



European Economic and Social Committee

SOC/530
Fighting poverty

Brussels, 18 February 2016

OPINION
of the
European Economic and Social Committee
on
Fighting poverty
(exploratory opinion)

Rapporteur: **Seamus Boland**
Co-Rapporteur: **Marjolijn Bulk**

In a letter dated 16 December 2015, the Ministry of Social Affairs and Employment asked the European Economic and Social Committee, on behalf of the Dutch presidency of the Council and under Article 304 of the Treaty on the Functioning of the European Union, to draw up an exploratory opinion on

Fighting poverty
(exploratory opinion).

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 28 January 2016.

At its 514th plenary session, held on 17 and 18 February 2016 (meeting of 18 February), the European Economic and Social Committee adopted the following opinion by 197 votes to 4 with 4 abstentions.

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1. **Conclusions and recommendations**

The EESC

- 1.1 supports the intention of the Dutch Presidency of the Council to address poverty and social exclusion through integrated approaches and through cooperation with relevant public and private stakeholders. However, the EESC also finds that Member States should be supported by a common European framework that fosters such approaches and facilitates the exchange and circulation of best practices in the fight against poverty and rising inequalities, which are not only a major concern in themselves, because they mean a lack of social justice, but also harm economic performance and growth, as well as social cohesion;
- 1.2 supports the Dutch Presidency of the Council in its efforts to promote peer reviews of multilevel best practices for fighting poverty, but stresses that municipalities and other actors of such best practices should be supported by sound national strategies;
- 1.3 urges the EU Council to reiterate the commitment made in the Europe 2020 strategy, namely to reduce the number of people living below the poverty line by at least 20 million by 2020;
- 1.4 recommends that, when doing so, the Council take the Sustainable Development Goals – as set out in 2030 Agenda for Sustainable Development – into consideration and that it make sure this agenda is linked with Europe 2020;
- 1.5 is convinced that governance structures at Council level should be more balanced and calls for enhanced cooperation between the ECOFIN and EPSCO Councils;

- 1.6 considers that, during the European Semester, employment and social goals should be put on an equal footing with macroeconomic considerations;
- 1.7 recommends that the European Semester take the Europe 2020 poverty reduction target fully into account and that this issue be systematically addressed throughout the process, starting with the Annual Growth Survey (AGS), followed by the National Reform Programmes (NRPs) and ending with the Country Specific Recommendations (CSRs), through (1) specific poverty alleviation measures, (2) comparable indicators for the state of poverty and for policy effectiveness, and (3) mandatory social impact assessments of all reform agendas proposed by the NRPs and CSRs;
- 1.8 calls, particularly in connection with combating poverty, for a move away from EU economic policies which continue to be only austerity-orientated;
- 1.9 urges Member States to launch their own integrated national strategies to fight poverty, and, when doing so, to seek guidance from the Commission's "Recommendation on the active inclusion of people excluded from the labour market", which, thanks to the interplay between its three strands (1) Adequate income support, 2) Inclusive labour markets and 3) Access to quality services), is largely considered to be the most comprehensive and efficient strategy to eliminate poverty and social exclusion;
- 1.10 highlights the high level of child poverty across Member States and the immediate need to implement the Commission's Recommendation "Investing in children: breaking the cycle of disadvantage", which is part of the 2013 Social Investment Package and which employs a very similar structure to the Active Inclusion Recommendation, containing similar three strands: 1) Access to adequate resources; 2) Access to affordable quality services and 3) Children's right to participate;
- 1.11 expresses utmost concern about the rising levels of in-work-poverty, which calls for a critical review of recent reform measures taken to boost employment by liberalising labour relations;
- 1.12 strongly encourages the Commission to initiate a separate process for improving EU and national statistics on poverty and inequality, which should lead to a more elaborate set of common indicators providing relevant data for national and EU actions, including measures related to the SDGs and the European Semester;
- 1.13 reiterates its proposal to introduce an adequate minimum income at EU level;
- 1.14 asks the Commission to push for measures for preventing and fighting against over-indebtedness at EU level and especially against irresponsible extended credit and usury;

- 1.15 calls on the Commission to propose, without delay, new guidelines for consulting stakeholders in the social field, allowing them to provide input in a structured way as part to the European Semester, at all stages of the process, namely during: design, delivery and evaluation;
- 1.16 urges Member States to make better use of the EU Funds available to support social inclusion and asks the Commission to urgently consult Member States and stakeholders to find out whether the decision to earmark 20% of the European Social Fund (ESF) to promote social inclusion and fight poverty is being effectively implemented;
- 1.17 and strongly encourages the Commission to include principles for more effective and reliable social standards and systems in the announced "European pillar of social rights" and to make fighting poverty and social exclusion one of the major components of that pillar.

