



SPC Thematic Review on Addressing Inequalities and Promoting Active Inclusion

The economic growth and record employment levels witnessed in the past years across Europe have led to the gradual decrease in the number of people living at risk of poverty or social exclusion to below pre-crisis levels¹. Despite these positive developments, the inclusiveness of the recovery remains a concern, with persisting high inequalities and persons in vulnerable situations risking being left behind.

The 2018 SPC Annual Report reiterated² the need for an inclusive recovery and for a multi-dimensional effort to address high-income inequality and widening poverty gaps in many countries. The 2019 Joint Employment Report echoed these concerns³ and identified improvements in the implementation of active inclusion policies, including minimum income schemes and in particular enhanced integrated delivery of services among the recommended policy responses.

In this context, the SPC held an in-depth thematic review on the role of active inclusion strategies to contribute to inclusive growth, with particular focus on adequate income support and on access to quality services.

¹ In the latest year for which data is available (2017), the number of people living at risk of poverty or social exclusion fell by over 5 million in the EU-28. The numbers are now below pre-crisis levels (of 2008), standing at 22.4% of the EU population in 2017.

² The 2018 SPC Annual Report notes that “For the EU as a whole the following main negative trends, or ‘social trends to watch’ are identified for the most recent period.

- Deterioration with regard to the depth of poverty in many Member States, and with regard to in-work poverty in several countries, despite improving labour market conditions;
- Rises in the at-risk-of-poverty rates for people residing in (quasi-)jobless households, pointing to weaknesses in the adequacy of social benefits in several countries.”

³ The 2019 Draft Joint Employment Report points out that “the economic recovery is not yet benefitting all citizens and countries in the same manner” and that “income inequality is above pre-crisis levels in some countries, often linked to unequal opportunities in access to education, training and social protection, and correlated to poor labour market outcomes”.



Main findings and challenges highlighted during the review:

- The increase in income inequality over the past decade underlines the need to combine effective tax and benefit systems to allow appropriate redistribution with access to various services provide universally or in a personalized manner.
- The active inclusion approach remains a highly relevant policy framework for addressing poverty, social exclusion and inequality. Adequate income support should be combined with access to quality enabling services and inclusive labour markets to support those who can work to enter and advance in the labour market, thus helping them out of poverty. Integrated support should be provided for people who cannot work to ensure a life in dignity and their active participation in the society.
- Social transfers - both in cash and in-kind - play an important role in mitigating income inequalities. Measures to improve the efficiency and effectiveness of Member States' income support programmes can improve the income and general well-being of the most vulnerable, thus addressing inequality. Such measures should address the challenges on adequacy, coverage, take-up and work incentives.
 - Adequate Minimum Income benefits should ensure a decent standard of living, while at the same time supporting activation. They should be set and periodically reviewed through transparent mechanisms. It is important that the process is evidence-based and relies on appropriate social and economic impact assessments.
 - Measures to address the low coverage, especially amongst the most vulnerable are needed. Strategies combining structural measures with individualized support seem to be most effective in enhancing outreach and addressing the multiple needs of people furthest from the labour market. Stigmatization and lack of information negatively influence take up and also need to be addressed.
 - The setting up of a benefit withdrawal rate (in case of taking up employment) is important in incentivizing labour market participation and can mitigate long-term dependence on social assistance. Besides monetary incentives, activation measures should be integrated with the provision of social services.



- Service provision should entail personalized support and be implemented in an integrated manner to increase impacts of corresponding service providers. There is no one-size-fits-all solution but different approaches might be effective for ensuring an integrated service provision. Based on the particular context, initial set-up, or specific target groups, integrated service delivery can be achieved through, for example loose cooperation, formal cooperation of stakeholders or one-stop-shops. A key aspect is that the integrated approach allows for the delivery of interventions that are best suited with regards to the scope (services needed), time (order of interventions) and follow-up (to avoid revolving doors).
- The success of the active inclusion approach depends on the strong coordination between local, regional, national and EU levels, as well as on the involvement of relevant stakeholders – NGOs, Social Partners and those affected by poverty and social exclusion in the design, implementation and evaluation of the strategies.
- Local authorities, given their responsibility to ensure the well-being of the community members, play an important role in the process of developing and implementing integrated social services. Improving their capacity to identify and provide efficient solutions to complex social needs is an important consideration.
- Enhanced sharing of best practices, exchanges and peer learning are an integral part of the EU social convergence processes. In the area of Minimum income, there is a recognized need to go beyond ad hoc exchanging of information and to develop a common framework and practical guidelines for adequate and effective minimum income schemes supported by a structured dialogue among Member States.