

The Europe 2020 **poverty target:** lessons learned and the way forward

Final Report

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Executive Summary

On 9 October 2014 the European Commission held a high-level conference in Brussels to take stock of the commitment of the Member States and the European Union to reduce the number of people at risk of poverty or social exclusion by 20 million people by the year 2020. Over 200 stakeholders from all over Europe joined in the discussion. These included ministers and other high-level policy makers, social partners, civil society, academics, social entrepreneurs and key actors in the EU institutions. Participants reflected on the lessons learned and discussed future policy priorities and avenues of work at European and country level in view of better delivering on the poverty target.



Commissioner László Andor opened the Conference, highlighting that setting the poverty and social exclusion target as part of the Europe 2020 Strategy was a landmark political decision, which put on equal footing social and economic objectives and recognised the interrelationship between them. By having a joint quantified social objective, the EU Member States sought to achieve greater accountability towards its achievement. The Commissioner also recalled the guidance offered to the Member States during his mandate, for instance the Social Investment Package. He underlined that what we now need is effective implementation of this guidance.

Marie Louise Coleiro Preca, President of the Republic of Malta, gave the conference's keynote speech, and highlighted growing poverty in Europe is deeply worrying and that we need to step up our efforts. She underlined that

social policies alone are not enough to address poverty, as it is a complex phenomenon driven by social as well as economic and political factors.

The Italian Presidency of the Council of the European Union presented their social priorities in the context of the mid-term review of the Europe 2020 strategy. They stressed that we need a new impetus for poverty reduction and therefore the social pillar of the European Semester should be reinforced. The modernisation of welfare systems is a key priority, namely ensuring more efficient, effective and well-targeted social protection across the lifecycle and enhancing social investments in people's skills and capabilities.

Key conclusions

Developments and Drivers

In discussing the developments and drivers of poverty and social exclusion across the Member States, participants stressed that poverty is complex and has multiple causes. While the role of the economic crisis cannot be neglected, participants pointed out that poverty and inequality were major challenges also before the crisis. Speakers also highlighted that those Member States that made structural reforms to their social welfare systems before the crisis are experiencing better social outcomes now.

Participants furthermore stressed that there is a need to look at the interacting social effects between different policies (economic, fiscal, social, employment), and a need for policymakers to ensure better coherence between these different policy areas. To this end, systematically assessing the social impacts of major policy reforms would also be useful.

Calls for Member States to revise national targets

Participants highlighted that the primary competence to reduce poverty is with Member States and that the low ambitions of Member States (as reflected by their national poverty targets) are worrying. A call was made to Member States to set more ambitious targets so as to match the EU-level objective of 20 million. Various participants said that for reasons of comparability, this should be done based on a common definition of poverty, and therefore should adopt the EU-level headline indicator.

Improving social monitoring

Improving social monitoring at European Union level and better assessing the performance of social policies was a key topic of debate. Participants noted that the monitoring of social developments at EU level could focus more on benchmarking of performance and could provide 'preventative' signalling mechanisms. They called for strengthening EU-level monitoring tools to detect negative social developments earlier and signal extreme social divergences, and

argued that social indicators should become part of the overall governance structures.

More structured involvement of local level actors and civil society

When discussing the role of local governments and civil society to address poverty and exclusion, participants felt that the Europe 2020 strategy has had a low visibility and impact at local and regional level. This is deeply problematic, as it was recognised that these actors often are the ones implementing policies to address poverty. Deeper and more structured involvement of stakeholders at EU and country level in reform processes is essential to effectively deliver on the poverty target.

More investment in human capital and a better balance within EU-level governance

In a Ministerial debate, ministers from Luxembourg, Poland and Malta set out their views on the future priorities for the Member States to improve social outcomes, and they discussed the EU's role to support these objectives. They emphasised the importance of investing early in children and youth, as well as policies to develop skills to improve employability. The need to reinforce the social dimension of the Europe 2020 Strategy was highlighted as a way to deliver on the promise of a social market economy. To this end, Ministers called for a better balance between macroeconomic, fiscal, employment and social objectives at EU level, in line with the integrated nature of the Europe 2020 Strategy. They underlined that this balance needs to be reflected in our governance instruments.

