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*Committee on Employment and Social Affairs*

**2008/2034(INI)**

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## **DRAFT REPORT**

on Promoting social inclusion and combating poverty, including child poverty,  
in the EU  
(2008/2034(INI))

Committee on Employment and Social Affairs

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on Promoting social inclusion and combating poverty, including child poverty, in the EU (2008/2034(INI))

*The European Parliament,*

- having regard to the Commission communication on Modernising social protection for greater social justice and economic cohesion: taking forward the active inclusion of people furthest from the labour market (COM(2007)0620),
- having regard to the Commission communication concerning a consultation on action at EU level to promote the active inclusion of the people furthest from the labour market (COM(2006)0044) and the Synthesis Report by the Commission Services on the outcome of that consultation,
- having regard to Council Recommendation 92/441/EEC of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems<sup>1</sup> and to Council Recommendation 92/442/EEC of 27 July 1992 on the convergence of social protection objectives and policies<sup>2</sup>,
- having regard to the Commission's opinion on an equitable wage (COM (1993)0388),
- having regard to the national Lisbon reform programmes, the national reports on strategies for social protection and social inclusion 2006-2008 and updates 2007 as presented by the Member States,
- having regard to the Joint Report on Social Protection and Social Inclusion 2008 (COM(2008)0042) and the Joint Employment Report 2007/2008, as adopted by the Council on 13 and 14 March 2008,
- having regard to the Social Protection Committee Task Force Report on Child Poverty and Well Being in the EU, of January 2008,
- having regard to the UN International Covenant on Economic, Social and Cultural Rights 1966,
- having regard to the UN Convention on the Rights of the Child 1989,
- having regard to the UN Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families 1990,
- having regard to the UN International Plan of Action on Ageing 2002,
- having regard to the UN Convention on the Rights of Persons with Disabilities 2006 and its Optional Protocol,

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<sup>1</sup> OJ L 245, 26.8.1992, p. 46.

<sup>2</sup> OJ L 245, 26.8.1992, p. 49.

- having regard to ILO Convention Nos 26 and 131 on minimum wage fixing,
- having regard to the UN and ILO's decent work agenda;
- having regard to the Commission communication on Promoting decent work for all: The EU contribution to the implementation of the decent work agenda in the world (COM(2006)0249) and to Parliament's resolution of 23 May 2007 on promoting decent work for all<sup>1</sup>,
- having regard to the conclusions of the Informal Meeting of Ministers for Employment and Social Affairs in Berlin on 18 to 20 January 2007 on 'good work',
- having regard to Articles 34, 35 and 36 of the Charter of Fundamental Rights of the European Union<sup>2</sup>, which specifically define the right to social and housing assistance, a high level of human health protection and access to services of general economic interest,
- having regard to the Community Charter of Fundamental Social Rights for Workers of 1989 and the Revised European Social Charter of the Council of Europe of 1996,
- having regard to the European social partners' recommendations in the report entitled, 'Key Challenges Facing European Labour Markets: A Joint Analysis of European Social Partners', of 18 October 2007,
- having regard to Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin<sup>3</sup> and Parliament's resolution of 28 April 2005 on the situation of the Roma in the European Union<sup>4</sup>,
- having regard to Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation<sup>5</sup>,
- having regard to its resolution of 5 June 2003 on the application of the open method of coordination<sup>6</sup>,
- having regard to the Commission communication entitled, 'Social reality stocktaking - Interim report to the 2007 Spring European Council' (COM(2007)063) and to the Parliament's resolution of 15th November 2007 on Social Reality Stocktaking<sup>7</sup>,
- having regard to the European Economic and Social Committee's opinion entitled 'A new European social action Programme, of XX,
- having regard to the Committee of the Region's opinion entitled 'Active Inclusion', of XX,

<sup>1</sup> Texts adopted, P6\_TA(2007)0574. .

<sup>2</sup> OJ C 303, 14.12.2007, p. 1.

<sup>3</sup> OJ L 180, 19.7.2000, p. 22.

<sup>4</sup> OJ C 45 E, 23.2.2006, p. 129.

<sup>5</sup> OJ L 303, 2.12.2000, p. 16.

<sup>6</sup> OJ C 68 E, 18.3.2004, p.604.

<sup>7</sup> Texts adopted, P6\_TA(2007)0541.