2. Introduction

- 2.1 The Dutch Presidency of the Council stresses the need to reverse the trend of rising poverty in the EU. As a means of achieving this, it wants to encourage the sharing of best practices, especially with regard to integrated approaches and cooperation between relevant (public and private) stakeholders.
- 2.2 Although in its opinions on Fighting poverty the EESC has been taking a more "top-down" approach, because it is convinced that tackling poverty is the responsibility of decision-makers (EU institutions and Member States governments), it welcomes the Presidency's intention to organise peer reviews to look into "bottom-up" approaches, that is: examples of partnership approaches used by Member States' to fight poverty, which involve several stakeholders, including the public sector, social partners, grass-root and non-for profit organisations and the social economy.
- 2.3 The EESC thus fully agrees that tackling poverty needs a multilateral approach and that all stakeholders should contribute to achieving a maximum reduction of poverty. The best practices mentioned in this opinion were provided by several European stakeholders¹.

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Finland: [EAPN \(2011\), Active Inclusion. Making it happen, p. 49.](#)

Finland/Germany: [Eurofound \(2012\), Active inclusion of young people with disabilities or health problems, Publications Office of the European Union, Luxembourg, pp. 62-63.](#)

Croatia: [http://www.humananova.org/en/news/0/60/the-impact-of-social-cooperative-humana-nova-in-2013th-year/.](http://www.humananova.org/en/news/0/60/the-impact-of-social-cooperative-humana-nova-in-2013th-year/)

Austria, Belgium, Norway, Slovenia: <http://www.easpd.eu/en/content/investt> and [http://investt.eu/.](http://investt.eu/)

Sweden: [http://www.eurodiaconia.org/files/Events/CROSSROADS_20111209_2_AM_2.pdf.](http://www.eurodiaconia.org/files/Events/CROSSROADS_20111209_2_AM_2.pdf)

UK: [EAPN \(2011\), Active Inclusion. Making it happen, p. 30.](#)

Scotland: [http://links.alliance-scotland.org.uk/.](http://links.alliance-scotland.org.uk/)

Latvia: [EU Alliance for Investing in Children, Implementation Handbook: Putting the Investing in Children Recommendation into Practice, pp. 69-74.](#)

Spain: [EU Alliance for Investing in Children \(2015\), Implementation Handbook: Putting the Investing in Children Recommendation into Practice, pp. 87-92.](#)

Germany: [Social Inclusion and Dignity in Old Age - Promoting participatory approaches to use reference budgets, pp. 46-50.](#)

3. General comments – the need to fight poverty

- 3.1 Although since 2008 successive serious economic and financial crises have contributed to an increase in instability and poverty in the European Union, social protection arrangements in most Member States have helped cushion the effects of the crisis. However, with the financial crisis of 2011, this trend was reversed and fiscal austerity measures started to hinder social expenditure, which aggravated the situation. Even the European Commission recognises nowadays that achieving the poverty target is beyond reach. Particularly in the light of this, the EESC therefore considers that there is urgent need to move away from an EU economic policy which continues to be only austerity-orientated.
- 3.2 Without social protection nearly half of Europeans would be living in poverty. Yet, the three key functions of welfare policies – automatic stabilisation, social protection and social investment – were weakened due to the recent fiscal constraints to tackle the crisis. This situation has to change.
- 3.3 The EESC also recognises the inextricable link between poverty and ill-health, which signifies the need to tackle poverty as a priority. Evidence has consistently shown that areas which have a greater proportion of people living in poverty also have poorer health in comparison to more affluent areas². In parts of the UK, for example, it was found that men from less affluent areas die approximately eleven years earlier and women seven years earlier than their better off counterparts³.
- 3.4 The EESC is convinced that the Europe 2020 strategy should be much better linked to the European Semester. The poverty reduction target must remain the core component of this strategy and levels of ambition shown by Member States should be much higher. The sum of the 28 individual commitments to reduce poverty does not match the shared EU ambition to get at least 20 million people out of poverty in the EU by 2020.
- 3.5 Poverty reduction is primarily the competence of Member States. They could improve their situation by sharing best practices with their counterparts, including integrated approaches and cooperation between relevant (public and private) stakeholders to combat poverty. The Council should call on Member States to conceive the integrated strategies required to reduce poverty.

Bulgaria, Romania: <http://amalipe.com/index.php?nav=projects&id=57&lang=2>.