Conference Proceedings

Opening Session

Speakers:

- Introduction by László Andor, Commissioner for Employment, Social Affairs and Inclusion
- Key-note speech: Her Excellency Marie Louise Coleiro Preca, President of the Republic of Malta, "The importance of the poverty target and social investment"
- Franca Biondelli, Undersecretary of State, Italian Ministry of Labour and Social Affairs
- Message from José Manuel Barroso, President of the European Commission
- Sergio Aires, President, European Anti-Poverty Network

Key points

Commissioner for Employment, Social Affairs and Inclusion László Andor opened the Conference, explaining the political context for the Europe 2020 poverty target. He highlighted that by setting a poverty target as part of the 2020 Strategy, the EU put social concerns on equal footing with economic objectives, and moreover, recognised the inter-relation between them. He also added that quantifying our ambition to reduce poverty through a target, and translating this ambition to national targets, was aimed at holding the EU and its Member States more accountable. However the current growth in poverty since the beginning of the strategy has signalled the need for the EU and its Member States to step up its efforts.



In her keynote speech, **Marie Louise Coleiro Preca, President of the Republic of Malta**, stated that we should have no complacency in growing poverty in Europe, and urged Member States and the EU to step up their efforts. She underlined that poverty is a complex and multidimensional phenomenon, driven by social as well as economic and political factors. She

expressed concern over the negative social consequences of recent reforms in some Member States to cut back on education, pensions and healthcare services

in the context of the crisis and increased budgetary constraints. She added that skill development, though important to improving people's labour market opportunities and earnings potential, is only a partial answer to improving social outcomes; she emphasised the increasing number of skilled young people who cannot find work or who are experiencing in-work poverty. Lastly, she highlighted the worrying trend of migrants and asylum seekers who are at disproportionate risk of poverty and social exclusion, and urged that this be addressed through migration policy reforms as well as measures to address discrimination.

Commission President José Manuel Barroso, who sent a video message to the Conference, also highlighted the integrated approach of the 2020 Strategy which aims at 'a high-employment economy delivering economic, social, and territorial cohesion' in which 'benefits of growth and jobs are widely shared'. He signalled his concern that poverty has increased since the beginning of the strategy and stressed that more needs to be done to improve social outcomes. He acknowledged some positive steps by the EU to address poverty and promote social investment since the Europe 2020 strategy was adopted, including the adoption of the 2013 Social Investment Package, the country-specific recommendations for Member States, and a greater share of cohesion policy funding dedicated to the European Social Fund in the new Multi-annual Financial Framework for 2014-2020.

Sergio Aires, President of the European Anti-Poverty Network, insisted that growth alone will not allow us to deliver on social objectives, highlighting that even before the crisis, there were nearly 100 million people at risk of poverty or social exclusion. Rather, he underlined that a sustainable development model is needed to address poverty, as well as greater inclusion of civil society actors in governance processes.



Finally, **Franca Biondelli, Italian Undersecretary of State**, stressed that the EU needs a new impetus to fight against poverty and social exclusion. She added that the social dimension of EU governance instruments needs to be reinforced, including by strengthening the social pillar of the European Semester.

Plenary Session 1: Where we are coming from?

Drivers of poverty and social exclusion: the need for policy coherence

Chair:

Danuta Jazłowiecka, Vice Chair, Employment and Social Affairs Committee, European Parliament



Speakers:

- John Hills, Director of the Centre for Analysis of Social Exclusion, London School of Economics and Political Science
- Ana Lima Fernandez, President, General Council on Social Work, Spain
- Göran Therborn, Chair of Sociology, University of Cambridge
- Olli Kangas, Research Director, Social Insurance Institution of Finland (Kela)

Responses by the social partners:

- Claudia Menne, Confederal Secretary, European Trade Union Confederation
- Garance Pineau, Deputy Director of Social, European and International affairs, Movement of the Enterprises in France (MEDEF) and Member of the Business Europe Social Affairs Committee

Key points

In the first plenary session, participants discussed the developments and drivers of poverty and social exclusion across the Member states. They acknowledged that poverty and inequality are complex phenomena with multiple causes. When discussing the exacerbating effects of the crisis on the poverty situation in the EU, several presenters singled out a particular increase of in work poverty and a vulnerable situation for single parents' households. Speakers underlined that poverty should be addressed in an integrated and coordinated way, looking at economic, fiscal, social, and employment policies and their interaction.

Discussions

- The plenary started by an introduction **by Danuta Jazlowiecka, Chair of the European Parliament's Employment and Social Affairs committee**, who stated that the deterioration of social conditions is undermining EU integration. She also underlined that the target on poverty reduction should be kept after the review of the EU2020 strategy.

- **John Hills, Director of the Centre for Analysis of Social Exclusion**, presented a comparative study of seven Member States before and after the economic and financial crises that demonstrated how tax and benefit policies in Member States have affected poverty between 2001-2007 and 2007-2011.



