

**“An EU we can trust”
EAPN Proposals on a new EU post-2010 strategy**

*Produced with the support of the EAPN Social Inclusion, Employment and
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Introduction

This paper was originally developed as a discussion paper, preparing the ground for the EAPN Seminar on 2010 and Beyond, held in Brussels on the 29th May 2009, involving EAPN Social Inclusion, Employment and Structural Funds Working Groups and outside participants. It sets out EAPN proposals on the way forward for an EU strategy for post 2010, based on existing EAPN positions, drawing on debates with EAPN working groups and from the conclusions of the 8th People Experiencing Poverty Meeting held in Brussels in May. The debates and conclusions were used to finalize the initial draft and the revised paper was discussed at the General Assembly in Vienna on June the 13th 2009. At the same time, EAPN is working together with the Social Platform in developing a [Spring Alliance](#) manifesto, involving environmental organizations (EEB) and trade unions (ETUC), to deepen proposals on a sustainable vision and strategy for the EU. This manifesto will be launched in September. EAPN fully supports this broader manifesto.

EAPN wishes to particularly thank the EAPN social inclusion, employment and structural funds working groups, as well as the 2010 seminar and General Assembly participants for their contributions.

This position paper is primarily targeted at EU decision-makers, (the Commission, Council and European Parliament) on action to be taken at EU level, although delivery will depend on Member States.

What we think

Rising to the challenge of 2010

2010 is a crucial moment for the EU. It marks the 2010 EU year against poverty and social exclusion and the date fixed by the Lisbon Strategy in 2000 to make a decisive impact on the eradication of poverty. It is a vital moment to assess how far has the EU been successful in reducing poverty and social exclusion, how far the growth and jobs strategy and the EU Social Protection and Social Inclusion Strategy (the Social OMC¹) have been effective instruments and what changes need to be made if social progress is to be made.

An economic model that cannot deliver prosperity for all

The economic crisis however poses new questions. Not only is there an increased risk of new groups being driven into poverty, primarily through loss of jobs, homes and worsening cycles of debt, but those already in poverty face deepening hardship, as the public deficits caused by low tax revenues and bank bail-outs start to be recouped through cuts in public spending. The crisis has highlighted not only the dangers of an unregulated financial market, but a basic weakness in the economic model that has promoted economic growth and increased consumerism at the expense of social cohesion. Competition and market freedoms have been held sacred over the defense of fundamental rights, and growth has not resulted in less poverty but has increased inequalities between regions, as well as between rich and poor. This has converted inequality into a key driver of an unstable and unsustainable economy at a global level.

No more business as usual - Time for change

The crisis raises severe challenges for the EU, but it is also an opportunity to shape a new vision for the EU and its role in the world. The low participation rate in the recent European Elections and the return of anti-democratic, even explicitly racist representatives, is cause for great concern. A new debate must now be launched which strongly confirms the ethical vision and values of the EU. The starting point must to analyse openly the *causes of the crisis, and the failure of the current Growth and Jobs model to*

¹ The EU Strategy for Social Protection and Social Inclusion is often referred to as the "Social OMC". This refers to the EU soft law method of promoting exchange and convergence between Member States on policy areas like social policy where the main competence lies with the Member States rather than the EU. This is called the Open Method of Coordination (OMC).

distribute wealth and well being effectively, to combat discrimination and promote social cohesion.. A new vision for the EU will challenge the assumptions of ever-increasing growth and whether this can be compatible with environmental sustainability and global equity. It will invest time and resources into alternative approaches to achieve a more “ethical and sustainable growth model”. Above all it will ensure that a new model is proposed that puts the *economy at the service of societal needs* (both for the environment and for people) and actively reduces inequalities and poverty, rooted in a rights-based approach. Such a model is vital to prove that the EU can deliver on its promises of security, and deliver a coherent and sustainable vision which people can rely on to defend their interests and the public good – for the benefit of people and planet.

What we need

AN EU WE CAN TRUST:

- to put people and planet, before profit.
- to put the economy at the service of social and sustainable development.
- to recognize the fight against poverty, inequality and social exclusion and the defense of fundamental rights, as a priority challenge and pre-requisite for progress (at EU/global level).

1. An EU we can trust: a new social and sustainable post-2010 EU strategy which makes progress on poverty and inequality a pre-requisite.

- Make the implementation of the Charter of Fundamental Rights, the Millennium Development Goals and the reduction of the poverty and inequality (in the EU and globally), a pre-requisite for progress post 2010.
- Establish new overarching objectives prioritizing social cohesion and the defense of fundamental rights, delivered through a balanced architecture (economic, employment, environmental and social), which reinforces the role of the EU Social Protection (pensions, health and long-term care) and Social Inclusion Strategies.
- Develop more effective tools to ensure implementation, including EU and national targets on poverty and exclusion, homelessness etc; new multiple indicators to measure progress beyond GDP; and effective use of EU Budgets including Structural Funds to deliver social inclusion.
- Make a commitment to avoid any sort of *social dumping* in order to gain competitiveness in the global economy. Labour rights social welfare standards and progressive taxation systems should be protected and extended.

2. A Social Pact – Delivering on Rights and Solidarity to:

- Challenge the causes of poverty by reducing inequality, achieving a fairer share of wealth.
- Transform social protection into a springboard: Guaranteeing adequate income, universal social security systems and access to quality social services.
- Create a pathway to inclusion: Making an integrated Active Inclusion approach a reality.
- Defend quality employment and creates new jobs for new needs: Investing in quality social/green jobs and social economy.
- Challenge discrimination and promotes diversity.
- Promote global social justice and equity.

3. Building a dynamic partnership for change

- Implementing participative and effective governance involving people experiencing poverty and NGOs, at all levels and stages of the EU policy cycle, through effective civil dialogue.
- Ensure financial and other support to NGO's, guaranteeing their independence as key agents facilitating the empowerment of people experiencing poverty, and as service providers

1. An EU we can trust – a new social and sustainable post 2010 EU strategy making progress on poverty and inequality a pre-requisite.

