

TiPSE

The Territorial Dimension of Poverty and Social Exclusion in Europe

Final Report

Annex 10

**Implications for Policy**

**Hilary Talbot, Ali Madanipour and Mark Shucksmith**

Newcastle University, UK

October 2014

Applied Research 2013/1/24

This Applied Research Project is conducted within the framework of the ESPON 2013 Programme, partly financed by the European Regional Development Fund.

The partnership behind the ESPON Programme consists of the EU Commission and the Member States of the EU27, plus Iceland, Liechtenstein, Norway and Switzerland. Each partner is represented in the ESPON Monitoring Committee.

This report does not necessarily reflect the opinion of the members of the Monitoring Committee.

Information on the ESPON Programme and projects can be found on [www.espon.eu](http://www.espon.eu)

The web site provides the possibility to download and examine the most recent documents produced by finalised and ongoing ESPON projects.

ISBN number – 987-2-919777-42-6

© ESPON & Newcastle University, 2014

Printing, reproduction or quotation is authorised provided the source is acknowledged and a copy is forwarded to the ESPON Coordination Unit in Luxembourg.

LIST OF ABBREVIATIONS

EC European Commission

ECB European Central Bank

IMF International Monetary Fund

MS Member State

NMS New Member States

NSI National Statistical Institute

OMC Open Method of Coordination

TPG Transnational Project Group

WB World Bank

Standard Abbreviations for Country Names:

AL Albania

AT Austria

BA Bosnia Hezegovina

BE Belgium

BG Bulgaria

CH Switzerland

CR Croatia

CY Cyprus

CZ Czech Republic

DE Germany

DK Denmark

EE Estonia

ES Spain

FI Finland

FR France

MK FYROM

EL Greece

HU Hungary

IE Ireland

IS Iceland

IT Italy

KO Kosovo

LI Liechtenstein

LT Lithuania

LU Luxemburg

LV Latvia

ME Montenegro

MT Malta

NO Norway

NL Netherlands

PL Poland

PT Portugal

RO Romania

RS Serbia

SE Sweden

SI Slovenia

SK Slovakia

TR Turkey

UK United Kingdom

The TiPSE research team comprises 7 partners from 5 EU Member States:

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Partner** | **MS** | **Principal Researchers** |
| LP | Nordregio - Nordic Centre for Spatial Development | SE | Petri Kahila |
| 2 | UHI Millennium Institute | UK | Philomena de Lima |
| 3 | Newcastle University | UK | Mark Shucksmith |
| 4 | Institute of Economics Hungarian Academy of Sciences | HU | Katalin Kovács |
| 5 | ILS - Research Institute for Regional and Urban Development | DE | Sabine Weck |
| 6 | EKKE - National Centre for Social Research | EL | Thomas Maloutas |
| 7 | JHI – The James Hutton Institute | UK | Andrew Copus |

**CONTENTS**

Page

*Introduction 3*

*Section 1: Policy Analysis 4*

1.1 Introduction 4

1.2 EU-Level Policy 4 1.2.1 EU ’Social Policy’ 4

1.2.2 EU ‘Social Policy’ and the TIPSE Domains 7

1.2.3 Other EU ‘Social Policy’ Discourses 8

1.2.4 Territoriality in EU ‘Social Policies’ 9

1.3 European Welfare Regimes 10

1.3.1 Introduction 10

1.3.2 TIPSE Domains 11

1.3.3 Governance Approaches 14

1.3.4 Responses to the Economic Crisis/Innovative Policies 16

1.3.5 Concluding Comments 18

*Section 2: Implications of TIPSE Findings for Policy 21*

2.1 Introduction 21

2.2 The Concepts of Poverty and Social Exclusion 22

2.3 The Geographies of Poverty and Social Exclusion: Issues of Scale 24

2.4 The Geographies of Poverty and Social Exclusion: by Regional Classification 26

2.5 The Geographies of Poverty and Social Exclusion: The Economic Crisis Effect 30

2.6 Addressing the Geographies of Poverty and Social Exclusion 31

2.7 Recommendations by Target Institutions 36

2.7.1 All Policy and Data Arenas at all Scales 36

2.7.2 European Parliament and Committees 36

2.7.3 European Commission and its Institutions 37

2.7.4 Other European Organisations 38

2.7.5 Member States 39

*References 41*

*Appendix 1: The ‘Familial’ Welfare Regime 43*

*Appendix 2: The ‘Individual’ Welfare Regime 67*

*Appendix 3: The ‘Society-based’ Welfare Regime 79*

*Appendix 4: ‘State-based’ Welfare Regime 88*

*Appendix 5: The ‘Transitional’ Welfare Regime 101*

**INTRODUCTION**

Annex 10 re-examines the research conclusions and policy recommendations of the earlier individual Annexes and discusses these in the context of the existing policy and institutional frameworks at EU, national and subnational level to derive the key implications for policy from the TIPSE project.

This Annex is in two sections:

* Section 1 analyses the policy and institutional context in which TIPSE’s policy recommendations will be made;
* Section 2 discusses the main implications for policy from the TIPSE project and outlines a set of recommendations targeted at appropriate institutions.

**SECTION 1: POLICY ANALYSIS**

* 1. **INTRODUCTION**

This section provides the current policy context for section 2 which will address the implications for policy of the TIPSE research. The analysis relies heavily on the four domains of poverty and social exclusion (P&SE) used in the TIPSE research:

* Earning a living
* Access to Basic Services
* Social Environment
* Political Participation.

This section is particularly focused on drawing out the interface between territoriality and P&SE policies. It concentrates on policy at two scales: EU-level and European higher level groupings of MSs, with the latter defined as welfare regimes. It does not claim to be comprehensive; this is a vast subject with a wide array of institutions and policy domains that could be investigated. Instead, it examines some key institutions and their policies.

Section 1.2 examines the main EU-level institutions and their policies using both P&SE policies and territorial policies as entry points. It goes on to use the TIPSE domains of P&SE as a heuristic device to further explore these policies. Section 1.3 examines the P&SE policies of MSs, grouped as welfare regimes for a further elucidation of current practice. Again, this relies heavily on the four TIPSE domains, but also provides a commentary on the various governance approaches in different MSs and on responses to the economic crisis at welfare regime/national level.

* 1. **EU-LEVEL POLICY**
     1. **EU ‘Social Policy’**

As earlier TIPSE Annexes have explained, the EU has only ‘shared competence’ with MSs in the domain of social policy, with the policies of each MS being pivotal in efforts to reduce P&SE across Europe. That being said, there are a number of ways in which EU-level activity steers and focuses attention on certain aspects of P&SE. At present important mechanisms would include:

* the Social Agreement;
* the inclusive growth strand of the Europe 2020 Strategy;
* the Social Protection Committee’s work;
* the Social Investment Package;
* the Territorial Agenda 2020; and
* funding via the European Structural and Investment Fund.

Article 136 of the Treaty of Amsterdam extended the EU’s role in supporting and complementing the social policy of MSs through the incorporation of the Social Agreement. This gives the EU power to act to improve:

* health and safety in the workplace;
* working conditions;
* how workers are informed and consulted;
* the integration of people excluded from the labour market; and
* equality between men and women.

It also allows the adoption of initiatives specifically designed to combat social exclusion.

The 2010 Strategy ‘EU 2020: Smart, sustainable and inclusive growth’ (European Commission, 2010c) marks a development of the EU social dimension, with one of its three priorities being inclusive growth. This is focused on a high employment economy delivering economic, social and territorial cohesion, with the main actions being around employment, skills and poverty. It includes a headline social target “to lift at least 20 million people out of poverty and social exclusion by 2020” (ibid). Each MS provides the EU with a National Reform Programme for each European Semester charting progress with implementing the Europe 2020 strategy (including progress towards ‘inclusive growth); the 2013 reports are now available.

An important ‘flagship initiative’ of Europe 2020 to address its inclusive growth priority is the European Platform against Poverty and Social Exclusion (European Commission, 2010b). This will “set a dynamic framework for action to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared across the European Union and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society” (ibid, p.3). The European Urban Knowledge Network’s description of the Platform as ‘much neglected’ (EUKN, 2014, p.48) perhaps explains the difficulty of finding much information about the Platform’s work (rather than its intentions) beyond the holding of annual conventions for stakeholders.

The work of the Social Protection Committee (SPC) (an EU advisory policy committee under the auspices of the DG for Employment, Social Affairs and Inclusion) predates the Europe 2020 agenda and has responsibility, among other things, for the social Open Method of Co-ordination (OMC) between MSs. Common objectives have been agreed since 2006 and MSs report on how they are meeting these, the most recent reports being the National Social Reports 2012-2014. There are three strands to the social OMC: social inclusion; pensions; and health care and long term care. The first of these includes: the promotion of social cohesion; equality between men and women; and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies (Council of the European Union, 2011). The SPC explains its role *vis a vis* the Europe 2020 Agenda as playing “a key role in following the social dimension of the EU strategy and in advising the Council on the recommendations to be issued to Member States” (Social Protection Committee, 2012, p.12). It produces an annual report to the European Council, the most recent being ‘Social Europe: Many Ways, One Objective’ (Social Protection Committee, 2014). The SPC is also empowered to report on any matter related to social exclusion in Europe.

The Social Investment Package (SIP) encourages MSs to prioritise the social investment function within their welfare systems (the others being social protection and stabilisation of the economy) (European Commission, 2013). What is called for is investment in human capital throughout life and “putting greater focus on policies such as (child)care, education, training, active labour market policies, housing support, rehabilitation and health services” (p.9). The SIP calls for MSs to allocate resources to such investment and identifies how the Cohesion Policy and rural development resources could be directed to social investment.

Comparatively little EU funding to alleviate P&SE, though, is directly attached to the Europe 2020 Strategy, the work of the SPC, or the SIP, described above. It is within the Cohesion Policy domain that significant EU resources are available that can directly and indirectly be used to address P&SE: according to the 7th ProgressReport on Economic and Social Cohesion, which focuses on the urban and regional dimension of Europe 2020 (European commission, 2011) this is a key delivery mechanism for Europe 2020, and the Commission Communication about the SIP (European Commission, 2013a) makes a similar link between the SIP and the European Structural and Investment Funds (ESIF).

The ‘Territorial Agenda of the European Union 2020’ (COPTA, 2011) sets out a ‘manifesto’ for harmonious and balanced development across the EU. One clause (19) in this document is dedicated to socio-economic exclusion. “The risk of exclusion is higher in areas with low accessibility, weak economic performance, lack of social opportunities or other particular territorial circumstances. Vulnerable groups and ethnic minorities often end up concentrated in certain urban and rural areas and their integration is hindered as a result” (p.5). The latest Cohesion Report (2014) explains how concentrations of P&SE are mainly found in cities in Western Member States and mainly in rural parts of Central and Eastern Member States.