He illustrated how both structural reforms as well as indexation effects of benefits can matter in terms of a reduction of poverty rates. His presentation exposed that those countries that underwent structural reforms before the crisis period fared much better in poverty reduction outcomes. He also showed how the values of benefits and tax thresholds are adjusted (indexed) each year can sometimes have larger effects than structural reforms. His presentation further underlined that sometimes governments make changes to taxes and benefits with opposite effects on poverty, highlighting the need for better coordination of policies.

- **Ana Lima Fernandez, President of the Spanish General Council on Social Work** presented the development of the social welfare system in Spain, and explained recent negative social developments, which she attributed not only to falling employment in Spain but also to substantial cuts to social services in Spain as part of fiscal consolidation. She emphasised that social policies



should not be looked at as 'consumption expenditure', but should be viewed as lasting social investments. High-quality preventative services are cheaper than emergency support later on. She also highlighted the employment-generating effects of social services. Finally, she expressed concern over increasing social divergences between Member States, stating that a two speed Europe is emerging. In addition to ensuring adequate benefits and comprehensive social services, there is a need to ensure better quality jobs to protect against in-work poverty, calling for a 'social inclusion wage'. Finally, she highlighted the need for more structured participation of citizens and civil society organisations in governance structures.

- In his presentation, **Göran Therborn, Chair of Sociology at the University of Cambridge**, discussed how poverty and social exclusion are influenced by central institutions in our society such as the market (profitability & solvency), family (childhood chances of development), and the nation (citizenship/ethnicity). He stated that the crisis, as well as Member States' policy responses, have led to extraordinary social divergences in the EU. He also highlighted the severe consequences of poverty and social exclusion for the individual as well as for society.
- **Olli Kangas, Research Director at the Social Insurance Institution of Finland (Kela)**, explained the various drivers of poverty and social exclusion, highlighting changing labour markets, changes in household structure, educational inequalities, tax policies, as well as social benefits and services. He stressed the need for coherence across these different policy areas in order to effectively reduce poverty. He stressed that as to taxes and transfers, its effect on mitigating poverty has reduced over time. He finally singled out that single households are increasingly at risk of poverty in Northern Europe, stressing that family policies (e.g. family services and employment possibilities) matter and investing in all phases off the life cycle will pay back.
- In her response to the presentations, **Claudia Menne, Confederal Secretary of the European Trade Union Confederation (ETUC)** spoke about the rise of poverty and attributed it to deteriorating labour market conditions. She pointed out growing in-work poverty in the context of a rise in low paid, temporary, and part-time jobs. She also argued that the Europe 2020 strategy needs to be revised to better address poverty, and there should be a more direct translation of national targets into national strategies to address poverty. She added that ETUC would like to see a toolkit to address poverty developed between social partners.
- According to **Garance Pineau, Board Member of Business Europe**, the mid-term review of the Europe 2020 strategy is a timely occasion for Member States to redefine their policy priorities in order to better promote employment and address poverty. She signalled that several of the presentations made a link between poverty and employment, and she stressed that having a job is the safest way out of poverty. In response to

the intervention of Claudia Menne, she confirmed that the rise of in work poverty is a worrying trend, and she said that this calls for well-designed automatic stabilisers. She also highlighted that there is a need to ensure a coherent mix between different policies to promote employment and improve social outcomes. She finally stressed the importance of improving the efficiency of social policies, developing better indicators to measure policy performance, and making better use of performance benchmarking.

Plenary Session 2

The EU target of lifting at least 20 million persons out of poverty and social exclusion: indicators, methodologies and measurement instruments

Chair:

Georg Fischer, Director, Analysis and Impact Assessment, DG Employment, Social Affairs and Inclusion



Speakers:

- Frank Vandenbroucke, Professor, KU Leuven, and former Minister for Social Security, Health Insurance, Pensions and Employment in Belgium
- Maurizio Ferrera, Professor of Political Science, University of Milan

- Lăcrămioara Corcheș, Director General, Ministry of Labour, Family, Social Protection and Elderly People, Romania
- Jim Walsh, Principal Officer, Department of Social Protection, Republic of Ireland
- Mark Jacobs, Deputy Head of Unit for European Affairs, Ministry of Social Affairs and Employment, Netherlands

Key points

Despite the very different impact of the Europe 2020 poverty target at national level, in terms of policy responses, political acceptance, salience, or involvement of stakeholders, there is a need to increase overall accountability for Member States to deliver on the headline target. Member States were called on to use the EU headline indicator to monitor poverty, but additional contextual indicators could be useful. Moreover, they were urged to revise their national poverty targets to match the EU-level ambition of 20 million. This would require further discussion on how to distribute the poverty reduction efforts fairly and how the EU could further support the Member States with the biggest social challenges. It was also stressed that Member States' national poverty targets should be better translated into policy responses, and this would require additional analytical capacity. Finally, it was stressed that the poverty reduction target should not be seen in isolation from the other targets, and this interconnectedness should be better reflected in the governance of the Europe 2020 strategy.

