The EU's approach to combating poverty and social exclusion

Ensuring a stronger approach in the future by learning from the strengths and weaknesses of the current approach

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1. Current approach

1.1 Main elements

Since 2000, the European Union (EU) and the European Commission have been cooperating in the field of social policy on the basis of the so-called »Open Method of Coordination« (OMC). This has provided the framework in which efforts to tackle poverty and social exclusion in the EU have been implemented. EU cooperation and coordination in the social area have developed significantly over the last 10 years and now cover three main policy areas or »strands«: social inclusion (formally launched at the March 2000 Lisbon European Council as the OMC on poverty and social exclusion[2]), pensions (launched in 2001) and healthcare and long-term care (2004). There are also information exchanges in the field of »making work pay«. Since 2006, the three EU social »processes« that were progressively implemented under the OMC (one process for each main strand) have been streamlined into one integrated »Social OMC« built around 12 commonly agreed EU objectives: three for each main strand as well as three »overarching« objectives which address horizontal issues that cut across them.[3] The Social OMC is coordinated by the EU Social Protection Committee (SPC), which consists of officials from mainly Employment and Social Affairs Ministries in each Member State as well as representatives of the European Commission. The SPC reports to the EU »Employment, Social Policy, Health and Consumer Affairs« (EPSCO) Council of Ministers.

The main elements of the OMC approach are well summarised by Marlier et al. (2007, 22-23):

> *The OMC is a mutual feedback process of planning, monitoring, examination, comparison and adjustment of national (and sub-national) policies, all of this on the basis of common objectives agreed for the EU as a whole. Through this peer review exercise (which involves the European Commission and all Member States), and thus the sharing of experience and good practices, all the countries can learn from one another and are therefore all in a position to improve their policies.*

As put by Vandenbroucke (2002), with this approach, the EU has found »a way that implies a credible commitment to a social Europe« which, provided certain conditions are met, »can effectively lead to social progress«.

More concretely, the social inclusion strand of the Social OMC has consisted of five main elements since 2006. As mentioned above, the first element is a set of three EU objectives for social inclusion (see Box 1) which are part of a wider set of common objectives on social protection and social inclusion.

> **Box 1: The three social inclusion objectives of the Social OMC**
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> A decisive impact on the eradication of poverty and social exclusion by ensuring:
> – access for all to the resources, rights and services needed for participation in society, preventing and addressing exclusion, and fighting all forms of discrimination leading to exclusion;
> – the active social inclusion of all, both by promoting participation in the labour market and by fighting poverty and exclusion;
> – that social inclusion policies are well-coordinated and involve all levels of government and relevant actors, including people experiencing poverty, that they are efficient and effective and mainstreamed into all relevant public policies, including economic, budgetary, education and training policies and structural fund (notably European Social Fund (ESF)) programmes.

The second element is the National Action Plans on social inclusion (NAPs/inclusion), which are one section of the streamlined National Strategy Reports on social protection and social inclusion (NSRSPSIs). NAPs/inclusion are meant to be the means by which Member States translate the common objectives into national policies and are drawn up on the basis of a common framework. Since 2006, there have been two rounds of NSRSPSIs covering the period 2006–2008 and 2008–2010.

The third element is a set of commonly agreed indicators to enhance the analysis of poverty and social exclusion and to measure progress towards achieving the common objectives. These indicators are organised according to the structure of the common objectives for the Social OMC: one set of indicators and »context information« appropriate to the overarching objectives agreed for the Social OMC as a whole and one appropriate to each of the three social strands covered by the Social OMC (i. e., social inclusion, pensions and healthcare and long-term care). The most recent list of indicators was adopted in the second half of 2009 and provides for each indicator the agreed definition and socio-demographics breakdowns (European Commission 2009).[4]

The fourth element is a process of regular monitoring and reporting on progress which has resulted in regular reports on social inclusion in the EU. These are the annual »Joint Reports on Social Protection and Social Inclusion«[5].

Finally, the fifth element consists of the two Community action programmes to underpin and reinforce the process and, more particularly, to encourage mutual learning and dialogue between Member States with a view to stimulating innovation and the sharing of good practice. From 2002–2006 there was »The Community action programme to encourage cooperation between Member States to combat social exclusion« which was succeeded for the period 2007–2013 by the »Community Programme for Employment and Social Solidarity (PROGRESS)«. These programmes have promoted *inter alia:* research and policy analysis (e. g., the EU Network of Independent Experts on Social Inclusion[6]); data collection (e. g., Member States have received significant funding from these Programmes to launch the EU Statistics on Income and Living Conditions (EU-SILC) instrument, which is a major EU reference data source for the Social OMC indicators and statistics); exchange of good practice (through transnational exchange projects, peer reviews and studies); networking across Europe of NGOs and regional and local authorities active in the

fight against poverty and social exclusion; and the funding of European conferences on poverty and social exclusion.

