

EAPN's Response to the Joint Employment Report 2012

KEY MESSAGES

1. **Support overarching, multidimensional, integrated national strategies to fight poverty and social exclusion, developed in the National Social Reports to underpin the NRP and European Employment Strategy**, taking into account the challenges faced by all those living in poverty and social exclusion, building on the consensus created for strategies to tackle exclusion of specific groups and involving stakeholders at every step of the process.
2. **Active Inclusion needs a higher profile and should be better mainstreamed into the European Employment Strategy**, as an integrated approach, as well as each of the pillars, namely through reinforcing social protection systems including minimum income, ensuring access to quality Services of General Interest and supporting inclusive labour markets.
3. **Make employment a real route out of poverty for those who can work**, by supporting public investment in job creation, fostering non-punitive, supportive pathway approaches towards the labour market, ensuring quality and security of jobs, as well as fighting in-work poverty and undeclared work.
4. **Prioritize a comprehensive approach to the different needs of all vulnerable groups**, through an in-depth analysis of the underlying structural causes of poverty and exclusion, tailored responses, starting from individual situations and concrete measures to fight discrimination and to ensure equal access.
5. **Raise the profile of Structural Funds in the fight against poverty and unemployment**, stressing the key role they can play in supporting integrated Active Inclusion strategies, enhancing coordination between EU funds and prioritizing supported access to quality jobs for excluded groups in the ESF Programmes.

JANUARY 2012

Introduction

On November the 23rd, 2011, the European Commission released the Annual Growth Survey, including the Joint Employment Report as one of its annexes. EAPN welcomes a number of positive steps and a better integration of social concerns in the overall reporting, while it would like to point out some aspects which could have been better developed. Our analysis is based on the extensive assessment of the National Reform Programmes that EAPN, together with its national members on the ground, carried out in mid-2011¹.

EAPN welcomes

- The importance of undertaking a **comprehensive social impact of the crisis** (p. 11, 16), as well as taking a closer look at how austerity measures impact on people's lives, especially those already facing hardship, the need to extend health care, particularly to vulnerable groups, stepped-up action to fight poverty and exclusion, and the continued use of social protection as buffer and automatic stabiliser.
- The **references to the increased precariousness and polarisation** of the labour market (p. 2), with the extensive mentioning of **the fall in disposable income** and the new risks of long-term exclusion (p. 5)
- The discourse on the need for a **better balance between security and flexibility** (p. 14), which includes welcome references to work quality and minimum wage, and the need to reduce segmentation on the labour market.
- There is good wording on **protecting rights of workers on part-time and temporary contracts** (p. 14), and the coverage of self employed and precarious workers (p. 15).
- The **stress on job creation** is another positive element, as well as the reference to social entrepreneurship (p. 15), especially in the context of the recently adopted Social Business Initiative of the European Commission.
- The attention given to **undeclared work** (p. 4) and its potential to diminish workers' rights and increase social exclusion (p. 9, 10).
- The **focus on the low skilled and the long-term unemployed** (p. 4, 11) is appreciated, as well as the taking into account of the difficulties faced by these groups to access well-paid employment (p. 5).
- The section dedicated to how to **increase access to education** for some groups (p. 12), including through comprehensive support and financial assistance for specific groups who face difficulties, in order to combat early school leaving and achieve wider completion of tertiary education. A welcome element is also the **recommendation against cuts in education**, especially in the context of budget consolidation.
- The **specific sections dedicated to some groups facing poverty and social exclusion** and inequalities (young people, older people, migrants and Roma, the homeless), proposing

¹ EAPN, *Deliver Inclusive Growth – Put the heart back in Europe! EAPN analysis of the 2011 National Reform Programmes, Europe 2020*. October 2011. <http://www.eapn.eu/images/stories/docs/NRPs/nrp-report-final-en.pdf>

some positive measures to better meet their needs, although not all groups are covered and some measures are insufficient.

- **Encouraging references to the contribution of Structural Funds** to promote personalized and socially integrated approaches for the long-term unemployed and Roma.

Missed opportunities

Despite positive references and wording to a number of points, as highlighted above, a number of issues were not given prominence or have not been sufficiently developed, which, in EAPN's view, constitutes a missed opportunity to contribute to a more equal, poverty-free and socially just European Union. Looking at the broader context of the Annual Growth Survey, of which the present Joint Employment Report is an Annex, EAPN has made clear its position in its response², about prioritizing the Europe 2020 targets in the European Semester, safeguarding inclusive growth and promoting participation. This document will look specifically at the aspects that could have been better stressed and backed regarding Guidelines 7-10: employment, education, and poverty, as discussed by this draft of the Joint Employment Report 2011.