More detail of how Cohesion Policy’s concerns with P&SE are to be operationalised, resourced and delivered are provided in the suite of European Structural and Investment Funds (ESIF). The ESIF is clearly of particular pertinence to TIPSE because of the spatial focus to most of its funding (75% of its funding for the period 2014 – 2020 is associated with specific regions of the EU (Council of the European Union, 2013). Final details of how the ESIF will be delivered in practice for the 2014 – 2020 programming period are still being negotiated between the EU and each Member State, in particular through national Partnership Contracts, but agreement has been reached about the classification of NUTS 2 regions into ‘less developed’, ‘transition’, and ‘more developed’, and the proportion of the global budget to be spent on each (Official Journal of the European Union, 2013). Funding is to be targeted to support 11 ‘thematic objectives’. Particularly applicable to directly addressing issues of P&SE is the theme ‘promoting social inclusion, combating poverty and any discrimination’, with many others also contributing to this endeavour, such as ‘promoting sustainable and quality employment’ and ‘investing in education, training and vocational training for skills and lifelong learning’.

The European Social Fund (ESF) 2014-2020, one of the ESIFs, has committed to allocating at least 20% of the Fund to social inclusion (<http://ec.europa.eu/esf/main.jsp?catId=62&langId=en>). The ESIF 2014 – 2020 also makes provision for ‘community-led local development’, not only as a continuation of LEADER local development for rural areas but also for more urban areas. This is to be applied to areas of between 10,000 and 150,000 inhabitants and, like the existing LEADER approach, will be carried out through integrated and multi-sectoral area-based local development strategies and led by participative local action groups. A key issue for this discussion of the use of ESIF to address poverty and social exclusion, however, is the discretion which each MS has over what themes it prioritises, and whether or not it chooses to use the community-led local development mechanism (beyond LEADER). The detail of this is set out in each MS’s Partnership Contract; these are currently being discussed with the EU.

Such mechanisms at the EU level may not sum to a mainstream ‘social policy’, but they do give a clear indication of what the EU assesses to be the main issues. While not ‘directing’ MS social policy, the EU’s discourse serves to emphasise and incentivise certain issues at the EU level and at minimum provides a context in which national social policies are reported to the EU. The rest of this section provides a brief analysis of the main issues such EU level discourses and mechanisms highlight.

* + 1. **EU ‘Social Policy’ and the TIPSE Domains**

This section explores the emphasis EU ‘social policy’ places on the four TIPSE domains, vis, earning a living, access to basic services, social environment, and political participation.

EU ‘social policy’ places a clear emphasis on TIPSE’s ‘earning a living’ domain. The Social Agreement is focused on the workplace and workers. The ‘inclusive growth’ strand of the Europe 2020 strategy is very much associated with ‘earning a living’, clearly informs the allocation of ESIF funding and is influential in the SPC’s reporting: monitoring progress of the Europe 2020 Strategy is part of its Annual Reports. The Europe 2020 strategy is predicated on (economic) growth and the inclusive growth strand emphasises aspects of ‘earning a living’: “Inclusive growth means empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems …” (European Commission, 2010, p.17). Likewise, ‘earning a living’ is prominent in the Europe 2020 targets for inclusive growth: a 75% employment rate for women and men aged 20 – 64 is one of three key targets outlined on the Europe 2020 website. The EU’s emphasis on ‘active social inclusion’, introduced in the Lisbon relaunch, “defined to mean participation in the labour market” (Daly, 2007, p.7) adds weight to the importance of the ‘earning a living’ TIPSE domain in EU discourses.

A more nuanced interpretation of the Europe 2020 target to lift at least 20 million people out of being at risk of poverty or social exclusion is provided by the SPC. Their definition is based on a combination of three indicators – the at-risk-of-poverty rate, severe material deprivation rate, and people living in very low work intensity households (Social Protection Committee, 2012). While ‘earning a living’ is an important component of their definition, they also stress low living standards. Adequate retirement pensions for all older people is a key objective of the SPC’s OMC and again stresses the importance attached to income poverty by the EU. The SIP stresses the lasting impacts of social investment, “notably in terms of employment prospects or labour incomes” (European Commission, 2013a, p.3). Cohesion Policy, according to the Commission, “will have to put particular emphasis on growth-enhancing and job creating-investments” (European Commission, 2013b) again putting a strong emphasis on aspects of TIPSE’s ‘earning a living’ domain.

The need to address certain aspects of the ‘access to basic services’ TIPSE domain are also prominent in some of the institutions of EU ‘social policy’. The provision of health and social care is very much stressed within the SPC’s OMC. Education and training is also emphasised by SPC, the former as part of a focus on child poverty and how to break a cycle of disadvantage (see, for example, Social Protection Committee, 2012) and the latter as part of the growth strategy’s emphasis on income poverty and the ESF’s funding for getting people into jobs. The SIP similarly stresses education and training, and has a focus on health services and housing. An additional strand of the ‘access to basic services’ TIPSE domain is addressed by two of the ESIF’s themes: transport and communication. In articulating its Territorial Agenda, COPTA stresses the problems for areas with low accessibility. It does not articulate what needs to be accessed, but services (as well as jobs) would seem to be part of this agenda.

Some aspects of TIPSE’s ‘social environment’ domain are emphasised in EU ‘social policy’. In particular, an emphasis on certain age groups and on specific ethnic groups pervades the documentation. Child poverty has long been a prominent concern; the plight of young people since the economic crisis is a burgeoning theme, evident in the development of the new ESF programme, the SPC’s annual report and the SIP; and the pensions provision for older people has been on the OMC agenda for many years. Measures for the inclusion of Roma people, in particular, has gained impetus in the last few years, with the Commission’s Communication (2011) ‘An EU Framework for National Roma Integration Strategies up to 2020’ and the recent adoption by all MSs of the Council’s recommendations on the economic and social integration of the Roma communities (December 2013). The Territorial Agenda also draws attention to the way certain vulnerable groups and ethnic minorities end up concentrated in certain places and how their integration is hampered as a result.

The TIPSE ‘political participation’ domain is rather hidden from view in EU-level discourses on P&SE. It could be argued, though, that the requirement for Local Action Groups for community-led local development (in the ESIF) to be composed of representatives of public and private local socio-economic interests should encourage local civic engagement and participation.

To conclude this discussion of EU ‘social policy’ by TIPSE domain, it is ‘earning a living’ that dominates the documentation while the notion of empowerment to be found in the TIPSE ‘political participation’ domain seems hidden from view.

* + 1. **Other EU ‘Social Policy’ Discourses**

The analysis above of EU ‘social policy’ by TIPSE domains (and the associated indicators) has a tendency to portray the risk of P&SE as being a single domain issue that can be identified (and resolved) at a single point in time. The TIPSE project, though, is clear that the risk of P&SE is usually increased by a number of overlaid problems, and that it is important to understand the processes of moving in or out exclusion. The spatial nature of the risk of exclusion is also a fundamental thrust of the project as a whole.

EU ‘social policy’ stresses the multiple factors underlying poverty and/or exclusion (e.g., European Commission, 2010b), and also the territorial concentrations in particular regions or smaller areas of the very ‘poorest people’. The SPC (2012) emphasises a number of aspects of the dynamic nature of P&SE. It is concerned, for example, to demonstrate the recent increases in the poverty gap, to explore the transitions in and out of poverty, to understand child poverty as impacting on current and future life, and to find gateways to break the ‘cycle of disadvantage’. The SIP is also focused on investment that will benefit society throughout a person’s life.

The EU ‘social policy’ discourse is that “providing solutions to these problems demands approaches that cut across all policy domains” (European Commission, 2010b, p.6). At the EU level there is evidence of efforts to co-ordinate in this way: Europe 2020 addressing both economic and social issues, and the regular cross-referencing of policy messages to the development of the ESIF. Within the ESIF the development of the thematic approach is premised on the need to integrate resources to address current challenges.

The on-going operationalization of the discourse of integrated policy responses, though, is best evidenced by EU action at the local level. For many years, the LEADER approach has encouraged strategic, integrated and place-specific responses to the development problems of designated rural areas; the extension of this model to non-rural areas through community-led local development further endorses the EU’s commitment to integrated and context-specific solutions to problems of exclusion.

However, cutting across policy domains may raise some fundamental issues about why the different institutions of the EU are concerned about P&SE. One rationale might be that as many people as possible need to contribute to economic growth, through working and keeping state expenditure as low as possible. This seems a prominent argument in the Europe 2020 Agenda. While Cohesion Policy claims to be a key delivery mechanism for Europe 2020 and hence adheres to this rationale, its Territorial Agenda is also about achieving balanced development across the EU which suggests a more redistributive rationale; these contradictions are reflected in the term ‘territorial potential’. Another rationale that appears to drive some EU thinking about resolving P&SE is around the notion of empowerment of people to contribute to the resolution of their own problems. This is most apparent when linked to the local level, where there is a long history of the LEADER Local Action Group approach in rural areas, and the possibility of extending this to a wider geography through community led local development. The use of similar area-based initiatives by MSs to resolve P&SE is also well-documented (including in TIPSE project case studies in Annex 4).

* + 1. **Territoriality in EU ‘Social Policies’**

Under the Treaty on the Functioning of the European Union, all policies should contribute to economic, social and *territorial* cohesion. So how does the spatial nature of P&SE manifest itself in EU level ‘social policy’? The differences between MSs are well-rehearsed in all policy discourse. Stressing and addressing the differences between places within MSs, though, seems to be almost solely the domain of Cohesion Policy, the Territorial Agenda and the ESIF. This is not to imply that EU-level social strategies, packages and so on do not make mention of territorial cohesion, rather that having done so they do little to articulate how this might be taken forward (other than by Cohesion Policy’s ESIF). So while their discourses address target social groups where the risk of P&SE is particularly acute (e.g., children, Roma people), there is no similar argument about targeting regions or local places where the risk is also particularly acute. This is left to the Cohesion Policy, where territories are identified as more or less developed, and where place-based local development initiatives typically reside. As a result, many EU policies are ‘territorially blind’.

The identification of most at need regions for allocation of ESIF is done on the basis of the GDP per capita of each region. Low GDP per capita is a measure of economic activity in the region and while this might be expected to correlate well with where people suffering from financial poverty or not earning a living, TIPSE has found only low correlation. Low GDP per capita is also unlikely to correlate with the other three TIPSE domains of social exclusion: access to basic services, social environment and political participation.

**1.3 EUROPEAN WELFARE REGIMES**

**1.3.1 Introduction**

This subsection investigates how groupings of MSs, defined as ‘welfare regimes’, appear to address the various TIPSE domains in their policies and approaches. While there are ‘common concerns’ between MSs over “a basic floor of rights and resources for participating in society … National (and even subnational) traditions and sensitivities regarding how to achieve this objective are, however, extremely diverse” (Ferrara et al, 2002, p.228). Esping-Andersen (1994) adds that the divergence is not only in terms of how to accomplish their goals, but also in terms of ambition.