1.2 Key policy areas

From 2006, activities carried out in the context of the EU Social Inclusion Process focussed in an increasingly systematic manner around three policy themes. The first theme was »Active Inclusion«. Work on this topic led to the European Commission Recommendation on the active inclusion of people excluded from the labour market (2008b), which contains common principles and practical guidelines on a comprehensive strategy based on the integration of three policy pillars: adequate income support, inclusive labour markets and access to quality services.[7] Secondly, child poverty and child well-being became a key issue and this led to a thematic year on the topic in 2007 and the adoption of a very important report by the SPC on child poverty and well-being that can be referred to as the first EU-wide benchmarking exercise based quasi exclusively on the commonly agreed EU indicators (Social Protection Committee 2008). Thirdly, the issue of homelessness and housing exclusion that was the subject of a thematic year in 2009. All three issues are being given a lot of attention as key themes during the 2010 »European Year for Combating Poverty and Social Exclusion« and thus also during the 2010 Spanish and Belgian Presidencies of the Council of the EU. Two other topics have come increasingly to the fore in the most recent period: the high risk of poverty and social exclusion experienced by many migrants and ethnic minorities, and the social impact of the financial and economic crisis.[8]

1.3 Governance and institutional arrangements

In addition to these specific policy areas, the Social OMC has also given considerable emphasis to strengthening governance and institutional arrangements in relation to tackling and preventing poverty and social exclusion. As a result, seven themes in particular have emerged though progress across them has been uneven. These have been:

- first, the need to mobilise stakeholders (government agencies, social partners and non-governmental organisations and the research community) in the design, implementation and monitoring of policies and programmes;
- secondly, the importance of involving people directly experiencing poverty and social exclusion;
- thirdly, the fact that the social inclusion objectives have to be mainstreamed into national and sub-national policy making;
- fourthly, the importance of improving the coordination of different departments and levels of government so that policies and programmes can better reinforce each other;
- fifthly, the need for comprehensive, multidimensional and strategic responses to poverty and social exclusion which are evidence-based and which are aimed at achieving clearly defined and quantified objectives adopted as a result of a rigorous diagnosis;
- sixthly, the necessity to coordinate and integrate the delivery of policies on the ground in a way that involves partnerships between the different agencies and that involves all; and

– seventhly, the importance of developing effective procedures for the monitoring of and reporting on the implementation of strategies and for both the *ex ante* and *ex post* assessment of the impact of policies.

2. Assessment of the Social OMC

Drawing on our own work on the Social OMC (e. g., Frazer/Marlier 2008; 2010; Marlier et al. 2007) as well as on the assessment made by the European Commission (2008; 2008a), by various commentators (e. g., Crepaldi et al. 2010; Zeitlin 2007) and by many of the Networks active in the process (e. g., EAPN 2009; 2009a; 2010; 2010a; 2010b; Platform of European Social NGOs 2009), one can identify a fairly clear pattern of strengths and weaknesses of the EU's approach to tackling poverty and social exclusion.

2.1 Strengths

The first and probably the most important aspect of the Social OMC is that it has helped to put and keep social protection and social inclusion on the EU agenda (if not always as strongly as many would wish) and it has created a space in which it has been possible to argue for enhanced efforts at EU, national and sub-national levels to prevent and alleviate poverty and social exclusion. Secondly, the Social OMC has provided an opportunity to highlight at EU level the importance of ensuring that economic, employment and social policies are made mutually reinforcing and thus also an opportunity to insist that economic and employment objectives should take more into account social outcomes. Thirdly, it has contributed to Member States developing a common understanding of concepts (e. g., multidimensionality, mainstreaming, evidence-based strategies and quantified objectives, partnership between actors, participation, policy impact assessments) and to them identifying and agreeing on key policy priorities at national and sub-national levels. Fourthly, it has generated a considerable body of very useful learning about how best to prevent and alleviate poverty and social exclusion whether from the various »Joint Reports on Social Protection and Social Inclusion«, the many studies commissioned as part of the process, the wide range of reports arising from transnational exchange projects and peer reviews, or the many reports from the different networks active in the process such as the European Anti-Poverty Network (EAPN), the European Federation of National Organisations Working with the Homeless (FEANTSA), Eurochild, the European Social Network and the Confederation of Family Organisations in the EU (COFACE). As already mentioned, the deepening of knowledge and the exchange of learning has been particularly evident in the areas of active inclusion, child poverty and well-being, as well as housing exclusion and homelessness.

Fifthly, as the recent evaluation of the process for the European Parliament points out (see Crepaldi et al. 2010), the Social OMC has achieved significant progress in improving data, defining commonly agreed indicators and developing a stronger analytical framework so as to better understand and assess the phenomena at stake as well as better monitor of and report on progress. Even though there is still a long way to walk, this has encouraged a more rigorous and evidenced-based approach to policy making.

Sixthly, it has led to improvements in governance of social inclusion issues in vari-

ous Member States. In particular, it has encouraged mainstreaming a social inclusion concern across a broader range of policy domains, greater coordination and integration of policies to prevent and alleviate poverty and social exclusion, and improved structures to mobilise a broad range of different stakeholders, including those people experiencing poverty and social exclusion. Seventhly, in those Member States who have chosen to make full use of it, the Social OMC has proved to be a very helpful tool in strengthening their national and sub-national efforts to promote social inclusion. Eighthly, it has ensured that the need for a response to the social impact of the financial and economic crisis has been articulated in EU debates.[9] Ninthly, it has mobilised a wide range of actors and fostered EU wide networks of people involved in the struggle against poverty and social exclusion and it has given a voice to the socially excluded.[10] Tenthly, without the EU process it is unlikely that 2010 would have been designated the European Year for Combating Poverty and Social Exclusion.

