



EU NETWORK
OF INDEPENDENT
EXPERTS ON
SOCIAL INCLUSION

ASSESSMENT OF PROGRESS TOWARDS THE EUROPE 2020 SOCIAL INCLUSION OBJECTIVES

HUGH FRAZER AND ERIC MARLIER
(SOCIAL INCLUSION POLICY AND PRACTICE, CEPS/INSTEAD)

SEPTEMBER 2011

MAIN FINDINGS AND SUGGESTIONS ON THE WAY FORWARD



On behalf of the
European Commission
DG Employment, Social Affairs
and Inclusion

Disclaimer: This report reflects the views of its authors and these are not necessarily those of either the European Commission or the Member States. The original language of the report is English.



EU NETWORK
OF INDEPENDENT
EXPERTS ON
SOCIAL INCLUSION

ASSESSMENT OF PROGRESS TOWARDS THE EUROPE 2020 SOCIAL INCLUSION OBJECTIVES

HUGH FRAZER AND ERIC MARLIER

(SOCIAL INCLUSION POLICY AND PRACTICE, CEPS/INSTEAD)

SEPTEMBER 2011

MAIN FINDINGS AND SUGGESTIONS ON THE WAY FORWARD



On behalf of the
European Commission
DG Employment, Social Affairs
and Inclusion

Disclaimer: This report reflects the views of its authors and these are not necessarily those of either the European Commission or the Member States. The original language of the report is English.



Contents

1. Preface

2. Summary, conclusions and suggestions

2.1 Challenges and policy responses

2.1.1 Preventing poverty through inclusive labour markets

2.1.2 Preventing poverty through adequate and sustainable social protection

2.1.3 Preventing poverty through high quality, affordable and sustainable services

2.1.4 Breaking the intergenerational transmission of poverty – tackling child poverty

2.1.5 Active inclusion – tackling poverty in working age

2.1.6 Tackling poverty in old age

2.1.7 Social inclusion of groups at special risk of poverty and/or discrimination

2.2 Targets

2.3 Governance

3. Conclusions and suggestions

1. Preface

In April 2011, Member States submitted to the European Commission their first Europe 2020 National Reform Programmes (NRPs). The first 2011 reports of the EU Network of Independent Experts on Social Inclusion assessed these NRPs from a social inclusion perspective and, in particular, the extent to which the measures outlined in the NRPs are likely to ensure progress towards the achievement of Europe 2020's social inclusion objectives and target. Specifically, they assessed two things: first, how well the NRPs identify the key national challenges and main bottlenecks that might prevent a Member State from achieving its national targets set in relation to the EU headline targets of the Europe 2020 Strategy; secondly, how suitable are the policy actions and measures outlined in the NRPs for addressing these challenges and achieving the national targets.

The national reports prepared by members of the Network have contributed to the European Commission's assessment of each country's NRP by providing an overall assessment, from a social inclusion perspective, of the main strengths and weaknesses of their countries' NRPs. The present Synthesis Report provides an overview of the main findings from the 27 expert's reports. Drawing on both the independent experts' country analyses and the Network Core Team's overall assessment, it also puts forward concrete suggestions for improvements.

The 27 experts' assessments and this Synthesis Report are intended as contributions to the qualitative assessment foreseen in the Joint Assessment Framework (JAF) agreed upon between the Social Protection Committee (SPC), the Employment Committee (EMCO) and the European Commission.¹ These 28 reports build on a previous round of reporting by the Network that took place at the end of 2010 and at the beginning of 2011. These reports were based on an analysis of the draft NRPs submitted by Member States in November/ December 2010.

¹ The JAF is an indicator-based assessment system, covering both general and specific policy areas under Integrated Guidelines 7 to 10. It should facilitate the identification of key challenges in these areas thus supporting Member States in establishing their priorities, and it should contribute to an overall assessment of progress at EU level. The SPC and EMCO are committed to use the JAF as an analytical tool that can underpin multi-lateral surveillance and evidence-based policy-making, and also support Member States in establishing their reform priorities, benefiting from mutual learning and identifying good practices. For more information on the JAF, see:

<http://register.consilium.europa.eu/pdf/en/10/st16/st16984.en10.pdf>; and

<http://ec.europa.eu/social/main.jsp?langId=fr&catId=89&newsId=972&furtherNews=yes>.

