

Action against poverty and social exclusion: first phase completed

Introduction

In the year 2000 the Fifteen made resolute progress in the social sphere. During the first half of 2000 the Lisbon and Santa Maria de Feira summits set out an ambitious strategy for the European Union, aiming to become the most competitive knowledge-based economy by 2010, able to combine economic performance with a high level of social cohesion and social protection. The European Union's affirmation of this aspiration in the social affairs field went hand in hand with the adoption of the Commission's Social Agenda for the period 2000-2005 and the creation of the Social Protection Committee. The role of this Committee is to deal with social themes in greater depth and to support the work of the Council in the same way as its twin in the employment sphere (the Employment Committee) and its (all too) powerful alter ego in the economic sphere (the Economic Policy Committee). Interested readers may refer to our full assessment in last year's report.

One significant innovation in the year 2000 was the introduction of a new Community instrument alongside its traditional means of taking action, aimed at reinforcing co-operation between Member States. This instrument, the Open Method of Co-ordination (OMC), was applied for the first time to action against poverty and social exclusion. The Nice summit in December 2000 concluded the year and the French Presidency with the adoption of what became the first phase of this OMC, namely the definition of objectives common to Member States in respect of action against poverty and social exclusion.

Following on in the same vein, 2001 saw the three subsequent phases of the poverty and social exclusion OMC take shape. This year too the application of this method was extended to other areas, most notably pensions and lifelong learning. In the following pages, we shall give specific details of the OMC and its development with regard to poverty and social exclusion during the year 2001.

1. The Open Method of Co-Ordination

The decision to establish an Open Method of Co-ordination to combat social exclusion was made by the Lisbon summit, intending it as a tool to complement the Community's traditional armoury (legislation, social dialogue, Structural Funds). This method rapidly breathed new life into the European social process as it developed dialogue and convergence on common objectives in a sphere which had long been the exclusive competence of Member States. Indeed, the first objective of the OMC is to exchange information on good practice and to ensure better co-ordination and convergence between the policies of Member States and the common objectives of the EU. Its operation is based on four complementary stages: definition of common objectives; definition of approved reference indicators to facilitate comparison and assessment of progress achieved; preparation of National Action Plans by Member States transmitting the common objectives to national and regional level; and finally joint evaluation of good practice. These four stages will be reviewed below.

1.1 Common objectives

Last year's Social Developments in the EU gave a detailed account of the common objectives in the fight against poverty and social exclusion, as adopted at the Nice European Council in December 2000 (Council of the European Union, 2000). These common objectives are more flexible and less directive than the "employment guidelines" and allow every Member State to determine the degree of priority it wishes to attach to each of them. The objectives thus defined try to take into account both the multiple dimensions of poverty and social exclusion and the complex forms which it can take. This multidimensionality means that a broad range of policies must be implemented if this

strategy is to achieve its objectives, while recognising that employment and social protection must always be to the fore. Each Member State has latitude to give prominence to different aspects according to specific national situations. It is therefore a flexible and fairly unrestrictive framework of objectives, organised around four generic objectives:

- 1) promoting participation in employment and access by all to resources, rights, goods and services;
- 2) prevention of the risks of exclusion;
- 3) helping the most vulnerable;
- 4) mobilisation of all relevant bodies.

1.2 National action plans

The National action plans against poverty and social exclusion (NAPs/incl) constitute the second phase of the poverty and social exclusion OMC, in which Member States translate the common objectives into practice. On the basis of the objectives approved at Nice, each of the Fifteen drew up two-year national plans (for the period 2001-2003) to facilitate implementation of these common objectives at national and regional levels. The plans were submitted by Member States to the Commission in June 2001 ⁽¹⁾.

The drafting of such wide-ranging plans was a great novelty for a number of Member States and required considerable commitment, particularly in highly decentralised countries where the many policy responsibilities involved in the numerous aspects of social exclusion are divided between different levels of authority. In some Member States, the NAPs were also preceded by national situation reports on poverty and social exclusion, for in certain cases relatively little systematic research had been undertaken into these problems. This intensive burst

¹ Readers interested in the details of these plans are referred to the Commission website where they are available in full (http://europa.eu.int/comm/employment_social/news/2001/jun/).

of academic research based on a 'political' need for indicators can be regarded as one of the first positive consequences of the European-level process to move the question of poverty and social exclusion to the top of the political agenda. Following on from this process at European level, some Member States have carried out more detailed reviews of the information available at national level, and the deficiencies revealed by this examination have already resulted in some countries launching an administrative drive to enhance their own statistical capacity.

