



THE 2006-8 NATIONAL REPORTS ON STRATEGIES FOR SOCIAL PROTECTION AND SOCIAL INCLUSION

WHAT DO THEY DELIVER FOR PEOPLE IN POVERTY?

REPORT AND KEY MESSAGES BY THE
EUROPEAN ANTI-POVERTY NETWORK

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INTRODUCTION

From its launch in 2000, the EU social inclusion strategy has been a key concern of the European Anti Poverty Network (EAPN). EAPN members at national and European level have been active in supporting and working within the context of the strategy. EAPN has produced key reports evaluating the National Action Plans on social inclusion (NAPs/incl)¹.

After five years (2001-2006) the strategy has been 'streamlined' at European level so that the social inclusion, pensions and health strategies are now integrated as three parts of a single National Strategy Report on Social Protection and Social Inclusion (hereafter referred to as the National Reports). Streamlined reports were submitted this year for the period 2006-2008. At national level some Member States have retained distinct NAPs/incl and some not. In either case, national EAPN networks have actively participated in the national processes. This report presents EAPN's impressions of the impact of the streamlined process on the fight against poverty. The central focus of this report is on the NAPs/incl integrated in the National Reports. EAPN's report is based on:

- A brief review of the Member States' National Reports for 2006-8, and in particular the NAPs/incl therein.
- EAPN national networks' and member European organisations' responses to an EAPN questionnaire. Responses covered the content of the inclusion chapters of the National Reports, the engagement in the national inclusion process of social Non-Governmental Organisations (NGOs) and people experiencing poverty and the impact of streamlining with regard to the overall Lisbon strategy on the social inclusion content of the National Reports.
- Discussions in a meeting of the EAPN Executive Committee (5 September) and in a EAPN Round Table on social inclusion organised by the EAPN Social Inclusion Review Group (Vilnius, 25 November).

The report has three parts:

1. EAPN's views on the policy content of the Inclusion chapters of the National Reports.
2. EAPN's views on developments in governance.
3. EAPN's key messages and proposals for strengthening the streamlined Open Method of Coordination (OMC) that is the framework for the National Reports.

¹ Duffy, K (2003) 'National Action plans on inclusion 2003-5: where is the political energy? EAPN response to the second round of National Action Plans', Brussels, EAPN.

Duffy K and Jeliazkova M (2005) 'Back to the Future: the Implementation Reports on the National Action plans on Social Action plans on Social Inclusion – an EAPN assessment', Brussels EAPN, October.

CHAPTER 1: THE POLICY CONTENT OF THE NATIONAL ACTION PLANS: AN EAPN ASSESSMENT

The Open Method of Coordination on social protection and social inclusion, through the development of the National Plans in particular, has allowed for a sense of continuity in the EU's struggle to combat poverty.

The new European guidelines for the National reports, adopted at the beginning of 2006 have not only set a framework for the drafting of the report. The guidelines themselves point to some key challenges which Member States are recommended to address in their Reports, and this has resulted in National Reports often reflecting these priorities. This chapter looks at the priorities identified by Member states and analyses their relevance and adequacy to address the overall picture of poverty today.

EAPN argues that although these priorities should indeed be urgently addressed and that emphasis must be placed on implementation of concrete measures, these should not hinder developments with regard to addressing other concerns, be they broader or more targeted, nor should they reduce the fight against poverty to a limited field of action.

Despite the continuity provided by the OMC, trends in inequality, poverty and exclusion at EU level show relatively little change over the past years. Some countries (Cyprus, Lithuania) indicate that there have been declines in inequality and poverty respectively, the UK indicates that there has been a decline in child poverty to the EU average. However, in many states there has been little change overall or even an increase in the risk of poverty, especially for children, for the long term unemployed and for migrants and ethnic minorities. The recognition of insufficient impact on figures and most importantly of tangible change in the life of people experiencing poverty should be the primary concern and the driving force of the Open Method of Coordination.

1.1 What priorities are most frequently identified?

Member states were asked to focus their NAPs/incl on only a limited set of priorities, and to also take into account the priorities previously identified at European level. Caritas Europa, also a member organisation of EAPN, analysed the priorities at headline level in the social inclusion chapters of the National Reports.² The analysis is based on all 27 reports. Grouped as below, the themes and challenges at headline level are ranked from most to least common in the reports. It should be noted first that reference to groups may be made below headline level; for example measures for people with a disability are commonly referred to in the reports, often below headline level. Second headline reference does not necessarily correspond with the weight or extent of the measures.

² Preliminary report by Caritas Europa on the National Reports on SPSI sent to the Commission 1 December.

Unemployment/ labour market integration (24)

Long term unemployment and / or inactivity and low skill are often addressed. The cause of unemployment is usually identified as structural mismatch between labour market demand for high skills and the supply of low skilled labour market participants. There is nonetheless little attention to adequate replacement income to support people in this position.

Better governance, participation (18)

This can be seen as an acknowledgement of developments in governance through the past experience of the OMC particularly on social inclusion, and a need to continue and deepen this approach, as well as better implement the new streamlined method.

Child poverty/ families/intergenerational poverty (17)

It is poverty commonly reported as higher than for adults. This higher risk may suggest that the presence of children results in poverty in households that would not otherwise be poor – implying therefore that the additional costs of rearing children are not fully covered either by salaries or by benefit incomes. Low birth rates (e.g. Germany, Italy, Estonia, Poland) and even negative population growth (in some new Member States) are identified as a problem. However the link is not made to child or family poverty or to the costs (or lost employment opportunities) of child rearing. Also, there is no specific focus on large families and single parent families.

Education, vocational training (15)

The main concern expressed in the National Reports is school drop-out and its impact on labour market position.

Integration of migrants, minority ethnic groups, trafficking (11)

In some reports it is not clear whether the term 'migrant' is used also to cover minority ethnic groups (Roma, for example) who are nationals of the state they live in. Poverty is usually identified as due to weak access to the labour market and to support services, either by law or because of language barriers. There seems a policy gap between addressing migrant integration into the labour market and combating poverty among migrants and promoting social integration. The situation of asylum seekers and refugees is little addressed despite severe risks of poverty and inadmissibility of legal employment for many of them. Where data are collected separately by ethnic origin, it is clear that some minorities are at much greater risk of poverty than the majority ethnic group. In the UK Pakistani/ Bangladeshi origin households with someone in employment are poorer than white households with no-one in employment. Roma, numbering 8 million in the EU, are identified as in severe poverty in some new Member States. The Estonian national report mentions the severe concentration amongst 'non-Estonians' of unemployment and regionally concentrated poverty.

Access to/ equality of services (11)

As part of the 'active inclusion' approach, access to and delivery of services are addressed in the Reports.

Elderly, dependency (7)

A priority raised in the NAP/incl and which draws attention also to the fact that the Pensions section in the Reports focus mainly on financial sustainability of the system and reforms to the age of retirement.

Social housing, homelessness (6)

EAPN member FEANTSA³ in its report on the 2006-2008 National Reports noted 15 Member States which identified homelessness and housing exclusion as a priority in their NAP/incl as

³ FEANTSA (2006) 'Homelessness and housing exclusion in the National Strategy Reports on Social Protection and Social Inclusion (NSR) FEANTSA Evaluation and Recommendations', Brussels, FEANTSA, November.

well as smaller numbers who treat it also in their pensions or health reports. There appears to be more policy attention and more reporting than previously on homelessness and housing exclusion.

Participation of people with disabilities (4)

Almost all Member States' Reports refer to people with a disability, most often in reference to weak position on the labour market.

Whatever the trends in poverty, the groups identified as at additional risk and therefore included in the 'priority' list are more or less the same in every Member State. The main driver identified is the same one as in each of the previous rounds of the NAP process - weak position in relation to the labour market. They face additional barriers to insertion, such as the decline in the number of jobs requiring few or no qualifications, discrimination, caring responsibilities, location and language barriers.

EAPN networks broadly agree with the identified priorities, but feel there are some major gaps in most reports. Key groups often in severe poverty and relatively neglected in many National Reports are black and minority ethnic groups, vulnerable adults of working age without children and asylum seekers.

In addition, particular national networks identified specific concerns. For example, the Austrian network regrets the lack of focus on asylum seekers and migrants and also lone parents. In the case of Portugal, the network regrets the lack of reference to ethnic minorities and particularly the Roma. The Luxembourg network sees too much focus on labour market risk and believes that for large families and single parent families there are other risks that are not addressed. The Polish network feels there is not sufficient focus on specific target groups such as large families and young people. The UK network notes the absence of asylum seekers from groups at risk despite severe poverty especially of those whose claim has been rejected. It is also the case in Malta, where mental health and disability are equally absent from the report.