A literature on welfare regimes which identifies a few different approaches which states might see as appropriate to ensure the delivery of social goals has developed following the seminal work of Esping-Andersen (1994). This identified three ‘ideal types’: social democratic; liberal; and continental Europe. Later commentators have praised or criticised Esping-Andersen’s work. One line of criticism is about whether typology building is a scholarly activity at all; the other that is more relevant to this project is about whether Esping-Andersen’s categorisations reflect accurately the differences between European countries, with numerous ‘clustering’ studies creating their own categorisations. In discussing these studies, Fenger (2007) concludes that it is surprising how persistent Esping-Andersen’s three original types are. However, what is common in Western Europe clustering is to further differentiate Esping-Andersen’s ‘continental Europe’ type by identifying the ‘Latin Rim’ or ‘Southern Europe’ distinction (e.g., Arts and Gelissen, 2002, Ferrara, 1996), with this Southern Europe regime being based more on family and family connections in contrast to the continental Europe regime in which the state has a more established role. In Esping-Andersen’s earlier work, post-socialist European countries are seen as transitioning to his three models. In later papers, though, he revises this to recognise the distinct characteristics of post-Soviet welfare regimes.

Much of the literature developing welfare regimes proposes them as ‘ideal types’ and they are rarely operationalised. A useful exception is the application of a five-fold model of welfare regimes in Europe to health inequalities (Eikemo et al, 2008). Their five regimes are: Scandanavian; Anglo-Saxon; Bismarckian; Southern; and Eastern. These rather geographic descriptions of the regimes can be restated in more social and political terms as: Society-based; Individual; State-based; Familial; and Transitional, respectively. This fivefold categorisation is used in the analysis that follows; project partners provided the Appendices 1 to 5 attached to this Annex.

**1.3.2 TIPSE Domains**

Policy documents and policy commentaries/critiques for a number of MS in each welfare regimes were analysed to understand which issues of P&SE were prioritised, using the TIPSE social exclusion domains. These five reports are provided as Appendices 1 to 5. Strong congruence with the priorities of the EU’s ‘social policy’ is unsurprisingly evident: any EU level ‘social policy’ has to be agreed by the MS and much of the available comparative reporting is provided as a commentary on progress towards agreed EU-level targets and priorities. However, to greater or lesser degrees, MS and welfare regime groupings do also choose to emphasise certain issues that they have been, or will be, focusing their efforts upon as is discussed in this section.

*Earning a Living*

All the welfare regimes give far more emphasis to policies that address the ‘earning a living’ domain than to the other TIPSE domains. A dominant theme within this is that people should be involved in the labour market, endorsing the EU-level ‘active inclusion’ approach, interpreted as employment. For example, the report on the society-based welfare regime states: “the Nordic welfare model is very closely related to the labour market”, and the state-based welfare regime report says: “Countries within this cluster politically put great emphasis on increasing labour market participation”.

The approach of countries in the state-based welfare regime is generally to combine measures to ensure an adequate and sustainable social welfare system with activation policies to increase the number of economically active people. Detailed policy measures, though, vary between countries. Some, such as Austria, try to address the issue of an ageing population by putting emphasis on lengthening working lives. Germany, Belgium and the Netherlands, for example, stress the need for investment in education that will allow access to the labour market.

The transitional welfare regime report focuses on employment policies. As well as prioritising an increase of the employment rate in general, a number of target groups are commonly identified, such as the long-term unemployed, youth, women, people aged 50+ and disabled people. In some countries the employment of marginalised ethnic communities, such as Roma people, is emphasised in National Reform Strategies (in others this is only raised in their Roma Integration Strategies). The need to support training and education systems that address skills for employment is prioritised. At a more detailed level, though, policy priorities are often country-specific. For example, measures to attract skilled foreign workers are important to the Czech Republic while the Hungarian Reform Programme emphasises measures to improve the labour market position of low-income workers.

The welfare regime for society-based countries has a corporate existence through the Nordic Council of Ministers and the Nordic welfare model. For them active inclusion through employment policy is about responsibilities not only of individual citizens but also of the state. The individual has a right to employment as well as an obligation to remain employable, and the state has an obligation to look for and register available employment. A common policy is to extend the working lives of the ageing population, and there has been a focus on labour market inclusion for marginalised groups for a number of years.

For the familial welfare regime, measures aimed at increasing employment rates include the provision of training programmes for unemployed people (often targeted at specific social/age groups such as those with children, or from an ethnic minority background), initiatives to extend people’s working lives, and support to social entrepreneurship, self-employment and business units. Measures to provide income support for vulnerable groups are mainly targeted at unemployed people, and at older people, for whom national pensions systems are being reformed.

The individual welfare regime report stresses the need to review state benefits systems so that people are encouraged into employment. In the UK, a new system of Universal Credit is being developed which will “make the transition from benefits to work significantly easier and will ensue that work always pays”. Unemployment, especially for young people, is identified as a significant problem, with measures being put in place to prepare young people for work through such means as education, training and work experience. Ensuring adequate incomes for pensioners is another priority of this welfare regime, with state pensions being protected despite the public sector austerity measures in place in both MSs.

*Access to Basic Services*

All welfare regimes are concerned about education and health services. In terms of education, there appear to be three main strands to making improvements: extending general provision and availability; improving the quality/usefulness of the education; and ensuring that people use the services on offer. The first of these strands is most apparent in the transitional welfare regime where many of the reforms are about increasing availability. The quality/usefulness strand appears in all welfare regimes in terms of measures to improve vocational training and provide well-qualified employees. A key measure in terms of use of educational services in the transitional, the state-based and the familial welfare regimes is to ensure that young people remain in education and are not ‘early leavers’ or ‘drop outs’.

In terms of health services, there are again a number of different strands to the reforms:

* improving access to services:
* improving efficiency/reducing the costs of services; and
* improving health-related behaviour.

A focus on planning hard infrastructure in the form of hospitals and doctors’ surgeries is particularly apparent in the transitional welfare regime report. The society-based welfare regime relies more on technical and e-health solutions to provision, in particular, to remoter areas. Bringing access to the neighbourhood or the home, especially for older people, is a theme pursued by the state-based and familial welfare regimes.

All the welfare regimes are exercised about the cost of their health and care services and are intent on reducing costs while maintaining or improving service levels. In the familial welfare regime, in particular, efficiency drives are being undertaken, addressing costs, introducing electronic record keeping and so on. In the society-based welfare regime the focus of attention is on co-operation in border regions to help keep services viable. A number of countries in the transitional welfare regime are improving and rationalising health and accident insurance schemes. Designing services to be ‘citizen centred’ is a theme in the individual welfare regime; this report also raises the issue of who should pay for health services, the state or the ‘client’.

The transitional and the individual regime reports stress the prevention of illness. In the transitional welfare regime there are, for example, measures to reduce damage from addiction, to support active lifestyles, to provide education about diet, and to raise awareness of risks.

Access to adequate housing is mentioned by all welfare regimes, although only very briefly in the individual welfare regime’s National Social Reports (NSRs). Again there are a number of possible strands to providing access, from addressing the supply of suitable housing stock to making housing available for vulnerable people. The supply of good quality housing is not a priority area for the state-based and the society-based welfare regimes which believe their stock to be of a reasonable standard. Some countries in the familial and transitional welfare regimes have put in place measures to encourage housebuilding, and Hungary is developing a housing strategy targeting segregated slums and settlements, especially in the Roma neighbourhoods. All countries in the transitional welfare regime have measures in place to support the repair and modernisation of buildings.

Helping vulnerable people to find, and retain, homes is evident to some extent in all welfare regimes reports. There are specific policies in place in many countries to support homeless people, but in addition some welfare regimes emphasise measures to help other disadvantaged households. There are subsidies targeted at low income households to help with affordable housing (e.g., the Netherlands), measures to help tenants/house owners avoid eviction because of financial difficulties (e.g., in the familial welfare regime) and support for relocating workers in Hungary and the Czech Republic.

*Social Environment*

In terms of the ‘social environment’ TIPSE domain, at-risk children/families/households are a focus for almost all the welfare regimes. In terms of families/households, families with children are emphasised. In the state-based welfare regime it is specifically families of lone parents with children who are seen as the most vulnerable; the need to balance work and family life through provisions such as childcare (and care of elderly people) is prioritised in this welfare regime and the familial welfare regime. The countries in the society-based welfare regime have a ‘family friendly policy’ in that systems of child care and care for the elderly have been put in place to encourage female participation in the labour market.

All have a focus on the integration of specific groups who are highly marginalised by society. Immigrant and ethnic minority groups are explicitly prioritised for attention in all welfare regimes reports except the individual regime’s NSRs. The needs of Roma people, in particular, are stressed in the familial welfare regime, in certain countries of the transitional and state-based welfare regimes and in Finland. In terms of Roma children, there is an emphasis on ensuring that they complete their primary school education in the state-based welfare regime countries. For Malta, problems of detention of immigrants is an additional concern. The report of the society-based welfare regime stresses the geographic segregation of some immigrant groups in large cities.

The unemployed are another specified priority group in a number of countries in the transitional and individual welfare regimes. Issues of gender equality is another priority for the society-based welfare regime, and for Ireland. The ageing population is a recurrent theme, in many cases dealt with as an income poverty problem: through improved pensions arrangements and extending the length of working life. There are also some additional approaches, such as an active ageing programme in the Czech Republic, and a focus in the familial welfare regime report on the provision of care for elderly people. Young people are portrayed as another ‘vulnerable group’ in some welfare regimes. In some reports the very high level of unemployment that has resulted from the economic crisis are emphasised (in the familial welfare regime, for example). The individual welfare regime report contains the most detail of measures to address the plight of young people, especially in the case of Ireland. This relates to the Irish Presidency having secured the ‘Youth Guarantee’, and having a range of measures to be implemented once resources allow.

*Political Participation*

The political participation TIPSE domain is only briefly touched upon in the welfare regime reports. For the familial welfare regime it is generally not an issue addressed by P&SE agendas (although Malta’s NSR elaborates on consultation processes) and the state-based and individual welfare regime reports comment that there was little detail in the NSRs on this domain. The society-based report outlines how political participation in traditional elections has been relatively high, but has fallen in recent years; there are also long traditions of local democracy that promote political participation and mutual co-operation. The transitional welfare regime reports that MSs are intent on improving people’s confidence in the political and judicial systems by addressing problems of inefficiency and in some cases, corruption.