The time granted for delivery of these NAPs was very brief: less than six months elapsed between approval of the objectives and the submission of concrete plans. As a result, some of the plans presented in June 2001 show a lack of coherence and strategic vision. They basically describe existing programmes and measures, rather than outlining new policy approaches and measures. Similarly, the requirement to submit the NAPs in mid-year made it difficult to introduce new measures within the Member States' budgetary frameworks. We can safely assume that the next National Action Plans in 2003 will be the product of more fundamental reflection and a more in-depth process of consultation with the various stakeholders (especially the social partners and civil society, which had relatively little involvement in the development of these initial plans).

The European Anti-Poverty Network (EAPN) embarked on a vast consultation process with its national networks (EAPN, 2001a) and in November organised a conference to assess the National Action Plans (EAPN, 2001b). One conclusion of this conference worthy of mention is the need to involve stakeholders in the various stages of the OMC on poverty and social exclusion at national as well as European level. The European Union must also make a commitment to combat poverty and social exclusion in the long term. Moreover, the various national associations making up the EAPN network express a wish to see this objective clearly recorded as a priority for the EU at the time of the next revision of the Treaties. This conference also emphasised the need to render the NAPs/incl process slightly less secretive, in that very few citizens and relevant organisations locally and nationally are aware of its existence. We have already noted the need to put in place, or to

reinforce, information and consultation processes with the various players, as a way of ensuring that the OMC to combat poverty and social exclusion does not merely remain something obscure and remote from citizens. The need for more positive and concrete involvement of the trade union movement in the process was also emphasised, for it must be pointed out that the presence of the traditional social partners in the specific process on poverty and social exclusion has been barely noticeable. However, the emergence of quality in work as an issue at European level (see article by P. Pochet) has formed a bridge between both types of players who have traditionally been active in separate specific areas. At the point of overlap between these two players, the issue of quality in work – seen in relation both to its effect on the labour market and also to its effects on social exclusion and poverty – has effectively become a focus of joint reflection which is certain to be expanded in future.

The European Trade Union Confederation (ETUC) likewise organised a seminar for its national affiliates to assess the European strategy against poverty and social exclusion. During this seminar, visible links between the issue of poverty and exclusion and the trade union movement emerged, especially the problems of low-paid workers and quality in work, particularly issues related to job insecurity. Relative ignorance about the European process at national level was also noted at this forum.

The ETUC also adopted a resolution in December 2001 concerning the European social inclusion strategy (ETUC, 2001), in which it confirms its willingness to take part in all phases of the OMC process, including the definition of indicators both at European level and within its national organisations. Over and above the OMC, the ETUC also hopes to foster inclusion closer to home – *i.e.* in collective bargaining – notably by paying particular attention to issues such as the activation of disadvantaged groups, but also quality in work, short-term and non-standard employment contracts, and diversity and gender equality of opportunity in the workplace. It is also desirable to broaden the information and consultation process to trade union organisations, but

also to NGOs and the accession countries, particularly through a Community programme of action (see below).

As far as the common objectives are concerned, the ETUC emphasises with regard to the first one on access to employment that whereas the Confederation backs the proposition that helping excluded groups to find employment is preferable to their being dependent on social security, this can only be achieved by means of good quality employment. Consequently, the ETUC will be on its guard, at both European and national level, to ensure that jobs created as part of social inclusion measures do not simply become a pretext to downgrade statutory working conditions and do not displace existing workers. Given the need for such vigilance, the ETUC insists that it and its national affiliates must be actively involved and integrated in the various phases of the European process. Finally it believes that greater coherence must be ensured between the action plans for employment and those relating to social inclusion, particularly through the link between quality in work and poverty and social exclusion.

Concerning access to resources, the ETUC refuses any trade-off between measures included in the plans and social benefits. Future plans need to give more importance to issues related to minimum wages, the number of beneficiaries, and groups excluded from the minimum wage, with special attention to young and older workers.

In respect of objectives 2 and 3, the ETUC insists that the risks of exclusion be reduced, while emphasising that social protection and social security in particular are useful tools for preventing exclusion. For this reason future plans should include measures to counter the risk of exclusion for workers with so-called non-standard contracts (fixed-term, part-time and temporary contracts etc.) who are regarded as one of the vulnerable groups.