- having regard to the Commission Communication entitled 'Towards a European Charter on the Rights of Energy Consumers'(COM(2007)0386),
  - having regard to Articles 136 to 145 of the EC Treaty,
  - having regard to Rule 45 of its Rules of Procedure,
  - having regard to the report of the Committee on Employment and Social Affairs and the opinion of the Committee on Women's Rights and Gender Equality (A6-0000/2008),
- A. Whereas the Nice European Council of 7 to 9 December 2000 set the EU objective to achieve a decisive and measurable reduction in poverty and social exclusion by the year 2010; whereas progress towards that objective has been insufficient,
- B. Whereas Recommendation 92/441/EEC recognises ‘the basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity’,
- C. Whereas the Community Social Charter of 1989 recognises a workers' right to ‘an equitable wage’; whereas in 1993 Parliament and the Commission addressed the need for coordinated policies on minimum wages in order to implement this right of workers to a wage 'sufficient to enable them to have a decent standard of living',
- D. Whereas at the start of the EU’s commitment to combat poverty and social exclusion in 2001, 55 million people in the EU lived at risk of income poverty (15 % of the population of EU-15); whereas in 2005 that figure had risen to 78 million (16 % of the population of EU-25),
- E. Whereas 19 million children are at risk of poverty,

***A more holistic approach to active social inclusion***

1. Welcomes the Commission’s approach to active inclusion; considers that the overarching aim of active inclusion policies must be to implement fundamental rights in order to enable people to live in dignity and participate in society as well as the labour market;
2. Agrees with the Commission that a more holistic approach to active inclusion should be based on common principles:
  - (a) *Income support sufficient to avoid social exclusion*: Minimum income schemes, related benefits and social assistance must be easily accessible and provide sufficient resources to lift people out of poverty and prevent social exclusion; active inclusion policies must promote greater equity of social protection systems and also provide specific flanking measures (e.g. rehabilitation, training, counselling, childcare, housing, language training for migrants, support services) to enable people to lead a dignified life;
  - (b) *Link to inclusive labour markets*: Active inclusion policies must aim at creating stable and secure high-quality employment, improving the quality of jobs, providing specific support measures and services to accompany people into employment and promoting job retention, providing high-quality education, vocational training,

further training and lifelong learning;

- (c) *Link to better access to quality services*: The accessibility, affordability and quality of essential services - social services, services of general (economic) interest - must be strengthened in order to promote social and territorial cohesion, guarantee fundamental rights and ensure a decent existence especially for the vulnerable and disadvantaged groups of society;
- (d) *Gender mainstreaming, anti-discrimination and active participation*: Active inclusion policies must ensure the promotion of gender equality and contribute to the elimination of discrimination in all three pillars mentioned above; good governance, participation and integration of all relevant actors must be promoted by directly involving those affected by poverty and social exclusion, as well as social partners and non-governmental organisations, in the development, management, implementation and evaluation of strategies;

### ***Guaranteeing sufficient income to ensure a dignified life for all***

3. Points out that there are still Member States in the EU-27 which do not have schemes providing for minimum wages as a default in place;
4. Agrees with the Commission that social assistance levels are already below the at-risk-of poverty line in most Member States; insists that the central objective of income support schemes must be to lift people out of poverty and enable them to live in dignity;
5. Calls on the Council to agree on an EU target for minimum income schemes and contributory replacement income schemes of providing income support of at least 60 % of national median equalised income and on a timetable as to when this target shall be achieved by all Member States;
6. Considers that poverty in employment must be properly addressed; recalls that remuneration in general and especially minimum wages – regardless whether they are of a statutory nature or collectively agreed – must prevent income poverty in any event;
7. Calls on the Council to agree on an EU target for minimum wages (statutory, collective agreements at national, regional or sectoral levels) to provide for a remuneration of at least 60 % of the respective (national, sectoral etc.) average wage and on a timetable for when that target is to be achieved in all Member States;
8. Considers that schemes providing for minimum wages must be complemented by supportive measures for social inclusion, e.g. on housing, education, training, re-training and lifelong learning and income support schemes, to cover the costs to individuals and households;

### ***Eradicating child poverty: from analysis to targeted policies and implementation***

9. Highlights the importance of an holistic approach on child well-being based on a child rights centred perspective framed by the UNCRC supporting adequate incomes for families, adequate housing for children and families, accessibility of high quality health and social services and education;

