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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**The European Platform against Poverty and Social Exclusion: A European framework  
for social and territorial cohesion**

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for social and territorial cohesion**

**1. INTRODUCTION**

The European Commission has placed the fight against poverty at the heart of its economic, employment and social agenda – **the Europe 2020 strategy**. Heads of State and Governments have agreed a major breakthrough: a common target that the European Union should **lift at least 20 million people out of poverty and social exclusion in the next decade**. **Complementary national targets for all 27 Member States will now follow.**

In 2008, more than 80 million people across the Union lived below the poverty line, that is, more than the population of our largest Member State, or 16.5 per cent of our population. Women account for well over half of them and 20 million are children. With the economic crisis, the situation has of course worsened.

**The most vulnerable people in our societies have borne much of the impact of the economic crisis.** The situation of those earning the lowest amount has continued to deteriorate and they now face a greater risk of indebtedness and insolvency. Young people, migrants and the low skilled, often relying on temporary and low-paid jobs, have experienced the greatest increases in unemployment and are therefore exposed to a worsening of their living conditions. In particular, one in five young people in the labour market is jobless; the unemployment rate for non-EU nationals is more than 11 percentage points higher than for nationals and the low skilled are experiencing an increase in unemployment twice that seen by the highly skilled.

The so-called "working-poor" represented 8% of the working population in 2008, while the risk of poverty rose significantly for the unemployed, from 39% to 44% since 2005. Furthermore, 8% of Europeans live in conditions of **severe material deprivation** and can not afford a number of necessities considered essential in order to live a decent life in Europe, such as telephone, or adequate heating. In the poorest countries, the rate is more than 30%. Also, over 9% of European population in working age live in households where nobody works.

**This is unacceptable in 21st Century Europe.** Combating social exclusion, promoting social justice and fundamental rights have long been core objectives of the European Union, which is founded on the values of respect for human dignity and solidarity. But the European Union and its Member States must do more and do it more efficiently and effectively to help our most vulnerable citizens. The Union's greatest asset is its people. Our prospects for a prosperous Union depend on Europeans having the opportunities to secure a better future for themselves and their families. Restoring economic growth with more and better jobs will be the key to the fight against poverty.

**The Commission proposes to establish a European Platform against Poverty and Social Exclusion**, as one of its seven flagship initiatives for action to serve that goal. The Platform aims at creating a joint commitment among the Member States, EU Institutions and the key stakeholders to fight poverty and social exclusion. As most of the upcoming decade is likely to be marked by reduced public budgets, actions will have to increase efficiency and trust by finding new participative ways to address poverty while continuing to develop prevention policies and target needs where they arise.

The Platform will therefore set a dynamic **framework for action** to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared across the European Union and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society.

Alongside the European Platform against Poverty and Social Exclusion and the poverty-reduction target, the social objectives of Europe 2020 are backed up by the employment target (that at least 75% of women and men 20 to 64 are in employment) and the education target (to reduce the rate of early school leavers from 15% to less than 10%). Flagship initiatives such as the 'Youth on the Move' and the 'Agenda for New Skills and Jobs' aim at serving these targets. There are also important links with the other flagship initiatives, such as 'A Digital Agenda for Europe'<sup>1</sup>, 'Innovation Union'<sup>2</sup>, 'An Integrated Industrial Policy for the Globalisation Era'<sup>3</sup>.and the forthcoming Flagship on Resource Efficient and Low-Carbon Europe.

This Communication presents how different policies will contribute to this ambitious goal of reducing poverty and increasing inclusion, identifies a number of associated actions to help achieving the poverty target and explains the design and the content of the Platform (see accompanying Staff Working Paper containing a more detailed, indicative, list of planned Commission actions).

## **2. THE CHALLENGES**

### **2.1. The multiple dimension of poverty and exclusion**

The headline target for the reduction of poverty and exclusion has been defined by the European Council on the basis of three indicators: the at-risk-of-poverty rate (after social transfers), the index of material deprivation and the percentage of people living in households with very low work intensity<sup>4</sup>. This definition is at the same time an expression of the multiple factors underlying poverty and/or exclusion, of the diversity of the problems that Member States face and of the priorities they have therefore set out. The larger aggregate (totalling 116 million people in 2008) covers a broader population than the one that is normally considered as “poor”, as it encompasses a territorial perspective and forms of exclusion not necessarily related to income. The territorial dimension is particularly important as the very "poorest people" are often concentrated in particular regions or even smaller areas.

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<sup>1</sup> COM(2010) 245.

<sup>2</sup> COM(2010) 546.

<sup>3</sup> COM(2010) 614.

<sup>4</sup> For the definition of these indicators and a description of their level in EU countries, see Annex .

The indicators underlying the EU poverty target have been agreed and developed within the open method of coordination for social protection and social inclusion (Social OMC). Over the last ten years, Member States have worked together and shared experiences on the functioning and the reform of their social protection systems. They have defined common objectives and agreed on indicators along which to orient their policies for social inclusion, for the reform of pension systems and in the field of healthcare and long-term care. The Social OMC has supported mutual learning, promoted stakeholders' involvement, deepened the understanding of old and new social risks, and has brought to the fore the challenges that call for new approaches and solutions.

Europe 2020 will give new impetus and relevance to this work and help developing tailored policies and actions to fight poverty and social exclusion. While the main responsibility in this area falls within the competence of Member States, **achieving the EU poverty rate target will require a pooling of all efforts and instruments at EU and at national level.**

## **2.2. Addressing poverty throughout the life cycle**

Certain groups in the population have emerged as particularly exposed to the risk of poverty. This relates in particular to children, young people, single parents, households with dependants, people with a migrant background, certain ethnic minorities (such as Roma), people with disabilities. Also, the gender divide is clearly visible and women are generally more at risk than men.

**Over 20 million children are at risk of poverty** in today's Europe. The risk increases to 25% for children who live in large families and exceeds 30% for children who live with lone parents. These figures have not improved in recent years, despite the increased political awareness of the problem. Poverty always means fewer opportunities, and wasted potential. Our future is at stake. Poverty inhibits personal development, adversely affecting children's health, educational attainments and general well-being. A child growing up in poverty and exclusion runs a higher risk of becoming a marginalised adult, entangled in a 'cycle' that passes from generation to generation. Helping children out of poverty demands a multi-dimensional approach touching upon employment policies (to support parents finding work); the design of tax-benefit systems; the provision of key services such as quality child care; education and protection of children's rights – which has become an explicit objective of the Union in the Lisbon Treaty. Equal opportunities and family policies are also crucial.

**One out of every five young people in the EU is at risk of poverty.** Increasing numbers of young people fail to find places in vocational education and training or higher education and have limited prospects of finding work. One out of five people aged under 25 is unemployed and thus at strong risk of poverty. At the same time, the fact that 1 in 10 working young people still lives in poverty, illustrates that the quality of labour market integration of young people also needs to be improved.

