

**DRAFT THEMATIC GUIDANCE FICHE FOR DESK OFFICERS**

**THEMATIC OBJECTIVE 9: SOCIAL INCLUSION**

**VERSION 2 – 27/01/2014**

**RELEVANT PROVISIONS IN THE LEGISLATION**

<b>Regulation</b>	<b>Article</b>
<b>CPR (1303/2013)</b>	Article 9 (9) - Thematic objective: promoting social inclusion and combating poverty Annex I CPR: section 5.5 Annex XI Thematic ex-ante conditionalities: section 10.1
<b>ESF Regulation (1304/2013)</b>	Article 3: Scope of support <u>(b)</u> Promoting social inclusion and combating poverty through: (i) Active inclusion in particular with a view to improving employability (iv) Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest
<b>ERDF Regulation (1301/2013)</b>	Article 3: Scope of support (d) Investment in social, health, research, innovation, business and educational infrastructure (e) Investment in the development of endogenous potential through fixed investment in equipment and small-scale infrastructure, including small-scale cultural and sustainable tourism infrastructure, services to enterprises, support to research and innovation bodies and investment in technology and applied research in enterprises  Article 5: Investment priorities (9) promoting social inclusion and combating poverty through (a) investing in health and social infrastructure which contribute to national, regional and local development, reducing inequalities in terms of health status, promoting social inclusion through improved access to social, cultural and recreational services and the transition from institutional to community-based services (b) support for physical, economic and social regeneration of deprived communities in urban and rural areas (c) support for social enterprises

	<p>Recitals:</p> <p>(15) In order to promote social inclusion and combat poverty, particularly among marginalised communities, it is necessary to improve access to social, cultural and recreational services, through the provision of small-scale infrastructure, taking account of the specific needs of the disabled and the elderly</p> <p>(16) Community-based services shall cover all forms of in-home, family-based, residential and other community services which support the right of all persons to live in the community, with an equality of choices and which seek to prevent isolation or segregation from the community</p>
<p><b>EAFRD Regulation (1305/2013)</b></p>	<p>Article 5: Union priorities for rural development</p> <p>(6) promoting social inclusion poverty reduction and economic development in rural areas</p>

*This is a draft document based on the new ESIF Regulations published in OJ 347 of 20 December 2013 and on the most recent version of the relevant Commission's draft implementing and delegated acts. It may still require review to reflect the content of these draft legal acts once they are adopted.*

## 1. POLICY BACKGROUND

- The **Europe 2020 Strategy** for smart, sustainable and inclusive growth sets targets on poverty reduction by aiming to lift at least 20 million people out of the risk of poverty.

The EU target will not be reached based on current national targets. These add up to around 12 million people. If spill over effects of strategies focusing on combating child poverty or reducing long-term unemployment are taken into account, this number can be increased by 25%. However, this would still fall short by at least 5 million or 25% of the EU headline target.

- The **Annual Growth Survey** stresses that additional efforts are needed to ensure the effectiveness of social protection systems in countering the effects of the economic crisis to promote social inclusion and to prevent poverty by:
  - Activating inclusion strategies, encompassing efficient and adequate income support, measures to tackle poverty, including child poverty, as well as broad access to affordable and high-quality services, such as social and health services, childcare, housing and energy supply.
  - The link between social assistance and activation measures should be strengthened through more personalised services ("one-stop shops") and efforts to improve the take-up of measures by vulnerable groups. Once the labour market recovers, it will be important to phase out crisis-related measures, while ensuring that essential safety nets are preserved.
- **The report on Employment and social developments in Europe 2012**<sup>1</sup> demonstrates that:
  - EU Member States spend different shares of GDP on social protection, and also achieve different results in terms of reducing poverty. Although higher social spending is generally associated with stronger poverty reduction, important differences exist, suggesting scope for efficiency gains.
  - Lower labour taxation can bring more jobs, in particular for vulnerable groups (such as low-income workers, single parents, second-income earners). Attention should also be paid to alternative tax reforms, such as the simplification of the tax system (such as the revision of tax expenditures).
  - **Minimum wages do not only affect employment outcomes but they also affect social cohesion and gender gap.** For example, women are more likely than men to be employed in sectors with low wages, such as cleaning. In such sectors, minimum wages can set a floor to ensure that the pay gap with other wage earners (especially men) can be tempered in a way that strengthens social cohesion.
- The **Social Investment Package**
  - outlines the reforms needed in Member States to secure more adequate and sustainable social policies through investing in people's skills and capabilities. This means better performing active inclusion strategies and a more efficient and effective use of social budgets. SIP aims to support individuals by strengthening their skills and capabilities and providing incentives for their participation in society and the economy in all stages of their lives.