10. Draws attention to the following different dimensions of a holistic approach:
- (a) recognising that children and young people are citizens and independent holders of rights as well as being part of a family;
  - (b) ensuring that children grow up in families with sufficient resources to meet all aspects of their emotional, social, physical and cognitive needs;
  - (c) providing access to services and opportunities that are necessary for all children to enhance their present and future wellbeing, enabling them to reach their full potential and to prevent vulnerable situations;
  - (d) allowing children to participate in society, including in the decisions that directly affect their lives as well as in social, recreational, sporting and cultural life;
11. Calls on the Commission to consider child poverty and social exclusion in a broader context of EU policy making including issues such as immigration, discrimination, gender equality, active inclusion, early-years care and education, life-long learning and the reconciliation of work and non-work life;
12. Urges the Member States to reduce child poverty by 50 % by 2012 as a first commitment towards the eradication of child poverty in the EU;

***Employment policies for socially inclusive labour markets***

13. Agrees with the Commission that employment per se is not always a guarantee against poverty and social exclusion, as according to official statistics 8 % of workers in the EU are at risk of poverty;
14. Considers that for the most disadvantaged groups, active inclusion in the labour market is often a three-stage process:
- (i) supporting personal development, social integration and inclusion before employment;
  - (ii) providing personalised pathways to secure and stable, high-quality employment in accordance with people's needs and capacities;
  - (iii) assisting job retention by supportive measures (e.g. on-the-job training and lifelong learning opportunities) and also work arrangements that help marginalised people reconcile employment with their efforts to deal with social disadvantage (e.g. lack of housing, care responsibilities or health problems);
15. Considers that 'make-work-pay' policies should address the problem of the low-pay trap and the low-pay/no-pay cycle at the lower end of the labour market whereby individuals move between insecure, low-paid, low-quality, low-productivity jobs and unemployment and/or inactivity; stresses that higher levels and duration of unemployment and social benefits should be addressed as a matter of priority;
16. Calls on the Member States to phase out 'activation policies' that are based on too restrictive eligibility and conditionality rules for benefit recipients, force people into low-

quality jobs that do not pay for a decent living standard nor lead to social inclusion;

17. Highlights the Council's position that active labour market policies should promote 'good work' and upward social mobility and provide stepping stones towards regular, gainful and legally secure employment with adequate social protection, decent working conditions and remuneration;

***Providing quality services and guaranteeing access for vulnerable and disadvantaged groups***

18. Welcomes the Commission's view that statutory and complementary social security schemes, health services and social services of general interest must play a preventive and socially cohesive role, facilitate social inclusion and safeguard fundamental rights; points out the need to ensure the development of high quality, accessible and affordable long term care for those in need;
19. Urges the Member States to provide for social default tariffs for vulnerable groups (e.g. in the fields of energy and public transport) in order to promote active inclusion;
20. Calls on the Council to agree an EU-wide commitment to end street homelessness by 2015 and the provision by Member States of integrated policies to ensure decent housing for all; urges Member States to devise 'winter emergency plans' as part of a wider homelessness strategy;
21. Highlights the importance of promoting integrated services that respond to the multi-dimensionality of poverty and social exclusion, e.g. the link between poverty and homelessness, health and mental health, education levels, social and community integration, lack of access to information technologies and infrastructure and the widening of the 'digital divide';

***Improving policy coordination and the involvement of all relevant stakeholders***

22. Regrets that the Joint Report on Social Protection and Social Inclusion 2008 does not provide a sufficiently strategic focus on eradicating poverty and overcoming social exclusion;
23. Calls on the Council and the Commission to reinvigorate a clear strategic focus on the eradication of poverty and the promotion of social inclusion in the context of the Social Agenda 2008 to 2012 and the next cycle of the Open Method of Coordination on Social Protection and Social Inclusion;
24. Calls on the Commission to encourage the use of the provisions of the new European Social Fund (ESF) regulation and Progress to support active inclusion measures and explore possibilities for ring-fencing ESF funds or identifying a specific budget for a Community initiative in that respect;

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25. Instructs its President to forward this resolution to the Council, the Commission, the



governments and parliaments of the Member States, the European Economic and Social Committee, the Committee of the Regions, and the Social Protection Committee.

