
European Anti-Poverty Network (EAPN) Ireland

Europe 2020 Strategy – Briefing September 2011



1 Background

Since the current crisis began people in Ireland are all too familiar with the great increase in unemployment and the impact of the austerity measures being implemented by the Government. Most people are also aware of the role European Union and the European Central Bank (ECB) in determining the direction being taken by the Government and in particular the loan agreement Ireland has entered into with the European Commission, the ECB and International Monetary Fund (IMF). While the Government can renegotiate parts of the agreement it is binding and involves visits by these organisations to Ireland every three months to ensure the agreed programme is on track.

It is important however to recognise that Ireland has entered into other agreements as a member of the European Union including an agreement to reduce poverty and social exclusion. In 2010 the European Council (i.e. the Heads of State of the 27

EU countries) agreed on Europe 2020 – A European Strategy for Smart, Sustainable and Inclusive Growth. This strategy has five targets including for the first time a poverty target ‘to reduce by at least 20 million the number of people experiencing poverty and social exclusion by 2020’¹. As part of this commitment each Member State, including Ireland, had to set its own poverty target. While commitments under the Europe 2020 strategy are not given the same emphasis at EU level as others, such as the EU/IMF loan agreement and the Stability and Growth Pact (SGP)¹, it is extremely important that anti-poverty organisations use these commitments to hold the Government and the EU to account.

This update builds on previous EAPN Ireland briefings on Europe 2020² and analyses what progress is being made towards meeting the commitment to reduce poverty and social exclusion.

¹ - The SGP applies for countries in the Euro zone and includes the commitment to keep budget deficits to a maximum of 3% of GDP.

² - <http://www.eapn.ie/eapn/eapn-ireland-policy-briefing-2020-strategy-targets> and <http://www.eapn.ie/eapn/the-future-of-the-eu-social-inclusion-strategy>

2 What are the 2020 commitments?

In June 2010 the Europe 2020 Strategy replaced the Lisbon Strategy for Growth and Jobs (also known as Lisbon Agenda) as the key means of progressing an integrated approach to economic, employment, environmental and social goals of the EU. It is widely recognised that the Lisbon Strategy failed to achieve its overall social inclusion goal which was to 'make a decisive impact on poverty by 2010'. In 2010 almost 17% or 84 million peo-

ple in the EU were at risk of poverty. This was an increase of 1% from 2000 when the commitment was made.

The Europe 2020 Strategy contains five targets and based on these each country produces an annual National Reform Programme³ presenting their own targets and outlining how they are going to achieve them. The targets are as follows:



Climate Change

EU Target

Reducing greenhouse gas emissions by 20% by 2020, increasing the share of renewables in energy consumption by 20% and moving towards a 20% increase in energy efficiency.

Irish Target

Reduce greenhouse gas emissions in the non-traded sector⁵ by 20% compared to 2005 levels; increase the share of renewables in final energy consumption to 16% by 2020; to move towards a 20% increase in energy efficiency.



Employment

EU Target

Raise to 75% the employment rate of women and men aged 20-64, including the greater participation of young people, older workers and low-skilled workers and better integration of legal migrants.

Irish Target

To raise to 69-71% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants, and to review the target level of ambition in 2014, in the context of a proposed mid-term review of the Europe 2020 Strategy.



Education

EU Target

Improving education levels, in particular by aiming to reduce school drop-out rates to less than 10% and by increasing the share of 30-34 years old having completed tertiary or equivalent education to at least 40%.

Irish Target

To reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education and training to 8%; to increase the share of 30-34 year olds who have completed tertiary or equivalent education to at least 60%.



Research & Development

EU Target

Spending 3% of GDP on research and development.

Irish Target

Improving the conditions for research and development, in particular with the aim of raising combined public and private investment levels in this sector to 2.5% of GNP⁴ (approximately equivalent to 2.0% of GDP).