We shall return in more detail to the overall content of the measures proposed in the National Action Plans in the section of this report devoted to a joint evaluation of the NAPs.

1.3 Common indicators

The definition of indicators on which to base comparison between Member States concerning the key aspects of poverty and social exclusion is an issue central to the OMC process. Indeed, indicators are the basis for assessing situations and the progress achieved through policy implementation. The introduction of the OMC as a means of Community action, and its extension into other domains, has given rise to much reflection at both European and national level about how to define indicators, and especially social indicators, to support the OMC process. Indicators have acquired strategic policy importance in fields where they were hitherto of mainly academic interest. That is to say, the issue of indicators has come under close scrutiny from the various participants in the EU institutional dialogue.

One of the first acts of the Social Protection Committee, at the start of the year, was to set up an “Indicators” sub-group which drew up an initial list of indicators to be used in pursuing the OMC (SPC, 2001). These indicators were formally adopted at the Brussels European Council in December 2001 (Employment and Social Policy Council, 2001).

The multidimensionality of the problems associated with poverty and social exclusion, coupled with specific national features, makes it essential to consider a large number of indicators. But they are not necessarily all of equal status. They can be classified into a three-level hierarchy according to method of use:

- **The primary level** involves a limited number of ‘European’ indicators, regarded as essential and formally approved by Member States for use as comparators. Typically indicators at this level are those employed in the Joint Report of the Commission and the Council.
- The **second level** is made up of a larger number of indicators which each Member State believes provide information on an important aspect at national level. These indicators are used in the National Action Plans. They are national, but some of them may in future be transferred to the first level, subject to formal approval.

- The **third level** includes a much greater number of purely national indicators, giving information on the results of specific policy measures or aspects which are highly individual to one country or indeed to a region.

This three-level structure is important, for it reveals the relative “political weight” of the indicators according to the level at which they operate.

With regard to the poverty and social exclusion OMC, an initial list comprising fourteen indicators at the first level and eight at the second was adopted in December 2001. These indicators will be used to illustrate the analysis of the Joint Report on inclusion, but will also feed into the reports to be compiled by the Commission each spring to monitor progress on the Lisbon strategy. These indicators are as follows:

- **Primary indicators**

- 1A. low income rate after social transfers with breakdowns by age and gender
- 1B. low income rate after social transfers with breakdowns by most frequent activity status
- 1C. low income rate after social transfers with breakdowns by household type
- 1D. low income rate after social transfers with breakdowns by tenure status (owner or tenant)
- 1E. low income threshold (illustrative values in Purchasing Power Standards (PPS), euros and national currency)
2. inequality in distribution of income (ratio between the top 20% of the income distribution and the bottom 20%)
3. persistence of low income (two years and over below the low income threshold)
4. median low income gap, *i.e.* relative difference between median income of persons on low income and the low income threshold (60%)

5. regional cohesion: coefficient of regional variation in employment rates
6. long-term unemployment rate
7. persons living in jobless households
8. early school leavers
9. life expectancy at birth
10. self-defined health status by income level

• **Secondary indicators**

11. dispersion around the low income threshold (40-50-70% of median income)
12. low income rate anchored at a moment in time
13. low income rate before transfers
14. Gini coefficient of income inequality
15. persistence of very low income (below 50% of median income)
16. long term unemployment share
17. very long term unemployment rate (two years or more)
18. persons with low educational attainment.

In addition to this list, although no common agreement yet exists on the essential dimension of housing, it is requested that the NAPs/incl include quantitative information on aspects relating to adequate housing, housing costs and also about homeless persons, who are undoubtedly the greatest victims of exclusion.

This list of indicators forms a working basis. But the Indicators Group of the Social Protection Committee has been asked to continue its work. It is in fact necessary to look at other indicators relating to a variety of areas to get a picture, however incomplete, of the complex phenomena of poverty and social exclusion. In particular these include living conditions – including social participation –, occasional or recurrent poverty, access to essential public and private sector services, regional issues and local-level indicators, the working poor, over-

indebtedness and dependency on social security benefits. Moreover the Indicators Group proposes to consider both more satisfactory ways of recording data on the gender aspect and to see how indicators can be devised on variations in health status, access to healthcare, access to education and also on literacy and numeracy. In more general terms, there is also a need to investigate how to take account of groups excluded from traditional surveys (the homeless and people living in institutions – homes for the elderly, prisons, orphanages etc.). This extended list of the many areas for further work clearly indicates that we are only at the beginning of what is likely to be a relatively long process. Improving knowledge about these many aspects at European level entails enhancing the EU's own statistical capacity, but also in many cases improving the national statistical resources of both present and future Member States.