Spain: EAPN (2011), *Active Inclusion. Making it happen* p. 21.

² Davidson, R., Mitchell, R., Hunt., K., (2008), Location, location, location: The role of experience of advantage in lay perceptions of area inequalities in health, *Health & Place*, 14(2):167-81.

³ http://www.audit-scotland.gov.uk/docs/health/2012/nr_121213_health_inequalities.pdf.

- 3.6 In-work poverty in particular is on the rise. The Commission should evaluate the impact on rising levels of in-work poverty of recent reform measures taken to boost employment by liberalising labour relations.
- 3.7 Social Impact Assessments should play a major role throughout the legislative process in order to take better account of the multidimensional nature of poverty and social exclusion (which goes beyond material poverty to encompass other forms of social and economic disadvantages such as lack of equal access to education, employment, housing, healthcare and social participation).
- 3.8 Poverty is also a global concern. The UN Sustainable Development Goals⁴ adopted in 2015 (mainly Goal 1: End poverty in all its forms everywhere) should be taken into account by the EU institutions and Member States and integrated into their strategies. The 2030 Agenda for Sustainable Development⁵ should be linked with the Europe 2020 strategy.
- 3.9 The EESC is aware of the upcoming launch of the Commission's "European pillar of social rights" and, according to the Commission, the concept of the "upwards convergence" of Member States in social matters will play an important role in this "pillar". The EESC encourages the Commission to include principles for more effective and reliable social standards and systems⁶ in this pillar (more specifically, strong social standards for adequate income support across the life-cycle, inclusive labour markets and non-discriminatory access to high quality affordable services for all), and to thus make the fight against poverty and social exclusion one of the pillar's major components.

4. **Specific comments – tools to explore**

- 4.1 The European Commission has been very active in proposing comprehensive recommendations, which have been considered to be very useful for combating poverty. This is particularly true in relation to the "Recommendation on the active inclusion of people excluded from the labour market"⁷, and to the Recommendation "Investing in children: breaking the cycle of disadvantage"⁸. If the Council is keen to privilege an "integrated approach" to tackling poverty, it should start by reminding Member States of the need to follow these recommendations actively.

4 <https://sustainabledevelopment.un.org/index.php?menu=1300>.

5 http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.

6 [OJ C 13, 15.1.2016, p. 40ff.](#)

7 [OJ L 307, 18.11.2008, p. 11ff.](#)

8 COM(2013) 778 final.

- 4.2 The Social Investment Package⁹ from 2013 is another good initiative from the Commission. The EESC has already urged the Commission to pursue an ambitious and wide-ranging social investment agenda and to promote this in all phases of the European Semester¹⁰. Social investment refers, inter alia, to policies that prepare individuals and families to respond to the new social risks presented by the competitive knowledge society, by investing in human capital from early childhood onwards, rather than simply "repairing" damage after moments of economic or political crisis¹¹. However, in spite of its merits, social investment is still not an approach followed by all Member States. If the Council wants to collect best practices in the fight against poverty, it should certainly look at the achievements made so far in the area of social investment and support this type of initiative¹².
- 4.3 Minimum income schemes in some Member States are not enough to tackle poverty¹³. Although reforms of minimum income schemes in some countries have taken place since 2010 (including Austria, Germany, Spain and Portugal) or reforms have been announced or are being piloted (including Greece and Italy), they are not sufficient. The EESC has called for European measures to support an adequate minimum income in Europe¹⁴ as well as for investment in universal, comprehensive and adequate social protection systems, which can prevent from poverty risks throughout the life-cycle¹⁵. The Council should support all of these measures.
- 4.4 Moreover, the reckless, irresponsible granting of consumer loans and the lack of care taken when assessing households' financial capacities has been at the root of an over-indebtedness spiral in more recent times of crisis and austerity policies, already affecting around 70% of indebted people living below the poverty line in Europe, despite the fact that some have jobs, but with wages which are not enough to pay off their debts. This situation calls for stringent measures and restraint in granting consumer loans, particularly by intermediaries and non-financial bodies who do not comply with the regulations and push people into taking out loans at usurious rates.

5. Specific comments – measures on governance

- 5.1 Because of the Euro crisis, far reaching changes were made to European economic governance. Primary focus was given to macroeconomic stability and "growth-enhancing reforms". To date, not enough focus has been given to social governance. However, economic

⁹ COM(2013) 83 final and annexed documents.

¹⁰ [OJ C 226, 16.7.2014, p. 21ff.](#)

¹¹ Hemerijck (2014) and also Social Justice Ireland "Europe. A union for the powerless as well as the powerful".