Discussions

- **Maurizio Ferrera, Professor at the University of Milan**, highlighted a significant variation between Member States in their acceptance of the EU headline target. There are uneven and overall low levels of ambition between the Member States in reaching the EU-level headline objective of reducing poverty by 20 million people. There should be greater accountability of Member States in the formulation of national poverty targets and strategies in line with the EU-level objective, and stakeholders should be more closely involved. He stressed the need for the EU to closely monitor how EU policies are implemented at national level and to better identify how implementation might not be effective. Using Italy as an example, he stressed that some progress has been made in the most recent cycle of the European Semester in terms of more rigorous social policy analysis and concrete recommendations for reforms to better address poverty.



presentation on the Romanian national poverty target and poverty reduction strategy. She discussed how a Working Group was set up to develop the national poverty target, and described some of the methodological challenges presented, including large variations between national data measuring poverty and EU level data. In terms of delivering on the target, current projections show that it is unclear if Romania will be able to meet its national target. To better deliver, Romania is now preparing, with the World Bank assistance, a National Strategy and Action Plan on Social Inclusion and Poverty Reduction for 2014-2020.

- In his presentation, **Jim Walsh, Principal Officer at the Irish Department of Social Protection**, explained why Ireland chose a different indicator to monitor progress on the Irish national poverty target than the AROPE indicator, which is used to monitor progress on the EU headline poverty target. He highlighted the complexity of the AROPE indicator, which is a composite indicator combining relative income poverty, severe material deprivation and the rate of low-work intensity households. He argued that this indicator leads to difficulties in communicating the poverty target to the public. He also emphasised the need to use sub-indicators to contextualise the social situations in the Member States.
- **Mark Jacobs, Deputy Head of Unit at the Dutch Ministry of Social Affairs and Employment**, explained why the Netherlands selected a different indicator to monitor progress on the Dutch poverty target than the AROPE indicator. The Netherlands has chosen the 'low work intensity households' indicator, in line with the Dutch strategy to reduce poverty, which is strongly focused on improving labour market integration.
- In his intervention, **Frank Vandenbroucke, Professor at KU Leuven**, stressed the need for improving the collective ambition of Member States and revise the national targets accordingly in order for the Europe 2020 strategy's poverty reduction objective to be credible. He stressed that it would be important for the EU and its Member States to develop a default position for how headline objective of 20 million will be distributed between Member States in terms of their national ambition levels. The issue of reciprocity between Member States would need to be addressed, with Member States experiencing larger poverty burdens asking for greater EU-level resources in support of their poverty-reduction efforts. He also argued that the Member States should use the same indicator (AROPE) in their national targets, in order to ensure better comparability



and accountability, but that sub-indicators could be useful to contextualise the situations in the Member States. It was underlined that for instance the indicators are not very gender sensitive as they are aggregated at the household level. Finally, he stressed that social indicators are difficult to translate into policy responses, and this would need additional analysis capacity and inter-linkages between the different drivers, such as demography, migration, and changing family compositions.

- Regarding the data analysis capacity, there was a strong emphasis on the need for Member States and the Commission to invest in the data collection and analysis and to improve EU SILC but to keep in mind the need to ensure continuation of the process.

Workshop 1

Assessing the performance of social policies and their monitoring at EU-level

Chair:

Lieve Fransen, Director, Europe 2020 Social Policies, DG Employment, Social Affairs and Inclusion

Speakers:

- Thomas Dominique, Chair, Social Protection Committee
- Enrico Giovannini, Professor, Rome University, Former Minister of Labour and Social Policies in Italy and Director of the Italian Statistical Institute
- Anton Hemerijck, Professor of Institutional Policy Analysis, VU University Amsterdam; Centennial Professor of Social Policy, London School of Economics and Political Science
- Bruno Palier, Research Director at the Centre for European Studies, Sciences-Po, Paris

Key points

This workshop looked at the work done with the Social Protection Committee (SPC) to better assess the efficiency and effectiveness of social policies and monitor social policy reforms. Speakers discussed how to assess the performance of social policies, looking beyond simply their role in reducing poverty to take into consideration the broader functions of social protection systems, such as the development of human capital. Participants also agreed on the need to strengthen EU-level social monitoring instruments and embed them in EU governance structures, to put them on more a equal footing with macro-economic monitoring instruments. Recent progress in strengthening the role of

social policies in the European Semester was also highlighted, affirming that this positive trend needs to be further supported through better analysis, in particular through having more timely data.