Poverty & Social Exclusion

EU Target

Promoting social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of risk of poverty and exclusion by 2020.⁶

Irish Target

To reduce the number experiencing consistent poverty to between 2-4% by 2012, with the aim of eliminating consistent poverty by 2016, which will lift at least 186,000 people out of the risk of poverty and exclusion.⁷

The EU poverty reduction target, while not as ambitious as that initially proposed by the European Commission⁹ is significant because it is the first such numerical target agreed at EU level and directs political attention to this issue. Appendix 1 explains the various ways of measuring poverty used in setting the targets.

In order to achieve these targets Europe 2020 also included a range of 'Flagship Initiatives'⁹ or programmes. Some of these include:

- Youth on the Move,
- An agenda for New Skills and Jobs
- European Platform Against Poverty

Among other priorities the Platform Against Poverty recognises that poverty and social exclusion cannot be solved by social policies alone but through an integrated approach across all policy areas including economic policies.

Between 2000 and 2010 the Lisbon Strategy included a social inclusion strategy which involved each Member States including Ireland having to send regular National Action Plans for Social Protection and Social Inclusion to the European Commission. These Plans were based on agreed objectives at EU level. The Commission coordinated the process and issued reports on progress. This process was called the Open Method of Coordination (OMC) on social inclusion. While the process did not achieve the desired outcome of reducing poverty levels it did allow more detailed focus on poverty and social exclusion including putting in place a reporting process and opportunities to compare and exchange information and learning across EU Member States. So far there is no agreement on the OMC process being part of Europe 2020 but the Platform Against Poverty gives a commitment to looking at this and a decision will be made before the end of 2011.

Also as part of Europe 2020 the EU agreed 10 Guidelines¹⁰ to Member States which gave some more detailed guidance on the policy areas for developing their National Reform Programmes (NRPs). Guideline 10 is 'Promoting social inclusion and combating poverty'. The Guidelines also include a Partnership Principle (known as recital 16) which states that civil society should be involved in the implementation, monitoring and evaluation of Europe 2020.

To accompany the above guidance, in January 2011 the EU agreed an Annual Growth Survey. This Survey outlines the key economic priorities for the EU addressing issues such as national budget deficits, banking, job creation, competitiveness and

economic growth. Again this survey was to inform Member States in developing their National Reform Programmes and also their new annual Stability or Convergence Programme.¹¹ These programmes are monitored by the European Commission and signed off on by the European Council (i.e. Heads of State). Following this Recommendations are produced at EU level on overall progress and also Recommendations to each Member State. These recommendations are to impact on policies by countries including their annual budgets.

Alongside these programmes most EU Member States including Ireland agreed in March 2011 to produce an annual Euro Plus Pact¹² which address economic priorities.

3 - http://www.taoiseach.gov.ie/eng/Department_of_the_Taoiseach/Policy_Sections/Economic_and_Social_Policy/Economic_Policy/National_Reform_Programme

4 - The initial Commission proposal was to reduce at-risk of poverty in the EU by 20%. The goal is now for a 17% reduction under the wider new definition of poverty and social exclusion.

5 - Information on the Flagship Initiatives is available at http://ec.europa.eu/europe2020/tools/flagship-initiatives/index_en.htm

6 - <http://ec.europa.eu/eu2020/pdf/Brochure%20Integrated%20Guidelines.pdf> http://ec.europa.eu/eu2020/pdf/proposition_en.pdf

7 - Under the provisions of the Stability and Growth Pact (SGP) euro-area Member States prepare annual stability programmes and other EU Member States prepare convergence programmes and submit them to the Commission and the Council each year. The aim is to ensure more rigorous budgetary discipline through surveillance and coordination of budgetary policies within the euro area and EU.

8 - Agreed at European Council (Heads of State) meeting in March 2011 with four key objectives of fostering competitiveness, fostering employment, contributing to the sustainability of public finances and reinforcing financial stability.

9 - http://ec.europa.eu/europe2020/tools/monitoring/recommendations_2011/index_en.htm

10 - In the Autumn EAPN (Europe) will produce a detailed analysis of the National Reform Programmes and particularly how they address poverty and social exclusion.