The current crisis must not only be dealt with through better financial regulation nor as a temporary blip in the boom and bust economic model. **Lessons must be learnt to correct the fundamental weaknesses of the model itself.** In reality, the growth-first model has contributed to the current situation. The growth model has not delivered on its commitments to make a decisive impact on poverty, because the trickle-down model does not work. Whilst economic growth may have raised overall living standards in some countries, the gap between rich and poor has increased and no significant impact has been made on the 79 million people in poverty in 2007. At a global level, the drive for growth and the unregulated expansion of the market promoting the economic interests of the North has widened the gap and exacerbated poverty and inequality in the South. A fifth of the world's population now earns just 2% of global income. Meanwhile the absence of regulation on profit and the impact on the global economy has devastated the world's environment and people's lives.

The challenge is not just to respond to the consequences, but to **analyse the causes and to establish a new vision for post-2010.** This vision should inform a new post-2010 strategy which puts people and the delivery of fundamental rights at the centre, through a more solidarity and values-based approach. This strategy should be implemented through new overarching objectives, architecture and tools - confirming the economy as an instrument to promote the public good and building shared global prosperity and a sustainable future. The strategy must be delivered through active governance involving the participation of people experiencing poverty, NGOs and the third sector.

Recommendations

- **Hold a major stakeholder event, in the Autumn of 2009, to debate together** the causes and consequences of the crisis and how the growth and jobs model can be transformed to ensure ethical growth and social and sustainable development based on fundamental rights. Ensure the involvement of all relevant stakeholders including NGOs and people in poverty and that these views are taken on board in the final strategy proposal.
- **Launch a new Strategy for 2010 - 2020 to promote “an integrated EU strategy for global prosperity, social and sustainable development, which respects the environment”:** with a mission and objectives which restore priority to sustainable development and social cohesion. *Growth must no longer be an absolute objective*, but serve a sustainable model promoting prosperity and well-being for all, recognizing the need for a more ethical growth model (social and sustainable).
- **Make the implementation of the Charter of Fundamental Rights² the Millenium Development Goals and the reduction of the poverty and inequality (in the EU and globally), a pre-requisite for progress post 2010.** Economic and employment strategies must contribute to this end, if the EU social model is to be strengthened not undermined.
- **Develop an explicit Social and Sustainable Architecture and Guidelines to deliver the EU post 2010 strategy in a coordinated fashion through 4 equal pillars.** The strategy should establish common objectives across 4 linked, equal pillars: economic (macro/micro), employment, social protection and social inclusion, and environment with the promotion of global equity as a cross-

²The Council and the Commission signed and proclaimed the Charter on behalf of their institutions on 7 December 2000 in Nice. In 2007, the wording of the document has been agreed at ministerial level and has been incorporated into the draft Constitution for Europe. It has not been adopted by all Member States yet, and awaits the finalization of the referendum process in key Member States.

cutting strand. The New Integrated Guidelines should reflect the overarching social and sustainable goals.³

- **More prominence for a Reinforced EU Social Protection and Social Inclusion Strategy** with responsibilities for pro-active promotion of the social objectives across all the three pillars on social inclusion, pensions and healthcare and long-term care. The EU Social Protection and Social Inclusion Strategy should be reaffirmed as a key social pillar, reaffirming the Common Objectives and commitment to delivering fundamental rights, building on the Recommendations in the [Commission's Communication for reinforcing the OMC](#), particularly on:

- **Implementation:** set specific EU and national poverty related targets, develop common national indicators linked to the EU indicators agreed through the EU Social Protection and Social Inclusion Strategy, require annual national implementation reports / scoreboard mechanisms which highlight progress and obstacles, linked to Commission Recommendations and Points to Watch.
- **Governance:** reinforce the National Action Plans and National Strategic Reports as active planning processes engaging all stakeholders including people in poverty, NGOs and the third sector, reinforcing the link to the regional and local level through agreed Benchmarks. Engage EU and national parliament in the monitoring implementation.
- **Mutual learning:** develop new instruments to exchange learning (successes and difficulties) related to thematic fields like child poverty and homelessness as well as on integrated, multidimensional approaches and participation methods, at national and EU levels. Use new policy making instruments like consensus conferences, where little policy consensus exists, e.g. homelessness. Ensure mechanisms for follow-up.
- **Mainstreaming: ensuring effective coordination with the other pillars to promote social inclusion,** establish a cross-cutting working group to promote stakeholder involvement in supporting the delivery of participative social impact assessment, to ensure a yearly assessment of positive and negative impact in all policy areas.
- **Financial tools:** ensure the EU Budget and [Structural Funds](#) deliver social inclusion. Integrate the objectives of the EU Strategy for Social Protection and Social Inclusion, (Social OMC) in new cohesion policy programming from the start, using OMC indicators and targets as success indicators.
- **Develop a new “poverty and social exclusion” community programme** to support the development of grass-root initiatives to fight poverty, inequality and exclusion at national level.

³These also reflect the Agenda 21 for sustainable development which was agreed in Rio de Janeiro in 1992. Agenda 21 is a comprehensive plan of action to be taken globally, nationally and locally by organizations of the United Nations System, Governments, and Major Groups in every area in which human impacts on the environment. <http://www.un.org/esa/sustdev/documents/agenda21/index.htm>.

Local Agenda 21 is the action plan for a sustainable development of a municipality, set up by local government together with the local stakeholders and citizens. The mandate for setting up a Local Agenda 21 was given to local governments world-wide at the UN conference on the Environment and Development (UNCED) in Rio de Janeiro in 1992. <http://www.iclei-europe.org/index.php?id=616>