**Unemployment is the main cause of poverty for the working-age population.** The risk of poverty for the unemployed is more than five times higher than for those who have a job (44% against 8%). Poverty and exclusion from the labour market go hand in hand, and this is particularly visible for women and younger people. However, low pay, low skills, and under-employment can lead to in-work poverty. Since 2000, the number of individuals affected by **in-work poverty** has increased as a consequence of the rise in temporary and part-time work (including involuntary part-time work), coupled at times with stagnating wages. In-work poverty is also related to the situation of entire families depending on one income from work.

Among these, lone parent and single-wage families face the highest risk of in-work poverty. The lack of affordable childcare hinders their full participation in the labour market.

The **elderly** are also exposed to a higher risk of poverty compared to the overall population (at 19%) and in a number of countries, the elderly population is particularly exposed to material deprivation. The scale of the demographic challenge facing the EU will only intensify the problem. By 2030 the number of pensioners in the EU will have increased by more than 25 million, placing more pressure on the adequacy and long-term sustainability of our pension systems as well as on health and elderly care systems. In the longer term the risk of poverty for the elderly will also increase if job biographies become more fragmented.

### 2.3. Severe exclusion, new vulnerabilities and specific disadvantages

**Homelessness and housing exclusion** represents one of the most extreme forms of poverty and deprivation, which has increased in recent years. **Fuel poverty**, which risks depriving households not only from heating or cooling but also from hot water, lights and other essential domestic necessities, is another manifestation of severe deprivation. **Financial exclusion** arising from the lack of access to basic banking services, and **high indebtedness**, that the recent crisis has aggravated, can also be an obstacle to finding a job and thus lead to persistent marginalisation and poverty.

The economic crisis has also further underlined the higher exposure to social risks of the **migrant population**, often the first to be hit in a context of rising unemployment. In the first quarter of 2010 the unemployment rate for non-nationals has reached over 21%. For this population, the loss of employment is often compounded with lack of access to social security safety nets. Certain **ethnic minorities**, of whom **Roma** (approximately 10 to 12 million people in Europe) represent the largest group, are disproportionately affected by multiple deprivation.

People with **disabilities** or who suffer from severe chronic illness are frequently confronted with major economic and social difficulties, which often involve the whole household on which they depend: some 6.5 million of the people at-risk-of poverty or exclusion declare some form of disability.

## 3. THE EUROPEAN PLATFORM AGAINST POVERTY AND SOCIAL EXCLUSION

The fight against poverty and exclusion needs to rely on growth and employment as well as on modern and effective social protection. Moreover, innovative social protection intervention must be combined with a broad set of social policies including targeted education, social care, housing, health, reconciliation, and family policies, all areas where welfare systems have so far tended to intervene with residual programmes.

The European Platform against Poverty and Social Exclusion represents the EU contribution to addressing these challenges within the Europe 2020 Strategy. The Commission has identified the following areas for action:

- Delivering actions across the policy spectrum;
- Greater and more effective use of the EU Funds to support social inclusion;
- Promoting evidence-based social innovation;

- Working in partnership and harnessing the potential of the social economy;
- Enhanced policy coordination among the Member States.

### 3.1. Delivering action to fight poverty and exclusion across the policy spectrum

**Poverty in its multiple dimensions** includes a lack of income and sufficient material resources to live in dignity; inadequate access to basic services, such as healthcare, housing and education; labour market exclusion and poor quality work. These elements are the root causes of poverty and explain how individuals and families become socially excluded. Providing solutions to these problems demands approaches that cut across all policy domains, thus requiring the challenge of fighting poverty to be mainstreamed into all policy development. It demands a better coordination between macro- and micro-economic policies and emphasises the crucial role of a number of policy areas outside the traditional remit of social inclusion and social protection policies: effective synergies with other Europe 2020 Flagship Initiatives will be essential.

#### *Access to employment*

**Getting a job is the safest route out of poverty for those who can work.** This is a difficult message to preach at a time of economic crisis, but as our economies move back to growth our primary focus must be on ensuring sustainable job-intensive growth. Achieving by 2020 the 75% employment rate target for both women and men set for the Union would represent the single biggest contribution to lifting 20 million Europeans out of poverty.

The **Agenda for New Skills and Jobs** sets out the routes for bringing more people into employment, with a focus on better functioning and less segmented labour markets, a more skilled workforce, better job quality and working conditions, and the promotion of both job creation and labour demand. All four aspects are relevant to poverty reduction, and of particular pertinence are the following key actions proposed therein: achieving a new momentum for flexicurity and finding new methods to overcome the labour market segmentation with ensuring modern and inclusive benefits and social security systems; equipping people with the right skills; including digital competences; stimulating recruitment through the selective reduction in non-wage labour costs particularly for the low skilled. This flagship initiative takes a “social perspective” to employment growth, underlining the importance of addressing both the quantity of employment as well as its qualitative dimensions. It emphasises the need to provide poor people with the skills that can enable them to take full advantage of any expansion in employment potential such as in green jobs as there is a clear synergy between job creation and green growth.

The **active inclusion of people furthest from the labour market** has featured prominently on the EU and on national agendas. We now have an agreed set of *common principles*<sup>5</sup> to help people to have access to the labour market they need. Principles that address the need for integrated strategies combining well-designed income support schemes, inclusive labour markets and adequate social services. Those furthest from the labour market also need enhanced social support that continues once they are in a job, in order to avoid a revolving-door situation where they find themselves shunted between unemployment and low-quality,

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<sup>5</sup> Commission Recommendation on the active inclusion of people excluded from the labour market (2008/867/EC), including common principles endorsed by the Council Conclusions on common active inclusion principles to combat poverty more effectively (17 December 2008).

precarious employment. Evidence shows that this is often missing or inadequate. In several Member States a significant percentage of people in need have no access to social assistance or do not take up their rights. Others are trapped in a condition of benefit dependency, often with entitlements that are not sufficient to lift them out of poverty.

The Commission will present in 2012 a Communication providing an in-depth assessment of the implementation of active inclusion strategies at national level, including the effectiveness of minimum income schemes and of the way EU programmes can be used to support active inclusion.

### *Social protection and access to essential services*

The recent crisis has put social protection systems under the unprecedented challenge of addressing ever increasing levels of exclusion with reduced public resources. Despite the success of social protection to address the most immediate needs following the outbreak of the crisis, a significant proportion of low income people have poor access to social safety nets.

Greater efficiency through service consolidation and better delivery, together with the mobilisation of a greater set of actors and instruments is now needed. It is also essential that policies address two key challenges: **prevention** which is the most effective and sustainable way of tackling poverty and social exclusion and **early intervention** to avoid that people that fall into poverty remain trapped in ever more difficult and problematic socio-economic situations.