Narrow “growth and jobs” approach instead of a comprehensive strategy to fight poverty and inequality

The overall tone of the document is still predominantly from a growth and employment perspective, giving very little priority to the fight against poverty and social exclusion. Less than a page is dedicated to Guideline 10. Parts of the document (p. 5, 11) suggest that the overall solution to poverty seems to be again viewed solely from the perspective of unemployment. This tends to confirm EAPN members' fear that the integration of Guideline 10 into the Employment Guidelines runs the risk of undermining the commitment to comprehensive, multi-dimensional solutions, as proposed under the Social OMC, underpinned by strong social protection systems. Most Country-Specific Recommendations about the poverty target were strictly employment-oriented (p. 11). Despite the welcome rhetoric on access to education, much of it has a disproportionate focus on labour market needs.

The employment-first focus prevents the section on Guideline 10 from developing a more integrated analysis, or providing a comprehensive assessment of the trends and impact on poverty and social exclusion, including of the crisis and government austerity policies, on all excluded groups. This highlights the limited mainstreaming of the Common Objectives of the Social OMC, and, in particular, the reference to ensuring access to rights, resources and services for all groups, including throughout the lifecycle.

² EAPN, Analysis of the Annual Growth Survey 2012, January 2012 - <http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/2012-eapn-analysis-of-the-ags-en.pdf>

The European Commission's report on employment and social development in 2011 gives a strong focus to growing inequalities, confirmed also by the new OECD report³. However, no attention is given in the JER to this important trend, which is undermining social cohesion and trust, as well as underpinning the gap on poverty and social exclusion. In the EAPN assessment, the majority of networks rated the NRPs as low or very low in terms of promoting policies that support greater equality, and predicted rises in inequality, now being confirmed by the latest data.

What is needed are comprehensive, multidimensional national strategies to fight poverty, social exclusion and inequalities, drawing on the Common Objectives of the Social OMC. Particular attention should be paid to:

- **The challenges faced by all excluded groups living in poverty and social exclusion,** particularly those for whom employment is not a feasible solution – including children, as well as youth, people with disabilities or health problems, single parents and large families, and those facing multiple disadvantages and more extreme forms of deprivation – including homeless people.
- **Supporting consistently the need for actions to reduce inequalities** in the Country-Specific Recommendations, as confirmed in the EAPN Response to the Annual Growth Survey.
- **Building on consensus** created through the Social OMC for strategies to tackle the exclusion of specific groups – eg Roma Inclusion Strategies, Homeless Strategies, Child Poverty and Well-being.
- **Involving stakeholders** in the design, implementation and monitoring of the new Social Reports, which can underpin and strengthen the analytical diagnosis of the causes and solution for reducing poverty and social exclusion for all marginalised groups.

Active Inclusion has a very low profile and is not mainstreamed

Regrettably, Active Inclusion is not mainstreamed throughout the text and it is mentioned only twice (p. 12, 16), both in the context of the fight against poverty. Adequate minimum income is mentioned only once (p. 15), in the context of pensions. Very little is said about services, and mainly from the narrow viewpoint of how they can improve getting more people on the labour market. There is little focus on how to ensure inclusive labour markets through combating discrimination. EAPN members report that Active Inclusion is missing from the NRPs, and that sometimes the concept is misconstrued (CZ, BG, IT). For example, the majority of responses highlighted a very low priority given to ensuring affordable, quality services – particularly health, education and training and services for people with disabilities, and other vulnerable groups (BG, DK, EE, IT, LU, NL, PL, ES, SK, SE). Positive examples of an integrated approach towards inclusive labour markets have been highlighted by EAPN networks from Portugal and Spain, while others (IT, IE, PL) stress the need for adequate minimum income schemes and the provision of services and personalised support towards decent employment.

³ OECD, *Divided We Stand: Why inequalities keep rising*, December 2011 - http://www.oecd.org/document/51/0,3746,en_2649_33933_49147827_1_1_1_1,00.html

What is needed is a higher profile for the integrated Active Inclusion Strategies, in the European Employment Strategy and section of the NRPs, as well as for each of its pillars, and the consistent mainstreaming of the principles, namely:

- **Reinforcing social protection systems including minimum income**, as well as pension systems, to ensure adequacy in terms of the level, coverage, eligibility, and accessibility of benefits for all excluded groups at risk of poverty and social exclusion.
- **Ensuring access to quality Services of General Interest** – although health care is mentioned, other key services should be supported, such as access to affordable housing and energy services, transport, education, social services etc. Specific demands on energy services should ensure the implementation of Energy poverty requirements in the National Energy Action Plans.
- **Supporting inclusive labour markets**, by promoting quality and security of employment, positive, supportive activation through pathway approaches, as well as combating discrimination and segmentation on the labour market.