Overall, national networks are more satisfied with the analysis of groups at risk than with the priorities and measures taken to address their situation.

EAPN networks are concerned with the thinking behind the measures for the priorities selected. In particular, **EAPN wishes to highlight the lack of a clear focus on poverty as such**, as opposed to unemployment or poverty of certain specific groups only. An analysis of some of the key priorities and of the areas lacking attention is given below.

1.1.1 The top priority in the National Reports: structural unemployment, low skill and the 'active inclusion' solution

Structural unemployment

Most National Reports admit severe structural problems in matching supply and demand in the labour market. The way this problem manifests itself as unemployment and/ or inactivity varies with the Member State and its labour market regulation. Bulgaria, Estonia and Germany are examples of Member States which identify high unemployment as the key problem. Latvia, Hungary and the UK have lower registered unemployment but relatively high levels of inactivity.

Globalisation and its impact on the size of the labour pool of low skilled people is identified as a key driver of risk of poverty in the EU. Yet the solution offered for every group at risk of poverty, except small children and older retired people is labour market insertion or pre-insertion measures. The Hungarian National Report states that *'Actions... mainly focus on target groups who... do not have a chance to join the competition'* (p16-17).

The majority of major measures identified in the social Inclusion chapter are in support of labour market integration – it is the main focus of reforms to education and welfare as well as training measures. For example, the Luxembourg National Report states that schools are *'shifting from paradigm of reproduction of rote learning to acquisition of skills'... 'Core competences will be decided for various levels'* (p21).

Government focus on upgrading skill is necessary but not sufficient – lower skilled jobs have been hardest hit by global competition, but many higher level skills can be substituted by lower cost labour too. Governments will have to run a hard policy race to stand still with a risk of heavy negative impact on the quality of life.

The consistency between the NRPs and National Reports is likely to be seen as positive by governments and by the European Commission. It is evident that the social processes are now inside and subservient to, the orbit of the economic processes – presumably the real aim of the Lisbon reform. For example, many National Reports refer in their opening statements to the goal of greater competitiveness - an aim without apparent limits, but cohesion is expressed as a qualified aim – for example in the Danish national report – which aims at *'not too much'* lack of cohesion (p 7). There is a risk of substitution of means for ends that can undermine the values that frame the European approach to social inclusion.

With regard to specific labour market integration measures, there is a widespread concern to prevent school drop-out, but there is less emphasis on life long learning to support job change through the anticipated long working life.

The Structural Funds are commonly referred to as being used to support integration measures. It is not clear from the method of reporting whether the resources are adequate to the challenge. This is a charge that can be applied throughout most of the National Reports. Moreover networks are concerned that the link between the social inclusion strategy and the new period of Structural Funds is not made.

The German National Report is one that addresses the EAPN networks' comment that jobs are not the only route to integration. It suggests a more multi-dimensional approach to integration, at least for young people, referring to 'expertise agencies' for work and social integration of youth in deprived areas (p24).

There is a disappointing lack of measures to support the social economy, which is referred to in very few reports.

Labour market activation as the route out of poverty?

EAPN networks agree that *quality* jobs are essential to combating poverty. But they are concerned at the dominance of supply side labour market measures in the content of the National Reports and fear that streamlining is emptying the content out of the social inclusion strand. EAPN's concerns are expressed in the following comments by members:

- *Labour market measures are not the only way to get people into jobs*
- *Jobs are not the only route out of poverty and not a guarantee against poverty*

- *Other measures for other people are required*
- *What does it mean that the language has moved from social inclusion to active inclusion?*

EAPN is concerned with the shift in language from poverty to 'active inclusion'. Fighting poverty should not be reduced to this narrow interpretation which does not fit all situations.

A combination of the threat to jobs arising from globalisation and the potential for 'moral hazard' from living mainly on social benefits are the key arguments made by governments' for their central focus on activation measures. The main measures focus on strengthening work incentives in the benefits system through decreasing the amount of some benefits (e.g. Germany) and increasing elements of compulsion for risk groups (such as people with a disability and single parents) in those countries which have formerly relied more on voluntary approaches to employment integration. The Danish National Report refers to the incentive of public debt remission for people who get a job (p 21).

Yet, what kind of labour market is on offer for those 'activated'? Conditions for those at the bottom end of the labour market seem everywhere deteriorating. Networks in countries as otherwise different as Estonia, Portugal and the Netherlands report that 'wages are flat' and prices of basic goods and utilities are rising. But in-work poverty is not well addressed. Some National Reports refer to minimum wages – but do not address whether the level is adequate or the increase is adequate to prevent poverty or keep a family.

The Slovakian network reports very poor employer practices by direct foreign investors from the west European car and supermarket sectors. For example, one very well known supermarket chain is reported to allow just three ten-minute breaks in eight hours. Regression in working conditions is widely reported by networks. This is particularly concerning at a time when many Member States reports' indicate an increasing trend to compulsion in the activation system. The Finnish National Report is one of the few to state that '*good working conditions improve productivity*' (p27).

Will Member States put a floor under the labour market?

EAPN networks see little evidence that activation measures increase the total quantity of good jobs. In countries as diverse as Ireland and Slovakia, GDP is rising, but as the examples above indicate, some of those in work are not sharing in the wealth for which they are paying.

Member States are commonly concerned about the poverty risks in large family and lone parent households. A rise in women's labour market participation is seen as the main way to prevent poverty in these households. However it should be noted that there are few differences in participation rates of women and men in Lithuania and indeed women display higher average levels of education, but women experience a greater risk of poverty than men, by still earning on average less than men for instance.

If one salary cannot keep families out of poverty, what will happen when two salaries cannot keep families out of poverty? The challenge raised in this question from the UK network is not addressed in the National Reports.

Do governments have a strategy for people for whom the open labour market is not a realistic option?

The lack of absorptive capacity identified by the Finnish national report is not addressed. Those who are last in the queue may be long term on the margins of the labour market – or repeatedly churned in and out of it as the government and employers shuffle the queue through training and reduced commitment to long term relationships with employees. Groups who are not a priority for governments' labour market participation targets risk relative neglect. These include poor retired people and many vulnerable adults of working age, particularly those with lower professional or educational skills. A hierarchy of poverty may be reinforced – but every one only gets one life and has an equal right to live it well. In these circumstances, societies' collective responsibility to ensure opportunities for a decent life and social participation must include recognition of the dignity of all workers whatever their jobs, expansion of the social economy as a key sector for social inclusion and creation of new labour market opportunities and a rethink of the money value of minimum wages and income support.

1.1.2 Child poverty

Child poverty is the second of the two most common key priorities addressed in the National Reports. In many Member States this is a new policy focus (as distinct from family policy). A focus on child poverty – which in almost all Member States is higher than adult poverty – has the potential to enable us to judge the real impact of policies to combat poverty. **EAPN networks support strong action to combat child poverty but they are concerned about the direction of the approach in the National Reports, and particularly about losing the focus on the overall objective of eradication of poverty.** There is the potential to narrow the concept of poverty in ways actually unhelpful to combating child poverty. Their concerns about the approach taken can be summarised in the following comments from EAPN members

- *Agree with the topic but not the tools.*
- *Does it undermine the universal welfare state?*
- *You don't get many rich children in poor families*
- *Is the implication that children deserve more but their parents do not?*
- *Children's behaviour is not the cause of poverty*
- *There is no such thing as a 'genetic poverty'*

First, many networks are disappointed at the modest ambition of the targets. For example, the Austrian network notes that *'For the first time at least a target was set – to reduce child poverty from 15% to 10% in 10 years – so not by 2010!*

The UK network notes that the government has made significant steps, but admits it has narrowly missed its child poverty target. In many Member States adult poverty seems to be addressed simply as an issue of unemployment and low skills and an offer of opportunities. Parental labour market integration can protect some children in work-poor families but poor children need to be guaranteed outcomes regardless of parental position on the labour market. Moreover, the German network notes that lack of measures such as adequacy of

minimum income and poverty-proof wages in Germany reflect overarching challenges about the operation of the labour market that are not addressed.

A children's rights based approach would ensure that prevention of poverty was central to measures. Even where Member States have a strong preventative approach there are gaps which mean there is not a guarantee of access to adequate income and health and other services. For example, children of some migrant groups, ethnic minorities, refugees and asylum seekers do not have equal access to these services.

Overall, EAPN networks welcome the increased concern with combating child poverty but there is a certain distrust of the thinking behind this priority. There are obvious risks of stigmatisation and failure from uncoordinated interventions based on a weak evidential base and a neglect of environmental factors especially income inequality and housing segregation. **Networks want to see more attention paid to financial support, good quality affordable services and children's rights.**

Childcare or child welfare?

