay, while in-work poverty is more dealt with as an issue of personal or household characteristics. For EAPN, a quality job is one that offers living wages, security, employment rights and social protection, good working conditions, a proper work-life balance, possibilities for further training and progression, and job satisfaction¹⁴. EAPN also welcomes the focus placed on the demand side, but regrets the absence of a holistic approach, which would put forward a New Deal for quality, sustainable job creation efforts, backed by public investment. There is a worrying confusion between Inclusive Labour Markets (ILM) and Active Labour Market Policies (ALMP), thus confusing the supply and the demand side and their roles. Despite some very positive wording on tailored programmes and personalized approaches, which would take into account specific needs of different key groups, almost nothing is mentioned about discrimination, quality jobs, and the crucial positive role of social economy, especially Work Integration Social Enterprises (WISEs). Excessive conditionality, present in many Member States, pushes people into accepting any job, or any “suitable job” (as defined by the Public Employment Services), while the report links a high level of benefits to lower activation, and vice-versa. This approach is in contradiction with the letter and the spirit of the original Recommendation, which defines the Inclusive Labour Markets as providing those who can work with comprehensive support (including income support and quality services) to access sustainable, high-quality jobs, and support into social participation for those who can’t.

Services need to be affordable and accessible also to those who can’t work

The document backs universal service provision as an answer to discrimination in accessing services, which is a welcome point, although universality in itself is not enough to combat

¹⁴ For more details, see EAPN’s [10 Principles on Quality Work](#), December 2011.

discrimination and ensure equal access and opportunities. The text also advocates for better indicators to chart the accessibility of quality services, and for user involvement, citing client input into service delivery with people experiencing poverty in Belgium. However, the scope of the review in the services chapter is rather narrow, as it focuses mainly on flanking services supporting employment: childcare, housing costs, adult participation in education and training, and need for healthcare, while not paying so much attention to other essential social services. Additional sections, on services such as energy, housing, financial services, are a mere revision of situation in countries, without any political statement being made on the importance of these services and how they could be improved. A very worrying aspect is the lack of mention of affordability of services, which is a crucial element for people experiencing poverty, especially in times of crisis and austerity, where hospitals and schools are being merged or closed down, and out-of-pocket payments are on the rise. There are significant differences in cost and access to services between urban and rural environments – in Ireland, for instance, the provision of many services in rural areas is seen as expensive, and many are being cut under the umbrella of reform and efficiency. In Portugal, the option of direct payment by parents for some extra-curricular activities offered to primary school children (foreign languages, music, sport etc) is being considered – these classes are very important for children and also families, as they also double as childcare. There is no mention in this document of the Barcelona childcare targets, although it is referenced in the Child Poverty Recommendation. As highlighted above, a “back-to-work” approach is predominant, which leads to services being referred to as “enabling services”, meaning services needed to support people back into employment, rather than as fundamental rights, available to all, regardless of their employment status. This undermines the essence of the Active Inclusion strategy, which is aimed beyond employment, at broader social participation.

Integrated Approaches – still not a reality on the ground

The findings of the report back EAPN’s assessment that integrated Active Inclusion approaches are not present at the national level. EAPN welcomes the appeal to evidence-based initiatives, which would support rolling out successful local Active Inclusion integrated approaches. The text also recognizes that the low profile given to Active Inclusion in the political discourse has led to the strategy being relatively unknown or misunderstood, at the national level, and to a very low profiles given to it in the NRPs and NSRs. The document includes a welcomed strong recommendation that Member States should implement integrated approaches, as only by combining the three pillars can poverty be tackled effectively, which echoes EAPN’s position, but does not set out a concrete road map and multi-annual programme to aid implementation, as well as targeted monitoring through the NRPs and NSRs with concrete guidance for CSRs, based on indicators of integrated policy and implementation.

More than One-Stop Shops!

A very worrying element is the reduction of integrated strategies to the setting up of one-stop shops, which are also the main suggested indicator for monitoring implementation in the framework of Europe 2020. This is a new development, not mentioned originally in the 2008 Recommendation. In this approach, the perspective of the needs of the beneficiary is missing, the emphasis being mainly on combating fraud and improving delivery, rather than improving the quality of the service itself, undermining the trust and focus on accompaniment and support.

