

## Measurement of progress towards target of reducing poverty by a third in five years: practice in France

Host Country Report

Ministry for Labour, Labour Relations, Family, Solidarity and Urban affairs/  
Ministry for Housing

Strengthening the effectiveness of policies to combat poverty requires two conditions to be met:

- The first involves setting clear targets for the results to achieve in this field, making it possible to determine specific levers for public measures to enable success.
- The second condition involves setting up a permanent monitoring tool to measure changes in poverty, so that over the years these levers are sufficient and remain appropriate.

In order for this process to be fully effective, the targets and monitoring tools must be agreed upon by all the players involved in the fight against poverty, such as NGOs working on a daily basis with the most disadvantaged, social partners, user committees, etc.

The scoreboard to monitor the reduction in poverty by a third, which was presented on October 17, 2007, responds to the desire to track changes in poverty over the next five years. It was drawn up during a collaboration stage lasting several months.

### 1. Procedure for drafting the national monitoring scoreboard

In 2006, the CILE (French inter-ministerial committee for combating exclusion), the national body responsible for defining and coordinating the government's policy in relation to preventing and fighting exclusion and monitoring its application, decided on the principle of establishing a short list of indicators. It was agreed that this would be compiled so as to take account of poverty in all its forms and set detailed targets for reducing poverty and social exclusion, binding on France at a European level.

Initial work was undertaken in 2007, under the responsibility of the DGAS (French department of social action), the DREES (department of research, studies, assessment and statistics) et and the ONPES (national observatory on poverty and social exclusion), with the participation of the CNLE (national council for policies to combat poverty and social exclusion), which enabled identification of the main indicators in relation to poverty and exclusion in a range of fields: financial poverty, living conditions, social minimums, housing, health, education and training, employment and regions.

This work was supported by the engagement letter dated July 9, 2007, sent to Martin Hirsch, High Commissioner for active solidarity against poverty, which includes plans for a target on reduction of poverty by a third over five years and the development of a tool for monitoring the progress made in achieving this target. This commitment was reaffirmed on October 17, 2007, at the Journée de Lutte contre la Misère (anti-poverty day). It was announced by the French President

that this target would be monitored via a central indicator, the financial poverty rate measured against a fixed point in time, along with other indicators still to be defined.

Following up this commitment required the creation of a whole chart of indicators to track poverty (in its various forms) and illustrating access to various fundamental rights, a certain number of which were linked to quantified targets. Drafting it was entrusted to a working group run by the DGAS and the DREES and made up of members of the national body bringing together all government departments to focus on inter-ministerial policy, social inclusion and the fight against poverty (the permanent committee of the Inter-ministerial Committee for combating exclusion) as well as various experts (statisticians, sociologists, economists, etc.). The work was then subject to in-depth collaboration, including discussion about the setting of targets, with the main anti-poverty NGOs and social partners.

## 2. An initiative enshrined in law

The law of December 1, 2008, rolling out the "revenu de solidarité active" (welfare payment for low income workers) and reforming integration policies, enshrined the initiative in law by introducing the principle of setting a poverty reduction target into positive French law – set for five-year periods – and referred the definition of the measurement of poverty to a decree by the Conseil d'Etat (Council of State).

It should be noted that the stakeholder consultation process resulted in the publication on April 6, 2009, of an opinion by the CNLE addressed to the government. This body, which reports to the prime minister, advises the government on all general questions relating to the fight against poverty and social exclusion and ensures collaboration between government and NGOs, organizations and qualified figures fighting poverty and social exclusion.

The decree published on May 21, 2009, stipulates that poverty should be measured using a monitoring scoreboard. This is included as an appendix to the decree. Finally, the legislation stipulates that each year the government should present a report to parliament on factors surrounding achievement of the poverty reduction target. The first report was submitted to the National Assembly on October 17, 2009, and was the subject of a communication to the Council of Ministers on October 14, 2009.

Annual publication of this scoreboard, as part of the International Day for the Eradication of Poverty on October 17, should allow transparent communication in relation to citizens and a constructive dialogue, based on observation and joint discussions by players involved in the fight against poverty.