It will not have escaped the attentive reader's notice that none of the indicators relating to income refers explicitly to poverty. The term "low income" is now preferred to "poverty" for the 60% of median income threshold. It may indeed seem strange that the key indicators in the strategy to fight poverty do not mention poverty. This issue is far from trivial and has provoked caustic debate. The Commission would have liked to keep the designation 'poverty rate' for the 60% of median income threshold, but the Member States – via their representatives on the Social Protection Committee – preferred to describe people living in households below this threshold as being at risk of poverty and not necessarily poor. Should people below the 50% of median income threshold now be regarded as poor? According to the Social Protection Committee and the Joint Report, only persons continuously living below this threshold for more than three years can be regarded as 'genuinely poor'. This introduces at the very least a degree of confusion about the notion of poverty (²). The following table illustrates how the

² Let us remember moreover that monetary poverty – defined using a relative income threshold – is just one way of identifying poverty. There are other methods (poverty of living conditions, 'subjective' poverty etc.), and some studies show that within one same sample the groups classified by each of these methods only partially coincide.

situation reflected by these three different concepts differs widely in terms of the size of population affected.

	60% of median income 1997	50% of median income 1997	Persistent poverty (1995-1997)
B	15	10	8
DK	10	4	3
D*	14	8	-
EL	22	16	11
E	19	13	8
F*	17	10	-
IRL	20	10	11
I	19	13	8
L*	12	6	-
NL	14	10	4
A	13	8	5
P	23	15	15
FIN	9	3	-
S	12	7	-
UK*	18	12	-
EU-15	18	12	-

* 1996 data.

Source: European Community Household Panel.

For countries like Denmark, Germany, Ireland, Luxembourg and Sweden, moving from a threshold of 60% of median income to a 50% threshold means an approximate halving of the number of persons on low income; in Finland the number could even fall to one third. This indicates that in these countries a significant proportion of the low income population is just below the 60% median income threshold. This also means that there will be a great temptation for these countries

to be content with policies to raise the income of people just below the threshold, in order to achieve a significant reduction in the poverty rate. Even if considering only people living continuously below the 60% median income threshold as being genuinely poor has the effect of significantly reducing the scale of poverty as a phenomenon, it is nevertheless noteworthy that this proportion remains considerably greater in the countries already having the highest rates of low income (Greece, Portugal and Ireland).

The Social Protection Committee stresses the importance in future of involving people exposed to poverty and exclusion in designing indicators to be used for the OMC. The EAPN recently proposed the indicators it would like to see used (EAPN, 2001c), and met with members of the Social Protection Committee. For the EAPN, the best indicators are those making it possible to measure changes in the daily lives of people who live in poverty and social exclusion. Such indicators can only be determined through a participatory method, involving the people affected in rigorously conducted research. The indicators which the EAPN proposes as a first step cover five key areas: poverty (adding to the issue of monetary poverty those of poor living conditions, child poverty and children from poor families taken into care), employment (long-term unemployment and insecure jobs), education and training (illiteracy, young people leaving school without any qualifications), health (difficulties in accessing healthcare for financial or structural reasons), and finally housing (homelessness, unfit or overcrowded dwellings, lack of basic amenities like water and electricity).

At the same time, other NGOs began at European and national level to consider indicators which could be established with poor people participating in defining them, the aim being to take better account of specific problems perceived as important by people directly affected but not necessarily revealed by the indicators now used.

The European Trade Union Confederation has also expressed a wish to be involved in the process of defining indicators and moreover proposed some in the resolution previously cited. In addition to the approved indicators for quality in work (see article by P. Pochet), the ETUC would like to see included in this process indicators relating to

the proportion of working poor (workers in households with total income below the poverty/low income threshold) and pensioners, distribution of workers by length of employment contract, and finally the proportion of total employment consisting of short or long-term part-time work. The ETUC also wishes to see these indicators included among the structural indicators for monitoring the Lisbon strategy. But the powerful Economic Policy Committee, which holds sway over structural indicators, may well decide otherwise.