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<sup>1</sup> European Commission (2013): Employment and Social Developments in Europe 2012

- The SIP also argues that welfare systems have contributed to improving social outcomes but are confronted with the consequences of demographic change and of the financial and economic crisis. This results into pressure on public budgets and the risk of structural labour market shortages in the future and reinforces the need to modernise social policies to optimise their effectiveness and efficiency, and the way they are financed.
  - SIP implies new approaches of the social policies and new strategies in the provisions of services according to the demographic changes and the current and future needs of the society. Member States, public and private institutions and all the stakeholders are called to contribute to this challenges and to adjust their policies and approaches to the new society needs.
- **Other EU official reports and documents stress that:**
    - Reductions of the rates of poverty and social exclusion are closely related to the levels of social protection and to the efficiency of social transfers: an adequate social protection system is not a guarantee but it is the first pre-condition to prevent people from falling into poverty (European Economic and Social Committee)
    - In general terms, there was no progress within the last three years in the reduction of poverty rates and social exclusion; on the contrary: the EU average rate of poverty and exclusion has increased and the national rates have increased in all countries.
    - Housing appears to be a new factor of exclusion, especially in those countries where the economic crisis is associated to the banking and construction sectors.
    - The increasing deterioration of public services due to fiscal adjustments is rapidly becoming visible in some countries: polarisation, problems of accessibility and degradation of public systems by excluding people from accessing general services; excluded people (homeless and other groups) feeling abandoned by institutions; limited access to rights due to increasing bureaucracy and the complexity of the services or the establishment of new rules that in fact create barriers; in some cases the complexity of the whole health and welfare system is restraining the access to primary care to vulnerable population.
    - Child poverty and social exclusion, although different in shape and form, are problems that all European MS have in common. In most countries, the risk of being affected by poverty and social exclusion is greater for children than for adults. Growing up in poverty may affect every area of a child's development and may have severe long-term consequences: restraining children from achieving their full potential; adversely affecting their health; inhibiting their personal development, education and general well-being. In fact, there is an interconnection between being poor and disadvantaged at young age and being poor and disadvantaged in adulthood.
    - There are several factors linked to being at risk of in-work poverty. These risks also decrease with the level of education: low education is typically associated with a high risk of in-work poverty. Beyond individual characteristics, the incidence of in-work poverty is connected to household composition where lone parents with dependent children face the highest risk of in-work poverty, influenced by occupational factors such as low pay, uncertain and bad quality employment and the inability to find full-time work. Moreover, self-employed persons in the EU have a three times higher risk of being poor than employees.<sup>2</sup>

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<sup>2</sup> EUROFOUND, 2010: "Working poor in Europe": <http://www.EUROFOUND.europa.eu/>

## 2. REGULATORY SCOPE

**ESF shall support the following investment priorities<sup>3</sup>:** Promoting social inclusion and combating poverty through:

- (i) Active inclusion;
- (ii) Integration of marginalised communities such as the Roma;
- (iii) Combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation;
- (iv) Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest;
- (v) Promoting the social economy and social enterprises;
- (vi) Community-led local development strategies;

