National Roundtable on the National Social Target for Poverty reduction

Dublin, 14 November 2012

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Europe 2020: Social Policies
DG Employment, Social Affairs and Inclusion

Social Policy and the European Union

Social policy is a Member State's competence but a number of instruments are available at EU level, such as:

- **Charter of fundamental rights**
- **Treaties**
- **Anti-discrimination directives**
- **Directives on health and safety in the workplace**
- **Regulations on Member States' social security coordination**
- **EU Funds (ESF, European Globalisation Adjustment Fund, PROGRESS)**

Social Policies and the Treaties

TEU Art 3: Combat social exclusion, promote social justice and protection, economic, social and territorial cohesion, and solidarity among member states.

TFEU Art 5.3: The Union may take initiatives to ensure coordination of Member States' social policies

TFEU Art 151 and 153: Improving knowledge, exchange of information, best practices, innovative approaches, evaluating experiences

TFEU Art 160: A Social Protection Committee monitoring the social situation and development of social protection policies in MS and the Union

EU Actions to Promote Social Inclusion

2000: The Lisbon Strategy and the EU social inclusion Strategy:

"to make a decisive impact on the eradication of poverty"

A method: the Social Open Method of Coordination

2006: "Working together, working better: A new framework for the open coordination of social protection and inclusion policies in the European Union"

Integrating 3 policy strands: social inclusion, pension reforms, healthcare

2009: The Lisbon Treaty

2010: Europe 2020 a strategy for smart, sustainable and inclusive growth

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Europe 2020

Macro-economic & fiscal surveillance

Regulation of financial services

Targets and guidance for structural reforms

Flagships for smart, sustainable and inclusive growth

Digital Agenda

Youth on the Move

Innovation Union

New Industrial Policy

New Skills and new Jobs

Platform against Poverty

Resource Efficiency

Modernised EU levers for growth and jobs

Single Market Act

Trade and external policies

Structural Funds and future EU budget

Europe 2020 and Social Policy Coordination

Guidelines for the employment policies of the Member States (IG10: Promoting social inclusion and combating poverty).

Arrangements for social policy coordination at EU level are non-binding (Social Open Method of Coordination), resulting in an imbalance in the coordination of economic, employment and social policy.

Europe 2020 and Social Policy Coordination

There have been major efforts to strengthen and codify economic coordination between Member States

Six-pack, two-pack

Proposals for a Fiscal Union

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Are We Likely to Meet our Targets for 2020?

EMPLOYMENT	75% of the population aged 20-64 should be employed	✗
INNOVATION	3% of the EU's GDP should be invested in R&D	✗
CLIMATE / ENERGY	A reduction of CO2 emissions by 20%	✓
	A share of renewable energies up to 20%	✓
	An increase in energy efficiency by 20%	✗
EDUCATION	The share of early school leavers should be under 10%	✗
	At least 40% of the younger generation should have a degree or diploma	✗
POVERTY	20 million fewer people should be at risk of poverty	✗

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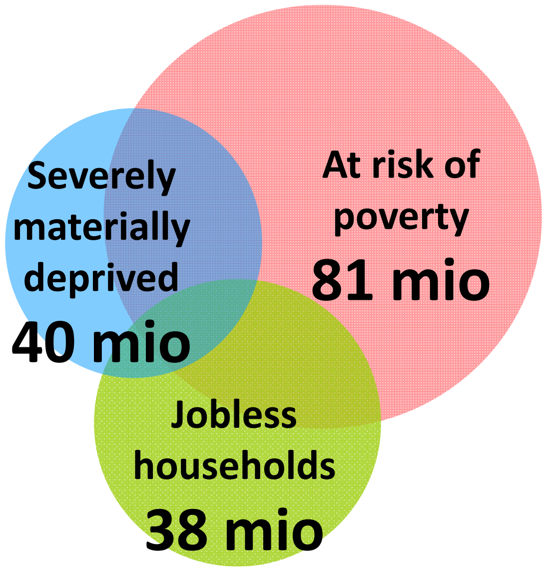
116 Million (23.5%) of Europeans were Living at Risk of Poverty or Social Exclusion in 2010