There is a degree of convergence between the indicators proposed by the EAPN and the ETUC on the issue of job security and non-standard contracts, whereas these aspects are absent from the indicators currently included in the poverty and social exclusion OMC.

Structural indicators

The year 2001 furthermore saw a flurry of activity to define European indicators because, apart from the poverty and social exclusion indicators and the second wave of structural indicators to monitor the Lisbon strategy, indicators relating to quality in work were also adopted at the Brussels Council in December 2001. And this process is only just beginning since, in addition to the development and improvement of existing indicators, the extension of the OMC process to other spheres means it is necessary to determine new indicators or to consider applying the same ones to different processes. This proliferation of indicators at European level also means taking care to maintain a degree of overall coherence between them, most notably in terms of definitions.

This need for coherence means achieving a balance between the different bodies responsible for devising indicators, which is by no means always the case. The co-operation established between the Indicators Groups of the Social Protection Committee and the Employment Committee is to be welcomed, but we note that the Economic Policy Committee is still operating as a lone ranger. The process of defining structural indicators for use in monitoring the progress of the Lisbon strategy sets a good example in this respect. Quite logically, as the Commission Communication on structural

indicators acknowledges, the Social Protection Committee has responsibility for developing structural indicators of social cohesion. It nevertheless has great trouble in standing up to purely economic players such as the Economic Policy Committee, which works for the Economic and Financial Affairs Council (Ecofin) and is in full control of defining structural indicators.

This explains why, for example, the indicator for regional cohesion is still based on GDP per capita, while this concept was rapidly dropped from the work of the Indicators Group of the Social Protection Committee, in favour of regional variations in employment rates. This discrepancy was raised at the Employment and Social Policy Council in Brussels which in fact *“notes, as far as social cohesion indicators are concerned, that there are differences between the work of the Social Protection Committee (...) and the [Commission] communication, and emphasises the need for consistency between EU sectoral indicators and EU structural indicators”*. Consequently the Council calls on the Commission to take into account the work of the Social Protection Committee on various issues, as well as adding a seventh structural indicator of social cohesion relating to health, in order to take better account of the multidimensional nature of social exclusion. The need to correct the imbalance among the various players who participate in the process of defining structural indicators is addressed in the final point on this chapter in the Council conclusions which *“calls upon the Employment Committee and the Social Protection Committee to continue coordinating their work in this area and to ensure effective links with any related work by the Commission, other committees or expert working parties, such as the Economic Policy Committee”*.

Let us hope that an effective balance may one day be struck not only between these Committees and the Councils to which they report, but also more widely across the policy areas which they represent. A mutually coherent approach cannot fail to contribute positively to the Union's fundamental objective of evolving towards a society not only with more jobs, but also with better jobs and greater social cohesion, a process in which each of these dimensions must be treated as equally.

1.4 Joint evaluation of the process

The Commission made an initial analysis of the National Action Plans and published a preliminary report in October 2001 describing the main thrust of the plans (European Commission, 2001). This report was then debated, sometimes heatedly, with the various Member States. This finally resulted in the preparation of a Joint Inclusion Report (JIR) of the Commission and the Council, which was formally adopted at the Social Affairs Council on 3 December 2001 (Council of the European Union and European Commission, 2001). The main difference between the two reports is the disappearance in the JIR of a section, roundly criticised by some Member States, in which the Commission had classified the NAPs according to three distinctive criteria based on the following questions:

- Does the plan give an accurate analysis of the challenges and risks to be faced?
- Are its priorities clearly set out?
- Does it form part of an integrated policy approach?

This report also establishes a firmer foundation for the Commission's annual spring report aimed at tracking progress achieved by the EU on the Lisbon strategy, of which combating poverty and social exclusion is only one part.

This report comprises three sections: an analytical overview, analysis of the National Action Plans and a statistical annex. It would be impossible in the confines of this article to give an exhaustive presentation of such a substantial document, which constitutes a major first at European level. Nevertheless it is worth emphasising some key points of convergence in the understanding and combating of poverty and social exclusion within the EU. These include the highlighting of risk factors for poverty and social exclusion, structural changes which may aggravate the syndrome, as well as major challenges to be addressed by the social policies of Member States to bring about substantial reductions in poverty and social exclusion, and also different political approaches to the question at European level.