Discussions

- **Lieve Fransen, Director of Europe 2020 Social Policies at the European Commission**, opened the workshop and gave some brief remarks. She highlighted that well-performing social protection systems support the development and maintenance of skills and competences, which can improve growth and competitiveness. The performance of social policies should therefore be assessed beyond poverty reduction and also from a social investment perspective. From there, she set out some questions on how to better assess the performance of social policies in a more multidimensional way.
- **Tom Dominique, Chair of the Social Protection Committee** briefly introduced the existing EU-level tools to monitor the social situation, such as the Joint Assessment Framework (JAF), to allow for comparable monitoring of the social situation across Member States. He also discussed the SPC's recent development of the Social Protection Performance Monitor (SPPM), which identifies worrying 'social trends to watch', which can trigger in-depth reviews on negative social developments that are commonly experienced by several Member States. Finally, he discussed the Scoreboard of key employment and social indicators adopted in 2013 and annexed to the draft Joint-Employment Report, which aims to identify excessive social imbalances.
- **Enrico Giovannini Professor at Rome University** recalled the Treaty text on social protection and inclusion, and stressed the need to improve and broaden measurement tools in order to capture all the elements which are mentioned in the Treaties. In view also of the current social situation in EU, he suggested strengthening social indicators in the EU's overall governance structures for a better balance between macroeconomic, fiscal, employment and social monitoring. This should include a stronger focus on policy indicators, which help assess the performance of social policies and show results much earlier than outcome indicators. Here, more investment in the development of social policy models (e.g. micro-simulation) can make a difference. The development of more longitudinal data and measures of resilience are also important in order to capture social mobility.
- **Anton Hemerijck, Professor of Institutional Policy Analysis at the VU University of Amsterdam**, stressed that welfare states face new needs while facing fiscal sustainability challenges at the same time. This calls for a more integrated approach to social protection and social investment from a life course perspective, including comprehensive investment in human capital through life, measures to ease labour market transitions, and a universal safety net to guarantee adequate minimum

income support. Country specific conditions, such as the institutional set-up, the macro-economic environment and the precise policy mix thereby need to be taken into account when designing structural reforms. From a methodological point of view, more evidence is needed on the short- and long-term returns of social policies, and in particular of social investment. He also underlined the need to further strengthen social and employment elements in European Semester.

- In his intervention, **Bruno Pallier, Research Director at the Centre for European Studies of Sciences-Po in Paris** called for a more visible discussion of social challenges in Europe, for instance on the increasing social divergences between the Northern and the Southern Member States. While the macro-economic situation has a crucial impact also on social outcomes, social investment (e.g. in education, research & development) have been shown to be correlated with better economic and social performance. The need for an improved measurement of the social investment dimension of welfare states was stressed as well.

Workshop 2

Actions and measures against poverty in the local context

Chair: Heather Roy, President, Social Platform

Speakers:

- Jana Hainsworth, Secretary General, Eurochild
- Freek Spinnewijn, Director, European Federation of National Organisations Working with the Homeless (Feantsa)
- Tsonko Tsonev, Mayor of Kavarna, Bulgaria
- Aliki Mouriki, Sociologist, National Centre for Social Research, Athens

Key points

The second workshop addressed the questions of ownership and participation with regard to Europe 2020 and the poverty target. It reflected the views both of municipalities and NGOs or civil society organisations working also at local level. Participants stressed the need for a coordinated and integrated approach suggesting stakeholder involvement across all policy areas of the 2020 strategy. The challenge of resources for funding these partnerships working to tackle poverty and social exclusion issues was singled out. Apart from the need for more structured funding, proving the relevance of processes such as the European Semester was underlined as crucial for ensuring sustainable engagement and commitment of civil society organisations and partnerships.

