Active inclusion of people excluded from the labour market

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PURPOSE: to actively include people excluded from the labour market: a proposal for a Commission Recommendation.

BACKGROUND: 16% of the population is at risk of poverty, the percentage of children at risk of poverty stands at around 19% and the percentage of early school-leavers is still high at about 15%. Moreover, the percentage of people living in jobless households remained stable at around 10% between 2000 and 2005 before falling by one percentage point thereafter. In addition, it appears as thought the reality of poverty and social exclusion has become even more complex as it is characterised by multiple disadvantages: the destitution is compounded by family problems, a lack of learning capacity and of digital skills, precarious health, inadequate and remote housing and a lack of social support, aggravated in certain cases by ethnic discrimination.

Combating social exclusion and poverty is among the priorities of the European Union, whose action in this area is based on Article 137 of the EC Treaty. The Guidelines for the employment policies of the Member States (e.g. Integrated Guideline No 19) emphasise the necessary interaction between employment policies, social services, social protection and tax systems with a view also to mobilising those furthest from the labour market and capable of working. Although greater attention has been paid at Community level to social exclusion and systems of integration in Member States, there is still no broad consensus on the need to step up the fight against exclusion and poverty in the EU. The aim of this Communication (and the Recommendation that it envisages) is to respond to this need and to follow up the Commission Communication on a renewed Social Agenda by proposing a new concept of “active inclusion”, described below.

CONTENT: the Communication shows that Minimum Income (MI) schemes have undoubtedly had a positive effect on the reduction of poverty (albeit marginally in the case of several Member States). The figures suggest that social protection in countries without an established MI scheme (Greece and Italy) has a more limited capacity in terms of reducing poverty. However, the figures also show that **social assistance** alone **is not sufficient to lift beneficiaries out of poverty**. This assistance still needs to be provided in reality as the figures show that only 18% of the non-working population at risk of poverty is in receipt of social assistance in the EU.

Recent findings show that the design of tax and benefit systems still generates significant disincentives against entering the labour market for some segments of the labour market (such as the low skilled with low earning prospects and for whom social assistance seems more attractive). These are the so-called “ **obstacles to employment**” that certain Member States are working on removing through reforms.

Moreover, studies show that people most excluded from work need more **personalised pathways** to employment, as well as **favourable conditions for employment** (particularly for women and the least qualified individuals), by providing access to childcare, decent housing and adequate health protection.

In this context, the Commission envisages providing for a comprehensive strategy for persons excluded from the labour market, based on a number of common principles.

An integrated approach for active inclusion: the Commission’s strategy combines several elements in an integrated way: (i) income support; (ii) inclusive labour markets; (iii) access to quality services. Policy

design should define the right mix of the three strands of the active inclusion strategy, taking account of their joint impact on the social and economic integration of disadvantaged people and their possible interrelationships.

Active inclusion policies should ensure consistency with the following objectives: 1) support the implementation of fundamental rights; 2) promote gender equality and equal opportunities; 3) address the complexities of multiple disadvantages and the specific situations and needs of the various vulnerable groups; 4) improve territorial cohesion taking into account local and regional circumstances; and 5) be consistent with a lifecycle approach to social and employment policies so that they can support intergenerational solidarity and break the intergenerational transmission of poverty.

For this integrated approach to be effective, coordination between public agencies and services needs to be enhanced. In addition, local, regional, national and EU authorities - with their particular roles, competences and priorities – also need to strengthen their cooperation, including with social partners, NGOs and service providers.

Common principles: while active inclusion policies must reflect the different national situations, it seems appropriate to reach a consensus at EU level on a series of common principles for active inclusion. These principles, which are specific for each of the three strands, could help Member States in the establishment and implementation of their integrated active inclusion strategies in order to make them more efficient and more effective. In this context, the Commission considers that a **recommendation on active inclusion** could help to guide Member States in the establishment and implementation of their integrated active inclusion strategies.

Implementation and monitoring of the common principles at EU level: the implementation of active inclusion strategies needs to be properly coordinated and monitored at national and EU levels if it is to be successful. To that end, the Commission proposes that, by the end of 2008, Member States adopt Council Conclusions defining a set of common principles. These can form the basis for joint coordination and monitoring work by the Commission and the Member States within the social OMC in close cooperation between the Social Protection Committee and the Employment Committee. Progress made in the implementation of active inclusion strategies should then be presented in the Joint Reports on Social Protection and Social Inclusion as well as in the frame of the Lisbon Strategy. In addition, the Commission is ready to take the measures necessary to improve or establish the indicators for quantitative monitoring.