**1.3.3 Governance Approaches**

Most significant social policy making by MSs takes place at the national level. However, the familial welfare regime report emphasises the role of the autonomous regions in Spain, and the society based welfare regime report elaborates on how much social policy making is undertaken by the Nordic Council. Some reports emphasise the need to develop better systems for identifying and recording the people at risk of material poverty and exclusion. This is the case for the transitional welfare regime and for the familial welfare regime. In the society-based welfare regime there is an emphasis on research and knowledge exchange which will lead to a better understanding of the issues by policy-makers. Another frequently highlighted system in need of reform is the health and care system.

The need for co-ordination between government departments to integrate policy responses is a common refrain in the reports. There are also many calls for government to co-operate more fully with other institutions in order to alleviate P&SE. The transitional welfare regime report explains that although there have been cultural differences between MSs in terms of the role of the state *vis a vis* other institutions such as third sector organisations in the past, multi-actor networks at the local level as ‘local governance’ are becoming prevalent. The countries in the society-based welfare regime have a well-established system of local, democratically elected municipalities. These municipalities harbour a feeling of local belonging, and work in partnership with third sector organisations. Such organisations have become more significant in recent years as public spending has been reduced. The report at Appendix 1 explains how in the familial welfare regime, the traditional tendency is to set up *ad hoc* interministerial and administrative commissions as necessary. National policy is now encouraging private sector involvement and public-private partnership. However, quite how the private sector will engage with local delivery is less than clear, when the more usual approach is for local government partnership, where it exists, to be with third sector organisations. The need for institutional co-operation and clear definitions of responsibilities with respect to the labour market is stressed in the transitional welfare regime report. Here, the role of non-government organisations (NGOs) which operate various programmes for vulnerable groups is highlighted as well as the role of the church in Hungary. For society-based welfare regime countries the stress is on co-operation between the public sector and NGOs, and on corporate social responsibility. The individual welfare regime report portrays the regime’s liberal tendencies, articulating the role of government as supporting the very vulnerable and the need for individuals to take responsibility for many of their own needs and to make some direct payments for services. This is particularly the case in the UK NSR; the Irish NSR describes some measures which suggest something of a reversal of previous individual responsibility approaches (e.g., that health services for children under 6 will become free of charge).

Central/local relations are discussed in many reports. The state-based welfare regime report talks about the shared responsibility between national, regional and local authorities, and how decentralisation is important to the policy approach as municipalities have the best insights into local problems and are in the best position to integrate local approaches. In the countries in the familial welfare regime, there is an emphasis on reforming local administration and the renegotiation of competencies between the central and local level. Until 201, Slovakia and Hungary likewise were decentralising to the local level, followed by a process of redistribution of competencies between the central state and local government. The goals of local administrative reforms are increased effectiveness and modernised service delivery (see Appendix 5). The Irish NSR has a narrative of some roles shifting from central to local government; in the UK, the Localism Act denotes in part decentralisation from central to local government. It also is about empowering local people, collectively, to do more for themselves.

The notion of local governance as partnerships between the state and other types of institutions, in which local people may also have a voice is discussed in a number of the appended reports. The one for the state-based welfare regime (Appendix 4) stresses the role for area-based initiatives, typically focused on municipalities, which are able to implement integrated approaches. That for the transitional welfare regime (Appendix 5) remarks on the lack of comment about area-based initiatives in the NSRs studied, and how the processes of consultation and the participation of social partners are subject to extensive criticism in some of the MSs. Its authors claim, though, that some genuine and lasting partnerships have been nurtured under the LEADER programme, and point out how there is to be active co-operation with Roma people in shaping and implementing policies for their benefit. Appendix 2 explains how the Irish NSR talks of area-based initiatives as a means of delivering prevention and early intervention programmes for a range of services for children. While committing to use the LEADER approach and Fisheries Local Action Groups in the 2014-2020 programming period, it is only England in the individual welfare regime that is proposing to use the broader community led local development approach under the ESIF. A range of approaches (and non-approaches) to the use of area-based governance structures to address P&SE is reported for the familial welfare regime MSs (Appendix 1).

In some of the appended reports, the notion of personal responsibility for alleviating P&SE is evident. The prevalent ‘active inclusion’ approach at the EU level means that, to an extent, the MSs expect all those they help to play an active part themselves, but some go further in their expectations of individual citizens, neighbours and families in this regard (see, for example, the reports on the familial and individual welfare regimes at Appendix 1 and 2).

**1.3.4 Responses to the Economic Crisis/Innovative Policies**

The state-based welfare regime report (Appendix 4) elaborates on how these MSs have not experienced the level of crisis of those in some other welfare regimes. However, within the group of countries there are differences, with Austria and Germany showing remarkable economic stability throughout the ‘crisis’ period, while other MSs have been more seriously affected. There have been impacts on labour market and job availability while at the same time there have been cuts in public expenditure on social policy.

For the countries in the transitional welfare regime (see Appendix 5), negating the impacts of the crisis means an emphasis on the labour market, the education system and social integration. At the same time, though, public funding has to be addressed, both in terms of reducing public expenditure, often coupled with major reorganisations of the competences of the different tiers of government, and in ensuring that income from taxation is maximised. Austerity measures have been applied but with different scales and timings between MSs. In the Czech Republic and Slovenia similar emphasis was placed on maintaining their social protection benefits and passing as much of the burden of the crisis as possible to the middle and upper classes. However, for the Czech Republic this meant implementing ‘mild’ austerity measures from 2008 while Slovenia’s harsher intervention did not start until 2010/11. The crisis led to increasing unemployment rates, especially for the long term unemployed, across almost all the MSs in the transitional welfare regime. However, the extent of the crisis and the responses to it demonstrate the range of approaches taken by different MS. Some are veering more to the society-based model, others to the state-based regime common in central Europe. Hungary is shifting from a welfare to a workfare system, where welfare is conditional on actively seeking work.

Both countries under the individual welfare regime are reported as being substantially affected by aspects of the economic crisis since 2008 (see Appendix 2). Ireland was particularly badly affected, going from ‘boom to bust’ and necessitating a ‘bail out’ by the IMF, the ECR and the European Commission. Both Ireland and the UK have introduced stringent austerity measures which have added to the risks of P&SE caused by their economic recessions. Both have made efforts, though, to protect aspects of their welfare benefits against the austerity cuts (state pensions in the UK and more generally in Ireland). An interesting outcome in both countries has been the significant impact of the crisis on those in work, rather than just those out of work. Real wages have fallen significantly in both countries, but especially in Ireland. The UK and Irish governments now both claim that there are modest signs of recovery in their economies.

In the familial welfare regime countries, heavy tolls from the austerity packages on household incomes, employment and social cohesion are reported in Appendix 1. However, there are many contrasts between the MSs in terms of the background to the crisis and the measures introduced to resolve it. Most experienced increasing P&SE alongside the need to introduce austerity measures (imposed in a number of cases by external organisations such as IMF, ECB and EU). Evidence suggests that the policies pursued have not produced the required macroeconomic improvements while at the same time exposing large segments of the population to the risk of P&SE (Caritas Europa, 2012).

According to the society-based welfare regime reported at Appendix 3, countries have, in general, not been severely affected by the current economic crisis, although this does vary. This robustness can be explained by the effect of the recession in the early 1990s on these countries, and the policy response to it. Appendix 3 explains how this earlier recession had made them more ‘crisis aware’, had focused their attention on making their welfare systems fit for purpose and had persuaded them of the need to give more freedom to their economies.

Some of the appended reports identify ‘innovative policies’ being used by certain MSs. Within these, improving (economic) growth is seen as an important approach to resolving P&SE, for example through:

* support to innovative clusters that encourage better networking among institutions and wider participation in international projects to increase competitiveness. This is seen as an important initiative in the transitional welfare regime; and
* new legal structures and institutional measures to promote social entrepreneurship in the supply of innovative goods and services (reported in Appendix 1 for the familial welfare regime).

Aspects of public-private sector partnership working are emphasised as innovative policy implementation in a number of reports. The transitional welfare regime report flags optimising the network of public and private sector institutions and actors; and the familial welfare regime report puts forward the development of legal frameworks that promote public-private partnerships, as well as the establishment of public companies responsible for the implementation of specific policies. The report on the state-based welfare regime emphasises the new central-local relationships that are being developed in a number of countries which allow the institutionalised systems of policy implementation to be bypassed by negotiation between the various tiers of policy making.

Some suggested innovative policies in the reports have a clear territorial focus. An example from Hungary is provided in Appendix 5, where a complex territorially targeted development programme for the 33 most disadvantaged districts with ESF and ERDF match funding provided resources for three development themes: economic development; infrastructure investments in schools and rural health centres; and inclusive human development through sure start programmes, anti-discrimination and pro-inclusion community programmes. Another example in Appendix 5 is how in Slovakia, field social workers were funded through the ESF programme to provide a wide range of social assistance to Roma residents in segregated neighbourhoods. Appendix 2 reports how in the UK a neighbourhood level (c1500 population) analysis of the deprivation indicators in the census allows the public sector and governance partnerships to identify ‘pockets’ of deprivation at scales well below analyses at ‘regional’ level by the state and the EU.

Other innovative examples in the appendices include:

* Wider use of digital technologies, especially in the health sector (Portugal)
* Evidence-based policy making (Netherlands)
* Training, education and job guarantee for youths (Austria)

**1.3.5 Concluding Comments**

As well as conducting in-depth investigations of policy and associated literatures pertaining to their welfare regimes, the authors of the five Appendices were asked to comment on the usefulness (or otherwise) of operationalising these high level welfare regimes. Two factors overall seemed to dilute the observed contrasts between welfare regimes: a ‘Europeanisation’ of approach; and the recession. The latter also served to draw stark contrasts between some countries within the same welfare regime.

The ‘Europeanisation’ of approach is not simply about what is reported, although guidance from the SPC does ensure a consistency between MSs. What is also apparent is that certain approaches, promoted at EU level, are embraced by all MSs, irrespective of their welfare regime. In this way, ‘active inclusion’ through employment which suggests a degree of shift in responsibility from the state as a provider of benefit to the individual who must play an active part in resolving their poverty and/or social exclusion can be observed. In welfare regime characterisations this implies a more individual responsibility approach for those which historically were more wedded to a strong state role.

The current recession is also blurring the distinctiveness of most of the welfare regimes, although whether this will be a long term effect is impossible to tell. Although welfare regimes are defined more by their approach to resolving the problems of P&SE rather than simply the extent of the problems, the severity of recession in different MSs does seem an important difference that is interwoven with the approach taken. Many of those in deep recession have entered a period of crisis management, which may not reflect their traditional approach. This is particularly the case where countries have received a ‘bail out’ from supranational bodies, accompanied by requirements that dictate the approach to be taken.

