

The European Social Fund: a cornerstone in the fight against poverty and social exclusion

2010 is the European Year for Combating Poverty and Social Exclusion. The European Social Fund is making a major contribution – investing billions of euro in projects to help people into work and out of poverty.

Poverty and social exclusion in Europe

Europe is one of the most prosperous regions in the world. And yet poverty remains a huge problem, affecting an estimated 84 million people. This means that one in every six Europeans lives below the poverty threshold, with some 7 million people surviving on less than €5 a day. A similar proportion suffers what is known as ‘material deprivation’: money is so tight that they cannot keep their homes warm enough or meet unforeseen expenses, for example. Roughly one person out of ten across the EU lives in a household where no-one has work.

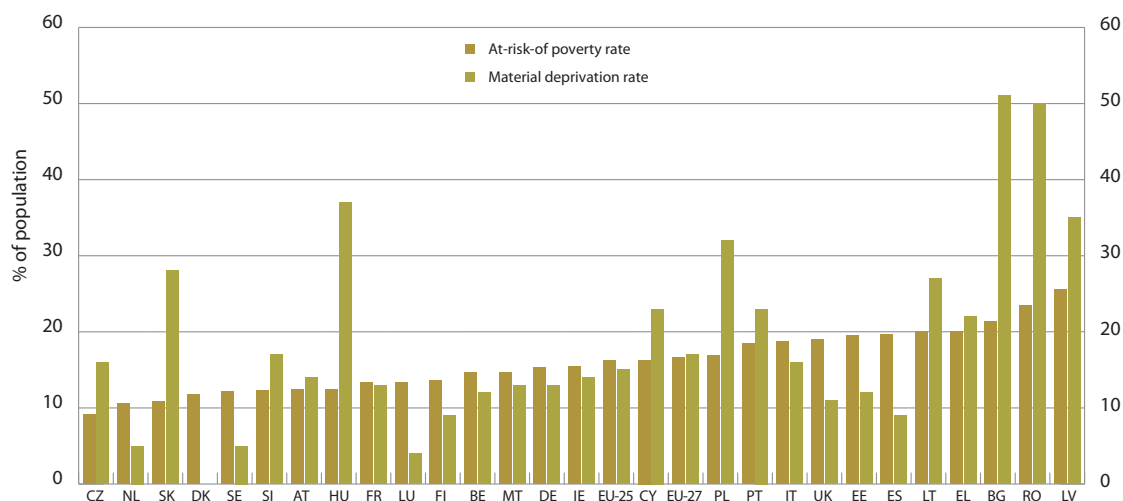
Some groups in society are more vulnerable than others, and they include women, children, disabled, unemployed and older people, migrants and single parents. For example, one

child in five in the EU lives at risk of poverty. Furthermore, while having a job normally makes people better off, 8% of workers do not earn enough to rise above the poverty line: they are the working poor.

Defining poverty and social exclusion

What does ‘poverty’ mean in Europe? As defined by the EU, people are poor if they lack “a standard of living considered acceptable in the society in which they live”. Poverty is measured by a set of common indicators, and people are judged to be at risk if their income is below 60% of the national median level. In absolute terms, average incomes vary widely from one Member State to another, as does the proportion of the population at risk of poverty.

Figure 1: 2008: At-risk-of-poverty and material deprivation rates per Member State from MEMO 10/62



Source: EU-SILC (2008). Material deprivation data for Denmark refers to 2007



European Commission



Poverty puts people at risk of social exclusion. Problems such as bad housing or homelessness, debt, poor healthcare, drug and alcohol abuse, low education levels, and lack of access to basic services and to many of the social, cultural and other activities most people take for granted, all keep people on the margins of society, and prevent them playing a full and active role. Poverty frequently contributes to these problems, as do racism and discrimination, trapping victims in a vicious circle of deprivation. However, people can also be socially excluded without being poor.

The European Union's response to the problem

Building a prosperous and inclusive society is crucial to the EU. Europe has to reduce poverty and social exclusion in order to achieve its goals of sustainable economic growth, more and better jobs, and greater social cohesion. But more importantly, every individual has a right to live in dignity and to take an active part in society.