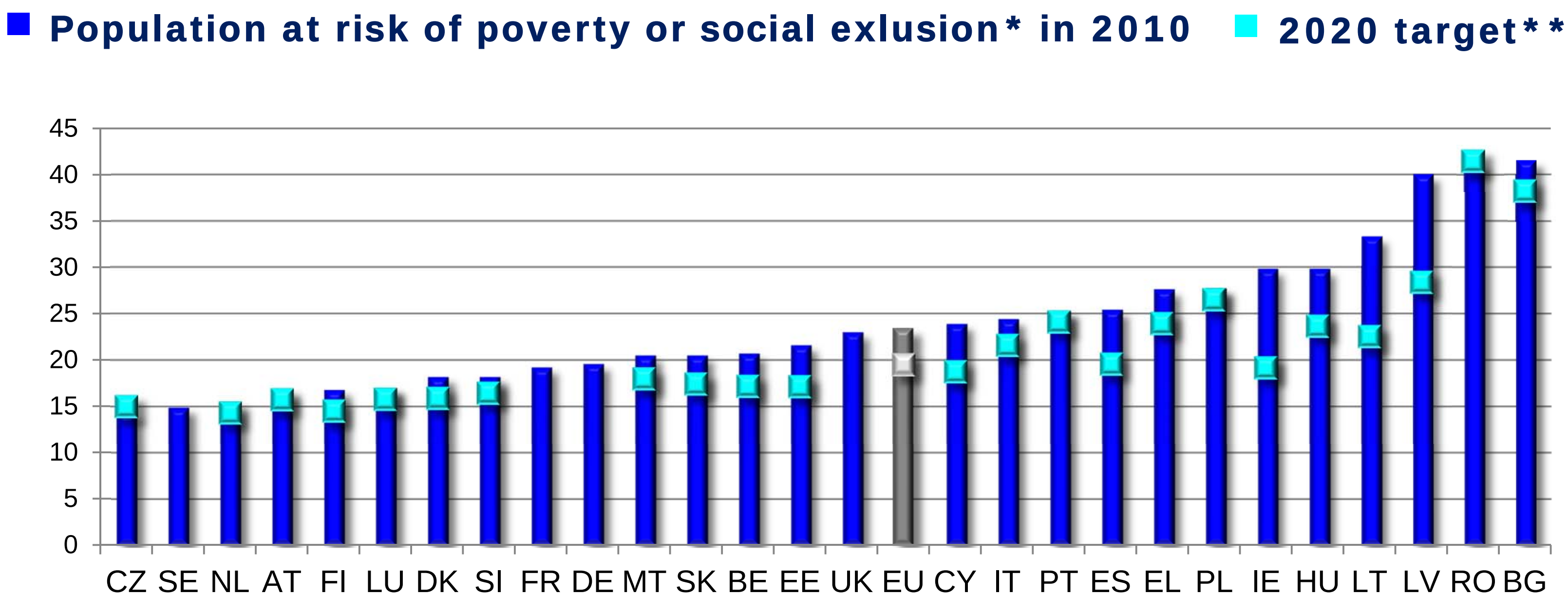
Population at risk of poverty or social exclusion, 2010



EU goal by 2020

« To reduce the number of people at risk of poverty and social exclusion by 20 million »