¹² See "Social Investment in Europe - A study of national policies" (2015), EC.

¹³ Bouget et al (2015) and also Social Justice Ireland "Europe. A union for the powerless as well as the powerful".

¹⁴ See [OJ C 170, 5.6.2014, p. 23ff.](#)

¹⁵ See [OJ C 226, 16.7.2014, p. 21ff.](#)

policies should consider the impact that they will have on quality employment and social cohesion. Moreover, as the EMU would benefit from a social dimension, the governance structures at Council level should be more balanced, and cooperation between the ECOFIN and EPSCO Councils enhanced.

- 5.2 The EMCO and SPC committees should continue to play an active role in assessing national reforms as part of the European Semester process, but should progressively start consulting relevant European stakeholders at EU level.
- 5.3 The composite "poverty" indicator, used to define poverty in the Europe 2020 strategy, is based on three individual indicators: 1) people who are at risk of poverty; 2) people who are severely materially deprived; and 3) people living in households with very low work intensity. Under this strategy Member States are required to set their own national targets for contributing to the overall goal on the basis of these three indicators and in line with their domestic priorities and circumstances. However, the EESC finds the fact that Member States were given the freedom to choose between the three indicators, which has contributed to variations in national approaches, might make new recommendations necessary.
- 5.4 The EAPN's assessment of the 2015 National Reform Programmes (NRPs) demonstrates that 88% of them did not have poverty as a main priority and that none of the 2015 Country Specific Recommendation (CSRs) mentioned poverty reduction¹⁶. The EAPN has therefore proposed that the European Semester focus more on social issues, starting with the Annual Growth Surveys, and ending with CSRs on poverty reduction for all countries¹⁷. The EESC agrees with this proposal and recommends that national stakeholders be included in the preparation, implementation and communication of the NRPs. More generally, in order to make it possible for Member States to learn from each other, the results of the consultations with relevant stakeholders at European and national level should be made public as part of the European Semester.
- 5.5 The Commission should initiate a separate process for improving EU and national statistics on poverty and inequality, in order to refine the monitoring of this multidimensional social problem. This exercise should lead to a more accurate set of common indicators providing relevant data for national and EU actions, including measures related to the SDGs and the European Semester.
- 5.6 Social Impact Assessments (SIAs) are instrumental in detecting poverty-related risks of measures in a number of relevant reform areas, such as fiscal consolidation, management of public debt, taxation, labour market, regulation of financial markets, provision of public services and public investments. In particular, timely SIAs should be conducted in the scope

¹⁶ i.e. in spite of the fact that Bulgaria was facing extremely high levels of poverty in 2015, no 2015 CSRs highlighted this situation.

¹⁷ See [EAPN \(2015\) "Can the Semester deliver on poverty and participation? EAPN Assessment of the National Reform Programmes 2015"](#).

of the European Semester, in close consultation with social partners, civil society and relevant experts in Member States and at the EU level.

- 5.7 The European Semester should take the Europe 2020 poverty reduction target fully into account and this issue should be systematically addressed throughout the process, through (1) specific poverty alleviation measures, (2) comparable indicators for the state of poverty and for policy effectiveness, and (3) mandatory social impact assessments of all reform agendas proposed by the NRPs and CSRs.
- 5.8 Member States should design and implement comprehensive, integrated national strategies to combat poverty, social exclusion and discrimination. These strategies should include the following areas: adequate income support, inclusive labour markets, quality jobs, equal access to affordable, high quality services, making better use of the EU Structural Funds, the economic and social integration of migrants, tackling discrimination and working in partnership with social partners and relevant non-governmental stakeholders.
- 5.9 It is also necessary to combat over-indebtedness by adopting responsible policies on lending (strict regulation of intermediaries and issuing of credit cards, prohibition of aggressive advertising, ban on usury, prohibition of the repossession of people's homes and other essential goods), strengthening mediation in conflict resolution, giving people who are over-indebted a second chance (a "new start" policy), and on information, education and prevention of over-indebtedness.
- 5.10 Member States must use the EU Structural Funds to support the social inclusion of all. In particular, the Commission should urgently check with Member States and stakeholders whether the Council decision to earmark 20% of the European Social Fund (ESF) for promoting social inclusion and fighting poverty¹⁸ is being implemented.