The EU takes these problems seriously. In the European Commission's proposals for a new ten-year economic strategy, *Europe 2020*, reducing poverty is one of the top five priorities.

In the EU, national governments are working together and taking specific measures, such as minimum income schemes, to fight poverty. But poverty and social exclusion are also Europe-wide problems that have to be tackled at European level. European leaders have agreed to pool their efforts through voluntary cooperation. Solidarity between countries and communities is a fundamental principle of 'social Europe', and the European Social Fund offers support to citizens at risk of marginalisation.

What does the ESF do?

The **European Social Fund** is the EU's main tool for helping Member States to combat poverty and promote social inclusion. It supports initiatives that make a long-term difference to individuals' life chances. For example, it co-funds programmes

- helping unemployed people to train or upgrade their skills and get into work;
- combating discrimination and enabling vulnerable groups to join the labour market and be active in society;
- offering training and education so that disadvantaged people can obtain skills and qualifications;
- encouraging workers and businesses to adapt to economic changes;
- fostering partnerships for a better workplace and better jobs.

Between 2007 and 2013, the ESF has nearly €76 billion to invest, of which about one-sixth goes to promoting social inclusion.

ESF funding is aimed at people who are most vulnerable to poverty, unemployment and social exclusion. The economic

crisis, which took hold in 2008, makes it even more important for the ESF to respond promptly and flexibly, to assist those who have been hit hardest, and to help those who are jobless to get back into work as swiftly as possible and avoid falling into poverty or social exclusion.

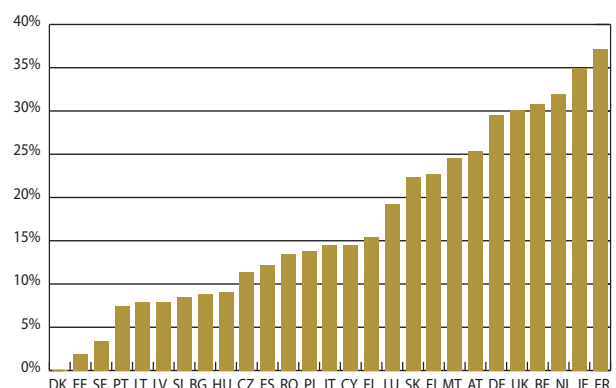
Making a direct impact on poverty and social exclusion

Although the ESF was originally set up to promote employment, it has evolved into a highly effective tool to reduce the risk of poverty. It does this by empowering people to help themselves, enabling them to improve their quality of life and to avoid poverty and marginalisation. The ESF helps Member States in "reinforcing the social inclusion of disadvantaged people with a view to their sustainable integration in employment and combating all forms of discrimination in the labour market".

ESF funding is distributed according to national circumstances. Overall, some €76 billion will be invested during the 2007-2013 period in programmes that could have a direct or indirect impact on reducing poverty and child poverty. Active labour market policies and the provision of key services such as childcare are still the main instruments. Education also plays a decisive role in giving young people equal opportunities and breaking the intergenerational transmission of poverty. This is where the ESF can help, by measures that give unemployed or inactive people the chance to get into work, and enable disadvantaged youngsters to move into learning or a job, to gain basic skills or a full qualification.

Some 18% of the ESF's budget of more than €10 billion a year is earmarked for projects that combat social exclusion: helping migrants into the workforce, integrating disadvantaged people and improving equal access to employment. Every year, some 1 million people from vulnerable groups – including migrants, members of ethnic minorities, and disabled people – benefit.