Discussions

- **Heather Roy, President of the Social Platform** opened the workshop and gave a first introduction into the topic. The main question would be how partnerships between different actors at local, regional and national level can be improved and how a broad participation and commitment to fight poverty can be reached. She underlined that it is necessary to look at multilevel and multi-actor partnerships at different levels and to bring in different perspectives (NGO, governmental, academic), different knowledge, data and experience in order to effectively fight poverty. The factual and experimental basis for social policy would be currently weaker than the one for economic policy and working in partnership can help to overcome this weakness. Models of such partnerships exist at EU level, but often lack at national or local level.
- **Jana Hainsworth, Secretary General of Eurochild** started her intervention with a quote of Sergio Aires (EAPN) that Europe 2020 risks to become 'Europe's best kept secret'. She then looked at the role of stakeholders in engaging in Europe 2020, in increasing its visibility and the commitment to it. Her main points were that, firstly, stakeholder organisations have to feel that their participation makes a difference and that they can influence on developments, secondly, that creating a culture of participation takes time and requires real commitment to stakeholder involvement, and thirdly that policies need to be coherent and have to have a broader perspective, e.g. linking topics such as social inclusion with education or health. Taking Eurochild as an example, the network is engaged in Europe 2020, but the involvement of member organisations is not strong. It will only improve if members have the impression that getting involved in Europe 2020 helps children in their country. Setting up national alliances in countries has helped to foster engagement in the European Semester at national level. But in general, stakeholder involvement and participation at national level is not supported or welcomed by Member States. Here it would be necessary to have more pressure from the EU as well as clear guidance. Actors across different policy areas need to work together and to create synergies in the different consultation processes. There is a need for more structured consultation processes with different layers and addressing different target groups. In order to involve children and young people in processes such as the European Semester, questions addressed have to be very concrete and contain a clear importance for the (daily) lives of young people.
- **Freek Spinnewijn, Director of FEANTSA** highlighted that the EU target on poverty is not covering homelessness as one of the most extreme forms of poverty. This is linked to the way the indicator is constructed and data for it are captured. The data to measure poverty is based on household surveys, which automatically excludes homelessness. Reducing

homelessness therefore does not contribute to reaching the poverty target and there is no clear incentive for Member States to act on homelessness in their national poverty strategies as part of Europe 2020. He also criticised that the European Semester process is neither transparent nor consistent when it comes to homelessness. While 50% of the National Reform Programmes in 2014 mentioned homelessness, the topic was not picked up in a single country-specific recommendation. He however also acknowledged the risk to overburden the Semester with all the different topics and issues at stake. An alternative solution would be to create parallel processes which are not part of the semester, but linked to it, and to address e.g. homelessness within such a process.

- **Tsonko Tsonev, Mayor of Kavarna in Bulgaria**, reported from the activities in his municipality to fight poverty and social exclusion and to prevent people from leaving the municipality and to move to other countries. In his view, municipalities are at the frontline in the fight against poverty. In Kavarna, they took a series of measures such as creating the position of a mediator in health services (especially for Roma), personal assistants for handicapped and elderly people, a programme for providing homecare, special programmes for elderly and disadvantaged people, social sponsoring, clubs for pensioners, measures to fight the abandonment of children, children centres, and others. They also invested in job creation, for instance in a sea food plant. His experience shows that the biggest challenge is the Roma community and to provide housing and land to Roma. There are too few examples of concrete measures in cooperation with the European Commission.
- **Aliki Mouriki**, a sociologist from Greece, described the dramatic social situation in Greece with the central government moving the responsibility for social protection to the local level. Local governments, NGOs, civil society are now asked to act on poverty, however their resources have often been too insufficient. In his view, overall the social protection system in Greece is not very effective, as informal support networks (e.g. family) act as a buffer in many areas. During the crisis these informal networks could not anymore cope with the deterioration of the social situation. Simultaneously, social agencies were abolished or merged, cuts to benefits and services took place and resulted in increasing numbers of people without any social support (formal or informal). At the same time, civil society organisations in Greece have been fragmented and there is a lack of coordination. But the crisis brought new life in this sector of society. Religious organisations, NGOs and the private sector have tried to fill the gaps in social welfare provision. Social enterprises are developing slowly, despite the fact that there is no favourable environment for the creation of social enterprises and the sector is not well regulated. Challenges in the development of third and private sector provision concern the availability of funding, but also capacity building.

- During the discussion a representative from the **city of Barcelona** reported that the city changed its approach in planning and implementing services in order to follow a more coherent approach. The work plan is now agreed with all services, social actors, stakeholders and represents a shared strategy; all working together for an inclusion plan. The city worked with Eurocities and its network of Cities for Active Inclusion. He recommends to the European Commission to improve the role of cities, municipalities, and local governments in ESF. Funds need to be used at local level and therefore the local level needs the capacity to apply for EU funding, he stated.
- A representative from **ERGO (Roma Network)** highlighted that successful stories of Roma inclusion are rare, and the example of Kavarna in Bulgaria is exceptional. What is often lacking is the political will to act for Roma. They raised the question on how the EU can further support or enhance political will.
- A consultant for the **Social Ministry in Malta** underlined that participation at local level is important. Malta established six centres in six regions to invest in active partnership. The centres aim to coordinate and create synergies and more efficiency in providing good quality services. Also communication within the government and between ministries is important to help these initiatives. The centres were funded by ESF; they are experimental. He recommended to the EC to make sure that ESF is an enabler for change and not blocking it.
- Finally a representative from a **federal association in Belgium** claimed that the participation of all stakeholders is needed for reaching the Europe 2020 targets. Cities and local-level organisations are addressing real problems, but have often the feeling to be left alone without support from the regional or federal levels. Better cooperation between different levels of governance, as well as with relevant stakeholders such as NGOs and social entrepreneurs, is needed.