2.2 Weaknesses

In spite of the several positive developments encouraged by the Social OMC, this process has failed in one of its main goals. There has been little progress made towards achieving the overall objective set in Lisbon ten years ago of making a decisive impact on the eradication of poverty and social exclusion by 2010, though some would argue that this was not something that such a process could achieve. The harsh reality is that the at-risk-of poverty rate for the 15 countries that were members of the EU in 2000 has remained stable: the EU-15 weighted average was 15 % in 2000 and in 2008, the most recent data available it is 16 % (for the 12 newer Member States, the average poverty risk rate in 2008 is 17 %; the 2008 EU-27 average is also 17 %).[11] In relation to »material deprivation«, the situation is however a bit more encouraging at least in the newer Member States. Indeed, if the EU-15 average has remained stable between 2005 and 2008 (12-13 %), it has dropped in the 10 newer EU countries for which data are available though it still remains 2.5 times as high as in the older Member States (2005: 43 %, 2006: 38 %, 2007: 33 % and 2008: 29 %).[12]

Among the various explanations that have been put forward by commentators for the relatively limited impact of the Social OMC, the most important is the low political status given to the process and the lack of political leadership at EU level, particularly vis-à-vis the other strands of the Lisbon agenda (growth and jobs). In reality, the mutually reinforcing nature of economic, social and employment policy envisaged when the Lisbon process was launched has not been much in evidence. To put it in EU jargon, there has been little »feeding in« and »feeding out« between the various EU processes. In theory, it was expected that the EU's Social OMC agenda would parallel and interact closely with the Growth and Jobs agenda (»feeding in« to growth and employment objectives while growth and employment programmes would »feed out« to advance social cohesion/inclusion goals). However, as the studies by the EU Network of Social Inclusion Experts have shown (Frazer/Marlier 2009), in practice such reinforcing interconnections have been disappointingly weak – they have existed more in theory than in practice and, more broadly, linkages with other EU policy areas (e. g. competition, agriculture, health, education, justice, migration) have been very limited.

Another reason for the relatively limited impact of the Social OMC is that the Social OMC has remained a very »soft« process. There are no sanctions against Mem-

ber States who fail to make progress and the European Commission does not issue recommendations to Member States on what they would need to do to strengthen their efforts (see below, Section 3.2). There has thus been little pressure on Member States to move forward. Furthermore, the absence of any clear EU quantified social outcome targets up until very recently (June 2010; see below) has diminished the status of the Social OMC in relation to economic and employment policies which, since 2005, have been dealt with separately at EU level in the context of the »Partnership for Growth and Jobs«. All of this has meant that the Social OMC has had a very low public visibility and (until very recently) there has been a lack of public promotion of the process.

At national level, the reality has been that most Member States have failed to integrate the Social OMC process, especially the NAPs/inclusion, into national and sub-national policy making procedures. Indeed, in many Member States NAPs/inclusion have just become bureaucratic reporting mechanisms whereby countries inform the European Commission and other EU Member States of what they are doing or planning to do to combat poverty and social exclusion; they have not been used, as was originally intended, as a means of reviewing policies and developing new and increased strategic efforts to prevent and reduce poverty and social exclusion. This view is borne out by the European Commission's own recent evaluation of the impact of the Lisbon process, which refers to the OMC as a method of »soft coordination« and which rightly highlights that *while the OMC can be used as a source of peer pressure and a forum for sharing good practice, evidence suggests that in fact most Member States have used OMCs as a reporting device rather than one of policy development* (European Commission 2010a).

With a »soft« process, a key to encouraging greater effort is through effective monitoring and evaluation of the progress being made by Member States and benchmarking their performance against other Member States. In practice, there has been insufficiently rigorous monitoring, evaluation and reporting of Member States' performance in part due to weak analytical tools and resources. Furthermore, the potential of the Social OMC for putting peer pressure on Member States to do more through the use of EU benchmarking and more generally transnational comparisons has been made more difficult by the lack of timely statistical evidence.

Analyses of the NAPs/inclusion by the European Commission, the EU Network of Independent Experts on Social Inclusion and European poverty networks like EAPN, Eurochild, European Social Network and FEANSTA have highlighted that, while a few Member States have made progress, too many still have very weak governance arrangements for tackling poverty and social exclusion. Many countries lack effective mechanisms for mainstreaming social inclusion objectives in national and sub-national policies, lack effective arrangements for the horizontal and vertical coordination of policies, and/or have ineffective strategic planning and poor systems for implementing policies on the ground and for mobilising and involving all actors.