- **EU and national targets on Poverty**
 Establish explicit EU targets on all key objectives of a new EU social and sustainable strategy, prioritizing areas where agreed EU indicators and data exist, and where there has been a longstanding EU commitment to delivery – particularly through the establishment of a specific target for the **eradication of poverty**. Given the lack of progress since 2000, EAPN would highlight the political importance of establishing this target to be achieved by the end of the post 2010 strategy, i.e. by 2020. The EU should also build on commitments of the European Parliament, including the Resolution of 9 October 2008 on Promoting Social Inclusion and Combating Poverty, which calls on Member States to reduce child poverty by 50% by 2012, and the Written Declaration 111/2007 which calls for an end to street homelessness by 2015. Sign national agreements and an individualized roadmap with Member States to establish national targets with yearly, transparent monitoring, through scoreboard mechanisms.
- **Beyond GDP - New indicators for social and sustainable progress**
 Agree to move beyond the use of GDP as the main indicator of progress for the post 2010 strategy, recognizing the limitations of GDP as a narrow economic indicator. Develop new multiple-indicators which reflect progress towards a social and sustainable strategy which redefines prosperity beyond growth and charts progress in: well-being, the eradication of poverty, inequality (between regions, rich and poor) and the implementation of fundamental rights, as well as the promotion of a more social environmentally sustainable economy.
- **Embed progressive and participative Social Impact Assessment** as part of the overarching Impact Assessment procedure. This should include a specific focus on the impact on poverty and inequality and ensure the active involvement of stakeholders, including NGOs and people experiencing poverty in the assessment process, at the earliest possible stage.
- **Cohesion policy as a tool to fight social inequalities, ensuring access to NGOs**
 Make social inclusion and the fight against inequality an overall objective of the reformed cohesion policy (2014-2020). In line with the recently published Barca report⁴ which acknowledged no automatic correlation between growth and reduction of income inequality. Earmark a high proportion of ESF money for projects targeting those further away from the labour market, including through investment in services. Ensure access of small NGOs working directly with people in poverty as well as visibility and transparency in the monitoring and implementation of Structural Funds.
- **A new model of governance** must accompany these changes. The Strategy must no longer remain the domain of finance ministers and employment departments, but promote genuine stakeholder involvement in each stage of the policy cycle – a new Guideline should be developed, which explicitly requires this governance model linked to agreed benchmarks. The European Union needs to promote an extended social dialogue, ensuring the direct involvement of people in poverty and those who are the most fragile on the labour market or are excluded from it, as well as the NGOs and the third sector who support them: *An EU we trust* should be more inclusive and supportive of all those living in it. (see last section).

⁴ http://ec.europa.eu/regional_policy/policy/future/pdf/report_barca_v2104.pdf (p.73, 144).

2. A Social Pact – delivering on rights and solidarity

A new post-2010 Strategy needs the Council, European Parliament and Commission to sign up to a **Social Pact**, based on rights and solidarity. This should set out how the EU will make progress and deliver on the Charter of Fundamental Rights and specific policy commitments, essential for the new social and sustainable vision. This must set out **how key rights will be delivered, confront the causes of poverty and the link to inequality**, and ensure a consistent and coherent approach to promoting global equity. This pact would be part of the Commission's post-2010 strategy document and be monitored through cross-cutting inter-departmental thematic working groups.

EAPN sets out **6 key interlinking areas which should be identified in the Social Pact and where social progress must be made:**

- 2.1 **Challenge the causes of poverty:** reducing inequality/sharing wealth, promoting solidarity.
- 2.2 **Transform social protection into a springboard:** Guaranteeing adequate income, universal social security systems, access to quality social services including decent housing.
- 2.3 **Create a pathway to inclusion:** Making integrated Active Inclusion approach a reality.
- 2.4 **New jobs for new needs:** Investing in quality social and green jobs for all.
- 2.5 **Challenge discrimination** and promote diversity.
- 2.6 **Promote coherent EU approach to promote global social justice and equity.**

2.1 Challenge the causes of poverty – share the wealth/reduce inequality

Growth and jobs do not automatically trigger a good life for everybody. We need ethical, quality growth which will promote a fair distribution of resources in order to bridge the gap between rich and poor and build a society based on solidarity. The crisis has further highlighted that the structural causes of poverty are rooted in inequality. The credit gap was driven by untenable aspirations for material wealth and goods, fuelled by the markets drive to increase consumption, regardless of a person's capacity to pay.

Relative poverty is largely a measure of social inequality. Unless wealth can be better shared and the gap between rich and poor reduced, a sustainable foundation for the economy cannot be established, and rights and social cohesion will continue to be undermined. Not only are social inequalities increasing⁵, but new evidence underlines the damaging consequences for the whole of society, not just the poor. Whilst the poor have shorter lives, suffer worse health and other social problems resulting in higher social and economic costs, recent studies⁶ highlight that more unequal societies are bad for almost everyone, with almost every modern social and environmental problem (ill health, lack of community life, violence, drugs, obesity, mental illness etc) more likely to occur.

Factors such as **long-term unemployment or precarious jobs**, widowhood, chronic illness, jobs in the domestic service, prostitution and other situations that affect millions of EU citizens, must not justify the existence of pensions below the poverty threshold. Demographic change does not have to mean worse social protection systems, nor should the burden fall automatically on the workers or unemployed. It must entail a transparent debate on alternative sources of financing for sustainable social protection systems.

The new post-2010 Strategy must highlight the need to achieve **shared prosperity** and a **better life for all**, rooted in the values of a **solidarity-based society**, with new indicators to measure this progress, beyond GDP. This means prioritizing sharing wealth and reducing income and wealth inequality. New

⁵ OECD: Growing inequalities.

⁶ R. G. Wilkinson and K.E. Pickett, 'The Spirit Level: why equal societies almost always do better'. Allen Lane. UK 2009

wealth distribution and redistribution mechanisms need to be developed and debated, including measures for reducing income and wealth differences as well as promoting effective redistribution and solidarity systems for social protection. Tax must be recognized as a key redistributive mechanism for social progress, with tax evasion and avoidance outlawed as social crimes.