### 3. The scoreboard allows monitoring of changes in poverty through complementary indicators

Each of the scoreboard's indicators gives a complementary insight into the poverty rate measured against a fixed point in time. This is the indicator used to measure the target to reduce poverty by a third announced in the engagement letter from the French President to the High Commissioner for active solidarity.

The poverty rate measured against a fixed point in time is a semi-absolute measurement of poverty: at the start of the period, the financial threshold is fixed at 60% of the median household income (i.e. for 2007, the last known year, €910 per month). Over the following five years, this threshold is reassessed each year to take account of inflation. Each year, a calculation is made of the number of people who fall below this new adjusted threshold.

1. But the indicator measured against a fixed point in time is a financial measurement of poverty. This approach is therefore necessarily restrictive, since poverty is not restricted to having a low income. To take the multidimensional aspect of poverty into account, this indicator must be accompanied by a series of indicators, and in particular thematic indicators, enabling measurement of progress in each aspect of everyday life (employment, housing, health, education/training). In each area, an indicator measures **access to fundamental rights**. Some of these indicators are of a preventative nature, to avoid reproduction of poverty (such as indicators relating to education), or the aggravation of poverty for some categories of the poor (such as indicators relating to employment rates of those aged over 50).
2. However the main indicator, even when accompanied by thematic indicators, does not make it possible to consider the issue of the accumulation of difficulties which persistent poverty often produces. Two additional indicators can be brought in to measure these phenomena: **the rate of difficulties with living conditions** (score calculated based on a series of hardships) and **the poverty persistence rate**.
3. The reduction in the number of people who live below the poverty threshold should benefit everybody, including the disadvantaged. That is why it is also necessary to monitor **poverty rates with lower thresholds** (calculated at 40% and 50% of the median income) and **poverty intensity** (variance between the median income of poor households and the poverty threshold of 60% of the median).
4. To ensure that the poverty reduction target is not achieved at the detriment of social cohesion, an inequalities indicator must be added, to ensure that poverty reduction is not associated with an increase in inequalities. For instance, the **relative poverty rate** could be tracked. Furthermore, since the relative poverty rate is an indicator commonly focused on before now, it is important to continue to track it and check that it is also improving.
5. Finally, the financial measurement of poverty relies on the estimation of a living standard (household resources compared with the number of consumption units) which may be fairly far removed from the notion of disposable income, once overheads are paid, which is a better representation of the daily lives of the people involved. This variance can mainly be explained by significant differences in accommodation charges depending on

the accommodation occupancy status (owner, private sector tenant, public sector tenant, living with family) and the accommodation location (Paris area, other large city, other area). This notion of disposable income can be approached by **the proportion of overheads (considered as inevitable and compulsory) in the current household income.**

The scoreboard favours indicators calculated using government statistics. This choice creates a significant restriction, especially as part of an assessment of public measures: The time delay is often considerable before information becomes available (changes in indicators monitoring financial poverty are not known until 18 months afterwards). Secondly, polls used to produce some of these indicators do not take enough account of certain categories of households, such as the homeless.

That is why additional work was planned when the scoreboard was developed and initial results are contained in a report submitted to parliament on October 17, 2009:

For instance, the ONPES, in collaboration with the DREES for some work, has been requested by the High Commissioner for active solidarity to work on a surveillance and rapid information system covering phenomena of poverty and social exclusion. The surveillance system could currently draw on five different sources:

- 1) Indicators generated by the management of national systems;
- 2) Signals resulting from the work of organizations in contact with the poor and socially excluded;
- 3) A survey of households;
- 4) A regular focus group of actors in the field;
- 5) Research to improve knowledge about specific phenomena linked to poverty.

Furthermore, the first poverty report submitted to parliament on October 17, 2009, contains a forecast, which is still technically fragile, of changes in financial poverty (rate of relative financial poverty, poverty intensity, poverty rate measured against a fixed point in time) between 2007 and 2009. This is the first time this exercise has been carried out. The results must be considered with a high degree of caution given the methodological difficulties in relation to these projections. In particular, it has not been possible to verify the reliability and quality of the projection by comparing them to projections based on values recorded previously.