Quality and sustainable employment, as well as positive activation are not present enough

The text is ambivalent about active labour market policies. Some sections speak of how ALMP have proved inadequate in some cases (p. 6) and recommend more targeted support for vulnerable groups towards the labour market through positive activation (p. 11, 16). However, there is a worrying section supporting the use of conditionality and sanctions to get people back to work (p. 10), likely to increase hardship, poverty and social exclusion for key groups. The section on how to make work more attractive does not include positive recommendations on creating pathway approaches by providing integrated support, including flanking services. From EAPN's analysis, in addition to the countries mentioned in the Report, also others (DK, EE, BE, PT) have opted for punitive strategies, in what has been described by our members as "waging war on the unemployed".

While quality of work is touched upon in passing, there is worryingly only one mention of in-work poverty (p. 11). The JER endorses the very dangerous downward pressure on wages, and there is a lack of concrete proposals on tackling low incomes. There are few proposals on increasing security, particularly linked to strengthening social protection systems and wrap-around support. EAPN networks also stress the absence of the job quality dimension, and a lack of focus on insecure contracts in their NRPs (CZ, DK, FR PL, DE, PL, SI, SK, IE).

Another important issues is how new jobs are to be created, particularly through public intervention. A significant number of EAPN members demand more explicit support for social economy (AT, CZ, DK, IE, IT, NL, UK, SK). The JER could also add some useful elements highlighted in our analysis by several EAPN members (CZ, IE, SE, IT, UK, NL, SI), such as regional disparities and opportunities in rural areas, support for the green economy, the role of the demand side in creating decent, sustainable jobs with good working conditions, and the role of the public sector. Lithuania has been highlighted by our networks as a positive example in this respect.

Finally, regarding undeclared work, a greater focus could be placed by the Report on the need to sanction employers, rather than workers, who often recur to undeclared work as a survival strategy in response to the lack of opportunities.

What is needed is investment in supporting job creation, ensuring quality, stable jobs with living wages, and supporting people through pathway approaches towards the labour market, through:

- **Investing in job creation**, by backing a New Deal on public investment to create work places, together with support for employers and exploring the social, green and white sectors, amongst others.
- **Supporting positive activation**, through the provision of personalised counselling and the necessary flanking services to make work pay in a positive sense, and to pave the way to genuinely inclusive labour markets.
- **Ending wage restraint and the downward pressure on earnings** exercised by the focus on reducing nominal labour costs and the link with productivity, which undermines viable disposable incomes and leads to in-work poverty.
- **Making language on employment security stronger**, urging for safer employment and the protection of workers' rights, and taking a stronger stand against punitive activation through reduced benefit duration, coverage and eligibility, thus building and financing social security systems.
- **Combat undeclared work by cooperating supportively with workers**, introducing amnesties for those without a choice and exploring mechanisms to legalise key areas of work, together with social economy initiatives.

Cherry-picking excluded and vulnerable groups and insufficient proposals

EAPN is disappointed at the lack of references to a number of groups at risk of poverty and social exclusion, like people with disabilities, single parents, ethnic minorities, as well as an insufficient focus on key priorities highlighted by Member States in the Social OMC and in the European Platform against Poverty - such as child poverty, homelessness and housing exclusion. These were indicated as key missing elements by most EAPN members when reviewing the NRPs.

While some excluded groups are mentioned in the JER, there is a lack of a comprehensive analysis and recommendations regarding all groups facing poverty and social exclusion. Some EAPN members, like Bulgaria, also highlighted the dangers of cherry-picking "marginalized groups", without first establishing an overarching, integrated strategy to combat poverty and social exclusion for all. This tends to reinforce the importance of the new Social Reports to underpin the NRPs. This is particularly important, as the EAPN assessment suggests that fighting discrimination and addressing the specific situation of all groups facing poverty, social exclusion and inequalities is not a priority for most NRPs.

