

## **EAPN Ireland Response to**

### **European Commission Communication “Concerning a consultation on action at EU level to promote active inclusion of the people furthest from the labour market”**

*EAPN welcomes the Communication as a concerted attempt to promote the debate on these essential questions relating to minimum income, employment/inclusion strategies and access to services and to explore, for the first time in the current debate, the impact of these policies on the poor and most socially excluded.*

## Summary of EAPN Ireland Response

### Key Points

- **The EU should confirm the main objective of Minimum Income** as providing adequate income levels to sustain a dignified life.
- To accept the need to assess the **effectiveness** as well as the **efficiency** of minimum income schemes and related benefits to lift people out of poverty, as well as to promote **equity** of systems across the EU.
- To recognise that adequate minimum income levels are not only **compatible** but are an **essential** base to support those furthest from the labour market into jobs.
- To encourage member states to **rationalise the complex, entangled mesh** of income support schemes whether they are minimum income, contributory replacement income schemes, minimum wage or tax benefits with the objective of ensuring that income support, from whatever source, lifts all people out of poverty.
- To underline the need for **quality, appropriate jobs**, as a vital route out of poverty.
- To recognise the implications of the **poor job trap** and the strong link between high, quality minimum income levels and producing **upward pressure** on minimum wage levels.
- To accept the need to **clearly identify the obstacles** that specific groups face and to emphasize the importance of **comprehensive and integrated, personalised, pathway strategies** that support people into work or “**along the road**” **to inclusion**.
- To accept the importance of the **multidimensionality** of impact of different measures. The link between poverty and homelessness, and the difficulties of accessing good services: health, mental health, accommodation/housing, education, social and community support as well as access to technology
- To ensure the **provision of quality, affordable support or flanking measures** such as childcare, health and social services, education and training, e-inclusion and other services, without which access to the labour market or is unthinkable, but also as a **basic right for all** for many of the current key target groups e.g. Single parents the sick, elderly, the disabled, immigrant and ethnic minorities like Travellers and Roma who face particular barriers including discrimination at both the individual and institutional levels. **It needs to take account of the gender dimension and involve poverty and equality proofing across all measures.**
- To **ensure that citizenship and residency status does not result in a reduced rights** of access to adequate income or social inclusion.
- To promote good governance and participation by **directly involving people in poverty** in the development, management and evaluation of strategies, together with the **NGO’s** that support them and other key stakeholders

### Recommendations (Response to Questions in Communication)

- The EU should **build on the 1992 Council recommendations** and develop and implement standards on minimum income. This should include the consideration of a **Framework Directive based on Article 137 (1) h of the Treaty**.
- To develop **Common Principles on Active Inclusion, Empowerment and Decent jobs**, based on the Commission proposals but including, development of stable, quality jobs and backing the promotion of empowerment and participation measures, providing comprehensive integrated support to people in poverty.
- To **strengthen the OMC** on Social Inclusion, to promote **peer review and mutual learning** on good practice examples of minimum income standards and comprehensive, integrated approaches to active inclusion as positive and progressive measures to support people into work.
- To consider the **effectiveness of the current Integrated Guidelines** on ensuring that employment and other strategies effectively contribute to eradicating poverty. (Article 19)
- To promote **active governance and participation** including direct involvement of people in poverty.

## 1. Introduction

European Anti-Poverty Network (EAPN) Ireland network of community and voluntary groups working against poverty. It is the Irish national network of EAPN Europe, which links anti-poverty groups across the EU.

EAPN Ireland currently has approximately 230 member organisations, both national and local anti-poverty (See Appendix below), and has a mailing list of almost 1,000 who receive our fortnightly bulletin on developments in EU social policy. The Network's main work is to empower members to understand and influence EU policy, through training, information, advocacy and promoting networking. More information on EAPN Ireland is available at [www.eapn.ie](http://www.eapn.ie)

The European Anti-Poverty Network warmly welcomes the publication of the Commission's Communication, which has been eagerly awaited since its announcement as part of the Social Agenda 2005-10. The publishing of this Communication comes at a crucial moment in the decision over the future of the European social model. The outcome of the consultation should be viewed as a **key test** of the commitments made by the European Council at Hampton Court to **defend high levels of social protection** as a key EU value in the European Social Model, to promote more **effective** strategies to support people in poverty into more work, and to ensure their **access to quality services**. Together these commitments would offer a key opportunity for the EU to make a significant contribution towards the eradication of poverty by 2010.

This paper sets out EAPN's response to the issues raised in the Communication and at the end addresses the three questions presented for the consultation.