Finally, the governmental undertaking of October 17, 2007, also stipulates the systematic consideration of the impact of current reforms on the poverty reduction target. The micro-simulation model, maintained by the DREES and INSEE (national institute of statistics and economic studies), is therefore brought in to measure the impact of planned reforms on some of the indicators used in the scoreboard (poverty measured against a fixed point in time, relative poverty, poverty intensity).

It should also be noted that a parallel initiative has been conducted to roll out the key scoreboard indicators at a regional level to urban policy districts. These ZUS (sensitive urban areas) are areas

defined as being a priority target for urban policy, due to more frequent social and professional problems.

A government-coordinated working group has decided which of the key national scoreboard indicators can be rolled out and has selected 13 indicators to be included.

#### **4. Key issues to discuss during the Peer Review on December 3 and 4, 2009**

It is suggested that an in-depth debate be organized between experts with three themes in order to identify best practice to promote or develop in relation to each of them.

The following will be addressed in turn:

- The governance challenges of this type of coordination tool: definition and implementation of the initiative in partnership at a national and local level;
- The role of indicators in the poverty and social exclusion monitoring and assessment process, at both a national and local level;
- The question of the participation and role of beneficiaries in the process. A contemporaneous steering of social public policies in response to citizens' assertions, and better involvement of citizens in construction and governance of public policies. Questions are also raised regarding better means of harnessing this participation. Sharing of experience between countries in this respect will make it possible to take broader account of the various means of involving users selected for the definition and implementation of mechanisms and public policies in the social field.

**National bodies responsible for defining, implementing and assessing the fight against poverty and social exclusion in France**

The fight against poverty and social exclusion affects numerous sectorial policies and numerous players and requires a coherent public system of definition, implementation and assessment.

This system includes:

▪ **Coordination**

**the DGAS (department of social action), sub-department for integration policies and the fight against exclusion** is responsible, in conjunction with other departments and services in the ministry and other ministries, for drafting, monitoring and assessing policies in the fight against vulnerability, exclusion and poverty with the aim of promoting social inclusion and equal opportunities for people encountering serious social difficulties. It therefore sets targets and priorities taking into account in particular focuses decided at a European level, and defines and carries out action plans and programs with the support of partners.

It has the task of monitoring and calling to account its ministerial partners (DGEFP, DSS, Housing, Agriculture, National education, Youth, etc).

To do this, it draws on various bodies working in collaboration with government and NGOs.

▪ **Observation**

- **The ONPES (national observatory on poverty and social exclusion)**, which is administered by the DREES, is responsible for assembling, analyzing and disseminating information and data relating to situations of vulnerability, poverty and social exclusion as well as policies conducted in this field (article 153 of the law of July 29, 1998).

- **The IGAS (general social affairs directorate)** is responsible for regular two-yearly assessment of policies under the law of July 29, 1998, setting out the fight against poverty and exclusion (article 159 of the law of July 29, 1998).

- The DGAS also draws on the various research, studies and statistics organizations and in particular the central administration departments responsible for studies and statistics, including the **DREES (department of research, studies, assessment and statistics)**. The purpose of the DREES is to provide the ministry, devolved services as well as the establishments, bodies and agencies operating in its orbit, with a better capacity for observation, appraisal and forecasting in respect of its work and its environment.

▪ **Consultation:**

- **The CILE (inter-ministerial committee for combating exclusion)** and its permanent committee (CILE CP) made up of representatives from the relevant administrative departments, administered by the DGAS, is responsible for defining and coordinating the government's policy in relation to preventing and fighting exclusion and monitoring its application (decree n° 99-104 of February 12, 1999). The CILE met, chaired by the prime minister, on July 6, 2004, and May 12, 2006.

- **The CNLE (national council for policies to combat poverty and social exclusion)**, created by law n° 88-1088 of December 1, 1988, relating to the RMI (minimum wage), which is administered by the DGAS, advises the government on all questions relating to the fight against poverty and social exclusion and ensures collaboration between government and NGOs, organizations and qualified figures operating in this field.