While there were signs of such commonalities across the various welfare regimes, authors of most of the Appendices reported that the traditional characterisations of their welfare regimes still had some validity for the MSs involved. The transitional welfare regime would appear to be the least coherent of the five regimes.

Appendix 1 reports that for the familial welfare regime, many commonalities of approach still exist. However, the ‘familialistic’ categorisation of their approach is seen as paradoxical. It is an assumption of the state that ‘the family’ will provide, with few state resources or policies in place to support this. This assumption is overlaid with another: that of the male breadwinner family structure. The recent economic crisis and the responses to it are accelerating the destabilisation of the traditional role of families in providing welfare support. However, at the same time, the crisis has reinforced the distinctiveness of Portugal, Italy, Greece and Spain (with Ireland) as an analytical grouping.

The individual welfare regime approach, as reported in Appendix 2, has continued in the two member countries until recently. The state’s role in terms of provision is cast increasingly as one of last resort, only to be called upon by those extremely excluded. Work is seen as the best route out of exclusion for individuals. The Irish state, though, appears recently to be playing a more active role, but whether this is short term crisis management or a new long term direction is not clear. The UK in general is still pursuing a more individual responsibility approach, but there do appear to be differences in this between the ‘devolved administrations’ with Scotland espousing an explicitly social democratic approach.

In Appendix 3, the MSs pursuing a society-based welfare regime are found to be continuing to be cohesive over social policy and to work together as the Nordic Council. The 1990s crisis, though, exposed how the Nordic welfare model suffered a lack of economic dynamism, and measures were introduced that reduced benefits and improved economic efficiency. These reforms meant that MSs in the society-based welfare regime have been hit less hard by the present economic crisis.

For the state-based welfare regime as reported in Appendix 4, the notion of the state, rather than the private sector, voluntary sector or the family, playing an important role in welfare policies is still prominent, but there is a tendency for deregulation and the modernisation of the welfare system. This is a shift from social support to activation policies where the emphasis is on individual responsibility. An outcome of the state-based approach has been that socio-economic and socio-spatial inequalities are less pronounced in these MSs than in some other parts of Europe.

Appendix 5 explains how the transitional welfare regime is best described as a patchwork of MSs rather than a fully coherent regime. But, while all these MSs have the transition from socialist regimes in common, two factors have been highly influential in determining their different approaches. The first is the political inclination of each government, with some favouring a shift towards a more individual approach (for example, the Baltic States) and others set on adopting a more state-based approach (Slovenia is a good example of this). This emerging pattern, though, is also overlaid at present with experiences and strategies of the economic crisis which do not necessarily follow these ideological approaches.

**SECTION 2: IMPLICATIONS OF TIPSE FINDINGS FOR POLICY**

**2.1 INTRODUCTION**

Geographies of Poverty and Social Exclusion (P&SE) are identified by the TIPSE project, but these exist at various scales, vary according to the indicators used and are subject to the complexities of the concept of P&SE. Maps simply demonstrate the outcome of various processes that will have led certain places to have higher proportions of people at risk of P&SE. It is important for policy to be based on a clear understanding of the underlying processes.

To address territorial cohesion as required in the Lisbon Treaty, it is also important for institutions of the EU and MS to be better informed about the geographies of P&SE and to target not only the specific social groups who are particularly vulnerable to P&SE (identified by age, ethnic origins etc) but also the geographic areas of the EU where people at risk of P&SE constitute a relatively high proportion of the population. It is this higher concentration in certain parts of the EU territory that is the focus of both the TIPSE project’s analysis (and recommendations) and the territorial dimension to Europe 2020’s ‘inclusive growth’. At a local level “while most people in disadvantaged conditions live in major urban centres, in relative terms they tend to be over-represented in rural and geographically isolated areas and communities. In some Member States the poverty risk in rural areas is double that of urban ones” (European Commission, 2010, p.13).

The TIPSE project findings and policy recommendations reflect the territorial nature of the incidence of P&SE[[1]](#footnote-1). This does not imply that where “most people in disadvantaged conditions live” (ibid) is not important, but that there also needs to be consideration of the places with high proportions of people at risk of P&SE in policymaking. There is also the advantage that calculating the incidence of P&SE in a place in this way is more readily comparable than considering absolute numbers. However, any analysis would also need to be mindful of the population density effect: a 1% incidence in an area of 100,000 inhabitants would mean more people at risk than a 90% incidence in an area of 1000 inhabitants.

The territorial nature of the incidence of P&SE is one rationale for the territorial dimension of EU level policies and, in particular, a basis of territorial cohesion policy. Furthermore, territorial cohesion is written into many other relevant EU policies, so these findings will also have relevance to those policies and to those of Member States.

This section starts by examining the implications for policy of TIPSE’s conceptualisation of P&SE. It goes on to examine the broad geographic patterns that emerge from the data analysis and the implications for policy of these. It discusses these in terms of the scale of analysis, by regional classifications and in terms of the economic crisis. It then examines what the project explains about how issues of P&SE are addressed. At each of these stages it provides specific policy recommendations; these are also brought together in the final section and targeted at various institutions at European and MS level.

This Annex does not cover the implications for policy of the lack of comparative data at NUTS 3 or lower scale. This does not imply that there is no implication for policy, rather that it is covered in detail in Annex 11.

* 1. **The Concepts of Poverty and Social Exclusion**

The first stage of the project was the development of a conceptual framework for P&SE (see Annex 1). What was apparent was that there was no single accepted definition of P&SE with some commentators arguing that there were two separate concepts (poverty; social exclusion) and often prioritising one to the detriment of the other, while others elided poverty and social exclusion into a single, often flexible, concept. The main messages the TIPSE project took from this review were that P&SE are closely related but nevertheless distinct phenomena, and that within policy contexts poverty is considered as a relatively narrow income-based concept. The need to reflect the range of issues that could cause poverty or social exclusion was central to the design of the TIPSE project. In particular, this included recognition of the many social and political factor as well as economic factors that increase the risk of P&SE, and how it is often the coincidence and overlays of these factors that increase the risk.

The TIPSE project’s data collection and analysis addressed five aspects of P&SE in order to reflect both the economic and the social and political factors that increase risk:

* At risk of poverty rate (AROP)
* Earning a Living
* Access to Services
* Social Environment
* Political Participation.

Finding P&SE statistics that are comparable between MSs is a well-known problem in EU circles, and perhaps some of the economic bias to policy responses results from this practicality: it is especially difficult to collect and analyse indicators for the more social and political dimensions. These constraints become even more problematic when dealing with NUTS 3 data, as the TIPSE project does. The issue of good quality comparable data at the NUTS 3 and NUTS 2 levels is discussed in more detail in Annex 11, but the key point to emphasise here is that the partiality of data availability, itself, has a tendency to add weight to the economic dimensions and to downplay the social and political factors that increase the risk of P&SE.

This under-representation of certain aspects of P&SE in both the data assembled and in policy fora, we would argue, also has a strong geographic implication. This is a recurrent issue throughout this report, but an example would be that rural/remote areas have multiple disadvantages when it comes to accessing services, and generally have a higher old age dependency rate. If such dimensions do not feature, or are under-represented, in data collection and analysis about P&SE, then the P&SE in rural/remote regions will be under-reported and potentially neglected by policy.

We turn briefly now to each of the aspects of P&SE that the TIPSE project focused upon.

The ARoP rate is a measure of differences within a MS that would need standardising to allow comparisons between countries. This presents some well-known practical and conceptual issues including how to make comparisons between costs of living in different countries and different types of regions. For example, a study comparing rural and urban areas of the UK found that people in rural areas typically needed to spend 10%-20% more on everyday requirements (Smith et al, 2010).

Employment is shown in Annex 7 to be an important factor in reducing the risk of income poverty, which supports the current policy focus on labour market policies for its alleviation. The broader “earning a living” domain of social exclusion recognises not only the economic impact of not earning but also the social experience of being out of work, the effect on the household, the importance of the length of time spent unemployed to the severity of P&SE and that not everyone in employment earns a living wage.

A lack of access to services is an exclusionary factor that has a strong geographic element. The provision of services tends to be focused on centres of population, leaving remoter regions less well served. If this driver of exclusion is overlaid with other risk factors such as an aging population and low incomes, it can cause acute P&SE. The further withdrawal of services in many MS as part of their ‘austerity’ measures is compounding this exclusion.

In terms of social environment, it is important to note that it is not just minority populations such as Roma people who are affected by P&SE, with the recession causing P&SE among some unlikely groups such as people in work. Benefiting one group may also cause detriment to another. For example, governments have made significant efforts to protect the elderly from the effects of the recession, and to extend their working lives where possible. At the same time young people across the EU are struggling to find work and are at high risk of P&SE.

Political participation is a clear aspect of inclusion for disenfranchised immigrants and marginalised groups more generally. However, in addition to formal citizenship rights there are many ways that people can be more involved in the society in which they live through participatory activity (formal and informal). For example, in the European Social Survey 2002, people felt that supporting those worse off was an important part of being a good citizen. The TIPSE case studies also highlight how in a broader sense decreasing participation in society can be a problem. For example, the social isolation of older people in the Western Isles of Scotland, and how changing family structures in Porto, Portugal are leaving some people without the traditional ‘safety net’ of the family when they experience P&SE.

A key cause of P&SE, though, is the interplay of these domains and the severity is likely to be exacerbated if the situation is prolonged. Nor does everyone ‘suffer’ from a given level of P&SE to the same extent: some will experience a much greater loss of well-being, a subjective measure, than others.

Recommendations

* **Use a broad conceptualisation of poverty and social exclusion** in all policy arenas and provide appropriate data to support this. This is needed, in particular, to give more weight than at present to social and political factors that increase the risk of P&SE. Of course it will cost more to gather a fuller set of measures of P&SE but the alternative, of incomplete understanding and partially informed policy, may be more costly in the long run We would recommend the ‘domains’ of P&SE developed in the TIPSE project as a useful tool in this respect.

(Target Institutions: All relevant policy and data arenas at all scales)

* 1. **the Geographies of Poverty and Social Exclusion:**

**issues of scale**

The TIPSE project reveals that there is a geography to where the incidence of P&SE (see footnote 1) is comparatively high, and that just as certain social groups can be identified as having a greater proportion of people at risk, so too can certain parts of EU territory. This is particularly evident in the mapping exercises of Annexes 7 (poverty mapping), 8 (mapping of TIPSE’s domains of social exclusion) and 9 (MS cluster analysis of social exclusion). However, what becomes immediately apparent from studying these maps is that this geography can be articulated at different scales. The scale at which places with higher incidence of P&SE are identified and explained is not just a technical issue: it is highly political in that a given territory may be described as at a comparatively high risk at one scale, but not at another. For example, in Annex 7, a comparison of Maps 1 (ARoP rates at NUTS 3) and 2 (ARoP rates at NUTS 2/1/0) shows that the East of Turkey has very high ARoP rates (at between 30 and 63% of the population), and much of the rest of the country at relatively low rates while Map 2 shows the whole of the country at a fairly high rate (with between 20 and 30% of the population classified as at risk of poverty). In this latter case, none of the Turkish territory is classified as being in the highest risk category. The implication of this is that alleviation measures such as resource allocations, geared to territories with the highest risk categories, are very dependent on the scale at which the calculations are made.