11 - The recommendation for Ireland was to 'Implement the measures laid down in Implementing Decision 2011/77/EU, as amended by Implementing Decision 2011/326/EU, and further specified in the Memorandum of Understanding of 16 December 2010 and its update of 18 May 2011'

12 - The approach to addressing low work intensity must address quality of work including such issues as adequacy of pay and working conditions.

Summary of Annual Process



3 Implementation of Europe 2020

At EU level

In June 2011 the European Commission issued its Country Specific Recommendations which were based on an assessment of Member States National Reform Programmes and their separate economic programmes (Stability or Convergence Programme)¹³.

In its overall Communication which accompanied the Recommendations the European Commission highlighted that in carrying out reforms and addressing their budget deficits Member States needed to find a way of tackling the social impact of the changes. It also highlighted that the trends visible in many countries highlight a growing risk of poverty and marginalisation and that Member States needed to do more to take measures to address these negative trends and to deliver on the poverty reduction target.

However, in its specific Recommendations to Member States the Commission generally ignores this concern and instead encourages Member States to implement reforms aimed at cutting budget deficits and restoring competitiveness and

growth. The only substantial Recommendations related to addressing poverty were limited to access to training and employment opportunities.

A press release issued by EAPN (Europe) following the publication of the Recommendations by the European Commission stated that *"The Recommendations are a betrayal of the hopes of people experiencing poverty and anti-poverty organizations across Europe that trusted in the commitments to poverty reduction made by President Barroso and the EU". It went on to state that "The Recommendations don't address the fundamental causes of the problems we face in Europe today: growing concentration of wealth in the hands of a few, the dominance of financial speculators, the decline in quality of employment, and the constant erosion of public services and social welfare systems"*¹⁴.

The lack of focus in the Recommendations on the poverty target is of major concern. Of added concern to countries receiving financial support from the EU and European Central Bank (Greece, Ireland, Latvia, Portugal and Romania) is that the only Recommendation they received is for them to continue to implement the terms of their loan agreements¹⁵. As is clear in Ireland's case this agreement contains conditions which lead to a direct increase in poverty and social exclusion. The economic priorities have taken precedence over any social priorities.

At National Level

Ireland's National Reform Programme is presented in the context of a commitment to implementing the terms of the EU/ECB/IMF loan agreement with the focus on making the changes necessary to address the budget deficit and the banking crisis. This determines the approach to delivery on the other commitments including the poverty reduction target.

The National Reform Programme recognises the challenge in meeting the poverty reduction target and states that *"The challenge of meeting the national poverty target is considerable, as indicated by the rise in the consistent poverty rate to 5.5% in 2009 and it is possible that the rate may even be higher in 2010. The timescale for achieving the poverty target will be influenced by the pace at which economic and employment growth returns to the Irish economy. It is envisaged that in the early years fewer people may be lifted out of poverty or indeed the numbers may increase due to the effects of the economic recession and the implementation of the National Recovery Plan, in particular changes in the structure and operation of the social welfare system and child income support (as occurred in 2010 and 2011)"*.

The NRP highlights that a poverty impact assessment of policies and programmes at design and review stages will continue in a transparent and constructive manner, including analyses of the poverty impact of the tax and welfare measures in the annual Budget. However, to date it is not clear what the impact of this process on decisions has been e.g. the decisions to cut social welfare payments, to

apply the Universal Social Charge to those on low incomes or to cut services and supports in areas such as education, health, care and in communities.

While much of the negative social impact of the crisis and the austerity measures to date has been hard to measure in statistical terms it was already clear that even in 2009 poverty levels were increasing.

The chart opposite (3A) clearly highlights the point made in Ireland's NRP and shows that in 2009 the levels of material deprivation and consistent poverty had increased. This is of serious concern given the Government's commitment to eliminate consistent poverty by 2016. As incomes fell generally the at-risk of poverty level, which is based on median incomes, fell just slightly in 2009. Progress to reduce poverty levels was made during the Celtic Tiger years. However, this only reduced poverty levels in Ireland to the EU average and social welfare levels remained below the 60% at-risk of poverty threshold.