Figure 2: Spending on Social Inclusion as a % of total spending of ESF





How the ESF works

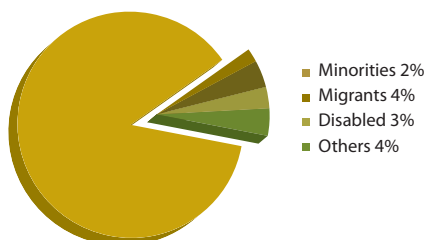
The ESF co-funds projects that are tailored to help **vulnerable and disadvantaged people who are furthest from the labour market**, and whose access to work is limited by problems such as lack of training, disability, or discrimination, as well as the long-term unemployed, older workers, and those who have lost their jobs in the downturn, often in very deprived areas. It enables them to acquire or adapt their skills to a changing economic and industrial environment.

The ESF creates integration and employment opportunities for all. It promotes **equality between women and men**, helping women to access or (re)-enter the labour market. For people with family and caring responsibilities, it also funds services such as childcare facilities that give them the freedom to work.

Integrating **migrant and ethnic minority communities** is a key priority for ESF projects. Immigrants suffer higher unemployment across the EU than the host population. Roma people are the most excluded group in European societies, frequently subject to segregation and bad housing, limited access to basic services, lack of education and discrimination in employment. The ESF promotes diversity in the workplace and fights discrimination in the labour market, through awareness-raising among local communities and companies and promoting employment initiatives.

The ESF aims at improving employment opportunities for all. Since **disabled people** constitute a particularly vulnerable group with low employment rates, it is important to pay particular attention to their integration into the labour market. Specific actions for the social inclusion of disabled people can cover a wide range of areas. The ESF can finance counselling and training adapted to the specific needs of disabled people; rehabilitation; job creation in sectors such as the social economy; special support to promote entrepreneurship among disabled people or awareness-raising campaigns to combat discrimination.

Figure 3: ESF participants, vulnerable groups as a % of total participants



Source: SFC 2007

The ESF supports **education and training**. Enhancing people's knowledge and skills, whether through traditional education systems or adult vocational training and lifelong learning, is one of the surest ways of guaranteeing work, self-sufficiency and a decent standard of living.

ESF funding also helps to develop opportunities in the **social economy**, combining social goals with economic ones to form an effective way to help people who find it difficult to enter and stay in the conventional labour market. Support for the creation of social enterprises includes counselling, training, and financial and legal services.

ESF projects generate **better jobs**. Having a job does not guarantee social inclusion if it is poor quality and low paid. Some 8% of working adults live below the poverty threshold; their income may not be enough to protect their children from poverty. About a quarter of working Europeans are still in jobs of relatively low quality, and because of the strong link between poor-quality work, social exclusion and poverty, the ESF devotes more than half of its budget to helping workers to upgrade their skills, and businesses to improve their organisation.

Conclusion

There is no simple solution that will put an end to poverty and social exclusion in Europe. These problems are widespread in Member States and the figures mask the stories of individuals all over Europe who are struggling to make ends meet and to create a better life for themselves and their families. The EU is committed to reducing the number of poor and socially excluded people in Europe, who are unable to afford the basic needs of life or to take an active part in society. It has clear policies to achieve this, and the *Europe 2020* strategy emphasises that combating poverty is a top priority.

The ESF is the most powerful instrument in this battle: improving people's life chances and preventing millions of Europeans falling into the poverty trap. ESF co-funded programmes often make a crucial difference, giving them independence and dignity. Solidarity is a key value of the EU, and the ESF is the embodiment of practical solidarity promoting social justice and inclusion.

The European Year for Combating Poverty and Social Exclusion is raising awareness of a reality that not only damages economies but blights individual lives. The ESF helps Member States in their efforts to address this challenge. Action is needed at all levels, and the ESF will continue to play a key role.

Below are some examples of how the ESF turns these objectives into concrete action on the ground:

In Trebišov, **Slovakia**, the 3 500 Roma residents suffer almost 100% unemployment. The ESF is co-funding a 'social fieldwork' project employing special workers and undertaking the renovation and extension of the local school for more than 600 Roma students.

In Bristol, **United Kingdom**, the Single Parent Action Network has set up a model of good practice; the Study Centre offers courses, personal development, money advice, volunteering, childcare and other support services to one-parent families.