Recommendations

- **Make promoting a better life for all: sharing the wealth and reducing inequality a clear EU objective**
Specify the goal of reducing inequality in the post-2010 strategy as part of the new EU vision for a better life for all, in the post-2010 Strategy, necessary for guaranteeing social cohesion, promoting prosperity, defending rights and reducing poverty. Specify delivery through promoting better distribution and redistribution mechanisms.
- **Support progressive forms of financing social protection systems**
Support EU research into alternative financial mechanisms to ensure sustainable financing for social protection systems through progressive taxation systems, which increase the tax burden on the wealthy, and raise the tax threshold for the poor. This should include implementing fairer capital and company taxation, with recognition of environmental and social costs, as a key form of redistribution contributing towards the goal of eradicating poverty and reducing inequality.
- **Adjust the Stability and Growth Pact and set Macro/Micro-economic guidelines to support public investment in social protection and services and support better distribution and redistribution.**
The Stability and Growth Pact should not force unrealistic targets on Member States to reduce rapidly public deficits. The current deficits have not been caused by the poor or abuse of social protection systems, but by the greed of bankers benefiting from largely unregulated financial markets. Effective public investment in social protection and social services is vital to guarantee a socially sustainable economic recovery. Develop new Integrated Macro and Micro-Economic Guidelines, which support reducing income and wealth inequality, encourage progressive taxation, pro-active and coordinated approaches to tackling tax-evasion and avoidance. At micro-economic level, promote the reduction of wage inequalities and sustainable ratios of wages to profit levels.
- **Monitor wealth and income inequality trends**
Develop new data and indicators of wealth and inequality as part of the EU Social Protection and Social Inclusion Strategy (the Social OMC) and Post-2010 Strategy. Require Member States to monitor trends on wealth/inequality and other signs of unequal societies.
- **Support the development of new wealth distribution tools and instruments**
Through the EU Social Protection and Social Inclusion strategy, analyse the effectiveness of current tools and instruments at national and EU levels, highlight and exchange good practice and support the development of new tools.
- **Promote integrated EU action against tax-havens/ and international tax-evasions**
Build on the EU Economic Recovery plan to require transparency on tax declarations, outlaw tax havens and a specific action plan monitored through the Open Method of Coordination, to counter internal as well as transnational tax evasion and avoidance.

2.2 Transform social protection into a springboard: Guarantee adequate income, universal social security systems and access to universal services.

Social Protection systems have been recognized and supported by the Economic Recovery plan as an “automatic stabilizer” in the crisis. But they are more than this. Universal social security systems are collective insurance systems for all, guarding against all social risks throughout the life cycle (maternity, retirement, unemployment, illness). They play a crucial role in **preventing poverty**. Services of General Interest (e.g. social services like housing, health and education as well as other key basic services like water, electricity, transport) are fundamental rights⁷ and essential parts of the EU social model. However, the priority given by the EU to the expansion of the internal market in services, actively promoting liberalisation and privatisation of even basic key services, is often being made at the expense of people's rights. [The 8th People Experiencing Poverty Meeting](#) this year raised the alarm bells: people in poverty were already in crisis and the current economic meltdown has only worsened their situation. Many cannot afford or access decent housing or health care; they can't pay exorbitant energy bills to heat their homes, they are being driven further and further into debt without the support of fair banking or credit services.

For many people, the **EU social model is in danger of being undermined**, if these vital universal services are not actively safeguarded and made affordable and accessible. Effective Social Protection systems are accepted by the Commission as the **single most effective means for reducing poverty (by 38%)**⁸, and provide an essential springboard for social inclusion and cohesion. But they need to be strengthened, not undermined. Universal social security and health systems benefit everybody, prevent poverty and stigmatization, and encourage take-up. Dismantling such universal services has a direct impact on poverty: in terms of the increase in deprivation, poverty and inequality, decline in health and loss of vital social cohesion and social capital. These high costs of non-action must also be calculated and taken into account. In the post-2010 agenda, progress must be made in guaranteeing fundamental rights to universal services, as an essential basis for shared prosperity, preventing poverty and a concrete defence of the EU social model.

The right to an adequate minimum income for a dignified life across life-cycle⁹

In a context where the job supply is shrinking, workers' and pensioners' savings decimated, and purchasing power decreasing, adequate minimum income schemes become crucial to ensure the dignified survival of people of working age, families or retired people, as well as promoting demand and activating consumption. Three countries in the EU still do not have minimum income schemes in place. In the countries which have them, benefit levels still make little attempt to reflect real needs and there are serious issues of accessibility, eligibility and non-take-up. Moreover, the lack of a solid rights base to adequate income is enabling Governments to instrumentalise benefits, tightening eligibility and forcing people into employment which is often precarious, by threatening cuts in benefits. This situation fuels the increasing stigmatization of people in poverty. Steps must be taken to tackle “poverty traps”, where people moving from minimum income into low-paid jobs lose additional benefits (e.g. free transport and other services).

The right to a decent home, education, health and other services

The EU theoretically defends the right to access all universal services of general interest. However, in reality this right is not adequately defined nor guaranteed. People in poverty's daily experience¹⁰ demonstrate how liberalisation and privatisation in the internal market are undermining access to affordable services. In the current crisis, ordinary people are paying the price – unable to afford decent housing, to pay the price of health or long-term care; to pay rising transport or fuel bills... leading to

⁷ New Charter of Fundamental Rights.

⁸ Joint Report on Social Protection and Social Inclusion 2009.

⁹ 92 Recommendation and Active Inclusion Recommendation endorsed by EPSCO Council in December 2008

¹⁰ See Report of the 7th and 8th People Experiencing Poverty Conference.

increasing homelessness or housing exclusion and indebtedness. So far, the EU has asserted the dominance of market freedoms over social rights and taken an ad-hoc and sectoral approach to the fulfilment of these public service obligations. Whilst it is important to build on positive judgements like the Monti Package¹¹, it is generally unacceptable that these rights depend on the case by case interpretation of the European Courts. The important agreements made in the new Energy Package, including the development of National Action Plans to reduce energy poverty, must be effectively built on. A consistent, coherent approach, which can reassure ordinary people that the EU can enforce social standards, demands a better EU Framework. The new Protocol on Services of General Interest in the Reform Lisbon Treaty provides the EU with a new legal basis.