The adequacy and long-term sustainability of **pension systems** is crucial for preventing and tackling elderly poverty. However, the rapid ageing of Europe's population is having wide-ranging impacts on all types of pension schemes and gives unprecedented urgency to the agenda for reforms, with difficult balances to be struck between equity, efficiency and sustainability. The key to adequate and sustainable pensions in the future is 'active ageing' which implies in particular creating conditions that allow older workers to remain longer on the labour market. Pension reforms need to take into account the overall design of social protection. Given the present trends in pension provision, vulnerable groups and people with short or discontinuous work careers are likely to become increasingly dependent on minimum pensions and minimum income provisions for older people.

Widening **health inequalities** within Member States underline close interactions between health inequalities and poverty, as illustrated by the differences between income groups in levels of health, restrictions in activities due to illness and disability and in life expectancy at birth where the gap between the lowest and highest socioeconomic groups, reaches up to 10 years for men and 6 years for women. Poor health – often arising from poor living conditions – can be a major contributor to poverty as it can reduce the ability to work and due to the costs of treatment and care. Preventing illness and providing access to effective, affordable health and social care are therefore important measures in combating poverty. This is a challenge for public health policy and health systems where increasing demand coupled with severe budget pressure has given new urgency to the **efficiency of health systems**: the challenge is to improve efficiency while ensuring access for all to quality healthcare.

An ageing population and wider societal changes such as more women entering the labour market, more single households, families without children and different generations of families living far apart from each other, are all contributing to an outburst in demand for



**health and social services.** The poor may have difficulties in accessing these services, contributing significantly to their detachment from the labour market as they are forced to take on caring responsibilities. The policy challenge, again in the context of budgetary pressure, is one of ensuring a sufficient supply of high quality, efficient and affordable care.

The Commission will:

- Present in 2011 a White Paper on Pensions to jointly address sustainability and adequacy of pensions in the post-crisis context.
- Launch a European Innovation Partnership (EIP) on active and healthy ageing in 2011 and support initiatives for active ageing at all levels in the context of a European Year for Active Ageing in 2012.
- Develop the Voluntary European Quality Framework on social services at sectoral level, including in the field of long-term care and homelessness.
- Undertake an assessment of the efficiency and effectiveness of health expenditure, including in relation to the issues highlighted in the communication on "Solidarity in Health: reducing health inequalities in the EU",
- Present in 2011 a legislative initiative to ensure access to certain basic banking services and call on the banking sector to submit a self-regulatory initiative geared towards improving the transparency and comparability of bank charges.

### *Education and youth policies*

**Education and training** have a direct bearing on what people can be and do. Education and training systems should be instrumental in supporting upward social mobility and help break, rather than reinforce, the cycle of disadvantage and inequality. Pre-primary education is probably the most crucial factor for breaking the vicious circle of intergenerational transmission of poverty, and it is the investments with the highest returns. Investing in high quality early childhood education and care can support a sure start in life for all. Member States have subscribed the benchmark that 95% of children between 4 years old and the beginning of compulsory education should participate in early childhood education and care.

The Commission will work with Member States to make education and training systems more inclusive at all levels and for all ages (primary and secondary school levels, higher education, vocational training and adult learning). In the long-term perspective, reducing school drop-out as agreed by the Europe 2020 headline target to less than 10% early leavers from education by 2020 would be a strong contribution to poverty reduction, since a sufficient level of skills and competences (including digital ones) is indispensable for the employability of young people in today's labour markets. Worrying trends in the number of young people who are neither in education nor in employment underline the need to step up the broader range of **policies supporting young people as agreed in the European Youth Strategy 2010-2018**<sup>6</sup>. Targeted approaches are needed to address the increasing difficulties that characterise transition to

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<sup>6</sup> COM(2009) 200.

adulthood in post-industrial societies, in particular for marginalised youth. The flagship "Youth on the Move" makes precisely the link between education and training on one side, and labour-market on the other by proposing measures to improve young people's employability.

The Commission will:

- Present in 2011 a Communication and a proposal for a Council Recommendation on policies to combat early school leaving and launch a wide-ranging initiative to promote more effective interventions at all levels of education against the cycle of disadvantage.
- Propose in 2012 a Recommendation on child poverty outlining common principles and effective monitoring tools to combat and prevent poverty in early age.

### *Migration and integration of migrants*

**Managing migration and integration of migrants** is now at the forefront of European and national policy agendas. More than 30 million – or 6.4% of the population – living in EU countries are non-nationals. Two thirds of them are third-country nationals. While migration can be an important part of the solutions to Europe's economic, demographic and competitiveness issues, setting a comprehensive and effective policy framework for integration is a major challenge. The process of becoming part of a new society is a very complex one and requires efforts in different areas. It entails access to labour market, housing, public services (especially welfare and educational services), private services (banks, insurance, etc.), and building up of social and cultural relations with the community, participation in political processes. There is ample evidence of intergenerational transmission of disadvantage in the migrant population. In addition, second and third generation of migrants also experience discrimination in access to employment as well as to goods and services. Yet, succeeding in the integration challenge is crucial for European social cohesion, and closely related to the future of European welfare systems. Achieving the Europe 2020 objective of social inclusion and cohesion will crucially depend on the capacity of the EU and its Member States to fit together social and migration policies.

- The Commission will present in 2011 a "New European Agenda on Integration" to better support the efforts of Member States in promoting third-country nationals of diverse cultural, religious, linguistic and ethnic backgrounds to participate actively in European economies and societies.

### *Social inclusion and antidiscrimination*

Social inclusion policies need to dovetail with effective **antidiscrimination policies**, as for many groups and individuals the roots of poverty and hardship very often lie in restrictions from opportunities and rights that are available to other groups. Antidiscrimination and upholding human rights have gained increasing importance in the EU legal order, but full implementation of EU antidiscrimination legislation at national level needs to be supported by relevant policies and concrete actions. Closer integration between social and antidiscrimination policies is crucial to address the specific disadvantages affecting large segments of the European population.

**Gender equality** policies, in line with the new Strategy on equality between women and men for 2010-2015, are needed to address the *gender income gap* that is visible in most age groups, and leads to higher rates of poverty in the female population, both in work and out of work. This risk increases dramatically for single mothers and elderly women.

Addressing the specific forms of discrimination and exclusion faced by **people with disabilities** also requires interventions across a range of different policy areas. Current poverty indicators fail to reflect that the amount of resources that can ensure a decent life for a person without disabilities may be absolutely insufficient for people with disabilities, due to the additional barriers that they encounter in performing their everyday activities<sup>7</sup>. The new European Disability Strategy 2010-2020 will contribute to breaking down the barriers that prevent 80 million Europeans with disabilities from participating in society on an equal basis.