6. **Specific comments – measures on stakeholder participation**

- 6.1 One of the flagship initiatives of the Europe 2020 strategy, the European Social Platform against poverty and social exclusion (EPAP), was created as a broad umbrella, covering a wide range of policies to help reach the European poverty target¹⁹. It should have had provided the basis for a joint commitment between national governments, EU institutions and key stakeholders to fight poverty and social exclusion, but so far it has merely been a platform for discussion and has not produced tangible results in relation to reaching the poverty target. The Council and the Commission should reflect on ways to empower it as a platform to support good practices in the fight against poverty and to ensure that it is directly linked to the main EU processes – e.g. the European Semester and the Europe 2020 strategy.

¹⁸ See <http://ec.europa.eu/esf/main.jsp?catId=62&langId=en>.

¹⁹ See <http://ec.europa.eu/social/main.jsp?langId=en&catId=961>; and [OJ C 248, 25.8.2011, p. 130ff](#).

6.2 The EESC recalls Recital 16 of the former Integrated Guidelines for Growth and Jobs, which explicitly stated that the Europe 2020 strategy "*should, as appropriate, be implemented, monitored and evaluated in partnership with all national, regional and local authorities, closely associating parliaments, as well as social partners and representatives of civil society*"²⁰. This extract serves to highlight that improvements must be made to the way in which European and national stakeholders are consulted during the design, delivery and evaluation stages of the European Semester.

6.3 The lack of meaningful engagement by the EU institutions and relevant (public and private) stakeholders, such as social partners, NGOs and others, in the design and delivery stages of the Semester was emphasised in the EAPN's analysis. To effectively involve civil society at all stages of the Semester process, the Commission must propose new guidelines on participation without delay and monitor progress in the country reports and other monitoring documents.

6.4 Equally, there is need to engage with those experiencing poverty in order to listen to their voices and to counter large-scale disaffection, particularly among young people, from the EU. The EAPN annual meetings of people who have first-hand experience of poverty are an example of good practice. The EESC calls on the Commission to ensure that these meetings continue to be financially supported and be integrated into the consultation process on progress made towards meeting the poverty target as part of the European Semester. Moreover, these meetings should also take place at national level.

7. **Specific comments - the responsibility for multilevel best practices for fighting poverty**

7.1 The EESC agrees with the Dutch Presidency's intention to organise peer reviews of multilevel best practices for fighting poverty, but highlights that municipalities cannot be the only entities responsible for providing such examples. The EESC believes that regional and local initiatives do not replace central responsibilities and guarantees. Governments and public and private stakeholders must cooperate systematically and in a structured manner if they want to achieve the aim of reducing poverty.

7.2 The EESC would like to point out that, for instance in the Netherlands, many responsibilities in the area of social issues have been shifted to the municipalities. The concentration of multiple tasks at municipal level may be cost-efficient and enable tailor-made solutions that meet beneficiaries' needs, but, as mentioned in the CSRs to the Netherlands, there are risks of a possible reduction in funding, which must be avoided. The decentralisation of initiatives is not compatible with cuts in municipalities' budgets.

7.3 The EESC therefore believes that, although best practices certainly exist at regional and local level, these cannot and must not stand alone. They need national strategies to support them.

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See <http://data.consilium.europa.eu/doc/document/ST-14338-2010-INIT/en/pdf>.

- 7.4 The EESC also believes that, when selecting best practises to promote, the focus must be given to evidence-based approaches (e.g. questions such as: 1) does this initiative work in practice? 2) Is it exportable?) and to encouraging links between relevant stakeholders. A proper framework for sharing best practices must also be created.
- 7.5 These practices highlight the need to make effective social policies against poverty and social exclusion, to reorganise social services, to review the practices of the social work actors to meet the needs of people in poverty, to encourage social actors to use their professional experience in the development of social policies and, finally, to give rights to people who facilitate the integration and social advancement of people living in poverty.

Brussels, 18 February 2016.

The President
of the
European Economic and Social Committee

Georges Dassis

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N.B.: Appendix overleaf.

APPENDIX
to the
OPINION

The following proposed amendment which was rejected, received at least one quarter of the votes cast:

Amendment 15 (tabled by Lech Pilawski)

Point 1.15

Amend as follows:

"strongly encourages the Commission to include principles for more effective and reliable social standards and systems in the announced 'European pillar of social rights' and to make fighting poverty and social exclusion one of the major components of that pillar. The European Commission, when proposing measures under the European Pillar of Social Rights, should take into account the different levels of socio-economic development of the individual Member States and pay attention to the possible consequences, especially of raising social standards, on employment levels and the risk of poverty and social exclusion in these countries."

The amendment was put to the vote and rejected by 59 votes to 131, with 13 abstentions.