Recommendations

- **Develop an EU Directive on Adequate Minimum Income schemes**
An EU Framework Directive should be developed which will guarantee a right to an adequate income to everybody living in the EU, at all ages. The Directive should build on the 92 Recommendation and the Active Inclusion Recommendation endorsed by the EPSCO in December 2008. This EU instrument should provide an EU definition of adequacy and establish a standard of adequacy linked to relative EU living standards and at least above the poverty threshold. It should also provide guidelines for the development and updating of adequacy at national level, through independent budget standard participative methodologies. The administration of such systems must be carefully coordinated with universal social security systems, to ensure universal coverage and income support throughout the life cycle and to prevent social risks.
- **Develop a Framework Directive on Services of General Interest, and sectoral directives on social and health services.**
An EU framework directive on Services of General Interest and sectoral directives on social and health services should be developed, giving priority to social rights over the internal market. These should guarantee the right for all to access affordable, quality key public services which are essential to live in dignity, including health, education and lifelong learning, housing/accommodation, care services as well as basic utilities and establish effective mechanisms for redress. Within a social and health services framework, specific account must be taken of the value-added for non-profit organizations and volunteers. The Commission should develop an action plan, which builds on the Monti package and moves forward on developing these proposals based on the new protocol in the Reform Treaty and Article 14.
- **Launch an independent study to assess urgently the impact of privatization and liberalization on the accessibility and affordability of key services of general interest**
Promote an independent social impact assessment of the impact of liberalization on public service obligations, which includes national stakeholder assessments through participative forums as well as objective data. Link the Social Impact Assessment to the EU Social Protection and Social Inclusion Strategy (Social OMC) and assess and monitor the impact at national level through the National Strategic Reports.
- **Recognize Financial Services as Services of General Interest and move towards an EU legislative framework to guarantee the right to an affordable bank account and fair banking and credit services.**

¹¹ The Monti Package, published in 2005, laid down the assessment criteria for compatibility with State aid for Services of General Economic Interest (SGEI). The decision defines the condition for a service of general interest where it will not be subject to the notification requirement to the Commission.

- **Implement the Energy Package¹² requirements on Energy Poverty**, which recognizes the need to ensure affordable access to energy for all and to reduce energy poverty through National Action Plans ensuring a link to the National Action Plans on Social Inclusion. Work towards a common EU definition of Energy Poverty and a common strategy linked to an enforceable Charter for Energy Consumer's Rights.
- **Reinforce support to adequate social protection systems through the Macro-economic Guidelines and in the Stability Pact**
Include new Guidelines and explanatory text in the Integrated Guidelines, to ensure Member States defend fundamental rights and provide adequate financing for adequate income and social protection systems, including effective universal social security systems.
- **Move towards establishing an effective EU quality standards framework for social services based on quality principles.** This should build on the mutual learning being carried out through the EU Social Protection and Social Inclusion Strategy (Social OMC), and the Social Protection Committee work on voluntary quality frameworks, developed in partnership with all stakeholders, including social service providers and users. Respect for the rights and participation of users must be an underlying cross-cutting principle.
- **Support the establishment of a European Parliamentary Inter-group on Services of General Interest, and give DG Employment specific responsibility for championing the monitoring of the social impact of current policies on SGI**, chair an interdepartmental and institutional working group on SGI responsible for developing a detailed Action Plan to develop an EU Directive.

2.3 Create a pathway to inclusion – implement Active Inclusion

The [Recommendation on Active Inclusion](#), endorsed by the EPSCO Council in December 2008, is an important step forward in supporting integrated strategies to promote the inclusion of people who are excluded from the labour market. [EAPN's findings](#)¹³ however highlight severe shortcomings in its current implementation. Most countries continue to pursue narrow activation strategies rather than fully integrated approaches which support access to adequate income and to quality services as well as access to quality jobs. Active inclusion should also address the transition period between work and retirement, as this is often accompanied by a rupture with older people's social network, resulting in social exclusion and deterioration in people's dignity and self-esteem.

There still seems to be a lack of a clear analysis of the strategic function of "flanking services", which play a key role in removing obstacles to sustainable work, including the key role of quality training and lifelong learning opportunities. Positive activation measures are often marred by punitive conditionality – resulting in reduced or cut benefits when people fail to get or take up jobs offered. This is particularly acute in the current context, when reduced job opportunities exist. The main priority too often appears to be getting people off benefits rather than into a decent job. Many approaches fail to recognize the complex multiple barriers that people on the edges of the labour market face or to take pro-active measures to support the demand side, either in the creation of jobs or in challenging discrimination by employers in access processes.

Although several important steps have been taken to raise visibility and support mutual learning to promote the Recommendation, there is still an insufficiently coherent roadmap to ensure effective implementation at EU and national levels and mainstreaming through all policy fields, particularly in the

¹² Regulation on the Internal Market of Electricity and Gas.

¹³ Will the economic crisis force a stronger social dimension. EAPN Social Inclusion Scoreboard on the National Reform Programmes. 2008

European Employment Strategy and the Lisbon process. The strong proposals voiced in the European Parliament Report should be fully taken on board.

Recommendations

- **Develop with Member States a well-publicised Roadmap to implement Active Inclusion at EU and National levels:** at EU level, the integrated strategy must be re-launched with high visibility and transparent annual monitoring carried out on implementation at national level, leading to Commission Recommendations linked to the Joint Report. More effective mutual learning must be established on achievements of Member States, but also obstacles, involving a wider range of stakeholders. Progress should be made on strengthening the individual pillars particularly on the need to develop EU social standards on minimum income and guaranteeing access to services and universal social protection systems (see 2).
- **At National level:** support Member States to develop national roadmaps to implement the integrated Active Inclusion approach proposed in the Recommendation: by raising visibility of the integrated approach, defining quantifiable targets and delivering them through an action plan, embedding an annual national stakeholder review of progress involving all relevant stakeholders including NGOs and people experiencing poverty. This should be explicitly linked to the structured dialogue with relevant stakeholders established through the National Action Plans on Inclusion.
- **Ensure that the Economic Recovery Plans and the follow-up to the Employment Communication give specific focus to the Active Inclusion Recommendation.**
The Plans should emphasize the need for integrated Active Inclusion approaches, explicitly highlighting the need for progress in all of the three pillars. They should actively counter the current encouragement to pursue conditionality in activation policies without sufficient recognition of the current constraints, ensuring that commitments to provide adequate income and access to quality services and decent work are at the core of proposed actions.
- **Mainstream the concept into the European Employment Strategy and in general in the post-2010 architecture.**
The Integrated Guidelines should be revised to ensure a full reference to the integrated approach of active inclusion, primarily in the Employment Guideline 19 and in all documents related to post-2010.
- **Implement the Recommendations of the European Parliament's Active Inclusion Report**
Specific support should be given to deepening the effectiveness of delivery on adequate minimum income and access to quality services, in line with the European Parliament's recently adopted report. Particular notice should be taken of the clauses related to the need to reduce punitive activation, the need to make progress on a roadmap to establish targets for adequacy for minimum income above the poverty threshold and work towards a Directive on Services of General Interest (See point 2) as well as progress on the targets on child poverty and homelessness to combat the current tendency to focus active inclusion on people of working age only (See section 1).