The Government has given the commitment to review the poverty target by the end of 2011. This commitment is welcome. However the target and the policies to achieve them must be ambitious and reflect the fact that some people in society such as children, those who are unemployed, or living in households headed by a lone-parent experience higher levels of poverty than the average as indicated in the table below (3B):

3A



3B

	At Risk of Poverty	Material Deprivation	Consistent Poverty
Overall Population	14.1%	17.1%	5.5%
Children under 18	18.6%	23.5%	8.7%
Unemployed	24.8%	34.3%	11.5 %
One parent family	35.5%	44.1%	16.6%
Not working due to illness or disability	21.7%	35.7%	8.8%

4 What is EAPN Ireland proposing?

1 - If Europe 2020 is to be a strategy for addressing poverty and social exclusion then the Poverty Target must be at the centre. The target must be backed up by detailed policies that work to achieve it.

2 - There must be a commitment to agreeing ambitious poverty reduction targets in line with the EU Target by the end of 2011. The review of the poverty target currently underway in Ireland should result in separate national target for all 3 indicators which have been adopted at EU level (at risk of poverty, material deprivation and low work intensity¹²) as well as sub targets for key excluded groups and groups across the lifecycle (children, people of working age and older people). This should bring a focus on addressing the different dimensions of poverty as well as aiming to reduce poverty across all groups. Targets should also be agreed for access to key services such as education, health, accommodation and care.

3 - The EU and Irish Government must ensure that the decisions and policies, including those aimed at addressing the crisis and bringing about recovery, are tested in advance to ensure that at a minimum they have no negative social impact but instead redress the existing inequality, poverty and social exclusion.

4 - A range of policies are needed that prevent as well as alleviate poverty and social exclusion for all groups and go beyond the current focus on employment. Such policies should be based on the integrated EU Active Inclusion approach and should must therefore:

- 1 - create and ensure access to quality jobs for excluded groups,
- 2 - ensure adequate income for a dignified for everyone whether in work or recipients on social welfare,
- 3 - guarantee affordable access to quality services in all areas including health, accommodation, transport and education.

5 - The Government must restore strong, independent and adequately funded state agencies which support citizens and inform policy in the areas of human rights, discrimination and racism, and poverty, equality and social exclusion.

6 - The EU needs to put in place a strong social inclusion process building on that developed between 2000 and 2010 i.e. a renewed Social Open Method of Coordination. This must ensure access to rights, resources and services and rooted in the strong participation of people experiencing poverty

and social exclusion and their organisations. This will inform the social dimension of the National Reform Programmes.

7 - An effective way must be developed to ensure that people experiencing poverty and social exclusion and their organisations can participate in policy decisions. However, this must be a genuine engagement and have an impact on policies and how they are implemented.

8 - There must be adequate funding through Structural Funds and national funding to ensure that policies to address poverty and social exclusion can be implemented. This must include adequate funding for community organisations which support the capacity of people experiencing poverty and social exclusion to have a say in decisions that impact on the lives of their families and their communities.

9 - The Irish Government needs to look at alternatives to the current approach to cutting essential supports and services and this should include the introduction of a more sustainable and equitable tax system which protects those on low incomes

Further Information

EAPN Ireland
www.eapn.ie

EAPN Europe
www.eapn.eu

European Commission
http://ec.europa.eu/europe2020/index_en.htm

Ireland's National Reform Programme
http://www.taoiseach.gov.ie/eng/Department_of_the_Taoiseach/Policy_Sections/Economic_and_Social_Policy/Economic_Policy/National_Reform_Programme/

¹³ - http://ec.europa.eu/europe2020/tools/monitoring/recommendations_2011/index_en.htm

¹⁴ - In the Autumn EAPN (Europe) will produce a detailed analysis of the National Reform Programmes and particularly how they address poverty and social exclusion.

¹⁵ - The recommendation for Ireland was to 'Implement the measures laid down in Implementing Decision 2011/77/EU, as amended by Implementing Decision 2011/326/EU, and further specified in the Memorandum of Understanding of 16 December 2010 and its update of 18 May 2011'

¹⁶ - The approach to addressing low work intensity must address quality of work including such issues as adequacy of pay and working conditions.