Stakeholder Involvement is key for successful implementation and evaluation

EAPN strongly welcomes the call for the meaningful involvement of stakeholders, including people experiencing poverty and their organisations, which is spelt out as one of the 4 elements of successful implementation. This reprises a crucial concern that EAPN has expressed over the years. However, adequate funding needs to be made available for successful participation, and concrete guidelines for stakeholder engagement at the national level, in the NRPs and NSRs.

ASSESSMENT OF COMMISSION RECOMMENDATION: INVESTING IN CHILDREN – BREAKING THE CYCLE OF DISADVANTAGE

Comprehensive, three-pillar strategy built by consensus, but is it enough?

EAPN strongly welcomes the Commission's Recommendation on Child Poverty, which provides a coherent set of 17 principles to launch effective, integrated, multidimensional strategies to fight child poverty, based on a child-rights approach, through a three pillar approach: 1) access to adequate resources, 2) affordable quality services and 3) children's right to participate. The proposal clearly builds on a decade of consensus-building through the Social OMC, involving governments, the Commission and practitioners, (including NGOs and other stakeholders). This consensus should help to provide a stronger foundation for implementation, avoiding the traps of the Active Inclusion Recommendation. But on its own it will not be enough. Concrete proposals for implementation need to be backed, and funded, through Europe 2020 and Structural Funds, engaging all stakeholders (see below).

Increasing focus on prevention with families, within anti-poverty strategy

The Recommendation rightly backs a child-rights approach, whilst emphasizing the '*importance of supporting families as primary carers*'. Whilst there is a specific focus on children at risk because of multiple disadvantages, there is less specific recognition of the concrete obstacles faced by poorer families, or guidance on establishing wrap-around integrated family support. Enhanced family support is mentioned particularly in the context of preventing children being taken into care and avoiding institutional settings or when parents migrate, rather than as a common, cross-cutting theme for all areas. Short-term investment in support when children are at risk, needs to be replaced by a more long-term approach of investment in early intervention and prevention: investing in integrated family support, as a preventative instrument. If prevention is to be taken seriously, a clearer recognition should be made of the structural causes of intergenerational transmission of family poverty, which are shared with other forms of poverty, particularly rooted in inequalities of income and wealth and access to key services. This also means ensuring that an integrated strategy to tackle child poverty is lodged within an overarching strategy to fight poverty and social exclusion for all groups, at EU and national level.

Conditionality undermines support to adequate family income

The primary focus in the Recommendation is on supporting parent's participation into quality, inclusive jobs whilst making work pay, improving working conditions and support, including parental leave and access to affordable quality early childhood education and care. However, less attention is paid to the obstacles to accessing quality work, adapted to family needs, particularly for single parents, or to underline the essential requirement of affordable, quality child-care provision accessible to parents on low-incomes. A secondary

focus is on ensuring adequate living standards through benefits, with an emphasis on complementing cash income support with in-kind benefits. Although adequacy, coverage, and take-up are all considered, more detail could be given on the need for an integrated package of family and child benefits, including minimum income, child, housing benefits, that ensures real family costs are covered, linked to the Reference Budget proposals, as well as more detail on importance of universal principles and how to ensure that means-testing is not stigmatizing. Although the dangers of conditionality are highlighted, discretionary use is supported particularly in relation to promoting concrete education outcomes. Should such an instrumentalist approach to conditionality be implemented, it would undermine a rights-based approach, and the positive support to parents, giving way to the more worrying message in the overall SIP Package which appears to increase support for negative activation and punitive conditionality, as the main way to ensure adequate livelihoods.

Stress role of universal services and beyond early-learning and housing

EAPN welcomes the focus on early childhood education and care (ECEC) and inclusive education systems as an investment to break the cycle of disadvantage, that “*promotes children’s emotional, social, cognitive and physical development*” with better targeted resources to ensure access for the most disadvantaged, including comprehensive early school leaving approaches: encompassing prevention, intervention and compensative measures. EAPN welcomes the very concrete attention to ensure that services are adequately targeted to reach the most disadvantaged children – with specific proposals on homeless, migrants etc. However, although support is given to balancing universal with targeted approaches, a more explicitly backing for universal services as an essential pre-condition in the prevention of child poverty is needed, otherwise in the current austerity context, there is likely to be a shift away from universal provision, undermining prevention, and the buy-in of the whole population to a comprehensive social investment and protection approach for all. There also is a need for more support for integrated partnership approach involving children, families, schools and local communities, and the key role of outreach workers with young disaffected youth. More emphasis could be given also to the role of ensuring access to other key public services, including accessing affordable family and child health and dental services, affordable, accessible transport, energy and fuel, which are crucial to ensure adequate living environment, healthy families and children.