Plenary Session 3: Reports from the Workshops and Ministerial discussion

How can we make the poverty target more effective and improve the governance of Europe 2020?

Chair:

Marita Ulvskog, Acting Chair, Employment and Social Affairs Committee of the European Parliament

Speakers:

- Lieve Fransen (Report from workshop 1)
- Heather Roy (Report from workshop 2)
- Romain Schneider, Minister for Social Security, Grand Duchy of Luxembourg
- Radoslaw Mleczko, Vice-Minister of Labour and Social Policy, Republic of Poland
- Hon. Michael Farrugia, Minister for the Family and Social Solidarity, Republic of Malta

Key points

After reports from the workshops, Ministers from Luxembourg, Poland and Malta set out their views on the future priorities for the Member States to improve social outcomes, and they discussed the EU's role to support these objectives. They emphasised the importance of investing early in children and youth, as well as policies to develop skills to improve employability. The need to reinforce the social dimension of the Europe 2020 strategy was called for to deliver on the promise of a social market economy. To this end, Ministers called for a better balance between macroeconomic, fiscal, employment and social objectives at EU level, in line with the integrated nature of the Europe 2020 Strategy. They underlined that this balance needs to be reflected in our governance instruments.

Discussions

- In her introduction, **MEP Marita Ulvskog** presented the view from the European Parliament's Employment and Social Affairs Committee on what needs to be done to better deliver on the poverty target. The Employment and Social Affairs Committee has supported the Commission proposal to establish a scoreboard of key employment and social indicators, complementary to the scoreboard of the macro-economic imbalance procedure (MIP), with a view of making the social consequences of employment and other policies more visible and to give them greater consideration in the European Semester. The Employment and Social Affairs Committee has also calls for more impact assessments, indicators and strengthened EU-level social monitoring. She also recalled the European Parliament's call for an EU-wide strategy to address homelessness.
- **Rapporteurs from Workshops 1 and 2, Lieve Fransen and Heather Roy**, reported back on the key points from their respective workshops, setting the scene for a discussion between the Ministers.
- **Romain Schneider, Minister for Social Security (LU)** highlighted that deepening EU social integration and reinforcing the social dimension in European governance is indispensable for the well-functioning of EU social

market economies. He stressed the importance of investing in human capital to improve skill levels and access to sustainable quality employment. He highlighted that the focus of poverty-reduction has been very much on addressing the consequences the crisis, but that this focus should shift towards implementing structural reforms. He stressed the need for more efficient and effective social protection systems, and to this end underlined the need for better coordination and integration of social policies, as well as better coordination between social policies with macroeconomic/fiscal and employment policies. More systematic social impact assessments are essential to this end. Later on in the debate on how to reach better complementarity of national and EU-level efforts, he stressed that the Commission can support Member States through comparative social monitoring and providing financial support to implement their poverty strategies.

- **Radoslaw Mleczko, Vice-Minister of Labour and Social Policy (PL)**, began by saying that income inequality and poverty are against the European social model. He explained that even though the number of people at risk of poverty and social exclusion been reduced in Poland, there is still room for improvement. He explained that the Polish strategy to reduce poverty recognises that beyond effective social protection systems, it is important to promote employment and overall growth. He stressed the importance of attracting private investment and removing barriers to entrepreneurship. He also underlined the importance of labour mobility in addressing skills mismatches and labour market asymmetries. In terms of social policies, he highlighted the importance of adopting more preventative approaches to poverty, including quality education. In some cases, social transfers need to be more effective and have more appropriate targeting, which is currently the case in Poland. He also said that transfers should be linked to measures that capacitate citizens and support access to employment.
- **Hon. Michael Farrugia, Minister for the Family and Social Solidarity (MT)** stressed that Europe 2020 has been useful in generating a joint political commitment to reduce poverty, giving greater visibility to the issue of poverty, and developing concrete measures for monitoring progress. He underlined the need for Member States to develop holistic approaches to addressing poverty, i.e. by investing in people at very early stage, identifying vulnerable families in need of assistance and offering them support, providing psychological assistance, integrating support at school, medical assistance, including adopting an outreach approach. He stressed that poverty is at the forefront of the national agenda in Malta, and gave some examples of recent reforms in Malta to improve social outcomes, in line with the multi-dimensional approach that he advanced. This includes the recent introduction of free universal childcare for working parents, as a means of improving female labour participation as well as child outcomes. It also includes the linking of child supplement schemes

for low income families to school attendance, in recognition that education is key to improving social mobility and addressing inter-generational transfer of poverty. The minister also mentioned that the new Fund for European Aid to the Most Deprived will help with implementation of programmes to address poverty. He echoed to Heather Roy's feedback from Workshop 2, stressing the role of working in partnerships with civil society. He referred to previous participants' suggestions to carry out more systematic social impact assessments, and he agreed that this should take place in the case of major structural reforms.