Appendix 1

Measurements of Poverty

This appendix explains some of the ways poverty is measured at national and EU level. It focuses on those used to set the EU and national poverty targets under Europe 2020.

However, there are many other ways of measuring and understanding poverty many of which have been adopted at EU level and focus on income, employment and outcomes related to health, education and access to goods and basic services such as housing.

At-Risk of Poverty

The 'at risk of poverty' indicator identifies all those (households or people) who fall below a certain income threshold, which in the EU has been set at 60% of the median income. Median income is the amount that divides the income distribution into two equal parts, half of people having incomes above the median and half having incomes below the median. This measure is the best known and quoted indicator as it affords some comparisons with other countries. It does not, however, measure poverty as such, but rather the proportion of people below a certain income threshold who may be 'at risk of poverty'. In 2009 14.1% of people in Ireland were below the 60% poverty line which was all those with an income of less than €231.20 per week.

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Material Deprivation

This indicator of poverty measures those who cannot afford two or more items from the following 11-item index:

-  Two pairs of strong shoes.
-  A warm waterproof overcoat.
-  Buy new, not second-hand clothes.
-  Eat meals with meat, chicken, fish (or vegetarian equivalent) every second day.
-  Have a roast joint or its equivalent once a week.
-  Had to go without heating during the last year through lack of money.
-  Keep the home adequately warm.
-  Buy presents for family or friends at least once a year.
-  Replace any worn out furniture.
-  Have family and friends for a drink or meal once a month.
-  Have a morning, afternoon or evening out in the last fortnight, for entertainment.

In 2009 17.1% of people in Ireland experienced material deprivation up from 13.8% in 2008.

At EU level a different set of 9 items is used and according to the poverty target agreed in 2010 someone experiences material deprivation if they cannot afford 4 of these. The 9 items are as follows.

-  Ability to face unexpected expenses.
-  Ability to pay for one week annual holiday away from home.
-  Existence of arrears (mortgage or rent payments, utility bills, or hire purchase instalments or other loan payments).
-  Capacity to have a meal with meat, chicken, fish or vegetarian equivalent every second day.
-  Capacity to keep home adequately warm.
-  Possession of a washing machine.
-  Possession of a colour TV.
-  Possession of a telephone.
-  Possession of a personal car.

Under this measurement the latest information for 2008 shows that 5.5% of people experienced material deprivation in Ireland.

Consistent Poverty

Consistent poverty is a measurement of poverty used only in Ireland and relates to those who are at risk of poverty and also experience material deprivation according to the definitions used in Ireland. This is the measurement or indicator of poverty used to set the national poverty target which is to 'reduce the number experiencing consistent poverty to between 2-4% by 2012, with the aim of eliminating consistent poverty by 2016'. This is the target adopted by Ireland in their National Reform Programme under Europe 2020. Using the number of people experiencing consistent poverty in 2008 as the baseline (as agreed at EU level) his target is to lift at least 186,000 people out of the risk of poverty and exclusion by 2016.

The consistent poverty level for 2009 was 5.5%, up from 4.2% in 2008. Therefore, there were approximately 250,000 people at risk of poverty and social exclusion in 2009.

Low Work Intensity Households

This is a new indicator of poverty and social exclusion adopted at EU level in 2010. In Ireland this refers to 11.5% of the population, one of the highest in the EU. Low Work intensity households refers to people aged between 0-59 years living in households where the adults worked less than 20% of their total work potential during the year prior to the survey.

EU Agreed Indicator of Poverty & Social Exclusion

In agreeing a poverty target for Europe 2020 Strategy the EU Governments agreed in 2010 to adopt a measurement of poverty and social exclusion which is an aggregate of three EU indicators (at-risk-poverty; material deprivation; low work intensity households). In other words those at risk of poverty plus those experiencing material deprivation, who were not at risk of poverty plus those not already included who experience low work intensity.

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