The main instrument for increasing women's labour market participation is an expansion of childcare. Many states are still a very long way from universal provision of quality affordable childcare.

Most states aim to increase access to day-care and to make it more flexible. What concerns EAPN is the lack of focus on the experience of the children of poor parents integrated into a 'flexible' labour market. For many such parents, hours will be long and variable, work hard and insecure and pay low and variable even where there are government top-ups. Despite the consequences for children, both of their parents' employment conditions and their access to good quality affordable childcare, the National Reports do not focus on this dimension of child poverty. Whatever governments' intentions or practice, none deem it sufficiently important to report an assessment of the potential impact on children's health and well-being and very few indicate a fully elaborated strategy to ensure quality of care and child development.

Further, the wider social consequences of adapting family life to working culture through changes to childcare provision – including long hours and variable hours - have not been fully taken into account.

Higher child poverty and pensioner poverty indicate that labour market participation during working life is not a guarantee against poverty. It appears that open markets have increased labour market competition and are pushing wages below the costs of family reproduction over the lifecycle. There are major social cohesion implications from this trend and the problem of family formation and stability must be addressed now.

Inter-generational poverty

An emerging trend in the National Reports is a strong emphasis on 'breaking the intergenerational cycle of poverty'. Measures most commonly involve early education and social work intervention in 'problem' families. EAPN networks welcome the additional focus on the most disadvantaged children and families. But they are concerned that, as for adults, poverty is becoming problematised in behavioural terms and measures reflect this conception of poverty. The Danish report refers to new law on parental responsibility and parent programmes for '*insecure and resource weak parents*' (p 9-) as well as a new plan to target 10-14 year old offenders. A pilot health-led intervention targeted on very young children is planned in the UK. The UK network is highly concerned that old arguments about genetic risks

are underpinning emerging approaches to the poorest households, many of them multiply deprived. The Maltese National Report is one of the few to state that it is *'aiming to introduce measures for youth at risk'... 'while recognising and taking the necessary measures to exclude harmful, indiscriminate practices of early identification programmes'* (p22). Protecting 'looked after' children (children living in social care homes) from the severe risk of poverty and mental ill-health they face in many Member States would be much easier if the strategy and expertise of the best performing countries were transferred to the worst, but such children receive little attention in the National Reports.

Financial support for families

A number of Member States have increased family focused benefits. In the UK a substantial shift of income to families has focused on 'tax credit' top-ups to low pay. However this approach has benefited most those families closer to median income. Workless households and those on the lowest incomes have not gained. Some new Member States such as Latvia and Estonia are reforming family benefits, but from a low base not only in terms of level but coverage. In Estonia some payments for children stop when children are three years old and this is reflected in differential poverty rates for families with children of different ages. Further, the Estonian network is one of many who feel support is too focused on subsidy for 'childcare' rather than child welfare.

Other networks, including those in Poland and Germany, believe that additional family benefits are more focused on incentives to increase birth rates than on combating family poverty.

1.1.3 Access to services

Public services support people to change and during change. High quality accessible services are central to social cohesion.

However, there are particular challenges for the poorer Member States. In Bulgaria, for example, the National Report notes that access to services is guaranteed by law but that implementation for most vulnerable groups difficult. There is a lack of community based services and networks – and therefore the state cannot deliver services.

Geographic disparity in access to services

Many National Reports identify problems of equal access to quality services – for poor and rural people, minorities and people with a disability.

The most common reference to access problems concerns combating regional disparities in services, especially those between rural and urban and areas of industrial decline. Regional differences in services and problems of access for the vulnerable are identified in both richer Member States such as Finland and poorer Member States such as Lithuania. However the scale and depth of problem are clearly very different. In Lithuania *'Services, especially social services, intended for the most vulnerable population groups, are underdeveloped in Lithuania so far'...social services in Lithuania may only be provided to 50 persons per 10000 inhabitants'*. (p14)

Networks report that the problem of geographic disparity in service provision (known in the UK as the 'post-code lottery') seems to be getting worse. In Portugal the increased centralisation of social services runs the risk of promoting more exclusion and inequalities. Further, increasing inequality in the labour market and therefore in financial resources, combined with

user charges, inhibit access to services for poor people. Uncoordinated and producer oriented services are difficult for the vulnerable to navigate. Trends towards pluralism in providers of services may increase not reduce inequality in service provision. Yet, the Inclusion chapters in the National Reports do not address the potential impact on area-based disparity of the proposed Services Directive and the current 'breaking up' of public services in some Member States. **That the National Reports do not address this potential impact of planned changes in the ownership and delivery mechanisms for services indicates that they are not being used as a planning tool, as was their intended role.**

Service delivery

The relationship between central government control and service delivery is being reformed in many Member States, but funding at local level remains a problem for service delivery everywhere but especially in new Member States.

In employment services and in social services, there is a pronounced emphasis on individual 'case management' approaches for effective service delivery, especially for child poverty and labour market activation. There is also a multi-agency approach identified in some reports. However the extent of this approach is variable depending on the risk group – for example in the UK there is much more development of a multi-agency approach for children at risk than there is for multiply deprived and vulnerable adults.

The OMC and in particular the inclusion process could do much more to embrace the expertise of local government and NGOs concerning service offer and delivery. Instead, at this moment, the handling of the Services Directive has disrupted the relationship building that would assist in promoting best practice in service provision.

Concerning services for specific groups, people with a disability are those for whom specific measures are most often identified. The main measures concern labour market integration and access to social and health services.

Improving access to housing and housing services are widely reported and also service developments for homeless people, for example in Finland and Poland.

There are references, for example in the Finnish and Maltese national reports, to services for other specific target groups, such as alcohol and substance misusers, but in general there are few other services for specific target groups which are reported.

Finally, there is often a lack of focus on the specific aspects and dimensions of the strategy and services for vulnerable and poor people. However, the German National Report refers to a preventative approach that has halved the number of homeless people.

However, absence of reporting does not mean absence of measures. But it is not clear whether absence reflects lack of new measures, lack of priority, or the constraints of the streamlined reporting process in terms of the restricted number of priorities that may be chosen, or the restricted space to report them. This is one reason it is difficult to establish how far the social inclusion chapters of the National Reports reflect the national realities.

1.1.4 Mainstreaming of measures for specific risk groups

The risk groups earlier identified are essentially those for whom governments have targets to raise their labour force participation as part of the strategy to achieve the 70% labour force participation rate. Measures reflect this priority. **Overall, EAPN networks do not see**

consistent transversal approaches for groups at greater risk and indeed there seems to be a loss of focus on target groups and multidimensional approaches in the 2006-8 National Reports.

The **gender** dimension of poverty is commonly noted in the national reports but Ireland is one of the very few to consistently address gender for each policy area. In general, gender is not systematically addressed and is focused on labour market integration of women. Moreover, although pensioner poverty has a strong gender dimension, EAPN member organisation AGE⁴ notes that this issue is not sufficiently addressed.

Measures for people with a **disability** are identified in almost all of the National Reports, with a focus on labour market integration. There is recognition in some reports that some people will not be able to participate in the open labour market. Some of the poorer Member States are concerned that there are inadequate resources for support and sheltered employment. Some reports refer to employer subsidies to encourage employers to hire people with a disability. The quality of the labour market integration open to people with a disability is not commonly addressed.

For **migrants**, the main policy focus is on language support – there is much less focus on anti-discrimination law or equality of access to services. Ireland is an example of a more holistic approach including cultural adaptation of services.

Minority groups are not commonly addressed although examples are the Netherlands and the UK and Malta. Despite the poverty of black minorities in Portugal, the network states that they are absent from the National Report. For Roma, there are multi-dimensional measures reported - for example in Hungary and Bulgaria - and these show the positive influence of the JIMs (Joint Inclusion Memoranda) period. The Bulgarian National Report identifies a need for professional training especially for a multi ethnic environment (p17). However, in some Member States measures are only at a very early stage of implementation or resourcing (e.g. Bulgaria). Further, the Slovakian network reported that *'the situation of Roma is very difficult - the media and the notion of poverty in the media is very bad. The middle class do not think there is poverty in Slovakia.'*

1.2 Will the measures have a major impact on eradicating poverty?

1.2.1 A lack of focus on combating poverty

In general, EAPN feels that the commitment made at the highest political level to make an impact on poverty eradication has somehow slipped off the agenda as such. The change in language – from poverty to active inclusion- is not a detail, and EAPN warns against this tendency. Prioritisation can help address the implementation gap, but it has also created a situation where being poor is not sufficient to benefit from a national strategy against poverty.