Finally, one more important factor that has undermined the impact of the Social OMC is that it has not been sufficiently backed up with resources. The potential to use the EU Structural Funds to encourage Member States in the implementation of the EU social inclusion objectives has not been sufficiently developed. EAPN among others has been critical of the limited amount of Structural Funds available to support social inclusion measures:

Overall, EAPN was disappointed that the 2007-2013 programming period was not made a more effective instrument to combat poverty and social exclusion. The European Commission's own estimates were that only 12.4 % of the European Social Fund was allocated to social inclusion measures. (Harvey 2008)

3. The future

The EU process launched in Lisbon in 2000 comes to an end in 2010. Thus there is currently much policy debate about what role efforts to prevent and reduce poverty and social exclusion will play in the EU's agenda for the next decade, »Europe 2020« (European Commission 2010). Drawing on the experience of recent years and on important contributions from various civil society networks[13] and building on earlier work we have undertaken (e. g., Frazer 2010; Frazer/Marlier 2008; 2010) and also the independent report we prepared at the request of the 2010 Belgian Presidency of the EU (Frazer/Marlier/Nicaise 2010), the following are our suggestions as to how the process could build on past successes and address weaknesses if a more effective EU process is to develop in the future.

3.1 Clear EU social objectives with EU and national social outcome targets

Clear EU social objectives

If social cohesion/ inclusion is to have a higher political priority at EU level, Europe's political objectives should include a clear statement of the interdependence and mutually reinforcing nature of economic, employment, social and environmental objectives and policies. The new Europe 2020 Strategy must be built around these four pillars and all must be developed at the same time so that they continuously interact and reinforce each other. The objectives should also contain an explicit commitment to work both for the eradication of poverty and social exclusion and for the reduction of inequalities. An effective fight against poverty and social exclusion requires that both prevention (i. e. reducing the inflow into poverty) and alleviation (i. e. lifting those in poverty out of poverty) be addressed. This means universal policies aimed at promoting the inclusion of all and then also, when necessary, targeted policies to assist those facing particular difficulties or barriers. Comprehensive social protection systems are then also needed to ensure that all citizens have access to high quality services and to an adequate income. Finally, a prerequisite for effectively combating poverty and social exclusion (and for achieving the Europe 2020 stated goal of »inclusive and sustainable growth«) is to address (excessive) inequality.

EU and national social outcome targets

In its proposals for Europe 2020, issued in March 2010, the European Commission suggested that there should be five EU headline targets to be achieved by 2020. One of these was to »reduce the number of Europeans living below national poverty lines by 25 %, lifting 20 million people out of poverty« (EU definition; see above). The Commission also proposed that there should be 7 »flagship initiatives«. One of these is a »European Platform Against Poverty« (EPAP), the purpose of which would be:

to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are

enabled to live in dignity and take an active part in society.
(European Commission 2010)

On 17th June 2010, following an extensive process of discussion and negotiation involving primarily the SPC and its Indicators Sub-Group as well as the European Commission, EU Heads of State and Government endorsed a compromise target aimed at »promoting social inclusion, in particular through the reduction of poverty« (European Council 2010). This target is based on a combination of three indicators: the number of people at risk of poverty (EU definition; total population), the number of people materially deprived (EU definition but stricter[14]; total population), and the number of people aged 0-59 who live in »jobless« households (defined, for the purpose of the EU target, as households where none of the members aged 18-59 are working or where members aged 18-59 have, on average, very limited work attachment). The target will consist of reducing the number of people in the EU (120 million) who are at risk of poverty and/or materially deprived and/or living in jobless households by 20 million.[15] [16]

Although the target is less ambitious than many hoped, the fact that the European Commission and all EU countries could adopt it is a major step forward in demonstrating the political commitment of the EU. This represents a positive step towards ensuring that social cohesion/ inclusion have the same status as the other political priorities outlined in the Europe 2020 agenda, all of which having linked quantified targets.

The next challenge will be for each Member State to adopt one or several national and possibly sub-national (outcome) targets. Under the principle of »subsidiarity«, countries are free to set these targets on the basis of what they consider the most appropriate indicator(s) given their national circumstances and priorities. Setting targets is a difficult area for a combination of political and scientific reasons. Indeed, to be truly meaningful these targets need to be evidence-based and they should be the result of a rigorous diagnosis of the causes of poverty and social exclusion in the country. It is also important that Member States be asked to explain – again, on the basis of rigorous analytical evidence – how meeting their (sub-)national targets will contribute to the achievement of the EU level target. As emphasised by Marlier et al. (2007, 213):

> *analytical tools such as tax-benefit simulation can help in projecting forward benchmark scenarios against which the level of ambition of targets can be assessed. Significant scientific work is required in this complex area, and researchers have a major contribution to make in deepening the information base for decision makers.*[17]

In order to boost political commitment and mutual learning, we believe that countries should set their (sub-)national targets in a transparent way and in a dialogue with the European Commission, and that the SPC should discuss these.

3.2 Benchmarking, monitoring and evaluation

A major challenge that will need to be given particular attention in the post-2010 arrangements is to make rigorous benchmarking, monitoring and evaluation a central and visible feature of the EU process at EU, national and sub-national levels. This will require the following:

– An exploration by the European Commission and Member States of ways of making the EU social objectives more visible, measurable and tangible at EU level. Apart from the EU and (sub-)national targets discussed above, which have a key role to play in this respect, this could for instance include a more rigorous, intensive and transparent use of the full set of commonly agreed indicators underpinning EU coordination in the social field (and not just the 3 indicators on which the new EU social inclusion target is based). This could also involve the commitment of all Member States to set the goal of improving their performance in a set of commonly agreed indicators covering each relevant social protection and social inclusion policy domain (i. e. social inclusion, pensions and healthcare and long-term care).[18]

– Both a regular and thorough monitoring of and reporting on progress towards the EU and national targets and towards the improved performances in the agreed set of EU indicators, summarised in an annual report to the Spring European Council, to the European Parliament as well as to national and possible sub-national parliaments (as part of the annual »Joint Report on Social Protection and Social Inclusion«; see also Section 3.7 below).