At the highest scale, groupings of MSs, such as ‘the CEECs’ or the ‘Nordic States’ are often identified in European policy circles, loosely identified with some broad shared history, culture or geography. The TIPSE project’s cluster analysis of MSs with similar patterns of P&SE risks (Annex 9) reinforces some of these regularly identified higher level groupings but also calls into question other groupings. Four clusters are identified:

* Inclusive Centre (AT, CY, CZ, DE, LU, MT, SI, CH)
* Competitive NW (BE, DK, FI, FR, IS, IE, NL, NO, SE, UK)
* Emerging East (BG, EE, HU, LV, LT, PL, RO, SK)
* Mediterranean Adjustment (EL, IT, PT, ES)

There are some interesting differences , as well as some similarities, between these analytically derived clusters of P&SE risks or outcomes, and commonly used higher level groupings. We find, for example, two CEECs in the Inclusive Centre cluster, and the Nordic Region subsumed within a much larger grouping of Competitive NW MSs. Each cluster essentially has a shared profile of P&SE outcomes; in terms of relatively high incidence of certain aspects of P&SE, the following patterns are prominent:

* Inclusive Centre cluster is characterised by high rates of foreign-born population;
* Competitive NW cluster is characterised by high rates of foreign-born population and high rates of lone parent households;
* Emerging East cluster is characterised by low life expectancy, poor housing, and high material deprivation rates; and
* Mediterranean Adjustment cluster is characterised by low employment rates, high income disparities, high employment in elementary occupations and high rates of in-work poverty and it also has a particularly ageing population.

What is particularly interesting is how the different clusters are associated broadly with high incidence of P&SE from different TIPSE domains. ‘Earning a living’ is a conspicuous problem in the Emerging East and Mediterranean Adjustment clusters. Problems associated with the TIPSE ‘access to services domain’ are particularly apparent in the Emerging East. For the Inclusive Centre and Competitive NW clusters the distinguishing features are social and/or political: immigration and lone parent households.

Identifying P&SE at the national level is something that each MS has undertaken through recent history, and the co-ordination of this analysis under the social Open Method of Co-ordination (OMC) with common indicators and reporting procedures provides robust information and allows comparisons to be drawn. However, the analysis in Annex 8 of the different domains of P&SE is a reminder that some TIPSE domains, and in particular social and political concerns, are underrepresented by the social OMC.

A major contribution of the TIPSE project is in the analysis and interpretation of data at the subnational level. The mapping exercises at NUTS 3 level in Annexes 7 (of the ARoP rate) and 8 (of a range of social exclusion dimensions) provide such detailed geographies of the incidence of P&SE. However, the case study work reported in Annex 4 provides evidence that territories with high proportions of people at risk of P&SE are often still hidden at NUTS 3 or LAU1 scale. For example, the residential concentrations of Roma people occur within certain areas of the Banskobystricky kraj NUTS 3 region of Slovakia, and a high proportion of people living in the north of the Bothyrka municipality in NUTS 3 Stockholms lan region are at risk of P&SE. In extreme cases, these concentrations of ethnic minorities become segregated communities, such that many aspects of the people’s living are not integrated into mainstream society. Case studies highlight how the segregated education of children is often associated with low educational achievement.

Data availability, and in particular, comparable data availability clearly becomes increasingly problematic at these lower scales. However, there would be significant advantages to collecting and analysing data at low levels: not only would it provide much more detail about where high incidence of P&SE occurs, it also is likely to align more closely with the places where the absolute incidence of risk of P&SE is also high. For example, as explained in Appendix 1, data collected and analysed in the UK at ‘output areas’ scale of 150 households makes far more accurate comparisons between urban and rural places than comparing rural NUTS 2 or 3 regions with urban NUTS 2 or 3 regions.

Recommendations

* **P&SE data should be collected and analysed regularly at least at the NUTS 2 level.** Ideally such comparable data should be available at NUTS 3 level, but we recognise that budget constraints may mean that NUTS 2 level is more realistic in the immediate future (See Annex 11).

(Target Institutions: Eurostat; Social Protection Committee; Member States)

* **Elaborate the geography of P&SE incidence at both NUTS 2/3 and at a high level grouping scale** such as the clusters developed in the TIPSE project.

(Target Institutions: DG Economic and Social Affairs; DG Regional)

* **Assess the value of using complementary methods,** such as case studies, expert analysis or meta-analysis (of extant studies) to provide evidence of process and occurrence of P&SE at smaller scales

(Target Institution: Social Protection Committee)

* **Consider producing a ‘themed’ report** on territorial aspects of P&SE

(Target Institution: Social Protection Committee)

**2.4 THE GEOGRAPHIES OF POVERTY AND SOCIAL EXCLUSION: BY REGIONAL CLASSIFICATION**

The mapping of territory across the EU or across MS to identify those parts with a high incidence of P&SE is useful in allowing help to be focused on specific places, although issues of appropriateness of scale (and boundaries) are key to the classifications. Mapping by TIPSE domain exposes the variety of drivers of high incidence of P&SE; more nuanced information is also provided by the TIPSE project on the reasons why the geographic patterns emerge: in order to do this, Annex 7 data on ARoP rates was subjected to econometric analysis while the data produced for Annex 8 (on a range of social exclusion dimensions) was interpreted using expert opinion.

The most significant result to emerge is the difference between rural and urban regions. Poverty, measured by the ARoP rate in Annex 7, is more likely to exist in the rural regions of MSs than in the urban regions. This, though, is only true for 11 of the 20 countries analysed and in four MSs (BE, DE, DK and NL) the opposite is true (another five show very little urban-rural difference). This finding broadly echoes that of the European Quality of Life Survey (Shucksmith et at, 2006): “In the richest group of EU countries …, mainly in western and northern Europe, there is little evidence of significant urban-rural differences. Instead, it is in the poorer countries of eastern and southern Europe that urban-rural differences are most marked; in relation to most of the indicators, this disparity involves a lower level of perceived welfare and quality of life in rural areas” (p.53). Likewise, the 6th Cohesion Report stresses that the risk of poverty is higher in rural parts of the ‘less developed’ MSs and in the cities of the ‘more developed’ MSs. Annex 8 also identifies disparities between urban and rural regions in many MSs of the EU in terms of the earning a living, access to services and social environment domains. In particular, disposable income in larger urban regions and their hinterlands is generally higher; rural areas are disadvantaged on a number of aspects of access to services; and more urban parts of the EU are characterised as having younger and more active populations. There are, however, exceptions to this, and also some indicators that demonstrate the added incidence of P&SE in urban areas, in particular the level of immigration.

This analysis identifies that many rural regions have higher incidence of P&SE than more urban regions. The TIPSE project provides more detailed analysis of why this might occur:

* rural regions with high poverty rates tend to be dominated by the primary sector and by the provision of market services. Those rural regions with strong consumption countryside economies, such as tourism activity, appear to fare much better.
* rural and remote areas are typically disadvantaged in terms of access to a number of key services, and by a lack of opportunity to participate in the labour market (see Albacete Manchuela case study for an example of this in Spain and the Finnish case study of Lieska, which describes how unemployment, overlaid with deficient or completely absent public transport forces people to concentrate their job searches to local labour markets).
* remoteness from centres of population is a key driver: accessible rural regions were not generally at high risk, but islands and some mountainous and border regions were. The case studies (Annex 4) stress the specific challenges that exist in remote and sparsely populated areas in terms of health and education infrastructure, a situation exacerbated by the centralisation of public services in response to the economic crisis. The Eilean Siar (Western Isles of Scotland) case study provides an example of the problems of remote and island living: elevated costs of living, poor and expensive public transport, and increasing centralisation of health and welfare services.
* provision of consumer goods, food and fuel to remoter areas tends to be more difficult and therefore more expensive.
* low education and employment opportunities often lead to the outmigration of younger people leaving an ageing and sometimes dwindling population in the remoter areas. This is well documented in the Albacete Manchuela (Spain) case study.

These provide useful pointers for the development of more active policies to address territorial cohesion in rural areas of Europe.

However, Annexes 7 and 8 also identified ‘exceptions’ to the conclusion that the incidence of P&SE is typically higher in rural/remoter regions: as noted above, in a few MSs higher rates were more prevalent in regions with large centres of population. Immigration patterns play a significant part in explaining this tendency. The cities of the EU15 countries are a focus for immigrants seeking better job opportunities than in their home countries and these people are often seen as a social group at particular risk of P&SE, at least in the short-term. The Athens (Greece) case study explores this type of in-migration, with parts of the city dominated by ethnic minorities. In Izmir in Turkey, the in-migration to cities shows a different pattern: it is mainly driven by migration of native people from the rural areas who can become highly marginalised within the informal economy.

It must be stressed, though, that cities are not the only places in Europe to have particularly high proportions of in-migrants: border regions are often significant ‘entry points’ for both economic migrants and asylum seekers. The people in the latter category who are fleeing from war zones, atrocities and the like tend to converge on very specific border regions or countries. So, for example, Malta and the Western Balkan countries have been the entry point for many people fleeing their homelands who may not always be entering through official channels. Although high rates of in-migration are unusual in rural or remoter areas, there are some regions where this does happen: the case study of La Manchuela in Spain explains how Moroccan and Romanians who typically work in the fields are exploited and made to feel unwelcome there. Nor are marginalised ethnic minorities in rural areas always in-migrants: Roma populations tend to be concentrated in such areas.

Rather than simply portraying those regions with large centres of population and high incidence of P&SE as exceptions to the general rule of high incidence in rural/remote regions, the TIPSE project analysis found broad patterns to explain this, too. What emerges is that while it is the rural regions that most often have the highest incidence of P&SE, this is predominantly in East Central European, Baltic and Balkan countries. In these parts of Europe this high rate is particularly associated with the ‘earning a living’ and ‘access to services’ domains. Remoteness also drives the high incidence of P&SE in the peripheries of Northern and Western Europe, associated with all four TIPSE domains. Typically, the high incidence of P&SE in urban areas is prominent in Central and North Western Europe and is particularly associated with in-migration of lower income households.