Moreover, some measures mentioned remain very broad in scope and do not clearly target people in poverty. The German network is one of several that feel that measures are both insufficiently focused on poor families (education and family policy) or are too limited an

⁴ AGE, the European Older People's platform (2006) Draft (2006) *'Assessment Paper on the National Reports on Strategies on Social Protection and Social Inclusion 2006-2008 (pension report)'*; Brussels, November.

approach (for example a focus on language support for migrants but insufficient measures more generally to support social integration). The French network believes that the Housing Commitment Act of 2000 is disappointing – again because it is insufficiently focused on building houses for people in poverty and in providing shelters for homeless people. The Lithuanian network refers to measures to promote higher and professional education and little focus on basic skills.

1.2.2 A limited analysis of the causes of poverty underlies the National Reports

It is the networks' view that the analysis of poverty underpinning the direction of the measures focuses too much on individual behaviour and too little on structures, and structural causes of poverty. It results in an unjust division of rights and responsibilities as between the poor, the not-poor and government. **There is a need to rethink the approach in a way that will look at the structural issues influencing the poverty situation today in the EU, such as adequacy of income, income inequality, the key role of social protection systems, family policies and above all access to rights and dignity for all.**

1.2.3 The impact of the political environment

The political environment is a factor that may inhibit the implementation of the measures in some Member States – not only the political complexion of government, but the precise political situation. For example, the Belgian network suggests that measures taken up were limited to those for which there is political agreement. In a similar vein, the Finnish network suggests the impending change in government limited the measures proposed. The Swedish network says that their national strategy report is not fully adopted yet. It has good content and the NGOs are relatively satisfied with the strategic approach to poverty. However, they do not know if the new government will stand by what has been done. The Irish network reports that their government says that the 'real' NAP will not appear until next January: *'everything to date is lost – and there is no discussion about what will go in next January'*. The Portuguese network reports that *'it seems we are always starting from the beginning and that previous compromises never existed'*.

1.2.4 The adequacy of the measures to the challenge of poverty and the political good faith of governments

The majority of EAPN networks are not satisfied that measures are sufficient to the nature, scale and depth of the problems identified. However, the Swedish, Portuguese and Maltese networks are by and large satisfied with their government's approach to the priorities although some, namely the Portuguese network is not satisfied with the risk groups identified. The French network feels that the measures are going in the right direction, particularly for labour market integration. While there are no real changes to measures from 2004-6, the Austrian network notes that for the first time there are concrete targets. Networks in a number of states agree with the Swedish network's view that the current balance between general preventative solutions vis-à-vis special measures and projects is not effective in combating poverty. The Swedish network believes the measures are *'relevant but*

not sufficient' - they wait to see concrete jobs and concrete houses. The Luxembourg network too thinks it is too early to say whether measures will be sufficient until they see the real extent of the budget. EAPN networks commonly referred to lack of transparency over concrete resources as a deficiency in the National Reports.

The Dutch and Polish networks think the measures look sufficient on paper but not in practice. In the Polish case *'everything is on paper and in practice is not executed'*. The Italian network has only just seen a draft – their National Report was very delayed. The network's view is that *'in Italy there are some good ideas mentioned in the report but they will never be implemented'*.

These remarks recalls the EAPN report on the NAP implementation reports which referred to *'national theatre'* rather than national action (Duffy and Jeliazkova 2005).

1.2.5 The risk of a narrow concept of the key priorities – active inclusion and child poverty

As the French network asked *'why the change in the language – from social inclusion to active inclusion?'* Networks are concerned about the loss of the language of 'eradicating poverty' and 'social inclusion' – and indeed the invisibility of the 2010 goal of 'making a decisive impact on poverty'. EAPN is concerned that the change in language – including the shift from poverty to child poverty, and from social inclusion to active inclusion, reflects both a narrowing of the concept of poverty and a shift away from a universal and preventative approach to combating poverty and promoting integration.

Networks can see a reporting advantage from a narrower focus on a small number of priorities. However they are concerned already that with the encouragement to select 3 or 4 priorities, governments have been constrained in what they can write about arising from the combination of few priorities and few pages so that it is difficult to know what are the realities 'on the ground'. There is a loss here of potential cross-national learning. They are further concerned that the narrowing priorities will lead to grouping together of measures, which could prove unhelpful.

1.2.6 Resources for effective implementation

Many networks are critical of the short term nature of initiatives and are concerned about a lack of sufficient resources and skilled staff for delivery – this latter was a concern expressed also in some national reports including Malta and many new Member States. The Finnish national report is one of the few that expresses an aim of ensuring sufficient fully qualified staff for high and equal service delivery.

The Lithuanian and Portuguese networks are concerned by the reliance on Structural Funds and NGOs to deliver services, particularly in the future absence of European initiatives. Networks are getting tired of being told there is not enough money to end poverty – even in the wealthiest countries, whether in the European Union or not. Norway is one of the richest counties in Europe – but EAPN's Norwegian network reports that the government will spend only 90m euros more for target groups for the 2007 budget year of which 25m is meant for increased expenditure in social benefits – just 2000-3000 people can be helped but 9-10% of the population are at risk. Just 350m euros per year would eradicate income poverty – much

less than the interest on the billions of euros in the oil fund. But the network reports that the government has said it will not spend it because it would damage work incentives. Instead, welfare reform emphasising activation will be launched in spring 2007. Clearly it is theory not money that constrains the fight against poverty.

1.3 Other challenges and policy measures that need to be addressed

The exercise of prioritization of measures has perhaps helped focus the reports, but has not helped in ensuring that the ultimate result is an integrated and comprehensive strategic document on national anti-poverty policies. Specific issues which have a clear impact on poverty are still not being addressed. This section provides EAPN's view of some of the most obvious omissions in the Plans.

1.3.1 The capacity of labour markets to absorb all who want to work

EAPN networks are concerned about the coherence of the approach to labour market integration. Pension chapters of the National Reports refer to increasing retirement age to increase the financial 'sustainability' of the system and increase pension income. However, as the Austrian network asked: *'If the raised retirement age keeps people in work to support their low pensions, how will the new ones get in?'*

Some governments are confronting increased pressure from business to deal with low birth rates and skills mismatch by increasing migration. For example, the Estonian network reported a low birth rate and unemployment but at the same time lack of skills. Employers want to utilise a global labour market to hire less qualified specialists from Russia and higher qualified specialists from India. The network reported that government has a policy to avoid it – but that there is strong pressure from companies to change the law.

The Estonian experience of business pressure to encourage targeted migration is not unusual. It points to the growing need at European level to close the gap between the economic attitude to migrants and the social situation that confronts them in Member States.

The Latvian National Report clearly states that *'employers demonstrate no interest in unqualified workforce'* (p12). Despite a common acknowledgement of this situation, few National Reports face up to the size of the poverty impact for the labour market disadvantaged of the weak absorptive capacity of the open labour market.

Training opportunities are the main instruments offered to prevent poverty caused by the unwillingness of employers to hire disadvantaged groups. The risks of poverty from relying on supply side measures to combat poverty are recognised in the Finnish national report. It is one of the very few to state openly that the problem of poverty from unemployment and labour market disadvantage is long term and beyond the capacity of the individual to influence because there will be an *'insufficient number of jobs suitable for the structurally unemployable even in the next decade'* (p19). The Finnish National Report states that better income support will be necessary, as well as social insertion measures. Interestingly, it states also that security of income for unemployed people is vital to raising employment (p27) and refers to

the concept of the 'Interval labour market' in which employee income is composed of a flexible combination of the employee's work contribution and various forms of assistance. If the position on the Finnish market is thought to be specific to its high skill labour requirements, then it suggests that if other Member States achieve their goal of moving further towards a high skill high value economy, they will confront the long term unemployment facing the Finns.

EAPN networks are increasingly concerned that European economic policy is forcing Member States into a 'one-club' approach to combating poverty through supply side 'activation' – a poverty that is in itself reinforced by the macro-economic policy environment.

1.3.2 Social protection and adequate income

Finland's report is one of the very few that refer explicitly to prevention and to *'good social protection as the cornerstone of society.... It increases social stability and cushions the impact of social change'* (p 14).

Very few reports refer to better income support – with the exception of Baltic states – for example there are widespread rises in benefits in Estonia but from a position of currently limited coverage and very low rates – often insufficient to prevent severe poverty. Wealthy countries have more limited and targeted approaches – increasing some benefits (for example to support family-building) and reducing others, to stimulate work incentives and cut costs. The Finnish National Report states that security of income for the unemployed vital to raising employment (P27). However, the Finnish network is one of many that feel the key missing *measure* for really cutting poverty is adequate benefits - benefits are both too low and too rigid. The UK network is particularly concerned about benefits for single adults without children – many recipients are multiply deprived and stress and other mental health problems are common. Benefits for adults without children have declined markedly in real terms relative to those of other groups.