2. Summary

2.1 Challenges and policy responses

According to the Network experts' assessments, only very few Member States present a reasonably developed and coherent analysis in their NRPs of the challenges and bottlenecks that need to be addressed to achieve the EU's poverty and social exclusion target and to meet the requirements of the "social" Integrated Guideline (i.e. guideline 10) and of the "social" elements of the other guidelines. While most address issues of poverty and social exclusion to some extent, many do so in a very narrow and limited way. Many key poverty and social exclusion challenges are not addressed at all and a frequent weakness is the failure of measures in the NRPs to sufficiently target disadvantaged groups.

The challenges that are most frequently neglected in the NRPs relate to income adequacy, particularly the adequacy of social benefits but also low wage and insecure employment, and access to services. Overall, challenges concerning labour market inclusion and educational disadvantage receive more and better quality attention in the NRPs than the challenges in other key social inclusion policy areas.

The impact of financial consolidation packages and resulting cuts in social protection and public services on the social dimension of the NRPs have strongly coloured Member States' approach to the NRPs. A dominant theme in many NRPs is to diminish public finance deficit and support economic growth; and in these circumstances social inclusion issues often take on a very subsidiary or minor role. The financial situation is thus a major constraint to addressing social inclusion issues.

In many instances, the social inclusion measures proposed in the NRPs are imprecise or aspirational in nature. This lack of detail often makes it difficult to assess their likely impact. Where there is more detail, many NRPs report more on existing policies than on newly launched strategies. Another weakness is the failure to give sufficient attention to possible synergies between policies, i.e. to ensuring that policies are mutually reinforcing.

2.1.1 Preventing poverty through inclusive labour markets

This is the policy area where there is the strongest correlation between the social inclusion challenges identified by the experts and those prioritised by Member States in their NRPs. It is also the area where the experts make the most positive assessments of the policy actions/measures proposed in the NRPs. The correlation is weakest and the assessment least positive when it relates to issues of income levels.

High overall unemployment, the low employment levels of some groups, labour market segmentation, facilitating reconciliation of work and family life and flexible working, as well as insufficient active inclusion measures emerge as the main challenges that Member States identify as needing to be addressed to create inclusive labour markets. A wide range of policy actions and measures are proposed to address these issues. A particular concern is the low employment levels of some groups - older workers, low-qualified, migrants, disabled and young people.

It is striking that many of the measures highlighted generally focus more on encouraging people to take up work through activation measures (often coupled with an increased emphasis on sanctions and conditionality) rather than on increasing the availability of decent quality jobs. In most NRPs, there is very little attention given to tackling the issues of labour market segmentation, low pay and high earnings inequality².

2.1.2 Preventing poverty through adequate and sustainable social protection

Overall, the key challenges that need to be addressed to ensure adequate and sustainable social protection are generally poorly or not at all addressed in the majority of NRPs (with, to some extent, the exception of ensuring the long-term adequacy and sustainability of pension systems). The main focus concerning social protection in the NRPs is more often on sustainability than on adequacy issues and a recurrent theme raised by experts is that, given the need for further consolidation of national budgets, few improvements in benefits can be expected in the short term. Thus, experts consider that the social protection challenge that is best addressed is the risk over the long-term for adequacy and sustainability of pension systems.

Although many experts identify inadequacy of benefits, income inequality and low impact of social transfers as important challenges to ensure the adequacy of social protection systems this is not reflected in most NRPs. Very few of the Member States where these are seen as significant challenges by the country's experts introduce suitable policy actions/ measures to meet them.