**ERDF investment priorities<sup>4</sup> for promoting** g social inclusion and combating poverty:

- (a) investing in health and social infrastructure which contribute to national, regional and local development, reducing inequalities in terms of health status, promoting social inclusion through improved access to social, cultural and recreational services and the transition from institutional to community-based services;
- (b) support for physical , economic and social regeneration of deprived communities in urban and rural areas;
- (c) support for social enterprises;

**EAFRD promoting social inclusion poverty reduction and economic development in rural areas, with a focus on the following areas Art 5 (6)**

- (a) facilitating diversification, creation of new small enterprises and job creation;
- (b) fostering local development in rural areas;
- (c) enhancing accessibility to, use and quality of information and communication technologies (ICT) in rural areas.

## 3. POLICY RECOMMENDATIONS

The Social Investment Package delivers some key messages that should be taken into account when modernising social policies and adjusting them to the new challenges, including through ESI Funds. These cross-cutting issues need to be kept in mind in the design of all relevant investment priorities.

- **Simplification of the services in order to gain efficiency:** The need for efficient social policies is related to the simplified access to the services, including a one-stop-shop approach. That implies avoiding duplications, eliminating services going in parallel between different administrations, avoiding lack of coordination, reducing administrative complexity and facilitating an easy take-up. SIP insists on the need for simplified and better targeted social policies, to provide adequate and sustainable social protection systems. For instance, some countries have better social outcomes than others despite having similar or lower budgets, demonstrating that there is room for more efficient social policy spending.

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<sup>3</sup> Art. 3.1c) of the ESF Regulation.

<sup>4</sup> Art. 5 of the ERDF Regulation.

- **Effective public administration reforms:** SIP insists on the need for effective administrative reforms in order to enhance access to affordable, sustainable and high-quality services, adapted to the life cycle of the people and by taking into account the people who are suffering multiple disadvantages or at a higher risk of exclusion. Reforms should focus on the access to the basic services, including health care and social services of general interest. SIP insists on the need for deinstitutionalization, resulting in transition of people from Institutional to Community-based Care.
- **Modernizing social policies by following results orientation:** Ensuring an efficient administration and effective policies requires focusing on activation measures, personalised approach, simplification (one-stop-shops) of the social protection systems, and orientation to results. Aiming at social returns has to be at the bottom of the services and in some cases require adequate conditionalities. Modernisation of social policies implies systematic introduction of ex-ante result orientation in financing decisions and a systematic approach of the role that social policies play in the different stages in life: from education to work/unemployment to sickness and old-age.
- **Innovation as an essential element of the social investment policy:** Social policies require constant adaptation to new challenges by testing new policy approaches and selecting the most effective ones. Social innovation must be an integral part of necessary adjustments by testing new policy approaches and selecting the most effective ones. Social policy innovation needs to be up-scaled, embedded into policy making, and connected to priorities such as the implementation of Country Specific Recommendations. Social policy innovators need an enabling framework for testing and promoting new finance mechanisms and measuring and evaluating the impact of their activities. Innovation requires new forms of partnership with stakeholders, including the civil society and volunteers. It also implies capacity building for stakeholders in order to mobilise reform and support of social partners and civil society, fostering social entrepreneurship and start-up initiatives.
- **Support through the life cycle:** This requires enhancing people's opportunities through the life cycle to participate in society by accompanying the access to the labour market with adequate social protection. SIP insists on the need to **ensuring that social protection systems respond to people's needs at critical moments throughout their lives:** children, youth, working age population and older people. Support schemes should be better targeted to those in need at the times they need it by ensuring better take-up rates. Support schemes should provide an exit-strategy, so they should, in principle, be temporary.
- **Early and preventive interventions:** Prevention is to be considered as the most efficient investment. Prevention is related to affordable quality childcare and education, prevention of early school leaving, training and job-search assistance, housing support and accessible health care; these are all policy areas with a strong social investment dimension. Early intervention at all levels with children and youth allows breaking inter-generational cycles of disadvantages. This needs to be done through a targeted approach focused on the individual needs and delivered in the most cost-effective way.
- **Greater focus of the policies** by focusing on (child) care, education, training, active labour measures as well as rehabilitation and targeting services for people in need.