An overall pattern of high incidence of P&SE may also be observed at the macro scale itself: in the Eastern European states and the Mediterranean countries. For the former the high risk is associated particularly with a lack of prospects in the labour market, poor health, poor quality housing and low educational attainment. In the latter the high risk of P&SE is more specifically associated with the earning a living domain: low levels of disposable income, high inactivity and unemployment rates, a large proportion of low-skilled workers and a gender gap in labour market participation. The high incidence of P&SE in the Mediterranean countries has been increased by the economic and fiscal crisis which means it now shows the worst situation of the macro scale groupings of MSs in terms of earning a living.

For some MSs, the regions with relatively high incidence of P&SE can be described in terms of a geographic split of the country. In Italy and Spain there are significant contrasts between the north of the country and the south, with the southern regions having much higher incidence, particularly in the ‘earning a living’ and the ‘social environment’ domains. In Hungary, Slovakia and Poland there are contrasts between the East and the West, with the eastern regions in general having much higher incidence of P&SE than the west (although the furthest west regions of Poland’s incidence of P&SE was increased by the relocation of ethnic Germans after WWII).

These analyses suggest that *two scales* are of particular importance in understanding the geographic patterns of incidence of P&SE: *the macro scale*, and *the micro scale*. There is no doubt that the patterns are complex. What becomes apparent from our analysis, though, is that *different TIPSE domains are particularly important to different patterns of incidence of P&SE*. Thus, the ‘earning a living domain’ is prominent almost everywhere. ‘Access to services’ is particularly important in driving the higher incidence of P&SE in remoter and more peripheral regions, but also in Eastern European states in general. Urban neighbourhoods with high incidence of P&SE tend to be particularly influenced by problems of ‘earning a living’ and ‘political participation’. This reinforces the recommendation in the previous section for data to reflect the range of ways in which people become excluded, rather than just by ‘earning a living’.

Mapping which places have the highest incidence of P&SE through regular data collection and analysis at the lowest possible scale is a clear recommendation from this project. Interpretation of these results by ESPON type of region will provide some insights, but it will also be important to understand the types of historical and cultural contexts for this. Here the high level region differences are important drivers of the current regional patterns and influence, for instance, where vulnerable social groups live now and where housing stock is of poor quality.

Localised patterns of P&SE also seem to be driven very often by two contrasting forces. The first is about the immutability of physical geography: access to services being particularly difficult for people living in remoter areas. Many of the patterns of places with high incidence of P&SE are clearly associated with such geographies: remoter rural regions, mountainous regions, coastal regions, for example.

The second force is about the fluidity of social geography: how people move between places. This might be about small, regular movements such as commuting for work or travelling for services which give certain people in remoter places far more opportunities than those who cannot move easily. Much, though, is in terms of longer term migration patterns. The 6th Cohesion Report stresses the importance of in-migration: population growth in the EU28 between 2001 and 2011 was 3.8% yet natural population growth was only 0.4%. In-migrants from foreign countries tend to congregate around their point of entry. Border regions or urban areas where there are good job prospects therefore often have a high proportion of in-migrants, some of whom can be seeking asylum rather than simply work. These groups, themselves, tend to be at high risk of P&SE, at least in the short run. There is widespread outmigration of young people from remoter areas and in this case the increased incidence of P&SE is in the places they leave. Some remote places, though, are attractive destinations for retirement age people and those with young families as a form of counterurbanisation. Migration patterns, which have changed due to the economic crisis, tend to be fluid, and a better understanding of these as movement patterns through time, rather than simply at a point in time, would help in the overall understanding of the geographic patterns of P&SE. A number of TIPSE case studies addressed issues of migration and found new patterns of short-term, and/or circular movements appearing.

Recommendations

* **Use the insights from TIPSE’s analysis of rural regions with relatively high incidence of P&SE** (and from other projects with a strong rural P&SE component) in the design of the CAP in the future.

(Target Institutions: DG Agriculture; Agriculture and Rural Development Committee)

* 1. **THE GEOGRAPHIES OF POVERTY AND SOCIAL EXCLUSION:**

**THE ECONOMIC CRISIS EFFECT**

Although not the focus of the TIPSE project, certain geographic impacts of the economic crisis are discernible from this research. Most of these insights are gained from comparisons of 2011 and 2001 data in Annex 8, coupled with expert opinion on which changes were likely to be the effect of the economic crisis, with additional information from the case studies reported in Annex 4. Some 2001/11 changes, and some impacts of the crisis, were so widespread that it would be difficult to describe them as geographic: the general ageing of the population and its ramifications; increases in unemployment and youth unemployment as a result of the crisis; and a new ‘in-work’ and ‘middle class’ at-risk of P&SE grouping. Clearly, though, some territories have been worse hit by the economic crisis than others and some are recovering faster.

Further details of these trends are available in section 4.3 of Annex 8, but the main points that reflect on the TIPSE geographies of macro scale groupings of MSs and urban/rural (remote) regions are:

* That the countries in which the economic crisis exacerbated exclusion were the Mediterranean countries, the Baltic states and some other countries from East Central Europe. In the last group this was from a long-term baseline of low development trajectories.
* The widespread austerity measures of MSs typically led to reductions in state services that reinforce P&SE. When coupled with strong centralising tendencies, especially of health and education infrastructures, these impacted to an even greater degree in remoter areas which already had poor service levels. The lack of public transport has exacerbated the problems caused by this centralisation process.
* Intra-Europe migration patterns changed because of the economic crisis. These tend to be driven by opportunity differentials in MSs related to better earnings, jobs and career development. As one of the impacts of the economic crisis has been that these differentials have changed, so too have migration patterns. Greece, followed by certain East Central Europe countries, now has the highest proportion of the population out-migrating. There is also an increasing trend to keep moving rather than simply leaving one MS for another. People looking for better prospects move on to different cities, regions and MSs in their quest.
* The widespread EU ageing process is particularly acute in some rural/remote areas. This is in part a continuation of on-going trends: the existing population is getter older, and young people tend to out-migrate. The impact of the economic crisis, though, is likely to exacerbate this problem, with additional young people out-migrating in some places (Mediterranean countries, for example) and the service cuts being particularly acute for those without their own transport, of whom a significant proportion are older people.
* The capacity of family-based support structures in the Mediterranean grouping of MSs appears to be diminished by the economic crisis although there has also been a longer-term trend in this direction. Family ties and networks that traditionally provided crucial support are further stretched not only because of long term factors such as increased mobility, changing lifestyles and values, but also because of a lack of family resources.

Much of this ‘economic crisis’ effect is an exacerbation of existing trends in the geographies of P&SE, and whether or not these will continue into the future is open to conjecture. Some trends might have long term implications: for example, the outmigration of young people with high level qualifications, as in the Porto case study, may hamper growth trajectories. In the past, variable exchange rate adjustment mitigated such regional disparities, but the extension of the Eurozone across much of Europe now precludes this.

Recommendations

* **Devise a comprehensive policy that can address regional disparities** in the Eurozone (no longer addressed by exchange rate adjustments) (Target Institution: DG Regional; Regional Development Committee; European Parliament)
  1. **GOVERNANCE TO Address Geographies of Poverty and Social Exclusion**

The focus of this section is on how to address issues of P&SE that have a strong geographic component. Clearly general interventions for people at risk of P&SE such as benefits systems or workforce protection measures should support people living anywhere in Europe; the presence and effectiveness of such systems is taken as a given in this section which looks at what, in addition, might help people in those places identified as having a high incidence of P&SE. The main rationale for collecting evidence about the parts of Europe with high risk levels is that something can then be done to help reduce them. A prerequisite for this is not only high quality comparable data collected at as low a scale as possible (as recommended in the last section) but also analysis of that data that is optimal in terms of shedding light on those places at high risk and the underlying processes that might be causing this. This is best explained in more detail with an example. Annex 7 (ARoP rate mapping) uses a different ‘formula’, applied to the same data, in Maps 1, 3 and 4. The first of these maps the percentage population in households with <60% of the national median equivalised disposable income; the second maps the ARoP rate as national quintiles; the third maps the ARoP rate as a percent of the national average. Three different maps are produced, with the national quintile approach allowing more localised variation to be emphasised, and the percentage of national average approach (Map 4) giving focus to the extreme values, both positive and negative.

There is no single solution for those territories with high incidence of P&SE. As the last section explored, the types of area affected vary across European territory, and the TIPSE domains contributing most to the enhanced risk differ according to place. There is a pressing need to understand these issues and the local context in which it is taking place and a need for solutions that are specific to the local problems. The root causes of the problems are social, economic or political and some are now so longstanding they are bound up in the culture of the place. For many people excluded in these ways, the geographic features of the place – its remoteness, for example – further exacerbate the problems of exclusion. There is a need for an understanding of the local specificities of the problems, but this is not to argue for local organisations, alone, to orchestrate solutions. There is a need for a multi-level approach in order to resolve these locally specific issues.

Higher levels of the state are in a much better position to understand and address major forces that are impacting on people (the global economic crisis, for example) and to mitigate the impacts from such trends. Their action needs, though, to be nuanced with a greater understanding of the differential geographic effects at many levels of such forces, including at the local level. There is a significant role for high levels of the state to address geographic disparities in the incidence of P&SE in all high level policymaking, restructuring, legislation, and so on that affect P&SE. There is a need for a ‘place effect check’ on such activities to prevent them causing further disparities through ‘territorial blindness’.

For example, it is clear that the austerity measures of most MSs have led to cuts in public services, and that these have had a disproportionate effect in remoter regions. The EU, through its ESIFs in particular, matched by MSs, allocate significant resources to regions based on GDP per capita, and give MSs the opportunity to use some of these funds to resolve issues of P&SE. This is not the optimal way to target regions with high incidence of P&SE in all MSs: the TIPSE research shows that although this is the case in the CEECs and some of the Mediterranean countries, in the rest of the EU the relationship between high incidence of P&SE and the region’s economic performance is weak. This lack of focus on targeting funds from the ESIF on those regions at highest risk is understandable as its focus has always been on regional economic development; at the same time a focus on regions with a high incidence of P&SE is extremely important as there is little evidence of other sources of funding being made available to address these geographic disparities.

Responses, particularly at the EU level, need to be sensitive to differences between the high scale groupings of MSs both in terms of how they might address the alleviation of P&SE and which aspects of P&SE are the most important to the high incidence of P&SE in different territories. Although the TIPSE project identifies the labour market as highly important to alleviating P&SE, this was not equally important across all higher scale groupings of MSs, and the access to services domain was identified as of particular importance in driving high incidence of P&SE in CEECs and the Mediterranean countries. The report on the Mediterranean macro region chapter of Annex 8 also emphasised how initiatives to improve labour market features would not affect the many people at risk of P&SE who engaged in the informal economy, and how an improved understanding of its working would help people at risk of P&SE. The Porto case study explains, though, how informal work constitutes an important source of income for vulnerable groups who may be made more vulnerable by the government’s attempts to regulate this activity.