On almost every account people with **mental health** problems are among the most excluded groups in society and they consistently identify stigmatisation, discrimination and exclusion as major barriers to health, welfare and quality of life. The European Pact for Mental Health and Well-being may contribute to identify how social and health policy actors can work together to promote the social inclusion of people with mental health problems.

Poverty and marginalisation of certain ethnic minorities, such as **Roma**, have increased. A 2009 survey on discrimination in seven Member States by the Fundamental Rights Agency reported that half of Roma respondents had experienced discrimination in the previous twelve months and a fifth had been the victim of racially motivated crime<sup>8</sup>. Many Roma live in low quality, segregated housing and accommodation. Roma children are more likely to be taught in segregated schools, to have poor attendance records, and to leave school early. The Commission has invited the Member States to present national strategies for Roma inclusion in the National Reform Programmes so these strategies might contribute to meeting the headline target for reducing poverty and social exclusion.

**Homelessness and housing deprivation** are perhaps the most extreme examples of poverty and social exclusion in society today. Although access to affordable accommodation is a fundamental need and right, guaranteeing this right still represents a significant challenge in a several Member States. Developing appropriate and integrated responses, both to prevent and tackle homelessness, shall remain an important element of the EU's social inclusion strategy.

The Commission will:

- Present an EU Framework for National Roma Integration Strategies in 2011.
- Step up efforts to promote the economic independence of women, which is the first of the five priorities of its Strategy on equality between women and men for 2010-2015.
- Ensure appropriate follow up to the European Disability Strategy 2010-2020, targeting in particular circumstances and barriers that prevent people with disabilities from enjoying their rights fully.

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<sup>7</sup> By way of example, by developing on EU level suitable tools for improved access to products and services for people with visual and hearing impairments.

<sup>8</sup> EU Fundamental Rights survey on EU Minorities and Discrimination – the Roma – November 2009.

- Identify methods and means to best continue the work it has started on homelessness and housing exclusion, taking into account the outcome of the consensus conference of December 2010.

### *Sectoral policies*

EU policies and financial instruments need to take into greater consideration the essential role that **network** services, such as transport, energy, IT and others can play in reducing local and regional disparities and promoting social inclusion. Access to these services and ensuring their affordability has become a primary necessity in our advanced societies. This highlights the importance of mainstreaming the social objectives in a number of **sectoral policies**, as well as in internal market and consumer policies.

An accessible use of **Information and Communication Technologies** in the era of internet enhances employability and life opportunities, the inclusion in the local communities, the use of online public services and the access to modern and efficient care, thus facilitating social inclusion. This calls for sustained efforts to bridge the digital divide through enhancing digital literacy, skills and regular internet use for disadvantaged people, as well as providing inclusive and targeted online services in key areas (employment, housing, health and other social services) that support the empowerment of users, in particular from vulnerable groups. Education can play a crucial role to avoid a further widening of the digital divide<sup>9</sup>.

Rising energy prices can become a challenge for the EU citizens. **Energy policy** will continue to contribute to address the consumer needs and, where appropriate, address the risks of energy poverty. In this context, a well functioning internal market and energy efficiency measures are particularly important to consumers. In particular, vulnerable groups are best protected from energy poverty through a full implementation by Member States of the existing EU energy legislation and use of innovative energy efficiency solutions.

**Access to financial services** for the most vulnerable can be enhanced through internal market and consumer policies. Financial exclusion can prevent people from getting a job, creating a business and accessing to other services. Ensuring access to basic financial services is a responsibility of public authorities – both at national and European level.

### *External dimension*

Finally, efforts to combat poverty are a key part of the **external dimension of EU policies** and, in particular, its employment and social policies. Since the adoption of the Millennium Development Goals, and together with international organisations or *fora*, the EU has been increasingly supporting developing countries in their efforts to alleviate poverty, in particular through access to primary education, water or health, the promotion of decent work but also by means of trade policy, and by reinforcing democracy and good governance. The promotion of decent work for all plays an essential role in reducing poverty and enhancing social inclusion. The Commission will further develop policy dialogue with the EU's strategic partners and in international fora, notably the ILO, G20, G8, and the UN.

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<sup>9</sup> Cf. the Study on the Social Impact of ICT, European Commission 2010, available at [http://ec.europa.eu/information\\_society/europe/i2010/docs/eda/social\\_impact\\_of\\_ict.pdf](http://ec.europa.eu/information_society/europe/i2010/docs/eda/social_impact_of_ict.pdf)

In the framework of the EU enlargement process and within the European Neighbourhood Policy, the Commission will also ensure that the objectives of this Platform are taken up in the relevant countries.

### *Social Impact Assessment*

Better policy coordination means that the **social impact of policy initiatives** needs to be carefully assessed and that potentially adverse social consequences should be minimised through equity-orientated and poverty-focused measures. The European Commission has subjected all major initiatives and legislative proposals to a comprehensive impact assessment (IA), including the social dimension. The Commission will continue to refine and improve the quality of its impact assessment to ensure that attention is paid to the social dimension. It is important that other EU Institutions when modifying the Commission's proposals and the Member States at national level assess the social dimension of their own proposals

## **3.2. Making EU funding deliver on the social inclusion and social cohesion objectives**

### *The Budget Review and the objectives of Europe 2020*

In October 2010, the European Commission launched a **review of the EU budget**. In view of inclusive growth, the Commission stressed that cohesion funding needed to be concentrated on the objectives of Europe 2020. The future Cohesion Policy shall translate the goal of Europe 2020 into tangible benefits and make a real difference in citizens' life.

The Budget Review stresses the importance of solidarity, arguing that paying attention to the most vulnerable has a positive impact on growth and creates benefits enjoyed by all. It also underlines that the issue is primarily about how to spend *more intelligently*. **Innovative approaches** are needed that complement existing tools and help to ensure a cost-efficient, effective and equitable use of public social spending.

In view of next year's Commission proposals regarding the next Multiannual Financial Framework, the EU's financial instruments are being reexamined in the light of the Budget Review's core objectives and principles. For the purposes of the European Platform against Poverty and Social Exclusion, the European Social Fund and the European Regional Development Fund are of particular relevance, but also to the European Agricultural Fund for Rural Development and other components of the community budget have an important role to play.

### *The contribution of EU Funds*

Every year, 5 million unemployed and some 1 million people from vulnerable groups benefit from direct support from the European Social Fund (ESF), the key European financial tool for supporting employment and social inclusion. Over the 2007-2013 programming period more than €10 billion have been earmarked for projects that combat social exclusion which are further matched by national funding. The **ESF** co-funds projects tailored to help vulnerable and disadvantaged people furthest from the labour market (whose access to work is limited by problems such as lack of training, disability, or discrimination) as well as the long-term unemployed, older workers, and those who have lost their jobs.

