



## FRENCH PRESIDENCY

### *Ministerial meeting on poverty and social exclusion Marseille – 16 October 2008*

## PRESIDENCY DISCUSSION PAPER

### **Introduction**

In March 2000, the European Council, initiating the Lisbon Strategy, asked Member States and the European Commission to take measures to eradicate poverty by 2010. However, results of this ambitious objective are inadequate: in 2006, 16% of the European population were still living below the poverty risk threshold.

Since 2000, poverty in the European Union has diversified; children, elderly people, handicapped people and isolated people in particular are concerned. In many countries, poverty concerns people excluded from the world of work as well as those in employment. In fact, in-work poverty is a growing phenomenon that concerns 8% of people in employment in the European Union.

Confronted with these developments, the difficulties that people experiencing poverty have to face have become more complex whereas social realities in Europe have been transformed. In parallel, there are many obstacles preventing people accessing employment, training, education, housing, health care and financial services.

Based on this multi-dimensional character of poverty and social exclusion, a new “active inclusion” strategy has been underway since 2006 to renew the framework for co-ordinated action to fight poverty. The active inclusion strategy is based on three inseparable and complementary pillars: a guaranteed adequate minimum wage; a policy promoting labour market integration; and access to quality social services.

All actors concerned by inclusion have been working on this strategy and contributing to enhancing it, notably in the form of consultations started by the European Commission. All actors concerned by the combat against poverty and exclusion - associations, social partners, local authorities, States, European networks and people experiencing poverty - have each, with determination, emphasised the importance of such a strategy.

At European level, recent works support this motivation. The Committee of the Regions and the European Economic and Social committee have renewed their encouragement for reinforced action in this field and have made proposals in support of this. The European Parliament, as part of its work on promoting social inclusion and the combat against poverty, also conveys a clear message on the necessity for such a commitment. The Social Protection Committee, in association with the Employment Committee, has also contributed.

The combat against poverty and social exclusion is an objective shared by all actors concerned in the European Union, and they express the necessity to act together to determine the factors of poverty. As it announced on 2 July 2008 in its communication on the renewed social agenda, the European Commission has just given the issue new impetus with the recommendation, on 3 October, 2008, for the active inclusion of people excluded from the labour market.

The moment has come for Member States to show strong political commitment in the fight against poverty and social exclusion, in particular based on the **common principles of active inclusion**.

In addition, it is necessary to think about how to implement these common principles: in practice, **which tools do we need to make it a strategy of a Europe** that protects and meets the expectations and concrete needs of European citizens?

Our concern is to be as concrete as possible on these issues.

This is why, in close collaboration with the 7<sup>th</sup> European meeting of people experiencing poverty held on 16 and 17 May this year, the French Presidency has decided to devote the 7<sup>th</sup> European Round table on poverty and social exclusion to active inclusion, and to bring together, for the first time, European ministers in charge of these issues to debate on this strategy and its tools.

In this spirit, we would like this meeting in Marseille to be an important step in confirming our mobilisation and our political commitment to the 2010 European year against poverty which has been unanimously adopted by Member States.

Following on from this event, the French Presidency of the European Union would like to draw conclusions at the EPSCO Council on 15 and 16 December 2008. The Council's conclusions should expose the common principles that come under the three pillars of active inclusion and define the right tools to implement and monitor this strategy.

## **1 – The common principles of active inclusion**

Council recommendations dating from 1992 expressed the determination of the Member States to encourage the right of all people to access adequate resources and to preserve the quality of their social protection systems; they have since been gradually implemented and constitute an importance reference base. However, today they need to be included in an integrated approach that associates all actors concerned, including people experiencing poverty. The definition of integrated guidelines for Member States' employment policies, which back up the necessary interaction between employment policies, social services, social protection and fiscal systems with a view to mobilise people on the outermost fringes of the labour market, aims to do this.

The common principles of active inclusion, drawn up during the many consultations and presented by the European Commission, round out this approach based on three inseparable pillars.

The first of these emphasises the efficiency of minimum wage systems in reducing poverty, even if they do not provide an answer to all problems. In particular, it should be stressed that among people who are eligible for welfare, too few actually have access.

The second pillar stresses that social inclusion and participation in the labour market go hand in hand. Although employment generally protects people from poverty, the existence of inactivity traps and low-wage traps create challenges that social and fiscal protection systems have to be able to rise to. It is essential that these systems suitably accompany the transition between being out of employment and being in employment, and then the transition to a better paid job, and that they evolve in such a way that returning to work enables a higher increase in revenue than not returning to work. In addition, to integrate the labour market permanently, underprivileged people must benefit from personalised services to access employment in order to improve their participation in society and their aptitude for employment. They must also be supported in order to strengthen their skills once they are employed.

Lastly, the third pillar aims to recall that the motivation to go back to work is not only monetary and that people experiencing poverty excluded from the labour market often have to confront a number of obstacles. In this spirit, access to quality services to accompany the return to work is a key element, whether it involves access to child minding services, healthcare, stable, decent and independent accommodation or basic financial services making way, for example, for the development of micro-credits.

**Questions:**

- What are the practical consequences of adopting a recommendation on active inclusion at community and national level?
- According to you, at local level, what are the margins for manoeuvre to coordinate the three pillars of the recommendation of the strategy?

**2 – What are the objectives and what are the tools to continue to move forward together?**

Reaching concrete results in terms of fighting poverty and exclusion within the Union implies strong political commitment from the Member States.

This implies identifying suitable working methods to implement the active inclusion strategy, with a view to contributing to mutually reinforcing national poverty-curbing strategies. This has to be done in the existing framework, in other words, in the open method of coordination, as part of the Lisbon strategy. This mutual reinforcement can be done by identifying margins for manoeuvre suggested by the best practices of the Member States.

This leads to preference for common methods, such as figure-based approaches, which could be defined on a national level depending on each country's own specificities and in a concerted manner with all actors involved. These approaches would make it possible to determine more efficiently the suitable levers in terms of public action, while fully respecting the principle of subsidiarity. The development of social experimentations within Member States as part of active inclusion strategy seems to be a concrete and relevant tool to reduce poverty. Each Member State could thus collect useful information and identify innovative avenues (?) for action to reinforce national poverty-curbing strategies.

The European Commission's commission of 2 July 2008 on the strengthening of the OMC comes under this framework by recommending the use of figure-based objectives to fight poverty. It also emphasises the relevance of exchanging experiences in a transnational context, and more particularly the usefulness of the social experimentation tool.

#### Questions

- Can quantified objectives, set on a national level, contribute to mobilise all actors concerned in the fight against poverty? Under which condition(s)?
- Have you implemented important reforms in the field of active inclusion using social experimentation before hand? How could such social experimentation be developed at European level? In what fields?
- What other instruments can contribute to the implementation of the common principles of active inclusion?