Empowering disadvantaged children including in decision-making

The Recommendation provides important guidelines for promoting participation in play, sport, and cultural activities including after-school activities, as well as children’s participation in decision-making activities. However, although the latter covers involvement of children as service users and in participation structures, less attention is given to empowerment of children, and participation explicitly in decision-making processes. More explicit attention and support needs also to be given to the obstacles for disadvantaged children and how to overcome them. A clearer focus on empowerment of children, beyond participation, would also be welcomed, recognizing children’s role as independent rights bearers, with the right to voice their concerns over their own lives, negotiate pathways with families, and public authorities, with active support to enable them to develop their own initiatives and plans, as well as participate more actively in services. More emphasis could also be given to promoting the collective participation of children and young people within decision-making processes, beyond children’s services, including in the National Reform Programmes and National Social Reports. Effective monitoring of such results will need a new set of guidelines and indicators on participation, monitored through Europe 2020.

Building consensus on key criteria for child well-being

The original focus of the Recommendation on child well-being seems to have suffered some dilution in the final text. Whilst it is highlighted that the most successful strategies move beyond child poverty, the specific success elements are not spelt out. This reflects the lack of consensus built so far on common criteria, or agreed indicators. But it will be crucial for the broader, more comprehensive approach to set out a work programme in this area, to build this common support. This work needs to draw on the important work, by for example UNICEF¹⁵, as well as the indicators-sub-group, and move to building consensus through debate with a broader set of stakeholders, including children, their families, and the NGOs that support them on the key elements of well-being, as well as the indicators to measure it. It should be clearly linked to the broader work on well-being/happiness and beyond GDP, and progress towards a multidimensional measurement of progress, based on human rights.

Concrete road map for implementation at national level through partnership

The Recommendation gives more detail than in much of the SIP on implementation. It stresses the need to work across sectors, coordinating between key actors particularly in the fields of education, health, employment, equality and children's rights and recognizes the need for close partnership working with local authorities, as well as social partners, local communities, civil society organisations and children themselves. The main instrument will be through Europe 2020, and specific attention is given to mobilizing all the tools and indicators in the NRPs and CSRs, as well as in the Social OMC, considering the added value of setting 'national targets' or sub-targets, as well as full exploitation of EU financial instruments (PSCI and ESF) to evaluate, and scale up policy innovations. However, these proposals would benefit from a concrete road map including a multi-annual programme, setting out detailed objectives and timeline, and for all actors, as requested by EAPN with the Adhoc Alliance. Backing a continuation of the adhoc SPC group, involving broader actors, will be crucial to ensure follow up, as well as the proposal to embed working groups or platform promoting investment in children, within the European Platform Against Poverty, and within national platforms. A key element to this will be embedding guidelines for a partnership approach, and the participation of multilevel governance, ensuring a direct role for children and families in poverty, particularly as respected dialogue partners in the NRP and NSR process.

¹⁵ UNICEF (2013): Child well-being in rich countries: a comparative overview.

ASSESSMENT OF SWD: SOCIAL INVESTMENT THROUGH THE EUROPEAN SOCIAL FUND

A missed opportunity to support holistic delivery on poverty reduction target?

In this document, the Commission rightly points out the key role to be played by the ESF in delivering on the poverty reduction target, following the proposed ESF Regulation which clearly makes this Fund the EU Financial instrument backing this social target of Europe 2020. But, the minimum shares for ESF (i.e. the minimum budget for ESF of at least 25% of the Cohesion Policy's budget and 20% of the ESF earmarked on social inclusion and poverty reduction) are still under threat due to the rejection by the Council. So, the outcomes of this negotiation might negatively impact on the potential of the ESF to help meeting the poverty reduction target.

Nevertheless, useful good practices are being provided in this document on different aspects of social inclusion (active inclusion, childcare, long-term care and social services). But, these examples are far from covering the full spectrum of all the investment priorities which fall under the thematic objective "Promoting social inclusion and combating poverty" (listed at article 3 of the draft ESF Regulation). Integration of marginalized communities, combating discrimination, enhancing access to affordable, sustainable, high quality services and community-led development strategies are not addressed in the showcase of good practices provided. This raises doubts on how the SIP will help the ESF to deliver on the poverty reduction in a holistic and integrated way. The predominant focus given to social innovation, social economy and entrepreneurship throughout the document confirms such concern.