The Social Situation is Very Different across Member States

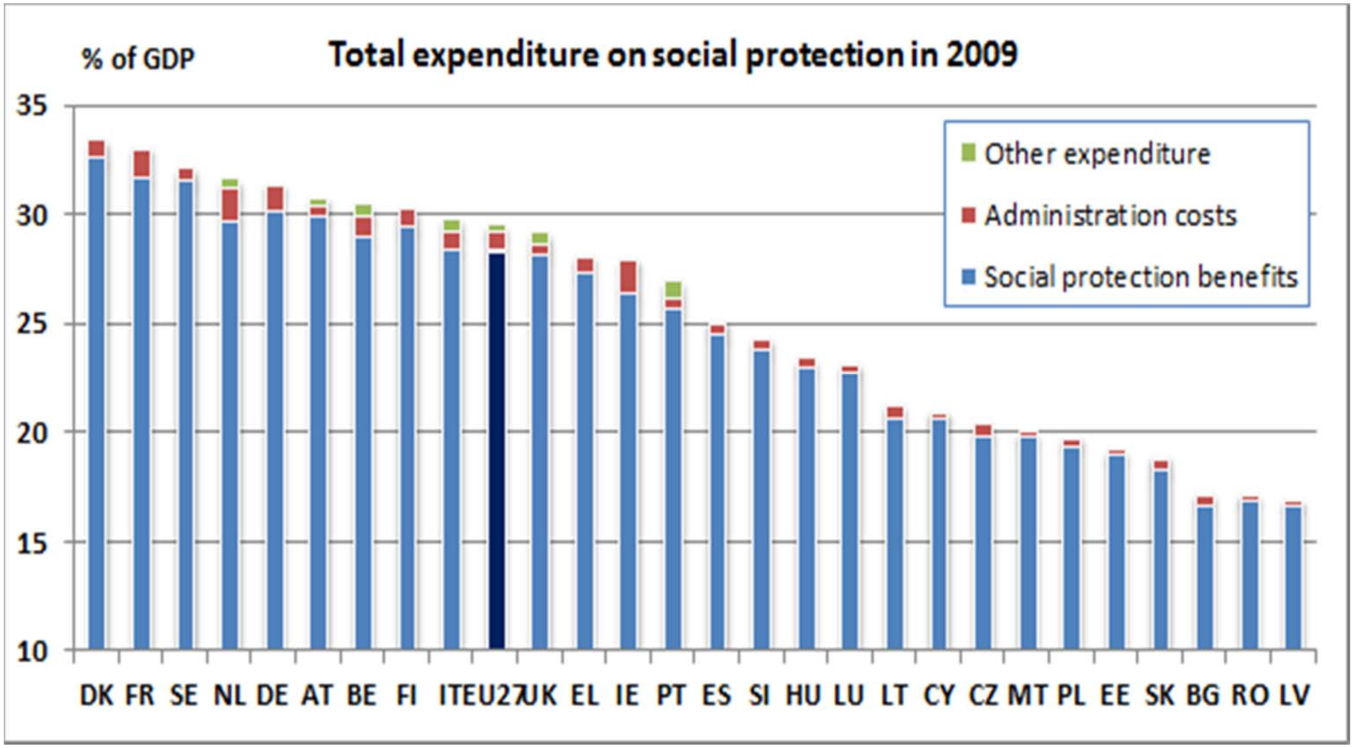


Source: European Commission

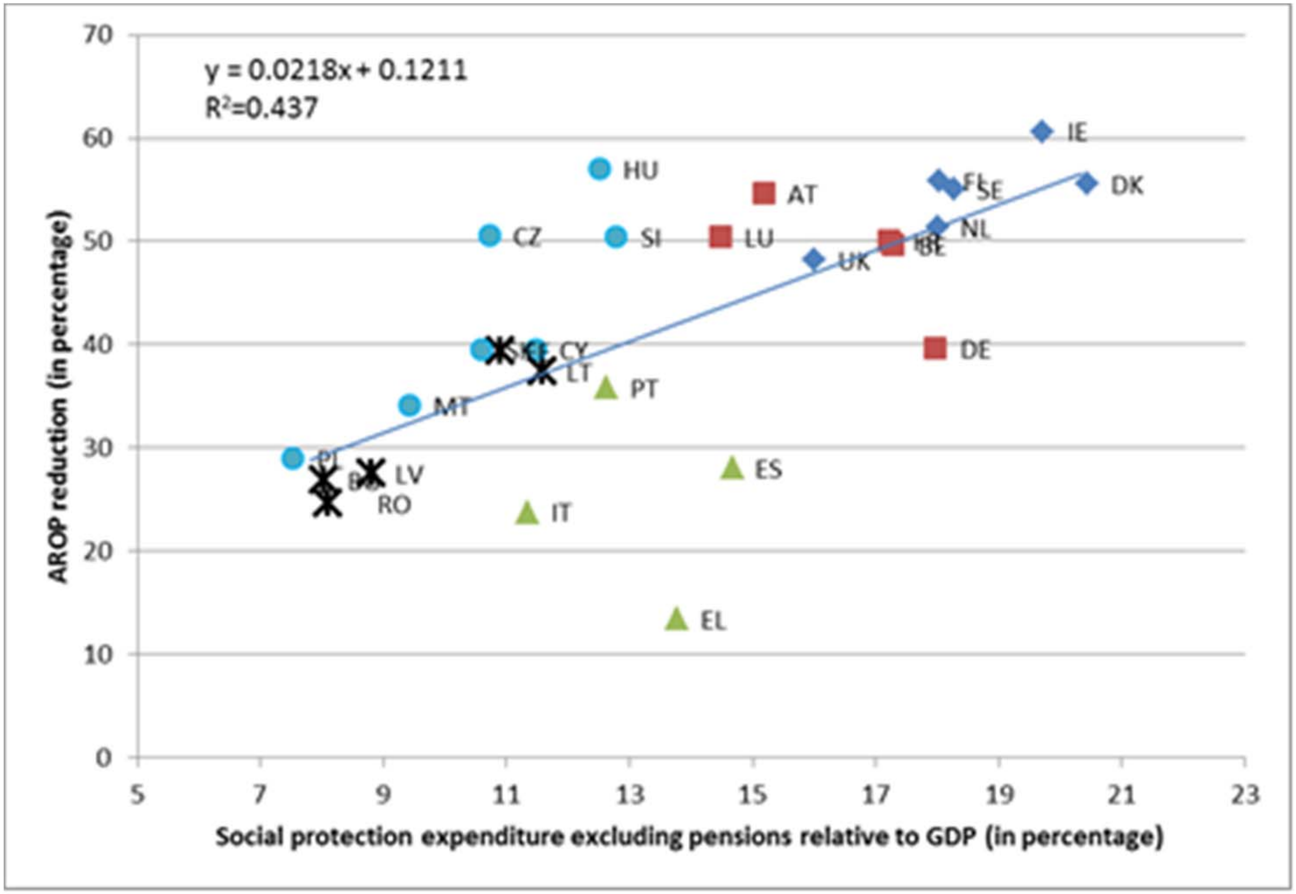
** People at risk of poverty or social exclusion are at least in one of the following three conditions: at-risk-of-poverty, severely material deprivation or living in a jobless household.*

*** Member States without a marked national 2020 target have chosen to use a different monitoring indicator which does not directly translate into a comparable indicator at the EU level.*

Total Expenditure on Social Protection in the EU Member States (2009)



Similar Levels of Expenditure Achieved Very Different Outcomes (2009)



Relation between social protection spending (excluding pensions, relative to GDP) and relative reduction in the share of population (aged 0-64) at risk of poverty (in percentage) (2009)

Source: ESSPROS and EU-SILC

EU Actions to Tackle the Social Dimension of the Crisis

Employment Package: Job creation, restore labour markets dynamics, enhance EU governance

Youth Opportunities Initiative: Preventing early school-leaving, training, access to labour market

Proposed 20% of European Social Fund 2014-2020 on promoting social inclusion and combating poverty

2012 European Semester Results: Country Specific Recommendations

Tackling poverty and exclusion: BG, CY, ES,LT, LV

Pensions: AT,BE, BG, CY, CZ, ES, LT, LV, LU, MT, NL, SI, SK, PL, DK, FI

Inclusion of Roma: BG, HU, SK

Social dimension better integrated in the outcome of this European Semester

The Costs of Poverty and Social Exclusion

Poverty is linked to poor health, lower literacy, poor school performance for children, higher stress levels for families, and more crime and social unrest.