– A much more rigorous approach not only to monitoring but also to evaluation, with an increased focus on results. This should involve: more systematic use by Member States of the common indicators in their national monitoring and analytical frameworks in order to improve mutual learning (see Marlier et al. 2007, Section 2.7, 48-53); boosting statistical and analytical capacity at EU, national and sub-national levels; promoting the use of social impact assessments in all relevant policy domains; putting in place formal arrangements in all Member States for genuinely involving civil society organisations and independent experts in monitoring and assessing social inclusion policies on an ongoing basis.

In the light of this strengthened monitoring and evaluation process, the European Commission and the SPC, as the bodies in charge of implementing the EU coordination in the social field, should, as necessary, make clear recommendations to each Member State on actions it needs to take if it is to achieve the agreed national and EU targets. These would then be endorsed by the EU Council of Ministers.[19]

3.3 Social inclusion in the Integrated Guidelines for growth and jobs

The overall political decision to make combating poverty and social exclusion a key EU priority and to set a quantified outcome target at EU level is one (important) part of the jigsaw. The arrangements for implementation are also critical. On 27 April 2010, the European Commission published its proposals for »Integrated Guidelines« to deliver on the Europe 2020 Strategy (European Commission 2010b). Ten (draft) Guidelines have been proposed, under two distinct legal bases: six Economic and four Employment Guidelines. A Guideline on poverty and social exclusion (Guideline No. 10), which sets out policies to reach the proposed EU headline target on social inclusion, has been included under the Employment Guidelines.[20] In spite of various positive aspects of the draft Employment Guidelines (especially Guidelines No. 10 and also 7, which highlights *inter alia* the need to fight in-work poverty and to counter labour market segmentation), these have attracted some criticism from organisations concerned to strengthen the EU's focus on poverty and social exclusion. For instance, EAPN has stated that »poverty and social exclusion risk remaining at

the margins of EU cooperation« and called for:

> *A better integration of inclusion and social cohesion objectives across all the Integrated Guidelines. The separation of the »social inclusion and combating poverty guideline« from the Employment Guidelines to guarantee that actions on social inclusion and tackling poverty are not limited to employment related measures. Explicit reference in the »Guideline on social inclusion and combating poverty« to ensure access to rights, resources and services in line with the already-agreed common objectives of the Social OMC.* (EAPN 2010a; see also EAPN 2010)

A directly related point is an »institutional« one. The pivotal role that the SPC should play in the monitoring of progress towards the EU objectives for social protection and social inclusion (including of course the new EU target on social inclusion) and in the implementation of Guideline 10 and indeed of the social dimensions of the other Guidelines would need to be clarified in the final set of Employment Guidelines. This would in fact be fully in line with the spirit of Article 160 of the EU Treaty, which outlines the role of the SPC.

3.4 Social inclusion strategies

To ensure that Member States develop a strategic, comprehensive and coherent approach to translating the EU's social inclusion objectives into national policies, we consider it essential that they put in place effective action plans and that they report on these on a regular basis. In our view, there are three ways that this might be achieved.

The first option is that the existing National Strategy Reports on Social Protection and Social Inclusion (NSRSPSIs) could be continued with an enhanced social inclusion strand (i. e., the NAPs/inclusion). This will require a better integration of the NAPs/inclusion into national (and also, where relevant, into sub-national) policy-making processes and the development of closer links with national (and possible sub-national) parliaments. This might involve reassessing together with Member States and relevant stakeholders, the timing and structure of the NAPs/inclusion (and NSRSPSIs) cycle so that it becomes easier for countries to use the NAPs/inclusion as strategic planning opportunities to strengthen policies and not just as a means of reporting to the EU on existing and planned policies. The advantage of this solution is that it will help to ensure that Member States adopt and report on comprehensive approaches to tackling poverty and social exclusion that are better integrated into their national policy making systems. The disadvantage is that unless other strong cross-cutting mechanisms are put in place, the links between the social dimension and the other strands of Europe 2020 (especially the economic and employment ones) may remain weak and lessen the chances of effective synergies (»feeding in« and »feeding out«; see above). To address this problem it would then be important to create formal mechanisms for examining and reporting on how Member States are ensuring synergies between their NSRSPSIs and National Reform Programmes (NRPs).