The ESF will be adjusted to the new framework of Europe 2020 to fully play its role in ensuring the right skills for jobs and in reducing poverty, including through predictable

funding volumes. Simplified access by beneficiaries should be ensured, in particular for NGOs and local partnerships, through tailor-made grant schemes. Social inclusion and poverty reduction is one of the themes that could be proposed to be retained by Member States under the ESF, to fully support the implementation of the Integrated Guidelines. More emphasis should be placed on well targeting of resources not only on specific groups, but also on certain deprived areas: in this context, integrated approaches to fight poverty should be stepped up and allow for investment by the funds in social infrastructure when necessary for the successful implementation of social policy measures underpinned by the ESF. The ESF could also contribute through innovative ways to leveraging more private resources in support of social inclusion. Finally, Member States could be required to identify groups at risk of discrimination, and encouraged to earmark specific funding for actions in this field. ESF action in the field of integration is presently complemented by the **European Fund for the Integration** of third-country nationals (for migrants) and by the **European Refugee Fund** (for refugees).

Working alongside the ESF, the **PROGRESS** programme is designed to ensure that EU social policy remains on course to face key policy challenges. It works to help Member States deliver on their commitments to create more and better jobs, to fight poverty and exclusion, to guarantee equal opportunities and to implement EU social laws. PROGRESS has been instrumental to shape and consolidate EU cooperation in the social field, and is increasingly promoting mutual learning and social innovations.

Both the EU and the European Investment Bank have committed themselves to contributing € 100 million each to the European **Progress Microfinance Facility**. This fund aims to provide around €500 million to microloans over the coming ten years. Microfinance is an important means to stimulate self-employment and the creation of micro-enterprises and can potentially play a significant role in promoting both social inclusion and job creation. The achievement of the social inclusion objectives of the EU will also rely on the current and future operation and design of the **European Regional Development Fund (ERDF)**. The nature of disadvantage affecting people in situations of poverty and social exclusion is influenced by the area where they live and one of the key objectives of the Platform is to ensure social *and* territorial cohesion.

The fifth Cohesion report adopted in November 2010 provides the main orientations regarding the future Cohesion policy focusing on Europe's key priorities. It allows for a **closer link between the social and the territorial agenda**.

Structural Funds regulations post-2013 should support the coordinated investments of ESF and ERDF in the implementation of integrated approaches. Decreasing disparities and combating continuously high levels of poverty, in particular in urban areas, will, in the future, require targeted actions covering economic, social and environmental aspects. Such actions should be closely coordinated with ESF actions. Without prejudice to the future proposals on the Structural Funds for the period post-2013, the ERDF continues to accompany these actions with major investments in education, social and health infrastructure, particularly in the poorest regions in close cooperation with the other funds.

While most people in disadvantaged conditions live in major urban centres, in relative terms they tend to be over-represented in rural and geographically isolated areas and communities. In some Member States the poverty risk in rural areas is double that of urban ones. The European Union has an active rural development policy, supported by the **European Agricultural Fund for Rural Development (EAFRD)**, which contributes to the

development of social and educational infrastructure and services, and more generally, to enhancing human capital in rural areas. In recent years, rural development policy interventions have been increasingly geared towards social inclusion objectives, in a way which could also be useful for the support of rural Roma communities. Synergies between actions supported by structural funds in both rural and urban areas should be further enhanced.

The promotion of advanced European socio-economic research has also been supported through the **Research Framework Programme**, notably through the development of new methodologies, progress indicators or research infrastructures.

- In line with the Budget Review, the European Social Fund should be used to sustain Member States' efforts to achieve the Europe 2020 objectives, including the poverty reduction target. This implies that the necessary resources would be devoted to social inclusion while making the access of the relevant stakeholders to those resources easier.
- The Commission will aim at facilitating access to global grants for small organisations and an improved access to funding for groups with multiple disadvantages and at high risk of poverty.
- In line with the proposals made in the 5<sup>th</sup> cohesion report, the Commission will put forward proposals in 2011 for the new Cohesion Policy regulatory framework for the period post-2013 which will simplify access to the structural funds for local groups and ensure greater complementarity and synergies between EU funds to promote community-based approaches, including for urban regeneration.
- The Commission will propose for the new Cohesion Policy post-2013 a Common Strategic Framework (CSF) that will ensure coherence and complementarity between the European Regional Development Fund, the European Social Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund. The CSF would identify EU priorities to address the European poverty target and the actions set out in this flagship initiative.

### 3.3. Developing an evidence-based approach to social innovations and reforms

For several years now, the EU has been promoting **innovation and modernisation** of Member States' social policies through peer-reviewing, mutual learning, communication and transfer of best practices, helping to improve policy design and focus. Nevertheless, cross-national learning in the field of social policy would benefit from greater recourse to scientific methods to test and assess policy innovation.

Very often government programs in the field of social policy suffer from a lack of robust evidence of what does and does not work. Evidence based social innovation particularly in the form of "social experimentation" can be a powerful tool to guide the structural reforms that will be needed to implement the Europe 2020 vision for a smart, sustainable and inclusive growth.

Social experimentation refers to small scale projects designed to test policy innovations (or reforms) before adopting them more widely. The impact of the innovation on the sample population is assessed against the situation of a 'control group' with similar socio-economic characteristics that remains under the dominant policy regimes. Social experiments have been

conducted since the 1970s in several countries to evaluate proposed changes in public policies or programmes. They have been applied to a large spectrum of social interventions, such as welfare-to-work programmes, provision of health services, technologies to facilitate independent living, addressing homelessness, education, early child development, access public utilities, active retirement, etc. Most have been used to evaluate policies targeted at disadvantaged groups.

Social experimentation requires a thorough preparation and selection. The programmes should be of sufficient size to make them politically relevant and should focus on fields where evidence suggests that a policy change is needed. To be conclusive, the program must be subject to well-defined evaluation standards, to ensure that its results are transferable to another context. This raises challenging issues as regards the underlying methodology and sometimes important ethical questions.

Member States efforts to innovate and modernise social policy could significantly benefit from a **European initiative on social innovation**. Such an initiative would aim to provide the best European expertise in terms of the methods to design, implement and evaluate social experimentation. It would allow Member States to complement national resources with EU funding. And it would ensure a larger diffusion of knowledge.

The European Social Fund (ESF) can provide funding for testing innovative actions, together with the PROGRESS programme. The ESF can also provide a framework for mainstreaming *social innovation*.