Concluding session

Paving the way forward

Chair:

Lieve Fransen, Director, Europe 2020 Social Policies, DG Employment, Social Affairs and Inclusion

Speakers:

- Amb. Marco Peronaci, Deputy Permanent Representative of Italy
- László Andor, Commissioner for Employment, Social Affairs and Inclusion

Key points

In the concluding session chaired by Lieve Fransen, Commissioner Andor and Ambassador Peronaci, representing the Italian EU Presidency, addressed the overall question of how to better deliver on the Europe 2020 objective to reduce poverty and improve social outcomes. Ambassador Peronaci highlighted that the Europe 2020 strategy is one of the main deliverables of the Commission, advocating an integrated growth model that moves beyond the objective of GDP, and considers also the objectives of social inclusion, skill development and innovation. He affirmed that now with the new Commission, it is a good time to change the way policies are formulated and implemented. Commissioner Andor reflected on some of the Commission initiatives since the launch of the strategy to support Member States in their strategies against poverty, but stressed that more still needs to be done. He stated that governance is important in delivering the targets, and the European Semester has been useful in terms of setting policy priorities, allowing for country-specific analysis, and providing concrete policy recommendations. The Strategy should become more inclusive towards civil society, which requires more structured consultation of stakeholders in the key processes around Europe 2020 including the National Reform Programmes. Finally, Commissioner Andor urged participants to contribute to the public consultation on Europe 2020, if they had not done so already.

Discussions

- In a short introduction to the last session, **Director Lieve Fransen** stressed we need to take the Europe 2020 strategy more seriously, especially on the poverty target. The negative social trends and increasing divergences between Member States require us to assess how to move forward and how to achieve upward social convergence. It also requires us to rethink how to achieve a better balance between the macroeconomic/fiscal, employment, taxation, education and social policies, so that they can better reinforce each other, and how to adapt EU-level governance instruments to this end.
- **Amb. Marco Peronaci**, on behalf of the Italian Presidency, affirmed that Europe 2020 has been one of the main deliverables of the European Union, advocating a growth model beyond GDP that considers economic and social objectives together. He highlighted that the biggest deficits of the 2020 strategy have been the Employment, Research and Development and Poverty targets, with the latter being the most critical, as we have drifted away from it rather than towards it. He stressed that poverty is a complex issue, and tackling it requires a range of policy measures, more than just automatic stabilisers. Poverty reduction should also be seen in the wider context of needing to modernise our social protection systems, which is a priority for the Italian Presidency. Enhancing the Social Dimension of the Economic and Monetary Union is a central part of the Presidency's programme. He closed by stressing that the mid-term review of the Europe 2020 strategy and the new Commission present an opportunity for a fresh start. It is a good time to reflect on how our poverty reduction strategies are formulated and implemented. Even in the context of the crisis and increasing budgetary constraints, we should not abandon our ambitions.
- **Commissioner Andor** reflected on the negative social developments since the launch of the Europe 2020 strategy, and stated that despite rising poverty, the EU should not abandon the poverty target nor lower its ambitions. Poverty is not easy to tackle because of its multidimensional nature and multiple drivers. However it is necessary, since both rising poverty and inequality present major risks for the EU in terms of diminishing social cohesion as well as economic spill-over effects. Improving social outcomes across the EU cannot be done with ad-hoc responses, but with a new social contract between Member States. The Commissioner also recalled some of the Commission's initiatives during his mandate to promote policy reform to better deliver on the poverty target, which included the adoption of the Social Investment Package, and measures to enhance the Social Dimension of the Economic and Monetary Union, such as the development of a scoreboard of social and employment indicators. He emphasised that governance is important in delivering the targets, this is why we have the Semester to issue recommendations in order to meet the targets. He also pointed out that we are indeed behind the target, but the EU has made some steps on advancing

policy guidance to Member States, but we need to ensure effective implementation. The Strategy should also be more inclusive towards civil society, which requires more structured consultation of stakeholders in the key processes around Europe 2020 including the National Reform Programmes. Finally, he urged participants to contribute to the public consultation on Europe 2020, if they had not done so already.

Further Reading

Photos, presentations and speakers' papers can be found online on the [Conference Website](#).