## EXPLANATORY STATEMENT

### Introduction

The Commission identifies in COM(2007)620 the adequacy of minimum income schemes, inclusive labour markets and improved access to quality social services as the three main objectives to fight poverty and social exclusion. A set of common principles framing a holistic approach on social inclusion shall be implemented by deepening the Open Method of Coordination. Besides the OMC EU financial instruments as the ESF shall establish a supporting EU framework encouraging the Member States in their social inclusion policies. In the rapporteurs view, the joint report on social protection and social inclusion is more of a descriptive character by referring to efforts to reduce child poverty, promoting longer working lives, securing privately funded pension provision, reducing inequalities in health outcomes and long-term care.

Following the logic of the Lisbon Strategy, Council and Commission promote economic growth as primary objective for a prosperous, fair and environmentally sustainable future for Europe. In the rapporteurs view, the joint report is not sufficiently orientated on social protection and social inclusion and is too much biased on social inclusion as "productive factor". In the rapporteurs view, combating child poverty should not be considered as a simple contribution to the economy by investing in future human capital.

The rapporteur supports the Commissions idea of a more holistic approach on fighting poverty and social exclusion and certainly agrees with the identified fields of action. In the rapporteurs view, the strategies of combating poverty and social exclusion should be stronger bonded with the strategies for better social, territorial and regional cohesion. In the view of the rapporteur, the problem of poor regions and the enormous regional differences in poverty and social inclusion among regions are insufficiently covered in the Communication by the Commission.

Social inclusion should cover all citizens either they are available for the labour market or not. In the rapporteurs view, making employability the ultimate aim of social inclusion does not meet the requirements and will fail to eradicate poverty and social exclusion. In the view of the rapporteur, the Commission addresses minorities like persons with chronic diseases or migrants not properly in the strategies on combating poverty and social exclusion. The situation for illegal persons and asylum seekers are even worse.

### A more holistic approach to active social inclusion

Primarily, social inclusion policies have to guarantee the fundamental right of all people to life in dignity and to participate in society. Fulfilling that primary aim social inclusion policies have to provide sufficient income to avoid social exclusion for people, an inclusive labour market, better access to quality services, gender mainstreaming, anti-discrimination and active participation.

In the rapporteurs view, it is crucial to base social inclusion and all the elements of the holistic approach on a fundamental right based approach. In the view of the rapporteur, the experience (e.g. with the Hartz IV reforms in Germany) has shown that activation policies lead to a definition of living conditions by the public authorities, which do not match the real problems and that most of the activation policies reinforce dependencies on social benefits instead of enabling people to earn their income on the labour market. A rights based approach will

enable the citizens to choose the way of participation in society and strengthen the position on the labour market.

### **Guaranteeing sufficient incomes for a dignified life for all**

Guaranteeing sufficient income for all is the application of the fundamental right to life in dignity and to participate in society. Certainly employment is the best way to provide people with sufficient means avoiding poverty and social exclusion, but there exist several situations in life, where people are unable to earn a sufficient income by employment. Social protection schemes are supposed to protect and assist people to enter secure and stable employment and make sufficient means available during these periods.

Nowadays social assistance levels are below the at-risk-of-poverty line and certainly need to be adjusted to meet their primary objective – lifting people out of poverty!

The 1992 Council Recommendation recognises the ‘basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity’. In the rapporteurs view, there are still Member States in the EU-27 without a sufficient national social safety net in place, which calls for action to provide incomes above the Eurostat at-risk-of-poverty threshold.

A first step would be to adjust the mostly complex income support schemes concerning their accessibility, effectiveness and efficiency. The general schemes must go together with supportive measures for social inclusion and provide targeted additional benefits for disadvantaged groups to address the complexity of poverty and social exclusion satisfactorily. In the rapporteurs view, especially poverty in employment must be properly addressed with an EU target for minimum wages providing a remuneration of at least 60 % of the respective average wage.

### **Eradicating child poverty**

The Commission points out the tremendous differences in at-risk-of-poverty rates among Member States reaching from less than 10 % in Sweden to more than 20 in Poland and Lithuania. Children living in lone-parent households have twice as high poverty risks as the average. And children growing up in large families are at higher poverty risk as well. The poverty risks of children with migration background are two to five times higher than for children born in the country of residence. The study also provides evidence for intergenerational transmission of disadvantages in educational outcomes.

Taking these statistics into consideration the rapporteur believes strongly in the necessity of immediate action addressing children suffering from multiple deprivations, with immigration background, living in households with disabled persons and children from asylum seekers as well as from illegal persons. Further on special support and care has to be provided to children being disregarded, abused or experiencing violence.