The second option is for the social protection and social inclusion dimension to become a distinct chapter of Member States' NRPs. The basis for this exists with the ambitious (draft) Guideline 10, which largely encompasses the range of issues currently addressed by the NSRSPSIs, and also with the potentially very important

»horizontal social clause« included in the Lisbon Treaty (see below, Section 3.5). The advantage of this option could be to make it easier to integrate the social dimension with the employment and economic strands of the Europe 2020 process. Thus there would be the possibility of achieving stronger synergies between the processes. In addition, by being linked with the employment guidelines, there should be a stronger legal basis for monitoring Member States' performance in relation to social protection and social inclusion issues and, when necessary, the European Commission should be in a position to issue recommendations to Member States for improvements to their policies. However, from a social inclusion perspective there is also a serious risk with this option, which is that the social dimension could become an afterthought tagged on to the employment dimension. Furthermore, it could lead to a very narrow approach to social inclusion issues that only focuses on increasing access to employment without addressing the real problems faced by those outside the labour market or very distant from it. If, as is likely to be the case, this option is pursued it will be essential that several safeguards are put in place. In particular, as already noted above, the role of the SPC in monitoring and reporting on the social dimension should be incorporated into the Employment Guidelines. The new EPAP (see below, Section 3.6) should also be given a clear role in monitoring and reporting on how the social dimension is being addressed in Member States' NRPs.

The third option is a combination of option 2 (with the necessary safeguards put in place) and option 1. Here, the »social« chapter of the NRPs would be based on quality NSRSPSIs covering in a coherent way social protection and social inclusion. NRPs could then include 5 chapters: four »thematic« chapters addressing objectives and policies in the fields of economy, employment, social protection and social inclusion, and environment and an »overarching« chapter aimed at highlighting the interdependence and mutually reinforcing nature of the 4 sets of thematic objectives and policies. While we recognise that this option is more ambitious than the other two we consider that it is the one that is most likely to strengthen the EU's social dimension and lead to a really decisive reduction in poverty and social exclusion.

3.5 The Lisbon Treaty's »horizontal social clause«

Strengthening EU cooperation and coordination in the social field is even more important and urgent because of the increased status given to social issues in the Lisbon Treaty, which came into force on 1 December 2009. Of particular significance is Article 9 which states that

> (i)n defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.
> (European Union 2009)

A major political and legal challenge will now be to give a concrete meaning to this new social clause. In the first instance, it is to be hoped that this new clause in the EU's objectives will provide a more solid basis for requiring the EU, that is *both* the European Commission and EU Member States, to mainstream the EU's social objectives into policy making and, for this to be effective, to systematically carry out social impact assessments of all relevant policies (see also Section 3.6 below). Over time,

it might also be taken into account in decisions of the European Court leading to a stronger social dimension to the Court's decisions. This important Treaty provision is usefully referred to in the (draft) Employment Guidelines (»whereas No 2«); as it is also relevant for economic policies, this reference should also be included in the preamble of the final set of the economic policies Guidelines.

3.6 The European Platform Against Poverty (EPAP)

The strengthening of the social dimension of the EU, and in particular the delivery of the EU's new social inclusion target will depend significantly on how the »European Platform Against Poverty« (EPAP), one of the 7 flagship initiatives which the European Commission has proposed in the context of the implementation of Europe 2020, is developed. It is still unclear what shape this Platform will take and how it will relate to and strengthen the existing Social OMC. This may only be clarified towards the end of 2010 when the Commission is likely to publish its proposals on the EPAP.

In our view, the dual challenge to be met is to propose arrangements that can contribute not only to strengthening the future EU cooperation and coordination in the field of social protection and social inclusion but also to bringing together the patchwork of different strands that currently make up Social Europe to ensure that they are better coordinated, more consistent and mutually reinforcing. For this, the EPAP must become the visible symbol of this renewed Social Europe. It has to play a central role in ensuring that all other strands of EU policy making (e.g. economic, competition, education, migration, health, innovation and environmental policies) contribute to achieving the EU's social goals, including the EU target on social inclusion.

This will require explicit arrangements to better link the future EU social process (i.e., EPAP, renewed Social OMC …) with other relevant EU processes (growth, jobs, environment…) so that they are mutually reinforcing. In this regard, and in line with the Lisbon Treaty's »horizontal social clause«, a key priority will be to mainstream issues of adequate social protection, the fight against poverty and social exclusion, and also children's rights across all relevant EU policy areas and programmes (including the Structural Funds; see Section 3.9 below) in particular through a more systematic application of the required social impact assessments (both *ex ante* and *ex post*) as part of the Commission's integrated impact assessment process.[21] The EPAP should play a central role in monitoring and reporting on the implementation of the social impact assessment process and on the extent to which the other strands of Europe 2020 are contributing to the goal of reducing poverty and social exclusion. If they are not, it could make recommendations as to how they could contribute better. [22]

3.7 A thematic approach

We believe that much of the future EU coordination and cooperation in the social field should be concentrated around the key thematic issues that have emerged from the Social OMC (i.e. active inclusion, child poverty and well-being, housing exclusion and homelessness, poverty and social exclusion experienced by migrants and ethnic minorities). Gender equality and non-discrimination should be clear cross-cutting aspects of each issue. The work on each theme should be based on clear objectives and multi-annual work programmes. Member States should be encouraged to make these themes key parts of their social inclusion strategies (see Section 3.4).