The Commission will launch in 2011 an initiative to pool a range of European funds to promote evidence-based social innovation, possibly initially concentrating on social assistance schemes. Comprised within the initiative will be:

- A European research excellence network to promote capacity building for the design and evaluation of social innovation programmes.
- A European research project in the area of social innovation aimed at devising workable methods and concrete impact measurements.
- The definition of common principles on the design, implementation and evaluation of small scale projects designed to test policy innovations (or reforms) before adopting them more widely (social experiments).
- Communication and awareness raising about ongoing social innovation.
- A "high-level steering committee" which will provide advice and guidance on developing actions.

### **3.4. Promoting a partnership approach and the social economy**

#### *Broadening and enhancing stakeholders' involvement*

Europe 2020 represents a **new partnership** between European institutions, Member States, and all European, national, regional and local stakeholders. This new start offers the opportunity to both improve current partnership structures, and importantly, widen partnership to include new actors.



Supporting the efforts made by **national, regional and local authorities** remains central to EU action. These authorities are at the forefront of implementing policy and proven ‘incubators’ of social innovation. Engaging them, in particular through the Committee of the Regions and key European networks and national associations, will increase focus on the territorial dimension of poverty, and strengthen synergies in the delivery of EU funds.

**Social Partners** also have a critical role to play in helping ensure access to the labour market. The Social partners should be at the centre of this strategy, and the Commission will work to support the effective implementation of their framework agreement on the inclusion of vulnerable groups in the labour market.

**NGOs have become essential actors** in the fight against poverty and social exclusion and engage in regular dialogue with public authorities. However, the timing and impact of engagement is very uneven across Europe, and effective participation is at risk as budgets tighten. It is therefore important to strengthen and stabilise existing partnerships at European level, and promote sustainable involvement at national level. The **participation of people experiencing poverty** is acknowledged as a paramount objective of inclusion policies, both as a tool for individual empowerment and a governance mechanism. The EU has been setting the example and will continue to disseminate knowledge and best practices on participation.

The Commission will support through the PROGRESS programme regular exchanges and partnerships between a wider set of stakeholders in specific priority areas, such as active inclusion, child poverty, Roma inclusion, homelessness and financial inclusion.

The Commission will elaborate voluntary guidelines on stakeholders' involvement in the definition and the implementation of policy actions and programmes to address poverty and exclusion, and will promote their implementation at national, regional and local level.

### *Harnessing the potential of the social economy*

**Social economy** initiatives have grown throughout Europe, bringing innovative responses to emerging social needs and to challenges that neither the state nor market are able to meet. But tension can arise between supporting these developments and smooth and fair functioning of the market. Several Member States are framing policies and legislation to clarify roles and relationships and to ensure the necessary legal, social, administrative, and financial support. To keep pace, the EU has endeavoured to improve **its legal and administrative framework** so that the social economy can live up to its potential and operate efficiently across Europe.

**Volunteering** is important to growth of the social economy. Some 100 million EU citizens make a positive contribution to their community offering their time, talent and money too. Volunteering empowers individuals and helps create stronger communities, providing services to the excluded. It also fosters new skills, civic responsibility and enhanced employability. 2011 is the "European Year of Volunteering". The European Year for Active Ageing proposed by the Commission for 2012 will also be an opportunity to highlight and promote the contribution of older volunteers to society. This will be one of the key goals of the European Innovation Partnership for active and healthy ageing to be proposed by the Commission in 2011.

**Foundations** have thrived across Europe. Their actions often foster empowerment of people facing poverty and social exclusion and their participation in society. They also promote awareness-raising, research, policy analysis and debate, or advocate for policy change and implementation. These activities can have a significant bearing on poverty and social exclusion covering a range of areas – such as education, employment, culture, participation in society, and by targeting different population groups. The Commission has announced that it plans to present a regulation on a European Foundation Statute by the end of 2011.

The **social enterprise sector** represents 10% of all European businesses and employs over 11 million paid employees. Yet many legal and practical hurdles impair its effective development, including the lack of a level playing field between social economy enterprises and their wholly commercial competitors. As announced in the Innovation Union Flagship, a Social Innovation Pilot which will be launched to provide expertise and a networked 'virtual hub' for social entrepreneurs and the public and third sectors.

More generally, the European model of a pluralist and inclusive economy needs to be strengthened by encouraging the involvement of business in building more inclusive societies, including by promoting **Corporate Social Responsibility**. This can be achieved among others by encouraging companies to employ people from disadvantaged groups and better manage diversity, as well as by taking account of social considerations in public procurement.

The Commission will support the development of the social economy as a tool for active inclusion by proposing measures to improve the quality of the legal structures relating to foundations, mutual societies and cooperatives operating in a European context, proposing a "Social Business Initiative" in 2011, as well as facilitating access to relevant EU financial programmes.

### 3.5. Stepping up policy coordination between the Member States

Europe 2020 now has the social dimension at its heart. The new improved governance structures of the strategy offer the opportunity to move up a gear in the coordination that Member States have long established in the field of social protection and social inclusion, notably within the Social OMC.

The **headline target on poverty reduction** will enhance political commitment and accountability, and will be a powerful driver for further developing **social indicators**. The Commission's **Annual Growth Survey (AGS)**, presented each January, will *inter alia* review overall progress achieved on the headline targets, the flagship initiatives, and identify priorities for action aimed at achieving the objectives and the targets of the strategy.

Member States are now asked to report annually on their overall strategies in their **National Reform Programmes (NRP)**. Reporting on the social goals of the strategy will be an integral part of these reform programmes. The NRPs will set out national targets (including on poverty) and proposed trajectories and reforms for achieving these. The NRPs should also indicate how the national authorities do or will involve local/regional authorities and relevant stakeholders in defining and implementing the NRP, and how they communicate on Europe 2020 and on their own NRP.

The Commission will assess progress achieved by the Member States on the strategy, including the poverty target, and will, where relevant, and within the context of the powers offered by the Treaty, make a proposal for a joint Commission/Council set of country specific recommendation in the areas covered by the integrated guidelines. Within the integrated guidelines, Guideline 10 on "*Promoting social inclusion and combating poverty*" provides for closer links between the employment and the social agenda.

All this shows that the integration of the Social OMC into the Europe 2020 strategy provides a stronger basis for the EU to meet its social goals.

At the same time, it is important that the instruments and tools that have been developed under the Social OMC cross-fertilise with the governance architecture of Europe 2020, to best serve the purposes of the new strategy. The detailed arrangements must ensure the right balance between integration and focus, continuity and innovation, simplification and accountability, coordination and subsidiarity. Therefore, the Commission will continue to work with Member States and key stakeholders in the coming months, and foster solutions that ensure ownership, commitment and delivery.