The Luxembourg network voices the concern of many networks in stating that one of the key issues is not just the existence of **minimum income** but the level - and the level necessary is connected to affordable and accessible services.

In this respect, networks are very disappointed in the response by governments to the 'Active Inclusion' communication of 2006, which may be explained by the fact that they have very different views on each dimension included (labour market integration, minimum income and services) and have indicated that they are satisfied with the OMC process, but many social NGOs would like stronger measures on minimum income. They fear further deterioration in labour market conditions and neglect of the gross poverty experienced by some disadvantaged people in and out of the labour market - and the exploitative conditions and severe poverty experienced by many migrants, ethnic minorities (Roma) and refugees and asylum seekers – even in the richest countries. The National Reports were an opportunity to redress this which was not taken.

EAPN believes that an adequate income for a life in dignity should be a guaranteed right and that the OMC should help highlight this need and steer political thinking towards a recognition that steps have to be taken to make this a reality throughout the EU.

1.3.3 The missing power – legal rights and legal redress

As mentioned above, Networks believe that legal minimum incomes set at a level and with a mechanism to prevent poverty and enable everyone to share in rising wealth are an essential tool in combating poverty and supporting human dignity. Given the great differences between Member States it may be necessary first for measures to be developed nationally, but an argument about subsidiarity is not an argument for doing nothing. The Charter of Fundamental rights provides a clear basis for taking this debate further.

Networks believe also that enforcement of existing law - for example on discrimination and on employment rights – should be a stronger part of labour market integration and access to services.

1.3.4 Income inequality

Income inequality is referred to in some reports – e.g. Finland – as a driver of relative poverty, and in Cyprus, referring to improvements in the distribution of income. In the Belgian report, in the pension chapter, a remarkable measure is introduced. The guaranteed income for older people will be increased upon the level of the poverty threshold. This is an important precedent. By referring to the poverty threshold for the minimum income of older people, one could argue for a similar application to all other groups with a minimum allowance below the poverty threshold. It could be considered as a good practice for other Member States.

However, EAPN networks are concerned that the Lisbon strategy is accelerating inequality in most Member States. The French EAPN network notes that the mix of tax cuts for the better off and benefit cuts for poorer people is reinforcing inequality.

Despite the costs to taxpayers in direct subsidy to employers and indirect subsidy through the tax and benefit system, and all the associated costs arising from the impact on social cohesion, the primary inequality generated by the open labour market is not presented as a problem that can or should be tackled at source. EAPN networks ask – has anyone counted the costs?

1.3.5 Macro-economic policy

As the French network said, *'What is competitiveness? - According to the 4th Cohesion report of the Commission it's when people have a better life – but quality of life is falling'*.

EAPN networks express frustration and even anger about the dominance of the Lisbon reform agenda, its rightness treated almost as an article of religious faith. EAPN networks believe that tax cuts and privatisation programmes raise income inequality, cut resources for welfare and raise costs to poor people – user charges, co-payments, unequal access to services.

The Slovak network was one that referred to the impact of the Stability and Growth Pact and the constraints it imposes on spending on social welfare – the vulnerable are paying for the government's aim to enter the single currency mechanism.

Networks have long felt that European monetary policy was too restrictive of the demand side of the economy, leading to unemployment and cuts in social services. However, what is perhaps surprising is the strength of feeling about the consequences of the single currency. A member of the Portuguese network said that *'the Euro - and the stability pact - is becoming*

one of the most important reasons for poverty. Salaries are the same but the cost of living is higher'. The Italian network mentioned 'not to blame the Euro but people speculating and making a profit'.

1.3.6 The responsibilities of employers

In recent years, in many Member States, employers have been given greatly increased rights to manage labour markets in their own interests. At the same time there has been some concomitant increase in their responsibilities to the public interest. There have been improvements in legislation on equal opportunities to access employment and there has been the introduction of the minimum wage in those countries that did not already have it.

But the quality of work and working conditions has not been a big concern to most governments. The potential impact of long hours or insecure work on children was earlier discussed but it has also an impact on elder care.

The main role for employers in combating poverty seems to be as a recipient of public subsidy to support training and employment of risk groups and in some countries sheltered employment and training programmes. Employer subsidies are widespread. Measures may be direct or indirect and vary widely and include employer insurance discounts to take on disadvantaged groups in Hungary, and low wage top ups (Tax Credits) in UK. The cost of low wages to the taxpayer (on childcare subsidies and wage and pension subsidies) is not discussed.

Concerning low pay, minimum wages are sometimes mentioned as an anti-poverty measure - but for example in the UK and Cyprus the level is set low and covers mainly female occupations, contributing to cutting household poverty in dual earner and to a much lesser extent female headed working households. The extent of in-work poverty in the UK indicates the minimum wage is not set at a level where one wage will keep a family out of poverty. Employer responsibilities in return for the greater freedom they have been given to manage the labour must be set out clearly. They have to include issues about security, progression, work culture and hours of work.

1.3.7 Access to health and housing

Many networks believe that the poverty caused by the relationship between low incomes and health inequality is not addressed. Health inequality features in health chapters of the National Reports, but the poverty dimension is rarely dealt with in the inclusion chapter. The German network is disappointed by the lack of measures on access to health care for people with a disability. The lack of reporting of health measures hides caps (ceilings on resources) and cuts in some countries such as France, where older people have been particularly affected by caps and migrants have been affected by regression in access to health services.

Access to affordable housing is a problem identified in many National Reports, including France. The Luxembourg report identifies measures to ensure up to 10% of rental housing in new developments and increased public construction of affordable housing. Hungary has a programme to cut regional housing inequality and a programme to target poor housing in villages and remote rural areas, supported by structural funds. The Polish report refers to measures to increase emergency accommodation including night shelters. The Finnish report

identifies a range of strong measures to deal with homelessness and an acceptance that sufficient income is a necessary preventative measure. However, networks are concerned that **income inequality, rising prices for property and discrimination are hardening housing segregation and problems of accessing secure housing in reasonable condition**. But major social housing programmes are not reported.

1.3.8 Public and media awareness and understanding of poverty

The networks are generally concerned about the hardening of the conception of deserving and undeserving poor and the failure of governments to address the public understanding and awareness of poverty. The Lithuanian network suggested that there is a very narrow conception of poverty and public awareness of it – *'only begging is poverty'*. The Portuguese network states that if the fight against poverty is not a public opinion issue then it will be quite difficult to have coherent policies in this field.

Governments may await public 'permission' to redistribute income, but the public understanding of poverty is not addressed in the National Reports. The Bulgarian report is an exception, it refers on p16 to *'Measures for increasing the public awareness ... and overcoming some prejudices towards ethnic minorities'* and on p21 to *'increasing the public awareness for the conducted measures ...'* but the specific measures are not discussed.

CHAPTER 2: DEVELOPMENTS IN GOVERNANCE

2.1 Co-ordination and implementation mechanisms and tools

2.1.1 The impact of the OMC in driving policy priorities and measures

It is clear that anti-poverty priorities are being driven by European processes and this is a major impact of the OMC. The European processes and funding have had broad impact. The policy priorities and measures evident in most reports (child poverty, active labour markets, access to services and integration of migrants) appear to be a consequence of European policy priorities and exchange. Policy measures for certain risk groups – e.g. long term unemployed and Roma are clearly driven also by the European Social Fund and for Roma by the impact of the JIMs process also. The JIMs have evidently had a major impact in new Member States and are the basis of much that has moved into the NAPs/incl. Promotion of social and civil dialogue has clearly been an impact of European funding more broadly – for example, in Bulgaria.

EAPN believes that the EU lever on the Member State's commitment to fight poverty is crucial. At the same time, both the Commission and the Council should be cautious of the messages sent and of the extent to which the frameworks set and the broader agenda followed steer the inclusion and poverty agenda. This should not reduce the scope of the effort to eradicate poverty, but rather maximize it.

2.1.2 Streamlining of the social processes

The European objectives and structures for reporting on policies have changed half way through the 'Lisbon decade'. With the 2010 objectives still in mind, the introduction of the new streamlined approach (social inclusion, health and pensions covered by a single OMC) risks reducing the clarity and precision of focus on combating poverty unless there are robust mechanisms to mainstream combating poverty throughout the National Reports (on Social Protection and Social Inclusion) and in the National Reform Programmes.