Most Member States committed themselves to the UN Convention of the Rights of the Child (UNCRC) already, but they lack to establish a clear connection between the child rights and fighting child poverty and exclusion as child poverty, which is essential as deprivation is a violation of fundamental human rights.

In the rapporteurs view, a well-balanced policy mix adequately resourced should reduce child poverty by 50% over the life of the next Social Agenda, what would a satisfactory first commitment towards eradication of child poverty in the EU. In the rapporteurs view, an integrated, holistic approach on family policies would indicate a clear commitment to a sustainable solution for the eradication of child poverty.

## **Socially inclusive labour markets**

In the rapporteurs view, integration in the labour market is a three-stage process with support before employment, additional personalized assistance while seeking for employment and at last supportive measures to stay in employment. Special attention needs the active inclusion of young people, the elderly and migrants.

In the rapporteurs view, the problem of the low-pay trap and the low pay/no-pay cycle at the lower end of the labour market should be addressed in a way to make work pay and assist people moving into secure and stable quality employment with decent working conditions and remuneration.

In the rapporteurs view, activation policies that are based on too restrictive eligibility and conditionality rules for benefit recipients forcing people into low quality jobs that do not pay for a decent living standard nor lead to social inclusion are no solution. Active labour market policies should promote 'good work', upward social mobility and provide stepping stones towards regular, gainful and legally secure employment with adequate social protection.

In the view of the rapporteur, the potential of social economy, social enterprises, the not-for-profit sector and the public employment sector should contribute to the social inclusion of people furthest from the labour market.

## **Providing access to quality services**

In the view of the rapporteur not only social services of general interest, but all services of general interest, including network industries such as transport, telecommunication, energy and other public utilities or financial services should play an important role in active inclusion. Without adequate accessibility and quality of services socially excluded people will have no opportunities at the labour market and will be discriminated in their capacities to participate in society. The universal service obligations e.g. telecommunication or postal services are in particular important for vulnerable and disadvantaged groups of society. Any kind of discrimination concerning access to goods and services should be eradicated including disability, age, religion or belief or sexual orientation by an EU anti-discrimination directive. In the rapporteurs view, public services should be defined and developed as pillar of the European Social Model in respect of the enormous importance for combating poverty and social exclusion.

In the rapporteurs view, multidimensionality and interdependencies of several poverty risks should be addressed as e.g. street homelessness suffer from multiple deprivation as their basic needs are not covered making it impossible to enter the labour market. Another example is inequality in health care provision, prevention and outcomes leading to additional risks of social exclusion.

## **Improving policy coordination**

In the view of the rapporteur, the Commission should seriously consider the consultation paper from the bureau of European policy advisers on "Europe's Social Reality" in the development of a strategy on social inclusion. In the rapporteurs view, the OMC needs a stronger focus on eradication of poverty as provided by the Joint Report on Social Protection and Social Inclusion 2008. In addition the successful implementation of specified targets in combating poverty and social exclusion needs strengthened public budgets and a link between

the consultation process and the revision of the EU budget 2008/2009.

Appropriate indicators on the average disposable income, household consumption, the level of prices, minimum wages, minimum income schemes and related benefits could be a first step to demonstrate commitment by the Member State.

In the rapporteurs view implementation process should include EU, national, regional and local levels, involving all relevant actors (social partners, NGOs) and in particular the most disadvantaged people themselves. A better dialog, participation and ownership in the OMC process is needed on all levels leading to clearly formulated targets and policies followed up by a benchmarking and monitoring.

The rapporteur believes that OMC and application of best practices have to be elaborated focusing on reducing regional disparities and improvement of the living conditions of poor and disadvantaged people (in particular pensioners, people with chronic diseases, migrants). In the rapporteurs view, current difficulties with missing links between coordination processes (OMC SPSI, Integrated Guidelines, EU SDS) should be addressed in order to strengthen visibility and commitment towards the eradication of poverty and the promotion of social inclusion in all of them;

In the rapporteurs view, the most vulnerable and disadvantaged groups should benefit first from community programmes such as the ESF and EQUAL.

In the view of the rapporteur, the Commission should consider renaming the Lisbon strategy into “growth, jobs and inclusion” more closely linked to the Open Method of Coordination on social inclusion and add a transversal social guideline.