2.4 Defend quality employment and create new jobs for new needs: investing in new Social and Green Jobs and social economy

The current crisis highlights **new challenges**, many related to the shrinking supply of jobs. Most Member States are taking urgent steps through the economic recovery plans to defend existing jobs and promote access to new areas of employment. However, too many of the jobs created are short-term, with poor working conditions and often in unsustainable industries.

Defending employment cannot mean making compromises when it comes to job security and quality of work. With 8% of people at work already suffering from in-work poverty before the crisis, the aim must be to invest in sustainable jobs which can provide quality employment, a reasonable standard of living, and respond to new social and environmental needs. Although some welcome new measures are being advanced to tackle in-work poverty, these are often limited to providing professional education and training to specific groups, rather than implementing access to high quality training and lifelong learning opportunities for all, improving minimum wage levels and working conditions. While a job is still promoted by many as being “a sure route out of poverty”, not enough is done to ensure the quality and stability of these jobs, as well as living wages, as a primary route to counter hardship and in respect for human dignity.

Too often, **flexicurity strategies** are undermining rather than reinforcing employment rights, reinforcing the flexibility over the security pillar. Long periods of inactivity and losing touch with the labour market are not desirable outcomes, but forcing people into unstable, precarious employment is not a sustainable solution, but a direct attack on the fundamental rights of individuals to a life in dignity. Moreover, poverty itself is often a barrier to helping people currently excluded from the labour market to access stable employment, as economic pressure, unrealistic demands by employers and the overwhelming responsibility placed on the individual can lead all too easily to people dropping out of the labour market. Adequate minimum income support is, in itself, a key for supporting and motivating people back into the labour market.

When looking at **new job creation**, many Recovery Packages put a strong emphasis on using public investment to promote smart green growth. These measures could be taken further to ensure they deliver on social inclusion, by ensuring new jobs are created in deprived areas and access guaranteed for currently excluded groups. Particular attention needs to be paid to vulnerable groups, at risk of exclusion and marginalisation. Discrimination needs to be tackled in a pro-active and comprehensive manner in order to ensure an inclusive labour market. Different target groups also require tailored approaches, and any intervention must start by looking at people's individual needs.

New social and other services offer key new opportunities for sustainable job creation, whilst also delivering quality services of general interest. Encouraging partnerships at a local and regional level can play a crucial role in this respect. Public investment can be seen as part of a long-term investment in human resources, with a pay-back through the reduction in costs in other services (particularly in social and energy-efficient housing, preventative health care services, innovative education schemes to counter school dropout, childcare and elderly dependent services...). **People cannot be treated as mere economic units.** Quality, sustainable employment should also ensure that people can achieve a proper work/life balance. This is particularly crucial for women who still carry the main responsibility for care in the family and the community.

Social economy and third sector initiatives, particularly Work Integration Social Enterprises (WISE), have proven to be successful instruments for supporting excluded groups into work, particularly in areas of new social and sustainable services, and their potential needs to be thoroughly explored and supported. Care must be taken to ensure that new forms of employment aimed at the integration of

disadvantaged people in the labour market are fully covered by labour laws and social protection systems.

Recommendations

- **Reshape the European Employment Strategy**
The European Employment Strategy is a useful tool, but it needs to be restructured, with new objectives and actions. The new approach to employment needs to take into account the key role of a job to provide people with adequate wages and working conditions for a dignified life, as well as to ensure their full participation in society. It needs to create virtuous circles between economic productivity and social protection, fully respecting fundamental rights. The new targets for employment must be realistic and achievable, and delivered at national level through the National Action Plans on Employment and the National Reform Programmes. More research needs to be carried out into the impact of the EES on national employment policies, as very little is known at the moment.
- **Ensure decent, quality work principles are at the core of the European Employment Strategy and the post-Lisbon architecture**, and that the European Employment Strategy expands and implements the current criteria on quality work in the Employment Guidelines. Specific priority must be given to strategies to tackle in-work poverty, and to counter low-quality, temporary and precarious employment. The new approach to employment needs to take into account the key role of a job to provide people with adequate wages which can enable sustainable lives and consumption patterns, and working conditions for a dignified life, as well as to ensure their full participation in society.
- **Set compulsory targets for decent, quality work** (within and outside the EU), including adequate income, good social protection systems, respect for human rights and fundamental ILO norms, providing an EU framework for "living wages".
- **Give priority in the Economic Recovery Plans and post-2010 strategy to increased public investment in social and green jobs**, provide positive incentives to Member State investment. Support the development of studies which demonstrate the trade-offs with impact on other services. Provide guidance to Member States on the role that Structural Funds can play in supporting this process.
- **Create more employment opportunities for youth**
Young people are a particularly vulnerable category (especially those where parents are long-term unemployed, those with a migrant background, or suffering from disabilities, or young parents). Targeted support is needed for this group and the creation of viable employment for recent graduates is key.
- **Provide support framework to expand role of social economy/inclusive entrepreneurship** through the provision of an adequate EU legislative framework, to ensure their good functioning, sharing of best practices and access to resources, and through actively promoting public investment, including the targeted use of Structural Funds.
- **Extend labour laws and social protection systems to cover new forms of employment** which aim at the integration of disadvantaged people into the labour market, including in the social economy.
- **Guarantee access for all to high quality training and lifelong learning opportunities and implement national strategies to develop lifelong learning** which recognizes and validates the

added value of volunteering, non-formal and informal education and training and aims for integrated personal, social as well as professional development for people of all ages, in and outside work. Implement outreach programmes to ensure that those who are low skilled have access to high quality education and training opportunities.

- **Ensure transparency and stakeholder involvement**

Mechanisms need to be set in place, at both national and EU level, to give a voice to beneficiaries and their organisations together with Social Partners in developing policy solutions on quality employment. Civil society needs to be invited at the table and also involved more actively in the social dialogue.