## 2. Detailed Comments on the Communication

### 2.1 Positive Aspects

- 1) The **commitment to place the most excluded** in the centre of the political agenda.
- 2) The decision to **promote governance and participation** in the consultation by widening the participants beyond social partners (as established in Article 138 of the treaty) to other stakeholders including NGO's and to encourage the engagement of other key EU political players including the European Parliament, Committee of the Regions and the Economic and Social Committee.
- 3) The **recognition of the important role that social protection systems play in reducing the risk of poverty**, particularly for groups suffering from persistent poverty and the **concern expressed over the current effectiveness of Minimum Income schemes**, emphasizing **low-take up** and **key obstacles** like payment delays, eligibility rules, sanctions and suspensions etc. Also a recognition that **social protection policies need to complement each other** so as to avoid unintended negative consequences on the weakest members of society.
- 4) The recognition that greater attention needs to be paid to **adequate access to social services** as a basic pre-condition for being available for work.
- 5) The recognition that **irrespective of a member states economic performance Minimum Income schemes must provide sufficient levels of income support**.
- 6) The recognition of the impact of **multidimensionality of poverty** – the link with homelessness, ill health and drug addiction, linked to the need for access to services.
- 7) The reference to **the need for a balanced discussion** on the role of social protection systems and Make Work Pay policies, both by ensuring that Social Protection systems do not act as a disincentive to work *“while achieving the wider objective of providing a decent living standard to those who are and will remain outside the labour market”*
- 8) The *introduction* to a debate on the interface between activation and social assistance systems with the proposal on **establishing 3 common principles on active inclusion** which make a central reference to the need to put adequate income support and access to vital services as key elements to any strategy to promote employment for people furthers from the labour market.

## 2.2 Main Concerns

EAPN Ireland is concerned that the tone of the Communication and Consultation could appear to give more priority to ensuring that social assistance schemes do not act as a disincentive to work, rather than ensuring that minimum income schemes effectively keep people out of poverty. This is particularly reflected in the two stated goals of the Communication:

- 1) To review the progress to fostering access to labour market access for those most excluded and
- 2) To launch a public consultation on possible guidelines for action at EU-level for promoting the active inclusion of people furthest from the labour market.

This could add to the pressure to use minimum income schemes as a punitive lever to force vulnerable people into often inappropriate and low-paid jobs, whilst further undermining the fast disappearing income safety net. It would also miss out on a key opportunity to challenge poverty traps for those moving from unemployment into work, where low wages and low minimum incomes reinforce each other, in a downward spiral. Such an interpretation could be seen as the crudest reflection of the new Jobs and Growth focus of the revised Lisbon Strategy, which so often appears to have forgotten the Council's commitment to making substantial steps towards eradicating poverty by 2010.

EAPN Ireland would strongly support the view that the Commission should build on the 1992 European Council Recommendations<sup>1</sup> and emphasize central concerns about the best means to support the most vulnerable out of poverty, of which work should be an important, but not the only method. This means affirming a commitment to starting from real needs of those furthest from the labour market. We therefore support the Commission's initial proposal for establishing 3 clear principals for promoting the 'active inclusion' of those furthest from the labour market (including ensuring a link to the labour market through job opportunities and training, a sterling defence of adequate minimum income levels for all and the access to decent services such as childcare etc.). However, in our view two further elements need to be added: 4) the commitment to creating quality, stable and appropriate jobs and 5) Promotion of comprehensive, integrated support strategies which empower and promote the active participation and inclusion. Such a strategy is also meaningless without an explicit commitment to good governance: involving all key stakeholders in the discussions and including the people most affected by these measures.

We completely support the view in the communication that in order to make progress in curbing poverty and social exclusion 'it is fundamental that all these strands are interlinked'. The experience in Ireland is that activation policies are progressed without proper labour market supports or sufficient access to affordable appropriate services and resulting in a reduction of household income for many of those on low incomes who enter employment<sup>2</sup>.

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<sup>1</sup> In 1992 Member States were asked to:

- Recognize the basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity as part of a comprehensive and consistent drive to combat social exclusion.
- To give access to that right without time limits within the framework of social protection systems.
- To fix the amount of resources considered sufficient to cover essential needs with regard to respect for human dignity
- To implement the measures laid down in the Recommendation progressively from now on.

<sup>2</sup> EAPN Ireland and OPEN – Network of lone-parent Group in Ireland, 2005, 'Out of the Traps – Ending Poverty Traps and Making Work Pay for People in Poverty', Dublin. [www.eapn.ie/policy/183](http://www.eapn.ie/policy/183) and [www.oneparent.ie](http://www.oneparent.ie).