The European Commission encouraged consultation between ministries but the outcome is uneven. The streamlining process has the potential of promoting better governance and addressing the multi-dimensional causes of poverty. EAPN nonetheless feels that streamlining has made it more not less likely that the national activity is merely a report to the Commission - over such a big area and in such a new mechanism, the strategic task is not achievable. Nor is it evident that the status of the Joint Report on Social Protection and Social Inclusion is higher now than previously.

Is the 2010 'decisive impact on poverty' a real target? It is a pity that nearly seven years on from the launch of the social inclusion strategy we are asking this question. The view of the networks is that the positive potential of streamlining to integrate dimensions of the social agenda and raise the political profile of combating poverty and promoting inclusion has failed. This is not least because of the way it was introduced and the lack of active management of its implementation as more than an administrative convenience. Networks are sure that there are some governments that agree with them on this point.

2.1.3 The impact of the NAPs/incl in promoting institutional development

All Member States have established most of the following: national government departmentally based co-ordinating units, inter-departmental committees and stakeholder mechanisms. What is not clear is the formal or constitutional status of these mechanisms and their link to the formal policy process.

In states where delivery responsibility takes place at regional level, some Member States have invested in regional mechanisms, especially in new Member States, which seem to be making determined efforts to build consultation mechanisms and deliberative policy processes. For example, Hungary undertakes regional consultations and local and county round tables (a legal obligation) in order to guarantee the multi-sector nature of local social policy planning. The full social inclusion structure includes inter-departmental round tables, a Social Policy Council of stakeholders and a Committee Against Social Exclusion which elaborates the national reports. There are also Councils for various disadvantaged groups including Roma. There are still some issues of planning coherence in those countries such as Ireland and Germany with pre-existing national reports on poverty/ wealth. The German National Report refers to a '*parallel process*' (p28).

Overall, it seems clear that many governments are doing things they would not otherwise do, or do less of, in terms of inter-departmental co-ordination and policy consultation. In this respect, the National Action Plans have driven better co-ordination of anti-poverty strategy. This has been slow to develop but that is the fact with institutional change.

However, 'streamlining' seems to have interfered with the 'bedding in' process and has taken some of the drive and ambition out of the process. This is evident in the lack in some Member States of a distinct national inclusion process and in the limited content of the reports. Some Member States have sought to keep the strength of the NAPs/incl and have chosen to prepare much larger reports; others have decided also to retain a focus on all seven priorities in the 2006 Joint Inclusion Report.

2.1.4 Unbalanced Feeding in and feeding out with the National Reform Programmes (NRP)

It is clear that the economic and employment processes, whether 'wrapped' in the NRP or not, dominate and constrain the social processes (feeding in). However, Cyprus is an example where it is stated that service priorities are evaluated in the context of NRP and NAP priorities. The Hungarian report states that it tries to ensure consistency of the NAP with the

convergence programme and NRP, but does not say how. Finland's national report states that *'broad based preparation of the NRP guarantees that prevention of poverty and social exclusion is addressed in economic and employment policy'* (p40) but no more information is given.

There is therefore little evidence of poverty proofing of strategies or measures in other dimensions of the Lisbon process (feeding out), which suggests limited impact of key messages from the NAP/incl. The impact seems all in the other direction. The UK NRP has one reference in it to child poverty – but no reference to the government's child poverty target. There are two references to the Joint Social Protection/ Social Inclusion report – but no specific reference to the NAPs/incl.

Networks have found the NRP process difficult to access and many have found the culture of the relevant Ministries closed and uninterested in poverty. EAPN will conduct a separate analysis of how the social inclusion priorities are taken up in the NRP.

Amongst other disadvantages, the dominance of the economic agenda on the social approach is inhibiting innovative policy development responding to new challenges. This barrier is not only financial, but intellectual and emotional. Yet it is clear that while a supply side approach to the labour market – such as 'flexicurity' as currently understood – can insert more people into the labour market, it is not at all clear that it can keep them there, or keep people out of poverty. Member States should 'cut some slack' to deal with the multi-dimensional nature of poverty – asserted and accepted by almost all actors but not truly evident in the elaboration of strategy and policy.

2.1.5 The Structural Funds

The impact of the Structural Funds' priorities on the prevalence of particular measures is evident in most countries. The Lithuanian report refers to the Single Programming Document as *'one of the most important documents of Lithuania'* (p 29).

They are the major European financial instrument in the social field and their role is to close inequality gaps - yet most networks believe that they are hardly focused on combating poverty and exclusion.

Further, networks can find no link between the new Structural Funds and the NAPs/incl – even where there was one before, as in Portugal. Another network said that the timing of the new period of programming and preparation of the NAPs/incl would have required co-ordination of decision making nationally that was not possible.

2.1.6 Mainstreaming

A few National Reports refer to mainstreaming, but do not discuss the mechanism. Cyprus refers to mainstreaming policy through the NRP and the Single Programming Document of the Structural Funds.

Latvia intends to draw upon European best practice with a view to establishing mainstreaming in 2007.

In the National Reports, 'mainstreaming' in strategies for particular groups at risk was most likely to be illustrated for women and to a smaller extent for people with a disability and Roma – for example, Hungary has desk officers for Roma in all major Ministries and in Portugal the

NR refers to the creation of 'social inclusion units' in the different ministries. However, most National Reports say little on mainstreaming.

In the case of France, as indicated earlier, stronger reference could be made to the use of the 'transversal document' (cross-cutting policy tools). No other network found any statement of clear intention to progress mainstreaming of anti-poverty strategy in national policy making. In the UK, there are the beginnings of Cabinet Office led inter-departmental discussion on mainstreaming social exclusion through the mechanism of the Comprehensive Spending Review. However, the complexity of effectively mainstreaming is illustrated in the different scope of the Department for Work and Pensions, the Cabinet Office exclusion agenda and the child poverty strategy, which is the government priority and subject to a clear target. The revision of the Public Service Agreement targets, if they become cross-departmental for some key issues, may provide a means of mainstreaming, but it is too early for this to enter the National Report.

EAPN networks believe that the OMC processes have increased inter-departmental contact, but are aware of the practical difficulties and time required to institutionalise contact and achieve mainstreaming. Streamlining did not advance this process, but rather the reverse.

2.1.7 Tools and delivery

Data

It is clear from their own statements that some poorer Member States such as Latvia and Bulgaria do not have the capacity in all policy areas to set targets based on meaningful data and to monitor them.

EU SILC data problems were raised in the Irish national report as a reason for not yet undertaking measures in certain policy areas.

Target setting

A positive impact of the NAP process has been to spread good practice in data development and target setting. Cyprus had no targets in the previous NAP. However, many states set targets only for particular priorities or measures, for example Estonia has no targets for childcare and Bulgaria has few targets overall.

The style of target setting is not the same between Member States – but more importantly within Member States target setting is inconsistently expressed. It is hard to tell whether targets are ambitious or not – e.g. Cyprus – and how resources are related to them (e.g. Bulgaria).

Indicators and monitoring

Only some reports refer in the body of the text to the Laeken indicators and use them to bench-mark their performance – and then not consistently. Overall there is no consistency within or between National Reports in the use of indicators or how these are reported.

Resources, transparency and coherence

The Maltese network is an example of one concerned that the planned projects listed in the annex to their National Report show no clear links to the priorities on children and youth. In most National Reports resources are not reported in a consistent manner and are not clearly linked to the scale of challenges and to targets.

The French network feels that more reference could have been made to the new cross-cutting policy tools, which were the subject of a peer review in mid-2006.

Networks missed consistent reporting of timetables. Very few reports distinguish clearly between existing and new measures nor indicate whether new measures are resourced and ready to go or merely foreseen.

Monitoring and evaluation

These remain as underdeveloped as ever. Monitoring activities are much more rudimentary than consultation on drafting. However Austria intends to engage independent experts in producing material for the next Plan and to have stakeholder involvement in monitoring and implementation.

In most Member States, monitoring and implementation is rudimentary because the NAPs/incl do not drive policy but report it. Nevertheless, the consultation on drafts does allow a kind of evaluation of existing strategy and policies.

2.2 Governance and the role of stakeholders

2.2.1 National governments

At national level, governments are doing more co-ordination and more consultation, including recognising the importance of experiential data in formulating policy strategies. Further, networks report commitment of many of those ministers and officials who have been directly engaged and recognition by them of the value of cross-national learning and of new voices in the policy process

Cross- nationally, networks are sure that peer exchange between governments has been a positive learning opportunity for most of them - but remain concerned about the lack of access to influence and benefit from that learning for other actors who must be part of successful strategy and policy.