2.5 Combat discrimination, promote diversity

The current crisis is impacting worse on the most vulnerable and many Member States are witnessing **increased outbursts of racism and xenophobia** against migrants and ethnic minorities. But successive National Strategic Reports have highlighted that these groups were already one of the most vulnerable groups facing exclusion and poverty. The EU made good progress with the 2007 Year of Equal Opportunities, and with the proposals for a Directive on Anti-Discrimination. But steps must now be urgently taken to strengthen anti-discrimination legislation and policies in favour of all groups that suffer discrimination, including steps beyond the employment sphere, in a view to ensure access of all to goods and services. This should seek to tackle the specific situation of third-country migrants (including undocumented migrants), who are currently being made the scapegoat when jobs are cut, are denied fundamental rights and are still left off the EU equality agenda.

The EU **approach to migration and discrimination must also be consistent**. The EU cannot proclaim the importance of the EU's role in the world without working actively to rectify the inequality in development between North and South. This includes working to develop a consistent, integrated approach towards migration and development, which will provide pathways to legalization and citizenship for the millions that come to the EU for a better life for themselves and their families.

An increasing number of **women** joined the labour market in the last decades, but often they have to accept precarious jobs or part-time working arrangements. It is crucial to address the still existing gender pay gap through social and employment policies that effectively take into account the gender dimension. Very often, women are the ones who care for the house, the family, depending children and elderly adults and, for this reason, initiatives promoting a far work-life balance are badly needed. Moreover, the failure to achieve the Barcelona targets on childcare underlines the pressing need for affordable care facilities at decent standards, in order to provide women with equal opportunities in our societies and the labour market.

Recommendations:

- **Strengthen EU anti-discrimination legislation**, including the fight against discrimination based on social origin, and adopt a comprehensive anti-Discrimination Directive providing protection against all forms of discrimination, including on the grounds listed under Article 21 of the EU Charter of Fundamental Rights.
- **Develop better systems to enforce existing legislation** and promote pro-active policies to address all forms of discrimination and the value of diversity and integration.
- **Develop transnational conflict-resolution mechanisms to solve conflicts over social rights between Member States**: implement a clear protocol to determine responsibilities and action lines in

cases where two or more Member States are involved in issues related to social rights and social protection, e.g. itinerant Roma population, migrants' camps, or xenophobia and racism suffered by EU citizens in another Member State.

- **Develop new studies on the link between discrimination and poverty**, through the EU Social Protection and Social Inclusion Strategy (Social OMC) and specific indicators on impact of discrimination and link with poverty, the social integration of migrants.
- **Develop a new integrated migration policy consistent with EU Social Model**, and the defense of fundamental rights, which ensures access to rights, resources and services and aims to provide a transparent pathway to citizenship.
- **Mainstream the gender dimension in all economic, social and employment policies**, in order to close the gender pay gap, step up reconciliation measures and provide for affordable, accessible and high-quality care. Implement the Gender Pact.

2.6 Champion global equity and social justice through social standards

On the 25 September 2008, world leaders, including the EU, agreed to renew commitments to achieving the **Millennium Development Goals**¹⁴ (MDG) by 2015 and to set out concrete plans and practical steps for action. This is particularly urgent in the context of the current global financial and economic crisis. The crisis, however, has fed on the inequality between North and South. This gap between richer and poorer regions is not only ethically unacceptable, but is a principle obstacle to the effective delivery of the MDGs, contributing to the continuing increase in poverty levels as well as undermining cohesion at a global level. Despite this commitment, the EU has continued to pursue an aggressive competition strategy, often against the interests of the developing world, whilst the international funding agencies (IMF and World Bank) have too often insisted on development for export, geared to Northern markets. This has particularly undermined food sovereignty – undermining local communities' capacity to feed people first.

The EU response must be give priority to the implementation of the Millenium Development Goals by 2015 and develop consistent policies which promote the equitable development of the South through **locally-controlled aid programmes based on the principles of co-development**, ensuring consistency and coherence across all EU policies including: trade, promotion of economic growth and the internal market. The vision of "increasing EU competitiveness against the world" cannot be the basis for an integrated equitable vision. The EU has an obligation to promote fundamental rights across the globe. It now has a key opportunity to become a genuine champion for promoting global equity, ensuring greater collaboration rather than competition and giving priority to establishing international mechanisms to regulate markets and invest in the public good, promoting common global social standards.

¹⁴ The **Millennium Development Goals (MDGs)** are eight [international development](#) goals that 192 [United Nations Member States](#) and at least 23 [international organizations](#) have agreed to achieve by the year 2015. They include reducing [extreme poverty](#), reducing [child mortality](#) rates, fighting disease [epidemics](#) such as [AIDS](#), and developing a global partnership for development.^[1]

Recommendations

- **Implement the Aid commitments of 0.7% of GDP by 2015** make steps to abolish the debt, which continues to trap many in the developing world in poverty.
- **Back local co-development and local decision-making**, empowering local communities in the South to be in charge of their own development, particularly in relation to decisions on agricultural and trade development and on food sovereignty.
- **Deliver the EU Gender Action Plan on Gender Equality and Women's empowerment in External Affairs** through permanent structured dialogue with stakeholders.
- **Back effective International Regulation** through the auspices of the UN of financial and economic markets, and a transparent and independent review the role of the current financial organisms (e.g. World Bank and IMF¹⁵) in defending social rights and contributing to local autonomy and equality.
- **Promote Global Social Standards** – both through the ILO and the EU platform for decent work, but also build a Global Pact on Social Protection, providing minimum income to all, and access to quality jobs.
- **Establish a high-level cross-cutting working group** in the Council and the Commission, linked to a Parliamentary Group, to monitor and evaluate policy coherence in promoting global equity.

¹⁵ International Monetary Fund.