It is not just individuals but society as a whole that bears the costs of poverty

- **Canadian studies suggest that the negative consequences of poverty can amount to around 5% of GDP**
- **A 2011 Eurofound study estimated the total yearly costs for NEETS in the 21 EU countries to be approximately 100 billion (1% aggregated GDP).**

Social Policies as Social Investments

Social policies can mobilise the social and economic potential of citizens by strengthening their capabilities to prevent and cope with risks, and enhance their opportunities to participate in society.

A 2002 Commission study estimating the returns on human capital investment within the EU concluded that:

- **An additional year of schooling increases wages at the individual level by around 6.5% across EU member states**
- **A year of training increases wages by about 5%**
- **An extra year at the intermediate level of education increases aggregate productivity by about 5% immediately and a further 5% in the long term.**

Example of Social Policy as a Social Investment: Tackling Child Poverty

Numerous studies show that children growing up in poverty have lower education achievement rates, and lower future earnings potential overall.

Gaps between children of rich and poor families widen through the years of schooling.

This results in significant long term costs for society as a whole and the economy

- **UK study estimated cost of 12 billion pounds a year**

Early intervention is among the most effective means of improving educational performance and the likelihood of escaping social exclusion.

A Social Investment Approach

Ensuring social inclusion and support, in particular for the less advantaged, through an adequate level of social protection

Investing effectively and efficiently in human capital to enhance and preserve people's potential to contribute to society and economy

Achieving more synergy with the macro-economic stability objective in the assessment and guidance for Member States' structural reforms, in order to achieve inclusive growth.

5 Pillars of Social Investment

1. Increase the efficiency and effectiveness of social investment and protection

2. Pursue activating and enabling policies

3. Secure adequate livelihoods and social inclusion

4. Advance social policy innovation and policy experimentation

5. Streamline monitoring, governance and information

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Activating and Enabling policies

Help prepare for (re)entry into the labour market

- **Job and skills training, lifelong learning opportunities**

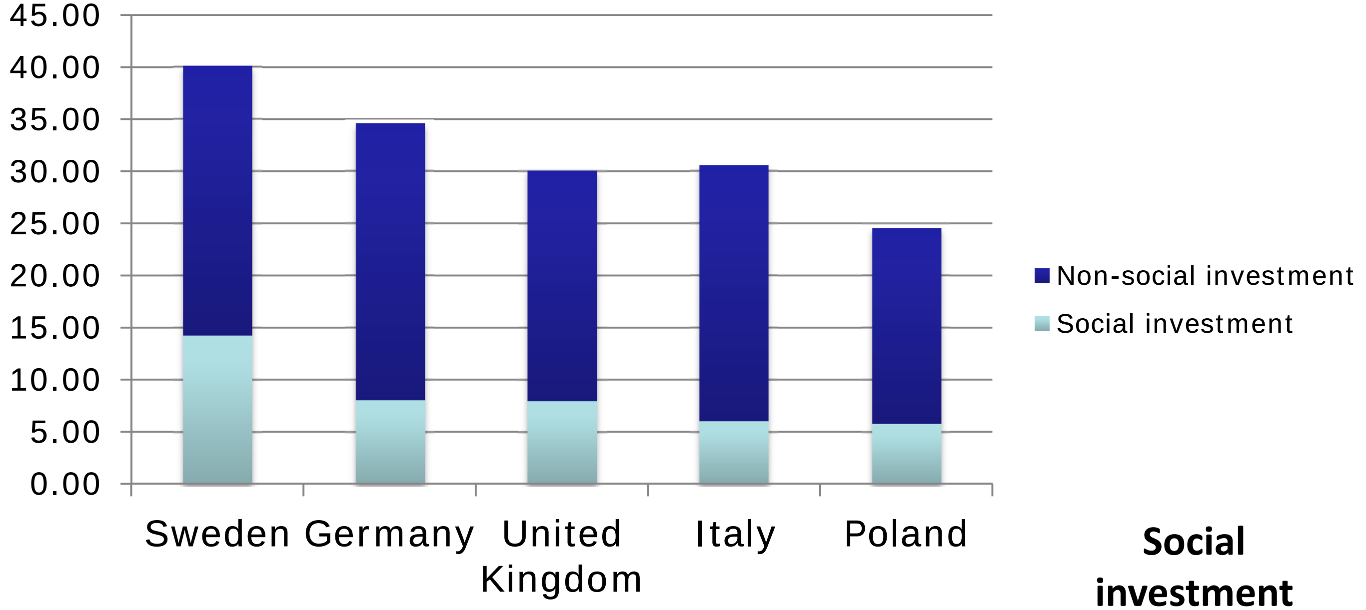
Create incentives and remove disincentives for labour market participation