2.1.3 Preventing poverty through high quality, affordable and sustainable services

Many Network experts emphasise that this is not a policy area which receives sufficient attention in their country's NRPs. They suggest that most of the key challenges that need to be addressed in relation to access to services are too often poorly or not at all addressed. However, the picture is more positive in relation to education, particularly the challenge of educational disadvantage of vulnerable youth and school drop-out. This is identified as a key challenge in many NRPs and most experts consider that the policy actions/ measures proposed in the NRPs are reasonably suited to address the challenge and they highlight a range of interesting initiatives. Two other education issues, the lack of pre-school, quality childcare and the low participation in adult/ continuing education and lifelong learning of at-risk groups, are also quite frequently addressed in the NRPs but with rather varying degrees of effectiveness. Experts are generally critical of the failure of many Member States to adequately address the challenges of ensuring the access, quality, affordability of social and care services, as well as the universal coverage, equal access and quality of health care. The issue of housing (access, quality, affordability) is reasonably well addressed in about half of the Member States where this is a key issue.

² On these issues, see: Frazer, H. and Marlier, E. (2010), *In-work poverty and labour market segmentation in the EU: Key lessons*, Overview based on the national reports prepared by the EU Network of Independent Experts on Social Inclusion, Brussels: European Commission. This report is available from: <http://www.peer-review-social-inclusion.eu/network-of-independent-experts/2010/second-semester-2010>.

2.1.4 Breaking the intergenerational transmission of poverty – tackling child poverty

Breaking the intergenerational transmission of poverty and tackling child poverty is acknowledged as an important issue in many NRPs but only receives detailed attention in a few. As well as being an issue in itself it is also acknowledged in some NRPs as a bottleneck to achievement of other goals such as reducing unemployment. However, in practice the coverage of the issue in many NRPs is quite limited and much less developed and comprehensive than in the social inclusion strand of the previous “National Strategy Reports on Social protection and Social Inclusion” (NSRSPSIs) that countries used to submit to the European Commission. The main focus of policy actions and measures is predominantly on enabling the labour market participation of parents, particularly through improving childcare provision, and addressing some aspects of educational disadvantage. However, addressing the key challenge of inadequate income support for families and children receives little attention in most NRPs.

2.1.5 Active inclusion – tackling poverty in working age

It is striking that, more than 2 years after the Commission's Recommendation on active inclusion was endorsed by the Council (December 2008), the lack of integrated active inclusion strategies is still identified as a key challenge in the NRPs of many countries. Overall, the experts' assessments suggest that there is a significant variation in how the various key challenges in relation to active inclusion are addressed. In general, the challenges in relation to enabling access to the labour market are much better addressed than those concerned with income. Indeed, most experts assess the policy actions and measures in relation to income support and minimum wage as being not suited or non-existent in most of the NRPs where they consider this a key challenge.

Several countries make steps forward in developing integrated active inclusion strategies. The active inclusion challenge that is most frequently addressed in the NRPs is the need for more individual and tailored support for most disadvantaged workers.

2.1.6 Tackling poverty in old age

Tackling poverty in old age receives relatively little attention in most NRPs. Lack of access to high quality services for the elderly, lack of an adequate minimum pension, low employment rate and training of older workers and disincentives to work longer emerge as key challenges in the experts' assessments. However, it is only in the case of low employment rate and training of older workers and (to a much lesser extent) of disincentives to work longer that many of the NRPs propose reasonably suitable policy actions and measures.

2.1.7 Social inclusion of groups at special risk of poverty and/or discrimination

While the NRPs contain a number of interesting initiatives targeted at groups at special risk of poverty and social exclusion, many experts criticise their country's NRPs for giving insufficient attention to these groups. The groups most frequently identified as needing particular attention are the Roma, migrants and the disabled. Many Member States still need to develop better targeted social inclusion measures and to develop specific strategies to reach the most vulnerable. In those countries where it remains a key challenge the NRPs generally fail to make progress on implementing and enforcing anti-discrimination measures.

2.2 Targets

It is encouraging that most Member States now set clear quantified targets for the reduction of poverty and social exclusion. However, the quality and appropriateness of the social inclusion targets set vary significantly across Member States and there is a lack of sub-targets for specific groups at high risk or for specific policy domains not already covered by the employment and education targets. In most Member States, it is not clear that they have considered what target(s) they need to achieve in order to contribute satisfactorily (for instance, proportionally) to the achievement of the overall EU social inclusion target.