The various NAPs identify a certain number of risk factors contributing to vulnerability to poverty and social exclusion, especially where they are cumulative. These factors are insufficient and inadequate income, long-term unemployment, poor quality employment and/or lack of work experience, low level of educational attainment or illiteracy, membership of a vulnerable family, disability or ill health, living in an area of multiple deprivation, insecurity of housing tenure or homelessness, and coming from an immigrant or ethnic minority community affected by racism and discrimination. Last of all, a final significant risk factor is the overlap and combination of several different factors. The recurrent downward spiral of poverty and social exclusion must be broken to prevent it being passed from one generation to the next.

Various structural changes are bringing new risks of exclusion for the most vulnerable groups. Several NAPs give prominence to them and to the need to find new solutions. The principal structural changes are as follows:

- intense structural transformation of the labour market following accelerated economic change and globalisation;
- the rapid advent of a knowledge-based society and of new information and communication technologies;
- increasing demographic rates of old-age dependency as a result of rising life expectancy and falling birth rates;
- a tendency for greater ethnic, cultural and religious diversity resulting from migratory flows and increased mobility within the Union;
- increased participation of women in the labour market and changes in household structures.

The Joint Report emphasises that the crucial challenge for the public policies of Member States is the need for methods of spreading opportunities and resources, meeting the needs of the most vulnerable individuals and guaranteeing them effective fundamental rights. It identifies eight major challenges:

- developing an inclusive labour market and promoting employment as a right and opportunity for all;

- guaranteeing adequate income and resources to live in human dignity;
- tackling educational disadvantage;
- preserving family solidarity and protecting the rights of children;
- ensuring good accommodation for all;
- regenerating areas of multiple deprivation;
- guaranteeing equal access to and investing in high quality services (health, transport, social, care, cultural, recreational and legal);
- improving implementation and delivery of services, including social services.

The National Action Plans for inclusion reflect the differences in social systems within the Union and consequently in approaches to the issue. Two causal factors would however appear to explain these differing approaches.

The first is to be found in the varying nature of the Member States' social protection systems. Even perceptions of the issue of poverty and social exclusion are divergent. Thus some approaches aim to render basic policies and services more suitable, affordable and accessible, to make them available to the entire population, to increase awareness and take-up of measures and increase their effectiveness. Others operate rather in terms of equality of opportunity and set out to tackle particular obstacles and/or disadvantages which can be overcome through appropriate measures. Others still are geared more towards the concept of solidarity and seek to compensate for disadvantages which can be overcome only partially or not at all.

The second explanation lies in the political structure of countries, particularly in their degree of (de)centralisation. Countries like Belgium, but also Germany, Italy, Austria, the United Kingdom and Spain, have highly decentralised structures which mean that responsibility for delivery of some or all of the various services (health, education, social assistance etc.) is shared between local and regional authorities. This has the advantage of allowing strategies to be better tailored to regional

differences and local needs and also, in principle, making it easier to mobilise and involve stakeholders. But it does at the same time make the integration of national, regional and local objectives into a single coherent common framework particularly complex.

The main issue common to all the NAPs is not merely to devise better policies, but above all to improve delivery of those policies. Indeed, most of the plans refer to existing measures rather than to new or innovative measures. Improving the effectiveness of measures introduced to combat poverty and exclusion depends in part on an evaluation of policies aimed at producing this improvement. Similarly, in principle this evaluation allows progress achieved through such measures to be tracked. At this stage what ought to be the ultimate goal of the Open Method of Co-ordination comes into play, namely peer review of progress achieved on the objectives, but above all identification and exchange of 'good practice' so that progress can be made on the basis of other countries' experience.

However the newness of the process, as well as the brief time-span for producing plans after the adoption of the common objectives in December 2000, means that the identification of good practice and clear numerical objectives against which to check progress is one of the current weakness of the process. As the Joint Report emphasises: *"It has not been possible to identify examples of good practice as at present there is a general lack of rigorous evaluation of policies and programmes in Member States. (...) An important challenge for the next phase of the social inclusion process will be to ensure more thorough analysis by the Member States of the cost effectiveness and efficiency of their policies to tackle poverty and social exclusion"* (page 5). This highlights the almost universal absence in the NAPs of tools for the evaluation of outcomes and thus the notable lack of performance indicators but also of precise numerical objectives for monitoring progress, as well as the low visibility of financial inputs approved Member States.