Based on the experience of the first European Semester of Europe 2020, the Commission will discuss with Member States and other institutional and non-institutional actors, how to best adapt the working methods of the Social Open Method of Coordination to the new governance of Europe 2020. The Commission will present a report before the end of 2011 summarising the orientations emerged and the follow up it will give to it.

#### **4. BUILDING ON THE LEGACY OF THE EUROPEAN YEAR 2010 AGAINST POVERTY AND EXCLUSION**

The European Platform against poverty and exclusion marks the start of a new phase in European policies for social inclusion and social cohesion. Born from the political will to shape the new European vision for smart, sustainable and inclusive growth, it will take advantage from the political impetus generated by the European Year 2010 against poverty and exclusion.

Throughout the year, thousands of events and initiatives have been organised across Europe, mobilising institutions, administrations, social actors, civil society organisations, media, artists, schools and universities, politicians, experts and ordinary citizens in a campaign for information and awareness raising that has unfolded at EU, national and local level. The key messages emerged from this unprecedented mobilisation are now enshrined in a Council declaration that will seal the campaign.

Other EU institutions – both Council and Parliament - and bodies, and in particular the Committee of the Regions and the Economic and Social Committee, have contributed to raise the visibility and the political impact of these initiatives, and also proposed new venues for stakeholders' involvement and exchanges. They all request that the dialogue opened during the European Year is continued, in particular through regular exchanges on progress towards the poverty target.

One of the important lessons of the European Year 2010 is that citizens' awareness and participation are crucial to ensure that the European objectives for social inclusion and social cohesion are given the visibility and the priority they deserve on the European and national policy agendas.

A second lesson is that the European Union can pioneer new models and practices of governance that can successfully take root in national and local realities. More importantly, by doing so, the Union can effectively promote that “multilayer governance” that is crucial to address the epochal challenges we are facing.

The European Platform against poverty and exclusion provides the appropriate framework to ensure that the experiences of governance and participation and extended dialogue that the European Year has contributed to boost can be continued and enhanced.

- The Commission will work with other EU institutions and bodies to transform the Annual Round Table on Poverty and Exclusion into a wider Annual Convention of the European Platform designed to bring together all relevant actors. This event will take place in autumn, in proximity of the International Day for the Eradication of Poverty. The Annual Convention will take stock of progress made towards the headline target, review the implementation of the activities announced under the Platform and provide suggestions for future action.

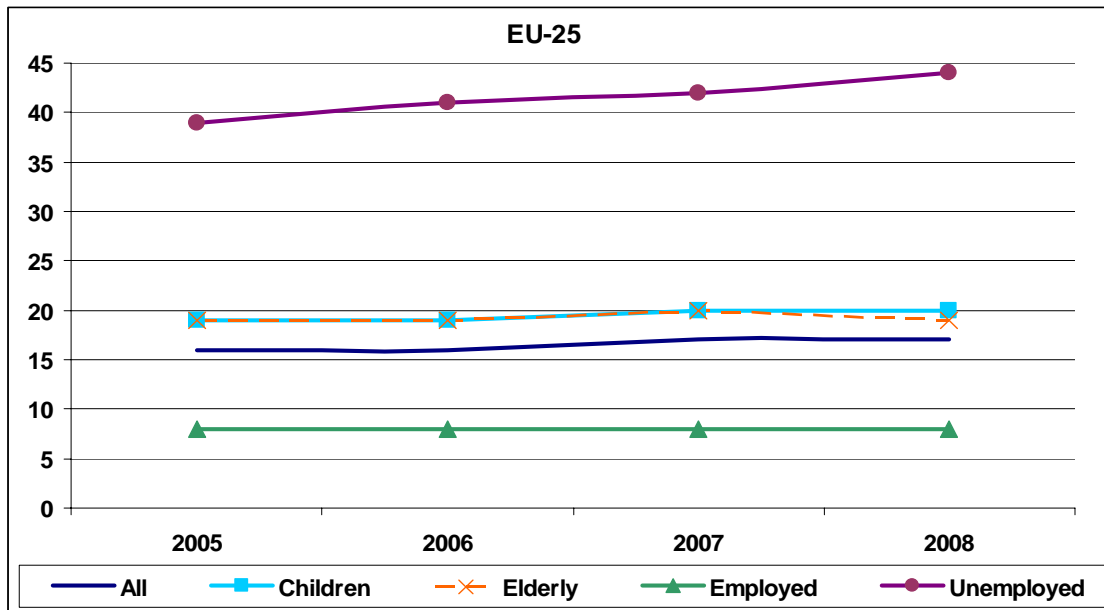
## **5. CONCLUSIONS**

The key actions of the Platform and the accompanying and preparatory measures are listed in the accompanying Staff Working Paper. They rely on a mix of policy coordination, dialogue with institutional and non-institutional actors, funding and strategic partnerships.

In addition to the regular reporting within the governance mechanisms of the Europe 2020 strategy, and in particular in the Annual Growth Survey, the Commission will review the implementation of the Platform in 2014, also with a view to adapt it to the new Multiannual Financial Framework.