- **Aligning tax and benefit systems to eliminate inactivity traps**
- **Make more accessible childcare, transport, home care services, etc.**

Promote inclusive labour markets

- **Tackle workplace discrimination**
- **Promote living wages**
- **Promote flexible workplaces (though the creation of childcare facilities, adapted workplaces, embracing part-time work, etc.)**

Expenditure in Activating and Enabling policies (selected countries)

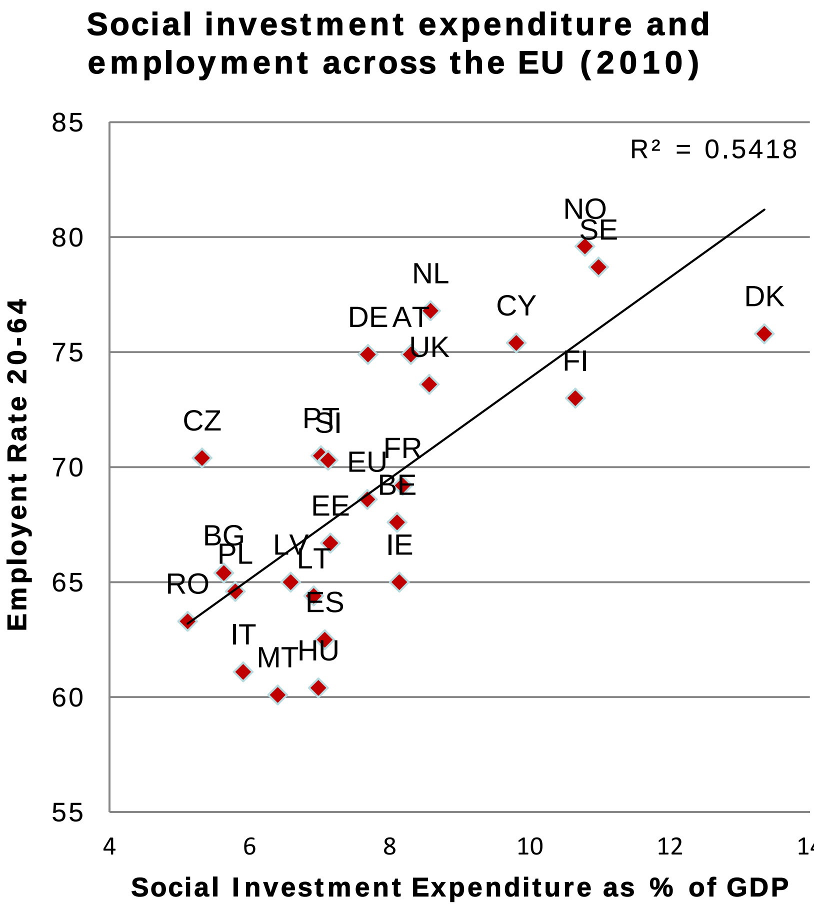


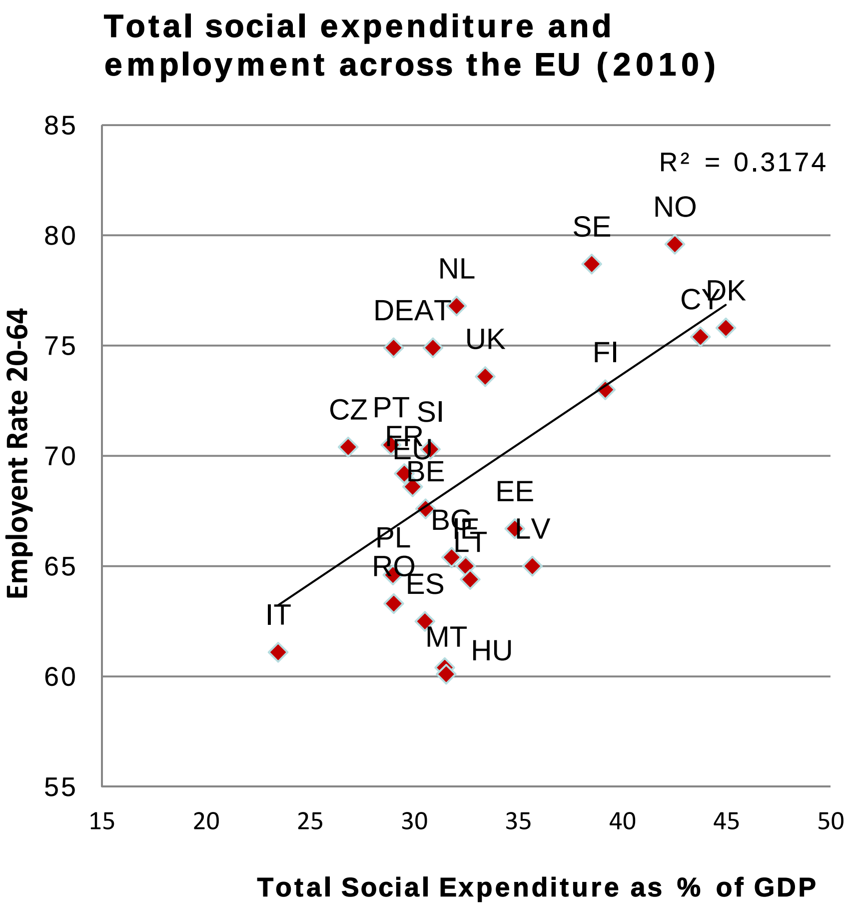
	Social investment	Non-social investment	Ratio
Sweden	14,30	25,80	55
Germany	8,10	26,50	30
United Kingdom	8,00	22,10	36
Italy	6,10	24,50	25
Poland	5,80	18,80	31

Sources: Maurizio Ferrera, University of Milan; Anton Hemerijck, University of Amsterdam