The situation of **young people** on the labour market is discussed (p. 2, 3) and comprehensive solutions suggested, including a better implementation of the Youth Guarantee (p. 15). However, insufficient recognition of the difficulties of young people facing multiple disadvantage. Some EAPN members warn against the danger that proposed policies for early school leaving in the NRPs increase the risk of poverty and exclusion (NL,

AT), and recommend wrap-around support, linking prevention methods with individualised support mechanisms and an emphasis on fighting discrimination. Other EAPN networks (NL, PL, UK, FR) also highlight the lack of support for lifelong learning for vulnerable groups, while positive practices are reported in IE, LU, LT.

Regarding **older people**, the Report limits itself to take stock of the measures proposed by most countries to retain older workers on the labour market longer, while EAPN members report a pressing need for measures to combat ageism, support adapted working hours and workplaces, ensure better health and safety, encourage rehiring and retraining. In view of the European Year on Active Ageing and Solidarity between Generations, the Report could make present these important aspects.

There are also positive references to the difficulties faced by **migrants** (p. 11, 12) and the **Roma** (p. 6, 12), but not backed with sufficient proposals. **Gender inequalities** (p. 5) and the **importance of childcare** are highlighted, although, consistent with the EAPN assessment, this is mainly done from a labour market perspective (say our members from IT, NL, PT, RO, ES), rather than aimed at ensuring equal opportunities, guaranteeing affordable access and integrating concerns about child well-being and development. Unfortunately, the Report does not pick up on the key issue of the gender pay gap - several EAPN members (AT, BE, BG, EE, PT, ES, IT) highlighted positive steps in the NRPs.

On **child poverty** – insufficient focus is paid to integrated strategies, which support adequate family income, access to services, and children's participation and rights, as confirmed by the EPSCO June Council Conclusions. Recommendations on **homelessness** should highlight progress made in building an EU consensus, as well as the demands for an EU homeless strategy, strongly supported by FEANTSA, following up on the EPSCO Council Conclusions in the Joint Report in 2010, and reinforced by Resolutions from the European Parliament in 2010 and 2011, the Committee of the Regions and the European Economic and Social Committee.

There is a need for strengthening the comprehensive approach to exclusion, poverty and discrimination, as part of an overarching EU strategy to promote social protection and social inclusion through the Social OMC, to underpin the NRP and Employment Strategy with new emphasis on key elements such as:

- **An in-depth analysis of the underlying structural causes of poverty and social exclusion**, carried out together with representatives of these excluded groups and their civil society organisations;
- **Tailored responses, starting from individual situations** and taking into account the complexity of the disadvantages faced by different groups;
- **Concrete measures to fight discrimination and inequalities** on all grounds, and to ensure equal access to employment, education, rights and resources for all.

Structural Funds don't play their part in promoting inclusion

The JER dedicates little space the role played by Structural Funds in ensuring social inclusion, quality employment and inclusive education policies. This is unfortunately corroborated by EAPN members' assessment, which reports the fragmented and very

limited support of Structural Funds to active inclusion approaches (especially BG, CZ, EE, IE, LU, PL), life-long learning and training policies (especially AT, CZ, EE, IT, PL).

On the other hand, the EAPN analysis invalidates the statement made about the flexibility of ESF Programmes to “target the socio-economic conditions” through a social inclusion and poverty reduction angle. The ESF has, in fact, been re-oriented towards those who are the closest from the labour market, for maintaining jobs, at the expense of job creation and excluded groups.

The alignment of the ESF with Europe 2020 objectives should be seen as an opportunity to raise the profile of its social inclusion strand, in order to making progress on the social targets, and especially poverty reduction. Unfortunately, this is poorly reflected in the document. The role of the ESF in the implementation of the European Platform against Poverty is briefly mentioned, but without giving any real detail on how the Fund will be used for delivering on the poverty reduction target.

What is needed is more visibility and increased coherence, in order to ensure that the Funds provide support towards much-needed social priorities, through:

- **Better targeting of Structural Funds for integrated Active Inclusion strategies**, by giving, for instance, a stronger support to innovative and transnational projects, and the introduction of a community of practice on Active Inclusion
- **Enhancing coordination between EU funds** (ESF, ERDF, Life Long Learning...), a crucial move in order to ensure tailor-made and integrated training and education programmes
- **Giving a higher profile in the ESF programmes to supporting access to decent and sustainable employment**, especially for groups furthest from the labour market.

Notes

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The European Anti-Poverty Network (EAPN) is an independent network of non-governmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union, established in 1990.



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EAPN is supported by the Directorate – General for Employment, Social Affairs and Equal Opportunities of the European Commission. Its funding is provided for under the European Community Programme for Employment and Social Solidarity PROGRESS (2007 – 2013).

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