On the negative side, networks are not convinced that there is institutionalised involvement in the inclusion process, of 'non - NAPs' departments or even other teams in the same department. Some networks believe that small teams write the reports for European Commission consumption only.

The Swedish network was one of many who made the point that a weakness of the NAP is that it is not a national planning tool as foreseen. *'The difficulty is NAP is not an instrument. It is just a report of some officers. If you want to influence poverty then you do not do it through the NAP'*. Nevertheless, stakeholder models are spreading and these may be seen as 'proto-institutions'.

Overall, the OMC process – despite being defended by national governments when presented with any alternative, is not being embedded as it could be. If for now governments will not do more, they could at least fully implement the OMC.

2.2.2 The role of the European Commission

The Commission has played a very positive role in promoting the four original objectives of the NAPs/incl and in assessing the strengths and weaknesses of Member States' approach and achievements. The Laeken indicators have been valuable in enabling common benchmarks to be used.

However, recent developments including streamlining and the launch of the National Reform Strategy have disappointed the social NGOs not least because of the limited consultation and the feeling that NGO concerns have not been heard. At the moment where NGOs and national governments are being exhorted to take a more inclusive and participatory approach to policy

development, there is scope for the governance process at European level to be more open, more transparent and more accessible.

However, social NGOs begin to have concerns about the European Commission's own strength of purpose for the future of the European strategy to combat poverty and social exclusion. **Networks would like to see more high level support from the European Commission in supporting Member States to drive forward the poverty agenda.**

2.2.3 Parliaments

Members of Parliament seem not to be involved even when invited – perhaps because NAPs are usually a survey of measures already taken or planned, so there is little political interest. The involvement by the European Parliament is limited also.

Given the aim of influencing policy and promoting new institutional mechanisms there is a democratic deficit arising from the lack of engagement of national Parliaments and the European Parliament. It is disappointing that, to date, the OMC process has not managed to enhance such engagement.

2.2.4 Non-Governmental Organisations

Some national reports refer specifically to strengthening the role of NGOs mainly related to consultation on the inclusion strand and service delivery in a national context. However, there are no resources identified to improve advocacy.

The overall picture appears to have improved, and there have been developments in countries that did not have NGO consultation in the last NAPs/incl (like in Portugal with the direct involvement of the Non Governmental Forum for Social Inclusion) – although for some, there has been less involvement than previously. In Estonia NGOs participated for first time in preparation of the 2006 Plans. In Lithuania, the network was also involved as a key stakeholder in the consultation.

Across the Member States Plan preparation usually involved 2-3 consultation meetings (but this varied from 0-5). In a minority of countries the consultation meetings are open to social partners and NGOs together. In other countries there are separate meetings with NGOs. In one new member state the national government appointed an NGO to act as an NGO umbrella and interlocutor. There is a concern with NGO registration in new Member States. Overall, Belgium and the UK had fairly robust consultation mechanisms. In Belgium an interesting process has been set up involving many actors. Employers are not much engaged but other actors worked together for more than one year. Government organised the meetings. The process is felt to be a big improvement to other rounds. The themes in the NAP on social exclusion were discussed before and chosen by the actors.

The UK anti-poverty NGOs have regular dialogue with the social exclusion team responsible for the European social inclusion agenda (the Department of Work and Pensions). Meetings are now well established and civil servants from other Departments and from the new Social Exclusion Task Force are invited to meetings. A follow up Awareness bid has been successful for the UK network. The first financed the Get heard process of 147 workshops in which people from grass-roots organisations discussed national policy to input into the 2006-8 NAPs/incl. In spring 2006 a stakeholder group was officially launched. It contains different

departments, representatives of devolved government and municipalities and NGOs. Significant activities are planned for 2007, including seminars to develop 2008 themes and a conference of people experiencing poverty.

It seems that social NGOs are gaining more legitimacy for their advocacy role, but not more resource. New stakeholder 'expert networks'- including the participation of people in poverty as 'experiential experts', provide an opportunity to establish policy development processes with a new dynamism. Without such strong - and well resourced - deliberative networks, governments may lack the will to address the weak public understanding of poverty and to seek 'permission' for better measures to combat poverty.

2.2.5 The role of the community sector and of people experiencing poverty

Scandinavian countries refer to user councils at local level but do not precisely say how these work with the process for the NAPs/incl.

Overall, there is reported limited participation in national preparation of people experiencing poverty, especially on a regular basis, exceptions include Belgium and to a lesser extent the UK. In Luxembourg, a 'round table' organised by EAPN brought in the views of people in poverty. In Malta, there was a consultation questionnaire, all stakeholders were specifically invited to a consultation and events were advertised in all the Sunday papers. EAPN Malta organised a consultation with service users. – they used the 5th People Experiencing Poverty questionnaire and interviewed 90 service users (p33).

A few Member States have gained much from the specific European conference of People Experiencing Poverty and are developing national models. It is important to retain this distinct European occasion as a model of good practice and to promote more its take up at national level.

2.2.6 Regional government and local municipalities

Some Member States (e.g. Finland, Germany) are making efforts at strengthening the central – local relationship and reforming the organisation of local government (e.g. Denmark) to improve equality of access to services.

In some new Member States, for example Latvia and Hungary, there are models of broad consultation between the centre and the regions, specifically on the inclusion strategy. Policy co-ordination effort is evident in Hungary, which states that social services have to provide two-year updates of planning strategies.

However, as indicated in EAPN's report on the NAPs/incl '05 the process exposes the difficulties of national co-ordination between levels of government and this remains the case.

There are practical difficulties still in actually producing a coherent national plan, because the institutional mechanisms - inter-departmental and between national government and other levels of government - and civil society are often too weak. Central government drivers through budget control and performance targets do not necessarily improve the lived experience of poor people.

Involvement of the local level of government – the main implementers of anti-poverty strategy - has to be taken upstream in a consistent way so that their experience better informs policy development. However, in the context of the OMC process, at present the incentives are insufficient for either central government or local government to make determined efforts to engage together in the NAPs/incl. This has been said by local government from the start of the NAP Inclusion process, but not a lot has changed.

2.3 Impact of engagement in the process – the experience of EAPN networks

Many networks have made the NAPs/incl a priority in their work programmes and it has absorbed a lot of time and resources. The payoff is that most say they are taken more seriously in terms of consultation, accepted expertise and role in bringing forward the voice of people experiencing poverty.

While EAPN networks are broadly satisfied that access to National Action Plan drafting is improving for NGOs they are less satisfied about access for people experiencing poverty. They are less satisfied also about mechanisms for engagement in follow-up.

Networks feel that there has been very limited involvement of social NGOs in other parts of the National Reports or in the NRP – which does not appear to be a ‘process’ from the point of view of stakeholder involvement. But streamlining has not always helped – it has inhibited incremental increase in stakeholder involvement. Networks have noted that regarding engagement in the single social process simultaneously, there is no desire on one side and there is no capacity on the other.

The OMC process has given anti-poverty networks a certain legitimacy to lobby concerning the measures taken. Regarding the impact of the OMC on poverty measures, networks have seen evidence of cross-national learning by governments, but few innovative positive measures.

Networks vary in their assessment of the added value of participating in the process. One network (Netherlands) has not changed its focus and another that expended a lot of effort on the NAPs/incl is rethinking the value of this (Ireland) as they did not see any output from the consultation in the Plan content. One network (Lithuania) saw their proposals fully included in the Plan but it is not clear if these were policy proposals about poverty or about the role of anti-poverty NGOs. The UK network has succeeded in getting the issue of in-work poverty up the government agenda and there are some indications that measures may eventually emerge, but are not proposed in the Inclusion chapter of the National Report.

Although many networks have engaged in the process of the OMC, it is clear that this has been done with few extra resources available. This does not reflect the continued commitment at European level to good governance and participation and Governments and the EU level should acknowledge this. **Investment at European and national level in those actors committed to the process would get these stronger institutional mechanisms embedded for 2010 – a positive legacy for the NAPs/incl and for Member State and EU capacity to combat poverty and social exclusion.**

CHAPTER 3: EAPN'S KEY MESSAGES AND PROPOSALS ON THE OMC ON SOCIAL PROTECTION AND SOCIAL INCLUSION

Key messages

The eradication of poverty as a key objective is losing ground

Poverty is no longer mentioned as a challenge in its own right. It is often restricted to addressing the needs of certain groups or to limited approaches such as child poverty, active inclusion, which are important in their own right but do not have the ambition of 'making a decisive impact on poverty' as agreed in Lisbon in 2000. EAPN is concerned that the change in language – including the shift from poverty to child poverty and from poverty to 'active inclusion', reflects both a narrowing of the concept of poverty and a shift away from a universal and preventative approach to combating poverty and promoting integration. Some measures remain broad, and do not really tackle the concerns of people in poverty. Ultimately, EAPN feels that the measures are not sufficient to address the nature, scale and depth of the problems identified.