Social Europe

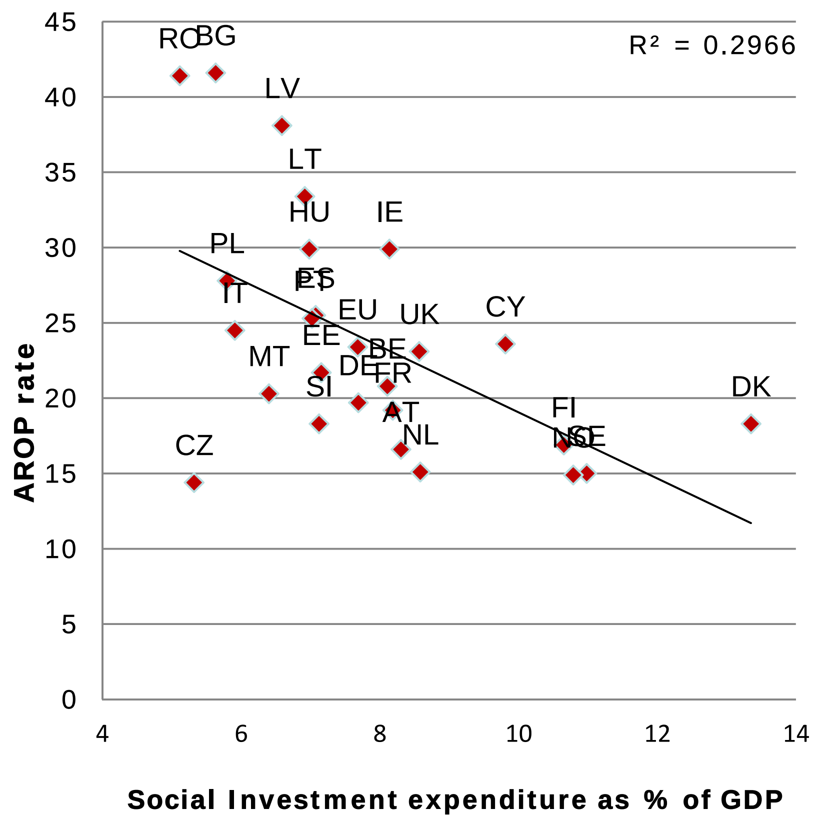
Activating and Enabling policies



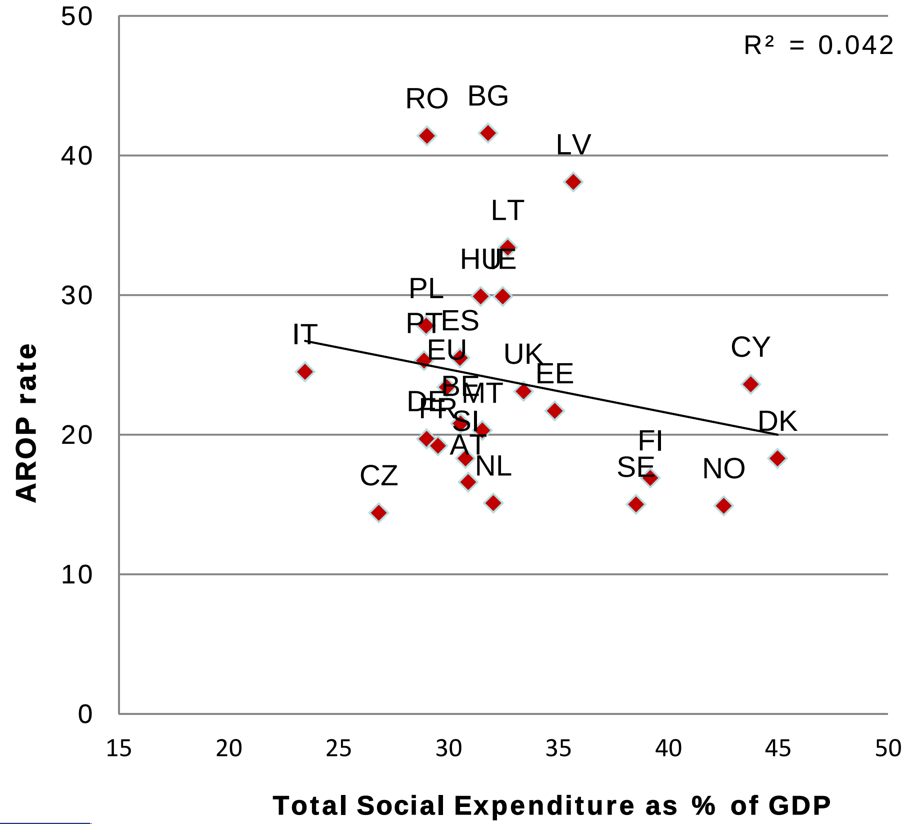


Activating and Enabling policies

Social investment expenditure and risk of poverty across the EU (2010)



Total social expenditure and risk of poverty across the EU (2010)



Securing Adequate Livelihoods and Social Inclusion

Adequate income support aims to ensure a dignified life to those – either fit or unfit to work – that are not endowed with sufficient resources to live in a manner compatible with human dignity.

Three principal types of support

- *Monetary support*
  - **Minimum income schemes, disability benefits, family benefits, etc.**
- *In-kind benefits*
  - **Housing, healthcare, etc.**
- *Enabling support*
  - **Basic bank accounts, internet, transport, etc.**

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Thank you for your attention!

Further reading

Europe 2020

http://ec.europa.eu/news/economy/index_de.htm

Social protection & social inclusion

http://ec.europa.eu/social/main.jsp?langId=en&catId=750