The key issues that emerge in relation to targets include the following:

- Some targets risk being too ambitious and optimistic whereas others lack sufficient ambition.
- The link between the indicator used nationally and the achievement of the overall EU target is often not clear.
- There is frequently a lack of any justification or clarity about the criteria underpinning the choice of target and its relevance in terms of its strategic impact in the fight against poverty and social exclusion.
- There is a lack of detail in many NRPs on how the targets are to be met.
- In some Member States, there is a risk of focussing on just one aspect of poverty and social exclusion, and in effect of moving people from one aspect of poverty and social exclusion to another.
- There is a danger of not focussing sufficiently on those in more severe poverty and social exclusion.

The links between the EU's social inclusion target and the other Europe 2020 targets are much stronger in the case of the employment target and one of the education targets (reduce school drop-out rates below 10%) than in the case of the R&D innovation target, the climate change/energy targets and the second education target (at least 40% of 30-34s should have completed third level education). Experts highlight that most NRPs explicitly address the interconnections between the social inclusion target and the employment target and most experts assess that social inclusion measures in the NRPs will strongly reinforce the achievement of the employment target in many Member States. They also consider that in many NRPs the different policy actions/ measures under the employment target are contributing decisively to achieving the social inclusion.

The interconnections between the social inclusion target and the target on reducing school drop-outs are explicitly addressed in most NRPs. Experts consider that social inclusion measures in the NRPs will, to a greater or lesser extent, reinforce the achievement of the reducing school drop-out target in many Member States. They also consider that in many NRPs the different policy actions/ measures under the school drop-out target will contribute to achieving the social inclusion target.

2.3 Governance

Although most NRPs are quite closely integrated into or at least reflect national policy-making, particularly economic and employment policies, this is less clear cut in relation to social policy. The rather limited social policy dimension of many NRPs leads to the conclusion that the mainstreaming of objectives in relation to poverty and social exclusion needs to be significantly more developed. A related issue is the failure of most NRPs to develop a comprehensive approach to the complex questions of poverty and social exclusion. The narrow or predominant focus of many NRPs on economic governance and budget discipline leads to the marginalisation of a broad social inclusion approach. Also the NRPs generally do not reflect the range and complexity of actions already being taken at regional or local level. These limitations of the NRPs from a social inclusion perspective would be mitigated if they were underpinned by comprehensive strategies to combat poverty and social exclusion which were then referenced in the NRP. However, only very few experts see a link between national strategies such as the former National Action Plans on social inclusion (NAPs/inclusion) and the NRP. In only a small number of cases have the NRPs built on and extended a comprehensive national approach to combatting poverty and social exclusion. The recent decision (June 2011) of the EPSCO Council to complement the NRPs with a “regular strategic reporting that allows Member States to present their strategies and progress achieved towards the Common Objectives for Social Protection and Social Inclusion and supports the assessment of the Social dimension of the new Strategy” should therefore represent a major step forward³.

In most Member States, there was some consultation with stakeholders although the tight timescale for finalising NRPs often served as a constraint. The extent of stakeholder involvement in the preparation process was quite varied. In many cases, consultation seems to have been quite limited and certainly less extensive on social inclusion issues than was the case with the National Strategy Reports on Social Protection and Social Inclusion. Also, in many cases the consultations that did take place on social inclusion issues seem to have had little impact on the final version of the NRPs. Experts highlight that quite often the limited or absent consultation with NGOs reflects the predominantly economic and labour market focus of the NRPs.

Generally, arrangements for monitoring social inclusion outcomes seem to be weak in many NRPs and there is little evidence of Member States carrying out social impact assessments of the policy actions and measures proposed in their NRPs. However, there are a few interesting developments in relation to monitoring in some countries.

From the experts’ assessments, it is striking that in most Member States the level of public and political debate about the NRPs was limited, which reflects the fact that they are often not seen as very important documents.

³ “Opinion of the Social Protection Committee on reinvigorating the Social OMC in the context of the Europe 2020 Strategy”, submitted to the EPSCO Council for its session on 17 June 2011. On this topic, see also: Frazer, H. and Marlier, E. (2010), “Strengthening Social Inclusion in the Europe 2020 Strategy by Learning from the Past”, in: E. Marlier and D. Natali (eds.) with R. Van Dam, *Europe 2020: Towards a more Social EU?*, Brussels: P.I.E. Peter Lang, pp. 225-252, 2010.