#### **4. HORIZONTAL PRINCIPLES**

##### **Promotion of equality between men and women<sup>5</sup>**

- Equality between men and women and its mainstreaming to be ensured in the preparation, implementation, monitoring and evaluation of actions under all the ESI Funds.
- ERDF, ESF explicitly specify the expected contribution of these Funds to gender equality, by setting out in detail objectives and instruments.
- Gender analysis should be included in the analysis of the objectives of the intervention.
- The participation of the relevant bodies responsible for promoting gender equality in the partnership should be ensured.
- To organise permanent structures or explicitly assign a function to existing structures to advise on gender equality in order to provide the necessary expertise in the preparation, monitoring and evaluation of the ESI Funds.
- To design monitoring systems and data collection by undertaking general self-assessment exercises, specific evaluation studies or a structured reflection
- The composition of the monitoring committees should be gender balanced and should include a gender expertise/responsibility function.

##### **Non-discrimination<sup>6</sup>**

- Member States should take appropriate steps to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation as well as to ensure accessibility during the preparation and implementation of programmes and to describe explicitly the actions to take into account this principle in the programmes.
- The count on the opinion issued by the equality bodies as well as of other organisations active in combating discrimination
- All programmes will need to combat discrimination and promote equal opportunities as well as to ensure accessibility for persons with disabilities during their preparation and implementation.
- Accessibility to the built environment, transport and information and communication, including new technologies should be a characteristic of all products and services.
- Member States will need to put in place positive actions to be supported by the ESF to promote equal opportunities.

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<sup>5</sup> Regarding equality and non-discrimination, for more details see the thematic guidance note on equality and non-discrimination.

<sup>6</sup> Idem.

## **Other general principles and complementarity**

The Common Strategic Framework (Annex I to the CPR) sets out the obligation for Member States and, where appropriate, regions to "*ensure that the interventions supported through the European Structural and Investment Funds are complementary and are implemented in a coordinated manner with a view to create synergies*". In addition, Member States shall "*take appropriate steps to ensure consistency at programming and implementation stages between interventions supported by the European Structural and Investment Funds and the objectives of other Union policies*".

- Active inclusion policies should take into account the need for better coordination between education, social protection systems and labour market policies to ensure transition to the labour market.
- Public employment schemes could be supported only as a transitional measure with the primary aim of equipping people with the necessary skills, competences and qualifications to reintegrate within the labour market.
- ESI Funds may not be used for actions contributing to any form of segregation and discrimination.
- Member States are invited to make use of poverty maps when designing and implementing integrated strategies to support the most disadvantaged areas and groups such as the Roma.
- The integrated use of ESI Funds is particularly important in addressing the territorial dimension of poverty.
- The integration of marginalised communities requires coherent and multi-dimensional approaches supported from the various ESI Funds, complementing national resources and implemented coherently with reforms of social protection systems.
- Multi-dimensional integrated approach combining actions from various ESI Funds is particularly relevant for the Roma community, whose effective integration requires investments in employment, education, healthcare, housing and social integration.
- In deprived urban areas, the physical and economic regeneration activities supported by the ERDF should go hand in hand with ESF actions aimed at promoting the social inclusion of marginalized groups.
- In rural areas, EAFRD support may also be used to promote social inclusion, particularly through community-led local development ('LEADER'), which will continue to be a compulsory element of rural development programmes.
- To increase the effectiveness of ESI Funds, actions aimed at enhancing access to affordable, sustainable and high-quality services financed by ESF. and investments in social and health infrastructure from ERDF and EAFRD should be programmed and implemented in a complementary and coordinated way.