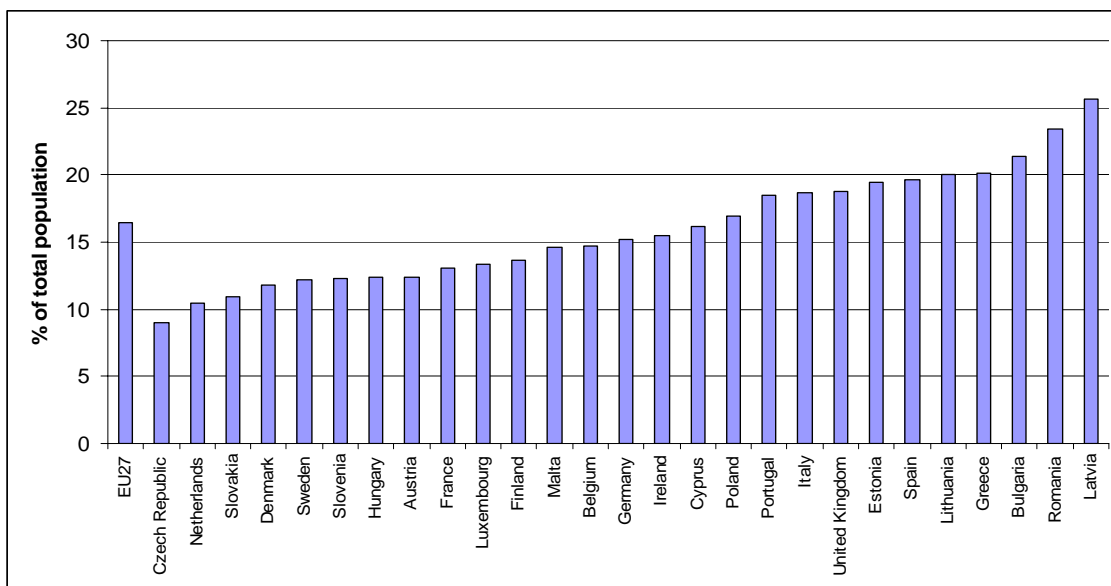
## Annex

**Figure 1a: At-risk-of-poverty rate, total, by age and by employment status; 2005-08**



Source: EU-SILC

**Figure 1b: At-risk of poverty rate<sup>10</sup> by country; 2008**

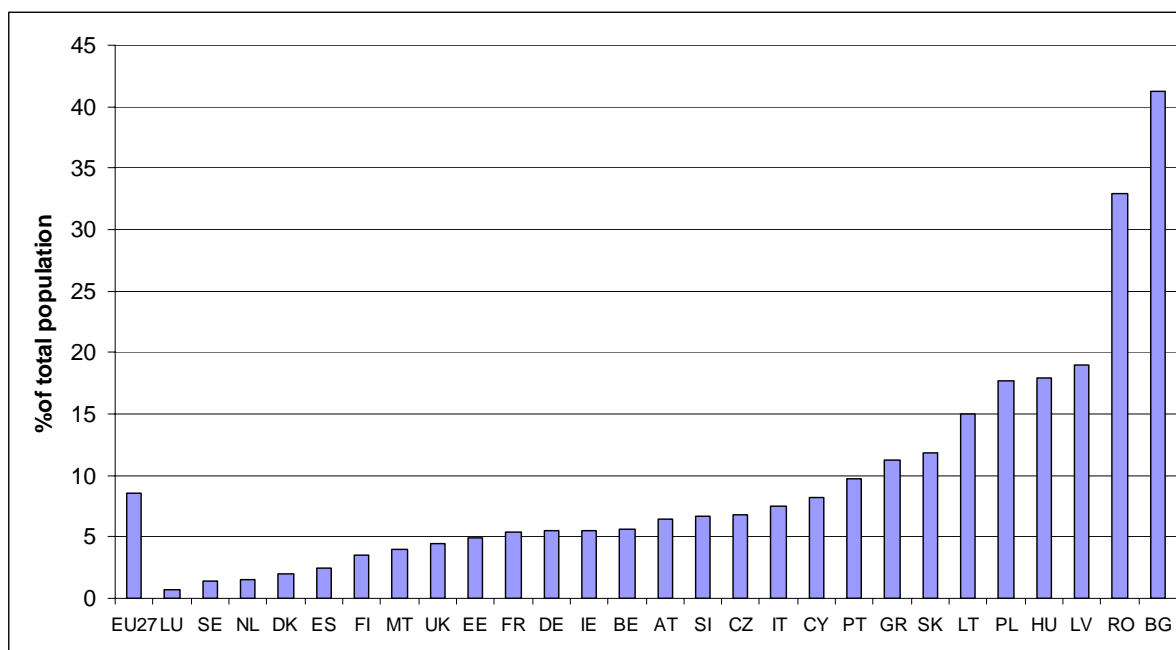


Source: EU-SILC (2008)

<sup>10</sup>

The at-risk-of poverty rate also reflects the definition of poverty adopted by the European Council in 1975 who defined the "poor" as "those individuals or households whose resources are so low as to exclude them from the minimum acceptable way of life in the country where they live". The risk of poverty threshold is set at 60 % of the national median equivalised disposable income (after social transfers).

**Figure 2: Share of people suffering from severe material deprivation<sup>11</sup> by country; 2008**

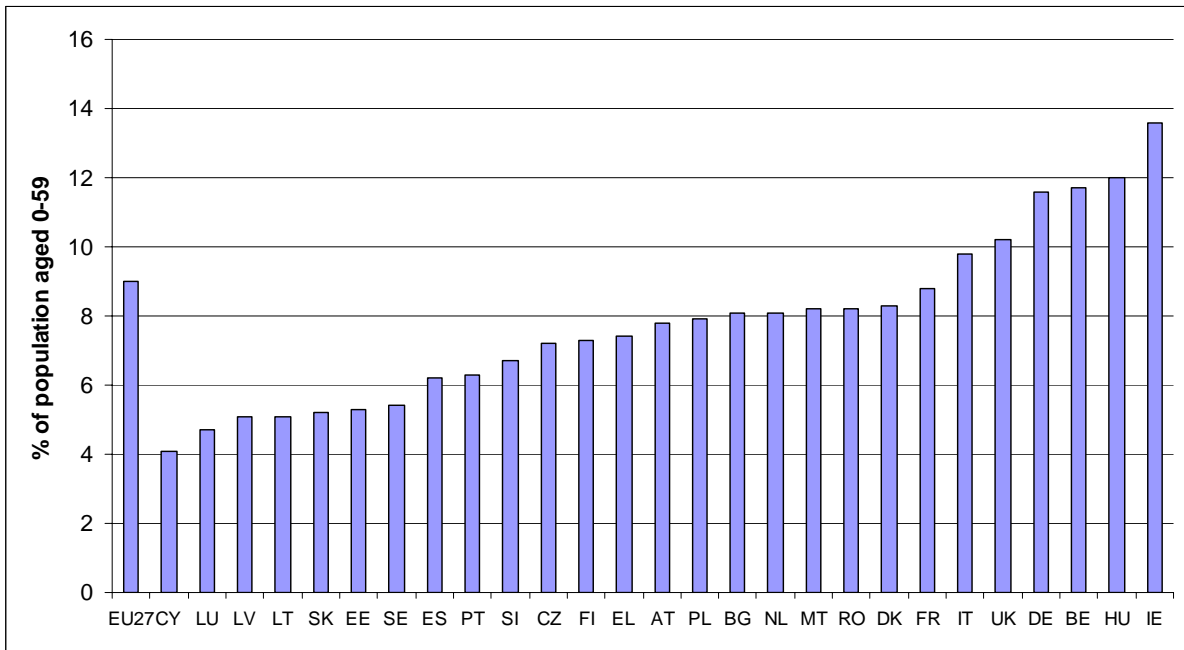


Source: EU-SILC (2008)

**Figure 3: Share of people aged 0-59 living in a jobless household<sup>12</sup> by country; 2008**

<sup>11</sup> People are considered "materially deprived" if they experience at least 4 out of 9 deprivations: people cannot afford i) to pay their rent or utility bills, ii) keep their home adequately warm, iii) face unexpected expenses, iv) eat meat, fish, or a protein equivalent every second day, v) a week of holiday away from home once a year, vi) a car, vii) a washing machine, viii) a colour tv, or ix) a telephone.

<sup>12</sup> People living in households with very low work intensity are people aged 0-59 living in households where the adults work less than 20% of their total work potential during the past year.



Source: EU-SILC (2008)