Keeping focus on poverty: surviving in a harsh political context

The revised Lisbon agenda has set the dominant political drive at EU level and this seems to steer all policies, including anti-poverty policies, in the direction of competitiveness and jobs, meeting the stability pact and monetary union criteria. There is clearly a superseding agenda which EAPN feels should be debated in the context of its implications on the fight against poverty and exclusion.

The OMC on Social protection and social inclusion (SPSI) does have an impact on the national policy environment for combating poverty and promoting inclusion

The European external driver does matter. The OMC SPSI has had an impact on **governance** and cross-state learning as much as on analysis of the challenges faced, and this is a positive development. It has also had a small impact on national strategic policy formulation, and many networks welcome the priorities identified. Structural Funds' programming has a big influence on employment and training measures but is little used directly to combat poverty.

At the same time, there is a concern around the strong drive in limited priority setting from the EU level, which has sometimes superseded other existing or wider concerns at national level and which is often driven by the EU strive for 'jobs and growth' first. EAPN raises concerns about this approach, which at national level seems to give less opportunities to develop a more holistic approach to poverty eradication.

Streamlining: a mixed message

Streamlining was introduced without stakeholder consultation and without meeting the concerns of some Member States committed to the distinct process for the NAPs/incl. The streamlined strategy required a powerful relaunch for the OMC which it did not get. EAPN

feels that the social inclusion strand is losing focus and content in some National Reports, maybe linked to the brevity and the limited scope for priority setting, and that the streamlined process as a whole is not sufficiently poverty-proofed. To date, its impact on addressing the **multi-dimensional** nature of poverty is not entirely satisfactory. The recent change in the process may mean that it is too soon to evaluate its impact, yet the commitment to poverty eradication is long-standing, and there is little evidence of improvement at EU level. The streamlined process was also intended to give prominence to an independent and equally strong social pillar within the **Lisbon** strategy. EAPN sees little progress in redressing the imbalance between economic, social and employment policies. Indeed, 'feeding in' has been followed to the point where it seems that social processes are inside and subservient to the orbit of economic processes. '**Feeding out**' in terms of addressing social inclusion concerns in the employment and economic policy formulation of Member States is far from being achieved. EU processes in this respect have not provided the necessary lever to ensure this takes place.

Risk groups: addressing key issues in a holistic manner

Child poverty is a key concern in Europe today and should be dealt with urgently: the OMC rightly highlights this as one of its main priorities. Nonetheless, EAPN wishes to insist on the fact that although this is an issue to be dealt with as such it cannot entirely be separated from an approach which looks at poverty of families. Addressing this challenge requires tackling the structural causes of poverty, addressing issues of rights and not adopting a purely behavioural approach.

EAPN would like to see the development of a strategy which addresses the needs of all groups at severe risk, and more attention paid to problems of ethnic minorities, asylum seekers and refugees. At the same time there is still an imbalance with a more holistic approach that makes a difference to the lives of *all* people experiencing poverty.

Active inclusion and eradication of poverty are not the same concept

EAPN is concerned at the dominance of supply side labour market solutions in the content of the National Reports. Jobs are not the only way out of poverty, and sometimes they are also not sufficient to effectively get people out of poverty. Not enough emphasis has been placed on quality of work and absorption capacity of the Labour market, **adequacy of income** from benefits or wages and access to services.

Current policy tools are too limited to deliver on poverty

In order for the OMC to deliver on poverty, stronger links need to be made to other policy tools and processes, not least Economic policy (monetary policy, tax-cuts, single market...), social rights, adequate income both on and off the labour market, enforcement of measures to fight discrimination, a stronger emphasis on multidimensional policy approaches (e.g. family policy), access to services free at the point of need matter (co-payments and user charges which prevent service use). The awareness and support of media and public opinion to the OMC is also joint report still not sufficient.

Governance in the OMC

Although there is not sufficient effort put into promoting participation in the other strands of the streamlined European process, developments in **governance** in the NAP/incl have been more

positive and there is more legitimacy for social NGOs and people experiencing poverty to have their voice heard. At the same time, there is a feeling that participation is mainly encouraged in the analysis of challenges rather than in the priority setting and definition of measures. **Cross-government cooperation** has been launched in many countries, and NGOs expect much of this. Less satisfactory is the level of engagement of sub-national level and of Parliaments.

EAPN proposals to contribute to the success of policies to fight poverty in the EU

Put poverty back on the EU agenda!

- The **Spring Summit 2007**, and therefore the Joint Report on strategies for social protection and social inclusion, should acknowledge the danger of moving away from a focus on poverty and should restate the need to make a **decisive impact on poverty eradication**.
- The **language** of 'eradication of poverty' should not be lost, and in any case should not be replaced with references to 'active inclusion'. Although this approach is welcome in terms of challenging existing approaches to activation, this is not the same as having a clear policy priority on social inclusion and poverty eradication.
- Refocus on poverty by underlining the **distinctiveness** of the NAPs/incl, within the streamlined OMC and more broadly the Lisbon agenda
- Introduce more effective measures to **poverty-proof** policies across the board
 - Increase **learning** about poverty and support new research on structural causes of poverty
 - Transfer **best practice** more effectively: learn most from the countries with the least poverty
 - Ensure a balance at national and European level between **holistic** and targeted approaches
 - Where governments won't do more, do better (*implement existing tools in full*)

Strengthen the streamlined OMC as an effective strategic tool

- At European level, evaluate the **impact** of streamlining on the attention to poverty.
- Ensure that key institutional actors (SPC, Commission) act as real 'guardians of social inclusion' in overall EU policy-making.
- Introduce a more structured, cross cutting working group on poverty within the **Commission**, in which NGOs could play a role.
- Refresh the NAPs/incl as a national **planning** tool

- Raise the status and ensure consultation in the preparation of the **Joint Report** on Social Protection and Social Inclusion. Ensure that it contains clear messages and **recommendations** on how to ensure National Reports better meet the challenges highlighted and how they respond to the objectives set at EU level. At European level, **stakeholders** should be involved in the preparation of this report.
- Do not disregard the other **priorities** mentioned in previous Joint Reports and EPSCO Conclusions (including access to housing, homelessness, quality services, discrimination, ethnic minorities and migrants...) which are still pressing concerns. Only by keeping these high on the list of EU priorities alongside a holistic and multi-dimensional approach can we achieve a balanced social inclusion agenda for the EU.
- Ensure all National Reports identify the measures they will take to evaluate the **impact** of the strategies
- Reinforce governance and mainstreaming of poverty and social inclusion concerns in the **health and pensions** strands of the streamlined OMC
- Strengthen institutional mechanisms for engagement of **Parliaments** and all relevant stakeholders and people experiencing poverty, at national as much as at European level.
- Launch **local** action plans and peer reviews as an established part of the OMC SPSI
- Launch a NAPs/incl '**legacy planning**' conference for 2008.

Strengthen processes and measures that can impact on poverty

- Provide stronger **mechanisms** to link the OMC Inclusion process to the other social, economic and financial processes (joint meetings on key reports, clear coordinated timetables)
- Revise the **Lisbon** strategy process to ensure two-way input, redressing the imbalance between feeding in and feeding out on poverty and social exclusion through improved institutional, reporting and evaluation mechanisms.
- Mainstream **stakeholder** involvement in all stages of development of the OMC and Lisbon processes at national and sub-national level as well as European level.
- Develop **binding** commitments and measures to support the social inclusion process. In this context, particular attention should be given to horizontal frameworks to

guarantee social standards, particularly in the field of **adequate income** for a dignified life and to ensure equality, affordability and access to quality **services**, particularly social services and services of general interest.

- Ensure that the focus of **Structural Fund** spending and the new **PROGRESS** programme clearly address issues of poverty and social exclusion, and not just from an angle of 'feeding in' to the 'growth and jobs' agenda.

Strengthen communication and visibility of the OMC in the social field

- Establish a European **strategy** to promote public understanding/sharing of knowledge on poverty
- Establish social information **bureaux** in member states – hosted by social NGOs engaged in the OMC in the social field
- Introduce a headline - friendly 'poverty tracker' for **media** and communication
- Deepen the European **Meeting of People experiencing poverty** – make it a mechanism and build in national people experiencing poverty conferences
- Refocus the European **Round Table** on Poverty on assessment of the NAPs/incl and forward planning and link the Round Table to the policy processes.