## 2.3 Key Points

### i. Main objective of Minimum Income schemes must be to defend adequate income levels for a dignified life.

The Council recommendations of 1992 make a clear recognition of **the basic right to sufficient resources**. However, it is clear from the recent surveys carried out by Eurostat (Missoc 2005) that wide disparities still exist across the EU. 3 Member States: Greece, Hungary and Italy, have no minimum income system, however minimal, in place. The general trend has increasingly been to undermine benefit levels, and to extend cost-cutting measures by tightening eligibility rules and hardening financial sanctions and penalties. A further disturbing development, reported by a study of 13 old Member States published in 2004<sup>3</sup> is the decision by some member states to increasingly attack unemployed people's rights to contributory benefits. Many now reduce this entitlement both in duration and in level, forcing more people back onto inadequate minimum income benefits. As a result, benefit levels increasingly do not succeed in lifting people out of poverty. Minimum income schemes should ensure adequate levels for people to lead normal lives. Most of our networks are faced on a daily basis with the plight of people on benefits (both minimum income and replacement benefits) who are unable to survive. Insufficient levels lead to serious levels of debt on essential items like rent, heating, electricity, household items etc. It also affects their ability or motivation to build strong social relationships: to buy presents, invite friends for a meal, or to participate in the social and cultural life of their communities, in short: to lead a normal life with dignity. A strong message needs to be sent to member states to implement the Recommendations and to arrive at a consensus on an adequate sum based on an in-depth study of real needs and real expenditure.

### ii. Adequate Minimum Income levels that promote active integration into the labour market and attack the poor job trap.

An underlying assumption is made in many Make Work Pay strategies that people are not working because they do not want to. As a result, there is increasing pressure to use Active Labour Market measures to threaten the withdrawal or reduction of Minimum Income schemes as a blunt weapon to pressure vulnerable people into work. These approaches are often counter-productive, as well as adding to the stress and disadvantage that these people face. There is increasingly strong evidence that an **adequate minimum or basic income is vital to provide people with the necessary secure base** from which they can start to plan actions to get a job or out of exclusion. It is also clear that traditional means-testing of benefits and income often effectively acts as a disincentive to work, apart from invading the dignity and undermining the self-esteem of vulnerable people. They are also less effective in encouraging take-up by the people who need it. In the view of many of our networks, a universal non-means tested benefit following the model of child benefit in many member states, is more likely to achieve high take-up and its key objective, combined with high levels and duration of unemployment benefits and progressive tax credit regimes which enable vulnerable workers to reap the maximum benefits from their entry into work. High income support levels are also likely to contribute to **challenging the poor job trap**, where poor people simply move between low benefits to low wages, by producing an upward pressure on minimum wages.

### iii. Broadening the approach to Active Inclusion

The Commission has made an important contribution to attempting to define key elements or principals that may constitute an effective a just strategy for promoting Active Inclusion. Whilst supporting the three elements that are outlined, the strategy is unlikely to be effective at promoting inclusion which reduces or eradicates poverty, if it does not include a commitment to

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<sup>3</sup> The big holes in the net: structural gaps in social protection and guaranteed income systems in 13 EU countries, Ides Nicaise, Steven Groenez (HIVA, KU) Leuven. Apr 2004. [www.hiva.be](http://www.hiva.be)

quality jobs and broader, comprehensive approaches to inclusion, which are based on the active empowerment of the most excluded people. Some of the key elements of these approaches are outlined below. As stated earlier and recognised in the Communication it is essential that these five elements or strands are interlinked.

**iv. Identifying the multiple obstacles for specific groups**

Different target groups face different obstacles. A one-catch-all approach cannot seriously provide the necessary support for groups to move towards work and to inclusion. The current strategies are particularly targeting those who are currently economically inactive like lone parents, those on long-term sickness or retired. But a commitment to supporting the most excluded into employment, should offer personalised routes for all socially excluded groups including people with disabilities, people with poor health, disadvantaged women and young people, older people and members of minority ethnic groups including immigrants and members of the Traveller and Roma communities. Employment and inclusion strategies need to **identify the specific obstacles that key groups face and develop local solutions involving all key stakeholders**. Many face serious lacks in education and skills, but also may suffer from: health and mental health problems, abuse or violence, discrimination and harassment, lack of social networks and effective support, cultural isolation and barriers, as well as suffering from low self esteem and little positive experience which could give them confidence to move into work or other activity.

**v. Developing integrated, comprehensive approaches into work and inclusion with proper support services.**

Overcoming these obstacles requires **comprehensive pathway** approaches that recognize the **gradual/supportive long-term process** that is needed to help vulnerable people back into work and which deal with the real problems of the whole person: problems over debt, housing, health, mental welfare. This needs to be combined with affordable access to specific support services – quality, affordable childcare support for other dependents/ as well as education/training/ language/ personal and professional support services, but also health, education, transport, social services....