The speed with which the NAPs had to be submitted likewise accounts for the paucity of dialogue with the various social stakeholders about their compilation. Although the form and intensity of this dialogue may vary according to the four features already outlined above (degree of (de)centralisation etc.), this would nevertheless seem to be an important

point to pick up on in future NAPs. Mobilisation of all the stakeholders, and hence dialogue, are fundamental conditions for a successful policy to combat poverty and social exclusion. That implies creating new structures and/or better utilising the present structures for dialogue, both horizontal and vertical.

2. The Community Programme of Action

In parallel with the OMC process, the Commission has put in place a programme of Community action as a framework for this process (European Parliament and Council of the European Union, 2001). The Programme of Community Action to combat Poverty and Social Exclusion was the subject of intensive debate between the Commission, the European Parliament and Member States' ministers within the Council. The initial Commission proposal dates back to June 2000. Not until November 2001 was a final compromise found by the Belgian EU Presidency and the Programme adopted. Debate basically revolved around the size of the budget allocated, as well as joint financing of social sector NGOs taking part in the plan. It was finally decided that the programme will run for five years (2002-2006), its budget will be € 75 million and it will authorise up to 90% joint financing for NGOs, but only where this is justified by "exceptional circumstances".

The aim of the Community programme is to encourage co-operation between Member States, the social partners and NGOs and also the poor themselves, based on the Open Method of Co-ordination, to enhance the efficiency and effectiveness of policies to combat poverty and social exclusion. Its mission is clearly to provide a European-level framework for efforts undertaken by Member States at national level by means of the OMC now underway to combat poverty and social exclusion.

Actions proposed under this programme must comprise three principal dimensions:

- *improve the understanding of social exclusion*: analysis of the characteristics, causes, processes and development of social exclusion, including

collection of comparable statistics, establishment of common methodologies and thematic research;

- *organise exchanges on policies and promoting mutual learning in the context of national action plans*: cooperation and exchange of information and best practice by the organisation of workshops and seminars, for example, to help establish indicators and quantitative and qualitative evaluation criteria, then monitoring and periodic peer review of progress towards the common objectives with an annual report on progress achieved to be compiled by the Commission;
- *develop the capacity of actors to address social exclusion effectively*: promoting dialogue between the various operators and networking at European level between non-governmental organisations working to combat poverty and social exclusion.

The first two of these dimensions chiefly relate to facilitating the OMC process by improving knowledge about poverty and social exclusion and creating a structured framework for the exchange of good practice. This last point is important since it concerns the EU's willingness to promote and fund activity orientated towards involvement of the social players, notably by establishing networks to enable social service organisations to take part in dialogue and in the OMC process on poverty and social exclusion through an intermediary. It is an additional stimulus to involve those concerned in pursuing the first objective in the fight against poverty and social exclusion.

While this programme of action constitutes specific support for the poverty and social exclusion OMC, it is also worth remembering that this is not the only EU backing for the fight against exclusion. The role of the Structural Funds and, in particular, the European Social Fund (ESF) must be emphasised: the ESF is intended as the Union's main financial instrument for putting into practice the strategic objectives of its employment policy and financially backing the objectives established by Member States within their National Action Plans for Employment. The tasks of the ESF include in particular support for measures aimed at preventing and combating unemployment, developing human resources and fostering social integration in the labour market, as well

as promoting gender equality, sustainable development and economic and social cohesion. The ESF basically funds projects associated with improving the employability of EU citizens, which is also one of the main strands of the NAPs/incl, as expressed in the first common objective and the constantly repeated message that the best cure for poverty and social exclusion is employment.

Moreover, the ESF also funds a number of Community initiatives, most notably the EQUAL initiative which for the period 2000-2006 follows on from the EMPLOI and ADAPT initiatives previously in operation (1994-1999). EQUAL has a budget of € 3,026 billion, topped up by national contributions. This action is chiefly aimed at supporting measures to promote better labour market access for people who experience particular difficulties in joining or re-joining the labour market, especially by combating discrimination and encouraging gender equality in access to employment but also in terms of treatment at work. One particular theme also tackles integration of asylum seekers. EQUAL's themes are therefore, from a number of perspectives, akin to the concerns expressed in the action against poverty and social exclusion.