In the poorer regions of western **Greece**, the Ionian Islands and Crete, ESF funding is going into upgrading educational systems. These areas have high school student drop-out rates, so one priority is reforming curricula and enriching educational materials at all levels, to keep up with modern economic and social developments. Improving teacher training and accelerating access to new Information and Communication Technologies (ICT) are among the priorities.

Latvia has the largest proportion of its population at risk of poverty in Europe. Although women's employment is above the EU average, the country suffers from high rates of joblessness among 15 to 24-year-olds, and of long-term unemployment. ESF co-funding in Latvia is specifically targeted at fighting poverty and social exclusion, by developing an inclusive labour market and drawing in disadvantaged groups such as released prisoners, recovering addicts, homeless people and returning migrants. Initial results showed that 20% of social rehabilitation beneficiaries obtained work or started training or further rehabilitation.

In Calabria, in the southern tip of **Italy**, ESF funds are going into creating new and innovative job opportunities to target unemployment.

This means giving people the information they need to start up their own businesses or become self-employed, through counselling in schools, universities, and training agencies

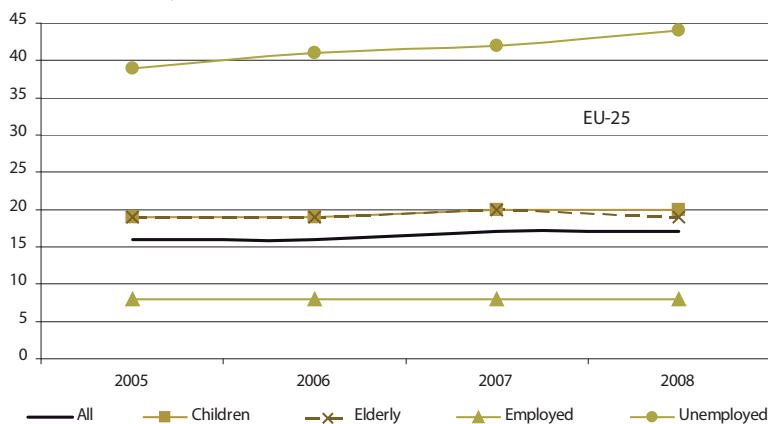
– helping to develop a new culture of entrepreneurship. The ESF also provides incentives for individuals setting up as self-employed workers or launching new entrepreneurial initiatives, through micro-credits, small subsidies and loans. They can benefit from specialised training courses.

In the **Czech Republic**, economic restructuring has affected whole industries such as chemicals, textiles and metallurgy, bringing in new technologies and ways of working. Many of the workers who lose their jobs in this process – especially older workers – may have few if any qualifications, or find their existing skills have little value in today's labour market. In the Czech Republic, ESF funding is helping to develop lifelong learning and support flexible forms of work organisation, enabling people to avoid the risk of long-term unemployment and social exclusion.

In Andalucia, **Spain**, ESF funding goes into promoting the social and employment integration of immigrants, Roma people, and other ethnic minorities and groups at risk of exclusion. Improving educational resources, to make vulnerable people more employable, is the best way of guaranteeing social inclusion and equal opportunities.

In Wales, in the **UK**, the ESF co-funds measures to help people with disabilities and work-limiting health conditions to enter or re-enter the labour market. Tailored initiatives, including mentoring, work experience and financial incentives, as well as practical steps such as assistance with transport, are the most effective.

Figure 4: Poverty rates (Source: SILC 2005-2008)



The annual national at-risk-of poverty threshold is set at 60% of the national median income per equivalent adult. The total household disposable income is the total net monetary income received by the household and its members, i.e. all income from work, investment and property, social transfers etc. The income per equivalent adult is calculated by dividing the total household income by its weighted size (1.0 to the first adult, 0.5 to other 14+, and 0.3 to <14).

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For more information:

Information service of DG Employment, Social Affairs & Equal Opportunities

Communication Unit

B-1049 Brussels

Fax.: +32 2 296 23 93

E-mail: esf@ec.europa.eu

<http://ec.europa.eu/esf>