Annual reports on progress on each key issue should be incorporated into the Joint Report on Social Protection and Social Inclusion along the lines described in Section 3.2. Where appropriate data are available (e. g. child poverty and social exclusion) annual scoreboards should be considered. Building on the successful outcomes of two such experiences in recent years (Social Protection Committee 2008; 2009), »Task-Forces« or less structured working groups should be established as appropriate within the SPC and EPAP to carry forward work on particular issues. In progressing work on these issues, greater use could be made of existing instruments such as European Commission Recommendations and EU Framework Directives.[23]

3.8 Guidelines on key governance issues

The EPAP could usefully contribute to supporting Member States to strengthen their governance arrangements in relation to social protection and social inclusion issues. On key governance issues where a considerable body of knowledge and good practice has been developed, the Commission together with the SPC would agree guidelines for Member States to help them to strengthen their practice. These could then become part of the EPAP *acquis* and be used as part of the monitoring and reporting process. Four priority areas for developing such guidelines could be: mainstreaming of the social objectives and use of social impact assessments; horizontal coordination across policy areas; preparation of effective regional and local action plans on social inclusion; and minimum standards on the effective involvement of stakeholders (including people experiencing poverty) in all phases of the preparation, implementation, evaluation and monitoring of social inclusion policies.

3.9 Better linking of EU social inclusion and EU Structural Funds objectives

There should be much closer alignment between the EU's and Member States' social inclusion objectives and the use of EU Structural Funds. In this context, the use of Structural Funds should become a key part of Member States' social inclusion strategies. In order to make certain that this has a real impact it will be important to ensure that there is a link between measured performance (i. e. the impact on social inclusion) and the allocation of EU funds. This relation works in both directions. The allocation of funds may affect country performance and policy may develop towards linking allocations to measured performance. In relation to the use of Structural Funds for social purposes a very recent positive development is the May 2010 EU decision to extend the possibilities for the European Regional Development Fund (ERDF) to be used for supporting housing interventions in favour of marginalised communities.[24] This could play an important role in increasing resources for initiatives in this field.[25]

3.10 Exchange, learning and communication

Exchange and learning should be enhanced as an integral element in the EU cooperation and coordination in the social field, *inter alia* by resourcing an increased range of opportunities for exchange and learning under the 2007–2013 Community Programme for Employment and Social Solidarity (PROGRESS). The process of policy learning and exchange of good practices should be strengthened with more systematic clustering of activities (e. g. studies, peer reviews, exchange projects, EU funded networks) around specific themes. Every effort should also be made to pro-

mote a wider and more systematic involvement of regional and local actors (policy makers, stakeholders and civil society) in the process. More effective and widespread dissemination of results will be necessary.

4. Conclusions

In this paper, we have documented and analysed the EU's current approach to combating poverty and social exclusion through cooperation and coordination on social protection and social inclusion. Our purpose has been three-fold. First, to describe briefly the functioning of the Social OMC as it has developed since it was launched (back in 2000): its main elements, the key policy areas it has focused on and its governance and institutional arrangements. Secondly, to carry out a systematic analysis of the Social OMC experience, highlighting its strengths and weaknesses, with a particular emphasis on the period since 2006. Thirdly, on the basis of this critical assessment, to suggest concrete proposals for building a stronger EU social process in the future and for bringing together the patchwork of different strands that currently make up Social Europe so as to ensure that they are better coordinated, more consistent and mutually reinforcing. We hope that these proposals will contribute to the complex challenge of developing a truly social »Europe 2020« and thereby to a more effective approach to combating poverty and social exclusion.

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Notes

1   This paper was prepared initially as an article for the Austrian journal »Kurswechsel« and then developed further to also serve as a background contribution to the high level conference on »EU coordination in the social field in the context of Europe 2020: looking back and building the future«, organised by the Belgian Presidency of the Council of the EU with the support of the European Commission (14-15 September 2010, La Hulpe, Belgium). It draws on the 10 years of experience of EU cooperation and coordination in the social area and builds on earlier work we have undertaken such as Frazer/Marlier (2008; 2010) and also most recently Frazer/Marlier/Nicaise (2010). Address for correspondence: hughfrazer@eircom.net and eric.marlier@skynet.be.

2   The European Council, which brings together the EU Heads of State and Government and the President of the European Commission, defines the general political direction and priorities of the EU. Every spring, it holds a meeting that is more particularly devoted to economic and social questions – the »Spring European Council«. With the entry into force of the Treaty of Lisbon on 1 December 2009, it has become an official institution and has a President.

3   The 12 EU objectives for the streamlined Social OMC were adopted by the EU in March 2006, see: http://ec.europa.eu/social/main.jsp?catId=755&langId=en. The »overarching objectives« of the Social OMC provide linkage across the three social policy strands as well as between the EU social, economic and employment strategies. For instance, the third overarching objective is »good governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy«.

4   For more information on the EU social indicators (their construction and their use in the policy process), see for instance Atkinson et al. (2002) and Marlier et al. (2007).

5   See: http://ec.europa.eu/social/main.jsp?catId=757&langId=en.

6   See: http://www.peer-review-social-inclusion.eu/network-of-independent-experts.

7   See: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:307:0011:0014:EN:PDF, see also European Commission (2008b).

8   See for instance the »Second joint assessment by the Social Protection Committee and the European Commission of the social impact of the economic crisis and of policy responses – Full Report« submitted to the EU Council of Ministers in November 2009 and available from: http://register.consilium.europa.eu/pdf/en/09/st16/st16169-ad01.en09.pdf.

