

**ANNUAL CONVENTION
OF THE EUROPEAN PLATFORM AGAINST POVERTY AND SOCIAL EXCLUSION**

***Side Event: In Work Poverty
The Contribution of Employment to Poverty Reduction and Inclusion***

26 November 2013, Aquarium Room, The Egg, Brussels

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I would like to congratulate EAPN on their presentation and report. It is very comprehensive, and identifies the main drivers of in-work poverty. We have conducted a similar analysis, and reached similar findings – that low wages are a key cause of in-work poverty, as well as household composition (such as low work intensity households), as well as individual characteristics, but mainly the first two.

The lack or the very inadequate level of statutory minimum wages fuels in-work poverty in many Member States. In other countries, it is rather an issue of household low work intensity. This leads us to more nuanced and targeted Country Specific Recommendations.

Recently, as mentioned by the Chair, there was a peer review dedicated to in-work poverty, involving 4 Member States, which was triggered by the Social Protection Performance Monitor indicators, which showed growing concern over the phenomenon. The average in-work poverty rate is 8-9% in the EU, ranging from around 4% in CZ, BE, to almost 20% in RO. The lessons learned from the peer review were that the countries that fare best have – relatively generous – statutory minimum wages in place, coupled with strong social protection systems. In this respect, income support, as well as access to services, is crucial.

Low work intensity is often because of lack of quality and affordable child- and other care facilities. In terms of the European Semester, it was mentioned that there were some Country Specific Recommendations on wage moderation, but there were also CSRs on poverty and social exclusion, and specifically on in-work poverty for Poland. There is definitely room to expand CSRs on in-work poverty to other countries. Just because in-work poverty per se is not named as such in the European Semester, it does not mean that the general discussion on poverty and social exclusion does not include poverty experienced also by those in work.

Regarding funding, Member States dedicate large amounts to active labour market policies, of which one area is wage subsidies, which can be a tool to alleviate in-work poverty. There is, however, scope to use these funds in a more targeted manner. We should avoid using European funds for a very strictly defined workfare approach, without elements of training and upskilling, as investing in people is and should continue to be a priority.

In terms of EU documents, the inclusive labor markets pillar of Active Inclusion should address in-work poverty, which should not mean pushing people into unsustainable jobs. The key is to make sure that the Recommendation is implemented on the ground, and the European level has a role to play. There are also things that the EU cannot do, as social policy and wage-setting are issues to be dealt with at Member State level. We can make recommendations, we can ask countries to share good practices, we can use soft powers to try to pressure them, but we have no means to ensure compliance and implementation, as this is still a national prerogative.

Regarding minimum income, however, we do have a strategy, and we are trying to follow up on it. In the Social Investment Package, the Commission has proposed the development of a methodology based on reference budgets (basic basket of goods and services), together with the Member States. This process will start early next year, and we are hopeful for good results by the end of 2014.