

Promoting social inclusion and combating poverty, including child poverty, in the EU

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PURPOSE: to identify ways in modernising social protection for greater social justice and economic cohesion: taking forward the active inclusion of people furthest from the labour market.

BACKGROUND: this Commission communication states that growth and employment are rising and unemployment is falling across Europe. However, Europe needs to do more to fully achieve the objective set by EU leaders at Lisbon in 2000, of making a 'decisive impact on the eradication of poverty'. 16% of Europe's population is at risk of financial poverty, one in five lives in sub-standard housing, 10% live in households where nobody works and the proportion of early school leavers is over 15%.

In order to help Member States mobilise those who can work and provide adequate support to those who cannot, the Commission has proposed a **holistic strategy that can be termed active inclusion**. It combines income support at a level sufficient for people to have a dignified life with a link to the labour market through job opportunities or vocational training and through better access to enabling social services. Active inclusion in this sense is fully complementary to the "flexicurity" approach, while targeting those at the margins of the labour market. It shapes an "active welfare state" by providing personalised pathways towards employment and ensuring that those who cannot work can live in dignity and contribute as much as possible to society.

Once in employment, job retention should be promoted to avoid a "revolving door" situation: the process of social reintegration does not end at the employers' doors. And employment is not always a guarantee against poverty: 8% of workers in the EU are at risk of poverty, so promoting quality in work is also important.

Following a public consultation carried out in spring 2006, the Commission is proposing to **deepen the Open Method of Coordination** in this area through the adoption of a **set of common principles**. These principles would guide implementation of the **three strands of active inclusion** (minimum income, active labour market measures and social services) and their subsequent monitoring and evaluation, while fully respecting the different situations and needs of the Member States.

CONTENT: in order to promote the identification and adoption of the common principles and to detail the elements of the active inclusion strategy, the Commission intends to issue a **Recommendation**, which would constitute the basis for Council conclusions and a European Parliament resolution.

The common principles for the three strands will be developed along the lines described below:

- **Income support sufficient to avoid social exclusion:** the main elements concern in particular: i) the recognition of the basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity; ii) making the recognition of this right subject to general principles including active availability for work or for vocational training for those whose age, health and family situation permits such active availability or, where appropriate, subject to economic and social integration measures in the case of other persons; iii) the implementation of this right according to practical guidelines, in particular that the definition of the amounts of resources considered sufficient to cover essential needs with regard to respect for human dignity should refer to appropriate indicators, such as, for example, statistical data on the average disposable income, household consumption, the legal minimum wage, or the level of prices.

Arrangements should be established for periodic review of these amounts, based on these indicators, in order that needs continue to be covered.

- **Link to the labour market:** the common principles will stress the importance of breaking down barriers to the labour market with active and preventive labour market measures, including early identification of needs, job search assistance, guidance and training as part of personalised action plans. In order to make work pay for job seekers, it is also necessary to continue reviewing the incentives and disincentives resulting from tax and benefit systems, including the management and conditionality of benefits, while ensuring adequate levels of social protection. To support the inclusion of disadvantaged people, relevant policies on the demand side of the labour market include the expansion of the social economy, the development of new sources of jobs in response to collective needs, financial incentives for employers to hire, antidiscrimination law and labour law.
- **Link to better access to quality services:** the common principles will focus on the two concepts identified as crucial in the OMC and the ongoing dialogue with civil society organisations, i.e. i) accessibility of services, comprising both availability (including spatial and physical accessibility) and affordability; ii) quality of services, comprising: user involvement; monitoring, performance evaluation and sharing of best practice; investment in human capital; working conditions; framework for equality both in recruitment policies and in service provision; coordination and integration of services; and adequate physical infrastructure, especially in relation to social housing. All services of general interest, including network industries such as transport and public utilities as well as financial services, play an important role in ensuring social and territorial cohesion. Universal access to essential services should be guaranteed, and the Commission is committed to promoting this across all its policies. Nevertheless, from the active inclusion perspective, the common principles will focus on social services of general interest. Apart from statutory and complementary social security schemes and health services, social services of general interest include other essential services provided directly to the person, which play a preventive and socially cohesive role, facilitate social inclusion and safeguard fundamental rights. They include: i) assistance for persons faced by personal challenges or crises (such as unemployment, over-indebtedness, drug addition or family breakdown); ii) activities to ensure that the persons concerned are able to completely reintegrate into society and into the labour market (such as rehabilitation, language training for immigrants, occupational training and reintegration) and to ensure access to affordable child care; iii) activities to integrate persons with long-term health or disability problems; iv) social housing.

A supporting EU framework: the implementation of the common principles will be supported, at EU level, by a systematic monitoring and evaluation exercise and by other initiatives or instruments complementing the efforts of Member States. The Commission will examine with the social partners how they might further develop autonomous initiatives to enhance the synergies with the other policy strands and actors in the active inclusion approach, such as public authorities - including those most active in the field, i.e. often regional and local authorities - service providers and NGOs.

EU financial instruments: the Commission will encourage use of the provisions of the new ESF regulation to support active inclusion measures, namely: a) developing and testing integrated pathways to active social and economic inclusion; b) mainstreaming innovative integration approaches that have a clear advantage over current practices; and c) disseminating and transferring good practice in promoting social inclusion across all Member States. The Commission will therefore support, including with the resources available in the framework of the PROGRESS programme, the establishment of a Network of Local Observatories, in partnership with EU networks of local authorities, service providers and NGOs, to monitor and promote best practices, especially in relation to access to quality services.