**vi. Creating quality, appropriate jobs**

What is needed are more **good jobs**, not just job opportunities. The current strategies tend to focus on supply side measures, putting the onus on unemployed and inactive people to get themselves into jobs. But a serious assessment needs to be made of the **quality** of jobs created currently through activation methods. In our experience, many of these strategies promote short-term jobs, with low wages and poor conditions which often only produce more insecurity for already insecure people. 7% of EU population are defined as working poor (14 million people), even within the very limited definition used. Even in the countries where **minimum wages** have been established (18 of the 25 Member States) people can drop below the minimum income level, because of **increased costs related to employment** ie getting childcare, transport costs, cost of accommodation, clothes requirements. There is also a need to promote **appropriate** jobs for vulnerable people that offer a supportive pathway to long-term stable employment. This means **challenging discriminatory practices** related to gender, race, age, disability and also deep-seated prejudices against people who have been out of the labour market for a long time. More emphasis needs to be made on **job creation** and the key role that can be played by **local bottom-up economic development**, developed through **joint approaches** with key actors in local and regional authorities, as well as social partners and NGO's and community organisations. Within these approaches, the social economy and social enterprises clearly offer some vital good practices on providing supportive work environments for vulnerable people. It is essential that the **gender dimension** of barriers to unemployment and the specific supports

that are needed are addressed and that all Minimum Income schemes and active inclusion measures are **gender, equality and poverty proofed**.

**vii. Adequate Support measures for those who cannot enter the labour market.**

The Communication recognizes the existence of a **core of people who may never be able to enter the labour market**, and for whom any pressure to do so is extremely detrimental to both their health and their self-esteem. This may be due to disability, long-term illness or mental health problems, age or due to the impact of persistent and generational poverty, overload of domestic responsibilities as for lone parents, or the desolating impact of continual discrimination. The EU cannot turn its back on these people, but needs to ensure that not only are they given adequate minimum income but receive the support to develop and to lead fulfilled lives. A commitment to the message that there are **‘other routes to inclusion besides work’** is essential. This means a commitment to empowering people: providing **comprehensive support for personal development, integration and inclusion**, which may lead to employment, but where employment cannot be the sole objective.

**viii Barriers of Citizenship and residency**

A specific issue which needs to be addressed in this context relates to citizenship and residency for a number of groups resulting in both poverty and social exclusion. This encompasses for example asylum seekers in Ireland who are in ‘direct provision’ where food and accommodation is provided and adults receive only €19.50 per week and children half this amount and social welfare restrictions based on residency for those who have not been living in Ireland or the UK for more than two years irrespective of employment status.

**ix Involving the people who count: governance and participation**

The development of **“active inclusion, empowerment and participation”** principles are a vital contribution to our vision of Europe. It is essential that the people who are most likely to be affected by these policies are engaged in the debate. Without talking to these key stakeholders, these strategies and policies run the risk of exacerbating their problems. Bottom-up needs to meet top-down. The positive commitment to governance that has started to be developed in the OMC on Social Inclusion needs to be applied to the development of these key strategies that form the bridge between the new streamlined OMC on Social Inclusion and Social Protection and the revised Lisbon Strategy.

**Response to the Consultations three Questions**

- The **EU has a clear starting point for action** stemming from the Council decision to lay down common criteria on sufficient resources and social assistance in social protection systems. (1992. Recommendation 92/441/EEC). More steps need to be taken to ensure the effective **implementation** of this commitment.
- A central plank of this action should be to **establish common standards for minimum income schemes**. This should include exploring the option of **developing a Framework Directive** based on Article 137 1(h) 2(b) of the Treaty (Consolidated Version/1.11.2004)
- There is also a clear need for new action at EU level, to coordinate the strategies on **minimum income** and **active inclusion** which currently appear to fall at the interface between the revised Lisbon Strategy, and the streamlined OMC on Social Protection and Social Inclusion, in order to emphasize the link between these strategies the eradication of poverty. The EU should propose the development of **Common Principles on Active Inclusion**, which include **access to quality services**, but also to the commitment to **creating**

**decent jobs** and supporting comprehensive integrated approaches promoting **empowerment and participation**

- A key element to this approach will be to **strengthen the Open Method of Coordination** and in particular **the promotion of peer review and mutual learning** to exchange good practice examples of systems which use minimum income standards as a positive and progressive measure to support people in poverty, as part of an integrated and comprehensive approach
- Within the context of the revised Lisbon Strategy, it may also be necessary to **evaluate the adequacy of the current Integrated Guidelines**, with **particular reference to Guideline 19**, and to assess the need for a new specific guideline, which outlines the requirement to assess the role of employment and income support strategies in eradicating poverty.
- **Increasing effective ownership of these strategies** by member states depends largely on the degree of stakeholder involvement. If the agreements remain a negotiated position between a few senior ministers, it is unlikely to have a great effect at member state level. **Active governance and participation**, not only ensures that these policies reflect real needs and concerns at the grassroots, but implicates all stakeholders in the joint implementation of the measures. A key element to ensuring this commitment is the active involvement of key stakeholders including NGO's and people who are most affected by these measures in the development/implementation and evaluation of the strategy.

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