9   In this regard, it is encouraging that the 2010 Joint Report on Social Protection and Social Inclusion clearly recognises that »the crisis has emphasised the added value of policy coordination through the Open Method of Coordination on Social Protection and Social Inclusion (Social OMC) and provided further incentive to reinforce and exploit its potential fully« (EU Council of Ministers 2010).

10 See for instance EAPN (2009a). For the reports summarising the main outcomes of the annual EU Meetings of People Experiencing Poverty, see: http://www.eapn.eu/content/view/600/14/lang,en/

11 According to the EU definition, people »at risk of poverty« are people living in a household whose total equivalised income is below 60 % of the median national equivalised household income (the equivalence scale is the so-called OECD modified scale). All the figures presented in this paragraph are from the EU Statistics on Income and Living Conditions (EU-SILC) data source.

12 Originally proposed by Guio (2009), this EU indicator significantly improves the multi-dimensional coverage of the EU portfolio for social inclusion. Based on the limited information available from the EU-SILC data-set, it focuses on the proportion of people living in households who cannot afford at least 3 items out of a list of 9. Figures for the newer Member States do not include Bulgaria and Romania as data for these countries are not available for all 4 years considered here. In 2008, the national rate of material deprivation (EU definition) is 51 % for Bulgaria and 50 % for Romania. For a characterisation of the income poor and the materially deprived in 24 EU countries and in Norway, see: Fusco et al. (2010).

13 See, for example: COFACE (2010); Eurochild (2010); EAPN (2009; 2010; 2010b); European Anti-Poverty Network Ireland (2010); European Social Network (2010); FEANTSA (2010); Platform of European Social NGOs (2009) and Spring Alliance (2009).

14 In the standard EU definition, the threshold for being considered »materially deprived« has been put to an enforced lack of at least 3 items out of 9 (see above). In the indicator used for the newly adopted EU target, it has been put to 4 items out of 9 (same list of items).

15 This is less ambitious than the original proposal which was also a reduction of 20 million but only covered 80 million people (i. e., the number of people at-risk-of-poverty).

16 At their June 2010 meeting, EU Heads of State and Government endorsed »five EU headline targets which will constitute shared objectives guiding the action of Member States and the Union as regards promoting employment; improving the conditions for innovation, research and development; meeting our climate change and energy objectives; improving education levels; and promoting social inclusion in particular through the reduction of poverty.« In the words of EU leaders, the latter will consist of »promoting social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion«. EU leaders have decided that »progress towards the headline targets will be regularly reviewed« (European Council 2010). See also Introduction and Chapter 5 in Atkinson/Marlier (2010, forthcoming).

17 For a detailed discussion of targets, see: Marlier et al. (2007, Sections 6.2-6.4).

18 Marlier et al. (2007) identify four respects in which the commonly agreed indicators could be used more intensively in the Social OMC.

19 While the Treaty does not explicitly foresee the possibility of the European Commission issuing recommendations, it also does not prevent the Commission from doing so through »soft law agreements«. For instance, Article 5 of the Treaty, as well as providing for the co-ordination of economic and employment policies, says that »The Union may take initiatives

to ensure coordination of Member States' social policies«. And Article 160, in outlining the role of the SPC includes among its tasks »to prepare reports, formulate opinions or undertake other work within its fields of competence, at the request of either the Council or the Commission or on its own initiative«. The 2008 European Commission Communication on reinforcing the Social OMC already suggested that »The subjects that are part of the OMC could be further consolidated by formalising convergence of views whenever it arises. The Commission will contribute to this by making, where appropriate, use of Recommendations based on Article 211 of the Treaty, setting out common principles, providing a basis for monitoring and peer review.« (European Commission 2008a) In fact, a precedent for this exists within the Social OMC with the Commission's 2008 Recommendation on Active Inclusion (European Commission 2008b).

20 The proposed guideline is drawn in a reasonably broad manner, reflecting the main strands of the existing Social OMC and, importantly, stressing the key role of social protection systems (see European Commission 2010b).

21 More information on the European Commission's impact assessment process can be found at http://ec.europa.eu/governance/better_regulation/impact_en.htm.

22 It is important to systematically develop poverty and social exclusion impact assessments (both ex ante and ex post) for all relevant policies and not only those specifically aimed at increasing social inclusion, so that policy proposals all take into account the potential (positive or negative) impact they may have on poverty and social exclusion. Existing policies should also regularly be reviewed for their impact on poverty and social exclusion. The ultimate goal should be to systematically work at identifying possible ways (links/ synergies) of adjusting policies to strengthen their contribution to promoting social inclusion. The European Commission, in cooperation with Member States, should develop and promote the methodology for social impact assessments at (sub-)national levels.

23 The European Commission Recommendation on active inclusion provides a good example of how work can be advanced with enhanced status and urgency through the use of such instruments.

24 For more detail see the European Commission's proposals for an amending regulation (European Commission 2009a) and Regulation (EU) No. 437/2010 of the European Parliament and of the Council which was adopted on 19 May 2010.

25 Barca (2009, 36) argues for a reformed cohesion policy for the EU and that therefore a new combination of the social and territorial agendas is required. He suggests that »The social agenda needs to be »territorialised«, the territorial agenda »socialised«. The place-based approach to social inclusion should be the result of these two shifts«.