Supporting integrated Active Inclusion approaches: wishful thinking?

EAPN warmly welcomes the reference to Structural Funds as powerful means for supporting integrated Active Inclusion approaches. Unfortunately, this mention remains rather theoretical without any accompanying detailed guidance which would help Member States to ensure that integrated Active Inclusion approaches are being made operational. EAPN members' assessment contradicts the assumption made in this document which sets out that the ESF is widely used by many Member States to implement CSRs on active inclusion. According to EAPN's analysis of the 2012 NRPs, Structural Funds have rarely been used to support such approaches. From EAPN's review, there is only one good practice illustrating the positive role of the ESF in this field (Belgian case study: ESF addressing the CSR for Belgium on active inclusion). This example is inspiring but it does not embrace all 3 pillars of active inclusion by focusing only on 2 pillars (namely inclusive labour markets and access to quality services), leaving aside the 3rd one on supporting adequate minimum income schemes.

The long-awaited policy guidance document

The announcement of an operational policy guidance document for helping Managing authorities to make Structural Funds' investment corresponding to SIP priorities (to be released by Mid-2013) is of particular importance. This could really help fostering the full delivery on the poverty reduction target but only if the two following conditions are met:

- The involvement of the social NGOs in the drafting of this document through a proper consultation process. This is a pre-requisite to make sure that their expertise on how to implement SF-funded socially integrated projects will be taken on board while designing the Structural Funds Operational Programmes.

- All the investment priorities related to promoting social inclusion and poverty reduction (listed above) should be reflected on an equal basis.

Making the partnership principle operational for NGOs

The partnership principle is underlined as a key factor to make the SIP a success with welcomed references to different important aspects like the involvement of stakeholders at all stages of the ESF programmes (from the design to the evaluation), the encouragement to use the newly established “European Code of Conduct on partnership” as well as the possibility to use Structural Funds for strengthening the NGO capacity-building on how to promote social investment –oriented activities. Nonetheless, much more is needed to really make partnership principle happen. In particular, there is no word about how to facilitate NGOs access to Structural Funds through global grants and technical assistance. This is all the more problematic given that the European Platform against Poverty made explicit proposals such as tailor-made grants for small NGOs. But, since then, no real follow up has happened.

Promoting a bottom-up approach on social innovation

The potential of social innovation to foster the SIP agenda is correctly pointed out. The issue of NGOs involvement is addressed in this document with a welcomed proposal to provide capacity-building for NGOs by facilitating mutual learning. But, unfortunately, the Commission’s view outlined in this document do not favor bottom-up approaches driven by NGOs, which would have built on successful innovative local/community actions and, then, up-scaled these actions. This document clearly follows a market-oriented approach focused on the implementation of the narrow randomized trial social experimentation methodology.

Supporting social economy without excluding WISEs

The Commission rightly underlined the crucial importance of social economy to engage people who are the furthest from the labour market in long-term and integrated pathways to quality employment and social inclusion. It is very opportune to raise in this document the problem of access to funding which still remains very difficult for social enterprises (especially pre-financing schemes, co-financing rules...). However, the full potential of social economy to boost the SIP Agenda is under-used here because there is no mention about what Work Integration Social Enterprises (WISE) can bring in that regard.

Non-social CSRs driving Structural Funds, a bad signal for poverty reduction?

With the new focus on NRPs and CSRs as catalysts for driving the Structural Funds’ priorities in the OPs, the table provided by the Commission is very timely and useful as pedagogical exercise helping Member States to make correspondence between the CSRs they received and the ESF investment priorities. Nonetheless, such a link introduced between the CSRs and Structural Funds will almost inevitably lead to diminishing the potential of Structural Funds to deliver in a comprehensive and integrated manner on the poverty reduction target given the very reduced number of social CSRs addressed to most of the EU Member States.

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The European Anti-Poverty Network (EAPN) is an independent network of nongovernmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union, established in 1990.



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EAPN is supported by the Directorate – General for Employment, Social Affairs and Inclusion of the European Commission. Its funding is provided for under the European Community Programme for Employment and Social Solidarity PROGRESS (2007 – 2013).

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