Concluding remarks

Whilst we can only rejoice at the significant accomplishment that the OMC against poverty and social exclusion represents, it must nevertheless be stressed that this first wave of National Action Plans is far from addressing all the demands inherent in the eventual eradication of, or at least a sharp reduction in, poverty and social exclusion within the European Union. This first wave must be taken for what it is: the starting point in a lengthy process, which must be made to grow in effectiveness over time without running out of steam – even more so, since EU enlargement means that in all probability problems of poverty and social exclusion will grow in future.

One initial important question which remains unresolved – and is hardly touched on in the Joint Report – concerns the financing of action against poverty and social exclusion. The eradication of poverty implies sustained financial effort on the part of most Member States. In

actual fact, this is barely visible in the National Action Plans. We have emphasised that the brief time-span available to Member States for submission of their NAPs, together with the fact these started in mid-year, prevented measures from being clearly incorporated into national budget headings. It would perhaps be advisable for the next action plans to cover two complete budget years. It also remains to be seen whether the change in the economic situation will have a significant effect on the enthusiasm and effort being directed at fighting poverty and social exclusion. Let us not forget that the decision to launch an OMC on inclusion was made at a time of growth and optimism about the economy – optimism which has considerably diminished meanwhile.

A second question relates to the balance between measures taken by Member States and the common objectives. Most of the National Action Plans highlight employment as the principal factor to bring about social inclusion, and thus chiefly emphasise activation measures for individuals outside of the labour market. This great likeness between objectives and measures in the NAPs for inclusion and the NAPs for employment could eventually cause some Member States to question the need to sustain two such similar processes. Although the two areas do overlap, it is important not to lose sight of all the other dimensions more specifically linked to poverty and exclusion. This marked accent on the employment dimension could also be to the detriment of an approach based on fundamental rights. The non-binding and flexible nature of the common objectives allows each Member States to choose which objectives it wishes to prioritise, and there is a danger of action against poverty and social exclusion progressing at different speeds in Member States, depending both on national governments' own concerns and changes in ruling parties. We need only take the recent example of Italy, where the attitude of the newly elected government led the Commission on Social Exclusion to tender its collective resignation⁽³⁾. Fortunately the fact that the OMC has been set in a

³ The Commission on Social Exclusion, an independent body constituted by statute and established by the previous government, with representatives from the various players in the fight against poverty and social exclusion, resigned en

long-term time frame (until 2010) should limit the impact of such occurrences on the process as a whole. For one specific feature of the OMC on inclusion is in fact that it brings national timetables into line with the European process. A National Action Plan must be delivered every two years from June 2001 onwards, and this plan must represent a progression towards achievement of the objectives up until June 2010, whichever party is in power.

Another important question still unanswered concerns the role of local and regional bodies in the OMC process. In countries with decentralised political structures, regions are responsible for most of the powers involved in combating poverty and social exclusion. It is also the regions which must make available the necessary funding. Some of these regions, notably the German Länder, take a dim view of this European process interfering in a sphere which they regard as their exclusive responsibility. In future the role of the regions and their involvement in the European process will have to be more clearly defined in order to achieve more effective co-ordination. Finally, it will be necessary to move beyond the stage of pious hopes as concerns the involvement of stakeholders at the various stages of the OMC. For only by mobilising and involving all players will it be possible to guarantee that the measures taken under the OMC will be reasonably effective and will meet the real needs of those principally affected, namely people exposed to poverty and social exclusion.

Thus an essential first step was taken in the fight against poverty and social exclusion at European Union level in the course of 2001, in that the various stages of the Open Method of Co-ordination were laid down. Even if many deficiencies and imperfections can be rectified, this process must not be set in stone. On the contrary it must be seen as an ongoing exercise, regarding this as merely an initial, albeit fundamental,

bloc, believing that the institutional conditions permitting it to do its job and fulfil its statutory remit no longer obtained. Members of this body were never able to meet the new Minister of Social Affairs, who moreover stated that the Commission's conclusions were 'unacceptable'.

stage in a process whose various components must evolve further. This undertaking will in particular be driven forward – let us hope – by dialogue with, and increased involvement of, all the stakeholders with a part to play in eliminating what is regarded by citizens of the European Union, present and future, as the fundamental injustice of poverty and social exclusion.

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