3. Building a Partnership for Change

The EU is facing a **grave credibility gap**. The recent European Parliament elections highlight this democratic deficit, with the lowest participation rate ever recorded. The current Eurobarometer survey also highlights a declining confidence in the EU and its ability to make a difference to ordinary people's lives. Active Citizenship is part of the current Commission's tool kit for increasing ownership and legitimacy. However, this should not be focused only on one-off encounters between decision-makers and citizens but used to strengthen **on-going, regular structured governance mechanisms which reinforce a genuine partnership** between key stakeholders at local, regional, national, as well as EU levels. The EU Social Protection and Social Inclusion Strategy (Social OMC) and many EU-funded projects have demonstrated that good governance and participation are vital instruments for more effective policy making, but that this participation needs to be accompanied by adequate financial mechanisms.

Good governance means strengthening horizontal and vertical coordination, partnership and participation. This means better horizontal coordination between government departments, and link to parliaments at national and EU levels, increasing the transparency of decision-making processes. It should also embed a systematic process for policy design and delivery, with key stakeholders including regional and local authorities, trade unions and employers, but also strengthening the accountability and ownership of social policies among citizens whose lives are directly affected by each decision. Civil society – including NGOs and people experiencing poverty are vital actors, but will never be equal partners in the policy-making process unless participation gets strong political backing and adequate methods and mechanisms are systematically put into place.

The EU Social Protection and Social Inclusion Strategy delivered through the Open Method of Coordination has proven to be a useful but imperfect mechanism for supporting such a governance process. However, this commitment to active governance is not being embedded systematically in the Social OMC, nor are these good practices being reflected in the pensions, health and long-term care pillars of the EU Social Protection and Social Inclusion Strategy, nor in the European Employment Strategy. No Strategy has consistently invested in dynamic and structured on-going stakeholder engagement at national level, sufficient to provide ownership and provide effective dialogue on policy gaps and proposals, nor have good practices been publicized or capitalized on.

In recent years, NGOs have been facing **increasing obstacles in accessing funding** at national and EU levels, and in particular in accessing Structural Funds. While these funds are meant to deliver on cohesion, the good practices that NGOs have developed in the past have been by-passed in the new round of Structural Funds regulations. Despite recommendations to facilitate NGO participation in the Funds through simplifying procedures and access, setting up global grant systems and technical assistance, these have been taken up only in a few Member States. Anti-Poverty NGOs are key stakeholders in developing and monitoring the impact of the structural funds delivery, and this should be recognized by giving them an active role on the monitoring committees. Partnership with NGOs will also enhance the social inclusion proofing of the funds delivery¹⁶.

Real partnership also means recognizing the inequality of resources and access to power. Participative democracy does not come free of charge. Currently, NGOs, apart from providing key services on the ground, are also key actors promoting the empowerment and the voice of people experiencing poverty and social exclusion and supporting their active participation in the policy process, including in social and civil dialogue. NGOs and the third sector make vital contributions to policy making

¹⁶ EAPN has already produced a manual for anti poverty NGOs to engage with Structural Funds, including case studies and guidelines to developing social indicators for evaluation of the Funds, strengthening the partnership with monitoring committees and providing critical feedback on the Funds' reducing inequalities and delivering cohesion.

by monitoring the impact of policies on the daily realities of people experiencing poverty, and are crucial intermediaries in defending the social, political and economic rights of people in poverty.

The existence of a strong, independent NGO sector is a vital sign of a healthy, democratic society. In the current crisis, NGOs are being faced with increasing demands which are not being matched by increased funding. In some cases, these organizations are facing actual cuts in financing. To show recognition of this vital role in practice, the EU should promote the development of a clear legal and financial framework for their sustainable development, which values and respects their independence. EU and Member States should actively support the continuous engagement of NGOs in policy-making processes, by strengthening the EU governance framework and financing mechanisms to support NGOs in all policy fields.

Recommendations

- **Set benchmarks through EU Guidelines on active governance and participation** in policy decision-making processes at EU and Member State level, setting out common objectives, criteria and methodology for effectively engaging all key stakeholders, including NGOs and people experiencing poverty. Ensure these are implemented and monitored through the OMC processes, evaluate their impact and build on “good practices”.
- **Ensure that EU economic policy decision-making moves beyond financial ministers**, to include the active engagement of civil society and social economy actors. Governments should enhance coordination between all ministries and services whose decisions have an impact on poverty. All policies should be poverty-proofed to ensure that they are not detrimental, but conducive to poverty eradication.
- **Recognize the specific value and rights of people experiencing poverty and strengthen the transparency of the governance framework**, by including clear guidelines for participation of people experiencing poverty and their organizations in policy making at local, regional, national and EU levels. In 2010, ensure that all major stakeholder events promote participation of people in poverty. Invest in the development of a clear framework for on-going dialogue and participation of people experiencing poverty in all EU policy making processes, including in the National Action Plans for Inclusion, National Strategic Reports, the programmes for 2010, National Reform Programmes and any new post-2010 EU Strategy processes which are developed.
- **Promote mutual learning, exchange, evaluation and capitalization of good practice** on effective methodologies and the value added of the good governance and participation mechanisms in policy-making processes at national and EU levels, through the EU Social Protection and Social Inclusion Strategy (Social OMC). Give political recognition to the importance of good governance practices and visibility through a specific website page on participation on the Europa Site and ensure follow-up.
- **Reinforce financial and other support to NGOs and civil society associations in the fight against poverty**, as facilitators of the voice of people in poverty and as service providers, respecting their independence and ensuring the development of adequate legal infrastructure and adequate financing for the NGO and the third sector.
- **Ensure access for small NGOs to Structural Funds**, simplifying grant mechanisms and encouraging Member States to promote global grants and technical assistance.

- **Support the continuous training and capacity building of NGOs** to better deliver these functions, as well as direct funding to the active participation of people in poverty in policy decision making processes, through Structural Funds and other financial mechanisms.

Information and Contacts

For more information on the position paper contact:

Sian Jones, EAPN Policy Coordinator: Sian.Jones@eapn.eu or telephone: 0032 (0)2 226 5859

For more information on EAPN positions, publications and activities - see EAPN website:

www.eapn.eu

Some related key EAPN publications:

[EAPN 10 demands to the new European Parliament](#)

[EAPN Social Inclusion scoreboard on the National Reform Programmes \(2008-10\)](#)

[EAPN assessment of the National Strategic Reports on Social Protection and Social Inclusion \(2008-2010\)](#)