3. Conclusions and suggestions

It is encouraging that most NRPs acknowledge the new EU target on poverty and social exclusion and take the first steps towards achieving their own national targets set in response to it. However, in many NRPs the first steps are quite small. The reality is that in most NRPs economic growth is the dominant consideration with the emphasis being essentially on smart and sustainable growth and only marginally on inclusive growth. There is a lack of effort in most Member States to develop different policies which will reduce inequalities and lead to more inclusive development. Very often, social protection and social inclusion issues are largely treated as a side aspect of the economic growth strategy and are given quite limited attention except in so far as they impinge on economic growth. Insufficient attention is given to addressing inequality and guaranteeing a fairer redistribution of resources in society so as to ensure greater inclusion. The absolutely key role played by social protection systems (and particularly the level of minimum payments) in reducing poverty and social exclusion goes largely unaddressed. Looking to the next round of NRPs, in 2012, it will be crucial that the growing importance of EU economic governance (Euro-plus-pact) does not jeopardise or supersede the balanced objectives agreed upon in June 2010 when the Europe 2020 Strategy was launched by the European Council.

The argument for integrating the national reporting on social protection and social inclusion into the main economic and employment process was that this would help to mainstream the social protection and inclusion objectives and lead to greater synergies between the economic, employment and social areas. It was suggested that this would strengthen efforts to tackle poverty and social exclusion even if it meant that individual policy areas were treated in less detail. The evidence from the 2011 round of the NRPs in most Member States is that, up to now, this has not been the case. Indeed, in many Member States the approach to tackling poverty and social exclusion has been downgraded and all too often social inclusion has been treated as a residual policy area. The ten years of learning from the Social OMC (including the "NAPs/inclusion process") that poverty and social exclusion are multi-dimensional phenomena that need to be addressed in a coordinated and integrated way across a broad range of policy areas is largely ignored in the NRPs. In so far as the issues of poverty and social exclusion are addressed in the NRPs it is most often with the narrow focus of increasing participation in employment and, to a lesser extent, addressing issues of educational disadvantage. While these are important they are not sufficient. This does not of course necessarily mean that many countries do not in practice adopt a broad approach. Most of them just do not reflect this in their NRP nor do they make it clear how their NRP is underpinned by a more detailed and comprehensive approach to issues of poverty and social exclusion. Many also seem to overlook that an investment in tackling poverty and social exclusion can help significantly in ensuring not only inclusive but also sustainable and smart growth.

The urgency of the financial and economic crisis explains, to some extent, why social inclusion issues were given less prominence in this round of the NRPs. However, many Member States risk adopting a too short-sighted and narrow approach. This results in insufficient attention being given to both the social impact of the crisis and the importance of social investment as a necessary element in addressing the crisis and in ensuring long-term sustainable and inclusive economic growth. The lack of evidence in the NRPs of increased attention being given to making sure that economic, employment and social policies are mutually reinforcing is thus disappointing. Also, while the relatively succinct nature of the NRPs limits the extent to which they can fully address the multidimensional nature of poverty and social exclusion and reflect all the programmes and measures aimed at overcoming these problems it is important that they

should embrace such a broad approach. This remains a challenge for future rounds of the NRPs.

In the light of these findings we would make the following nine suggestions for the future development of the NRPs process:

1. To ensure that Member States adopt a more comprehensive approach to issues of poverty and social exclusion, it is essential that the NRPs are underpinned by comprehensive national strategies on poverty and social exclusion. The key elements of these could then be referenced in the NRPs. The recent agreement by EU Ministers in charge of Social Affairs (EPSCO Council of 17 June 2011) to re-affirm the EU common objectives for social protection and social inclusion and to reinvigorate the Social Open Method of Coordination (OMC) with annual reporting on social protection and social inclusion issues provides the necessary basis for this to be put in place as from the next (2012) round of NRPs.
2. To ensure that social inclusion concerns are mainstreamed in the NRPs and in line with both the Lisbon Treaty's "Horizontal Social Clause"⁴ and the Europe 2020 Integrated Guidelines, Member States should undertake more systematic social impact assessments not only of the key policy actions and measures outlined in their NRPs but also those developed in the context of the new economic governance (including the "Euro-Plus-Pact"). The extent to which such assessments are undertaken could become part of the annual review process of the social dimension of the Europe 2020 Strategy. In order to assist Member States, the Commission in conjunction with the Social Protection Committee could usefully develop methodological guidance on the use of social impact assessments and continue to promote the exchange of learning and good practice in this field.
3. The Joint assessment framework (JAF) provides a good basis for the on-going monitoring of progress on the Europe 2020 social objectives. On the basis of its findings and in order to encourage Member States to give more attention to social inclusion issues, the Commission should consider making at least one clear recommendation each year to all Member States on how they can strengthen their social inclusion policies.
4. On-going work is needed to ensure that the social inclusion targets set by each Member State contribute satisfactorily (for instance, proportionally) to achieving the overall EU social inclusion target. It will also be important to put in place a complex monitoring of progress towards the EU social inclusion target and related national targets – especially when national targets are not framed in terms of any of the three indicators that compose the EU target.
5. Member States should be encouraged to spell out more clearly how the policies and programmes they outline will ensure the achievement of their national target(s).

⁴ The so-called *Horizontal Social Clause* (Article 9 of the Treaty on the Functioning of the European Union (TFEU)) states that: "In defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health." It is important to highlight that "the Union" refers here to both the EU as a whole and its individual Member States.

6. Member States could be encouraged to set sub-targets for groups particularly affected by poverty and social exclusion; in particular, building on all the EU work on child poverty and child well-being carried out since 2007⁵, they should consider setting a specific target for children if they have not done so already.
7. Member States should ensure that an active inclusion approach is more evident in their NRPs; in line with the 2008 EU Recommendation on active inclusion, this will mean giving attention to the adequacy of income support systems and access to good quality services, and not just to ensuring increased access to employment.
8. There should be close monitoring of and reporting on the arrangements and resources that Member States put in place for involving stakeholders, including those experiencing poverty and social exclusion, in the development, implementation, evaluation and monitoring of the NRPs. Drawing on existing good practices across the EU, the Commission together with the Social Protection Committee should agree minimum standards for Member States on the effective involvement of stakeholders in all these phases. This should cover issues such as the range of actors to be involved, the importance of allowing sufficient time for consultations, the types of institutional arrangements to establish as well as the importance of accountability and of giving timely feed-back on the outcomes and actual follow-up of consultations. Where necessary, recommendations should be made to Member States for improving their procedures.
9. The Commission and Member States should develop a systematic strategy for raising public awareness and debate on the NRPs.

⁵ See, in particular, the work carried out by the EU Task-Force on Child Poverty and Child Well-Being published as: Social Protection Committee (2008), *Child Poverty and Well-Being in the EU: Current status and way forward*, Luxembourg: OPOCE. Available from: <http://ec.europa.eu/social/main.jsp?catId=751&langId=en&pubId=74&type=2&furtherPubs=yes>.



<http://www.peer-review-social-inclusion.eu>

Assessment of Progress Towards the Europe 2020 Social Inclusion Objectives

With its objective of inclusive as well as smart and sustainable growth, and with its (first ever) EU poverty and social exclusion target, the Europe 2020 Strategy increases the importance of the EU's social objectives and integrates them with the EU's economic, employment and environmental objectives. The National Reform Programmes (NRPs) are the means by which countries are expected to translate the Europe 2020 objectives and targets into national policies. EU countries submitted their first NRPs to the European Commission in April 2011 and members of the EU Network of Independent Experts on Social Inclusion assessed their countries' NRPs from a social inclusion perspective. In particular, they assessed two things: first, how well does the NRP identify the key country's social inclusion challenges and the main bottlenecks that might prevent it from achieving the Europe 2020's social inclusion objectives (and especially the related national targets); and, secondly, how suitable are the policy actions and measures outlined in the NRP for addressing these challenges and bottlenecks and for achieving the national targets. This short report, prepared by the Network Core Team, summarises the main findings of the independent experts' country analyses. It also puts forward concrete suggestions for strengthening the social inclusion dimension of the NRP process in future.