Different welfare regimes exist across the EU and while the exact membership by MS of any regime may be disputable, the TIPSE project found many ways in which their influence was clear. Some MSs are far more likely than others to see the state as provider only in the last resort, others have weak or embryonic state structures, particularly at the subnational level, others have very well-established and strong voluntary sectors that may play a key part, and in others family ties may play a significant role. Some solutions emanating from local people might be ‘social innovations’ or ‘alternative’ and the various state actors need to be open to such suggestions. The case study of Lieksa in Finland explains how a way out of P&SE for some people could be through hunting, fishing and foraging, for example.

At the same time as the various welfare regimes having different approaches, different aspects of P&SE may drive the macro scale geography of overall incidence across the EU. The TIPSE project found this particularly apparent between the EU15 MSs and the NMSs. In the former, it is the labour market and employment in elementary occupations that make an important contribution to high incidence of P&SE; by contrast in the latter accessibility, primary sector employment, education and skills and productivity levels are all much more important than labour market characteristics.

The argument so far is that action by higher levels of the state needs to be far more sensitive to geography; a further argument is that the higher levels of the state also need to be fully involved in locally led interventions. This is not just about providing funding, or helping signpost local actors to appropriate funds, although this is a valuable and necessary contribution. Any local activity needs to have higher levels of the state fully involved in order to enable the local action to achieve its potential, and many places may need external impetus and help to develop the capacity to act effectively. However, in some cases key personnel may need ‘poverty awareness training’ in order to develop the necessary strategic and holistic approach (see Western Isles, Scotland case study for details). Local level activity is often essential in bringing sensitivity to the context in which P&SE occurs and finding innovative small scale solutions, but needs inputs from higher levels to make a lasting difference. For example, local interventions that are sensitive to the problems of highly excluded Roma families may start to have an effect, but cannot make significant inroads unless cultural acceptance of the stigmatisation of such groups is addressed at a high level alongside transnational learning about such discrimination.

The TIPSE case studies, in particular, elaborate on the need for local action to be led by local partnerships, rather than local government on its own, but with support from higher levels of government. Horizontal partnerships are about more than simply sharing responsibility. They afford opportunities, for example, to create schemes that subsidise local employment or encourage entrepreneurship through links with the business sector. In the Dortmund, Germany, case study, teachers ran a ‘parents’ café’ in a disadvantaged neighbourhood which allowed parents to network and to communicate with the teachers.

Local partnerships can also draw in those who are involved in self-help in all its guises, as voluntary organisations, as neighbours, as family and so on, and support their efforts and integrate these into wider strategies. In Finland, for example, a policy goal is to improve the effectiveness of NGO work that addresses P&SE. Again, though, we must stress that the state needs to be involved and working with local people and we do not propose a ‘residual state’ where the family, neighbours or voluntary sector organisations are forced to develop survival strategies because of the ‘absent state’. Local partnerships also enable co-operation with highly excluded and vulnerable groups. In the Nograd (Hungary) case study, co-operation between local authority, civil society actors, parents and the local school were having positive effects in terms of the education of Roma children. A key point about these local partnerships, elaborated in the Western Isles of Scotland case study, is the need for trust: between the partners and between the partnership and the wider community.

The points emanating from the TIPSE project about the need for this type of place-based governance resonate with the findings of ESPON’s Territorial Approaches for New Governance (TANGO) project, which with its focus on territorial governance provides far more detailed analysis than is provided here. The TANGO final report offers conclusions on how spatial planning and regulatory instruments are involved in territorial governance, and on how broader policy processes such as coordination of actors and institutions, cross-sectoral integration, stakeholder mobilisation, adaptive capacity, and realising territorial specificities and impacts, have contributed to ‘good’ territorial governance.

The structures described so far bear many similarities with the Local Action Groups (LAGs) of the LEADER programme and the Community Led Local Development approach introduced in the ESIF for 2014 - 2020. What is important is to ensure that such structures embrace fully a wide range of local actors and that higher levels of the state are completely engaged with the process. The TIPSE project’s findings, though, suggest that populations of up to 150,000 (CLLD thresholds) in some circumstances would be quite high scale, and that interventions at much lower levels would be more appropriate. In Hungary, for example, ‘micro-regions and settlements’ at LAU1 level that are markedly lagging in terms of a number of socio-economic factors have been identified for particular attention.

An issue raised in a number of case studies relates to timings of interventions. One aspect of this is the need for early interventions, based on good flows of information, and the encouragement of pro-activity. Another is that short term interventions, although useful as experiments and pilots, may lead to unsatisfactory or even counter-productive outcomes once the funding runs out (see the Slovakian case study for details of such problems). Long-term approaches, such as that used in the Stockholm case study, are recommended in order to deal with structural and long-term challenges such as educational disparities or socio-spatial segregation.

Knowledge of what works and does not work in terms of alleviating P&SE in different geographic settings is essential, and the case studies in TIPSE, themselves, make a contribution in this respect. However, all such interventions are made within a specific context which makes it difficult to know what might and might not transfer successfully. This problem might be alleviated by ensuring that the context is well articulated in all dissemination activities as well as using territorial categories and social exclusion issues to identify similar situations where the successful intervention might be replicated. The TIPSE case studies in Annex 4 (p.3) give an example means of developing such a typology. The case study of Albacete in Spain, for example, is described as: Mediterranean/Southern countries macro region; predominantly rural remote area (ESPON typology of regions); and familialistic, to capture key characteristics of the welfare regime.

The exact nature of ‘categories of transferability’ needs further development in a number of ways. There are experts at many levels, in government, academia and practice who could have an input into this, there are various analyses that could be undertaken that would help to shed light on transferability, and there are regional representatives whose intelligence of what is happening on the ground would be invaluable, as well as their ability to self-select into certain categorisations. The feasibility of transferability would be best done by meetings of personnel of the original project with those of the prospective project in order to ensure a good ‘match’ or sensitive adjustments to the successful project.

The extreme case for transfer of ‘good practice’ is where the problem seems so intractable that little progress is made with different initiatives. There is a strong case here for carefully designed, monitored and assessed experimentation before issues of transferability are raised. A key to the success of local initiatives, though, that will not readily transfer seems to be not only people in the local community with the capacity to act, but also people willing to work together who have the trust of the wider community. This will be difficult to design into all possible projects.

Recommendations

* **National Reform Programmes should include Regional Chapters** which explain regional specificities about the incidence of P&SE and the approaches being used to address territorial cohesion objectives.

(Target Institutions:Committee of Economic and Social Affairs; DG Employment, Social Affairs and Inclusion; Social Protection Committee; MS lead organisation for OMC; Committee of the Regions)

* **Wide usage of CLLD and LEADER-type approaches should be encouraged** in measures aimed at alleviating P&SE, and consideration should be given to smaller scale place targeting where appropriate

(Target Institutions: DG Regional; DG Agriculture; DG Employment, Social Affairs and Inclusion; MSs)

* **In resource allocation and policy targeting, the high incidence of P&SE should be taken into account alongside levels of GDP per capita**

(Target Institutions: DG Regional; MSs; Committee of the Regions)

* **Arrange regular meetings of MSs and their regional representatives geographic subgroupings:** high level clusters, remote regions etc to discuss common issues and in particular to share good practice with due consideration of their transferability between places.

(Target Institution: Social Protection Committee)

* **Consider how best to collate and disseminate local case studies of P&SE** from TIPSE, ESPON studies and other sources to local actors intent on undertaking their own interventions. An effective route for the dissemination might be via existing networks such as CLLD and LEADER LAGs, Council of Europe’s Congress of Local and Regional Councils, Eurocities, Eurovast, Interreg.

(Target Institutions: European Platform against Poverty and Social Exclusion; Social Protection Committee)

* 1. **RECOMMENDATIONS, LISTED BY TARGET INSTITUTIONS**
     1. **All Policy and Data Arenas at all Scales**
* **Use a broad conceptualisation of poverty and social exclusion** in all policy arenas and provide appropriate data to support this. This is needed, in particular, to give more weight than at present to social and political factors that increase the risk of P&SE. Of course it will cost more to gather a fuller set of measures of P&SE but the alternative, of incomplete understanding and partially informed policy, may be more costly in the long run We would recommend the ‘domains’ of P&SE developed in the TIPSE project as a useful tool in this respect.
* + 1. **European Parliament and Committees**

*European Parliament*

* **Devise a comprehensive policy that can address regional disparities** in the Eurozone (no longer addressed by exchange rate adjustments) (also Regional Development Committee and DG Regional)

*Social Protection Committee*

* **P&SE data should be collected and analysed regularly at least at the NUTS 2 level.** Ideally such comparable data should be available at NUTS 3 level, but we recognise that budget constraints may mean that NUTS 2 level is more realistic in the immediate future (See Annex 11). (also to Eurostat and Member States)
* **Assess the value of using complementary methods,** such as case studies, expert analysis or meta-analysis (of extant studies) to provide evidence of process and occurrence of P&SE at smaller scales.
* **Consider producing a ‘themed’ report** on territorial aspects of P&SE
* **National Reform Programmes should include Regional Chapters** which explain regional specificities about the incidence of P&SE and the approaches being used to address territorial cohesion objectives. (Also to:Committee of Economic and Social Affairs; DG Employment, Social Affairs and Inclusion; MS lead organisations for social OMC; Committee of the Regions)
* **Arrange regular meetings of MSs and their regional representatives geographic subgroupings:** high level clusters, remote regions etc to discuss common issues and in particular to share good practice with due consideration of their transferability between places.
* **Consider how best to collate and disseminate local case studies of P&SE** from TIPSE, ESPON studies and other sources to local actors intent on undertaking their own interventions. An effective route for the dissemination might be via existing networks such as CLLD and LEADER LAGs, Council of Europe’s Congress of Local and Regional Councils, Eurocities, Eurovast, Interreg. (Also to European Platform against Poverty and Social Exclusion)

*Agriculture and Rural Development Committee*

* **Use the insights from TIPSE’s analysis of rural regions with relatively high incidence of P&SE** (and from other projects with a strong rural P&SE component) in the design of the CAP in the future. (also to DG Agriculture)

*Regional Development Committee*

* **Devise a comprehensive policy that can address regional disparities** in the Eurozone (no longer addressed by exchange rate adjustments)(also to European Parliament and DG Regional)

*Committee of Economic and Social Affairs*

* **National Reform Programmes should include Regional Chapters** which explain regional specificities about the incidence of P&SE and the approaches being used to address territorial cohesion objectives. (also DG Employment, Social Affairs and Inclusion; Social Protection Committee; MS lead organisations for social OMC; Committee of the Regions)
  + 1. **European Commission and its Institutions**

*DG Employment, Social Affairs and Inclusion*

* **Elaborate the geography of P&SE incidence at both NUTS 2/3 and at a high level grouping scale** such as the clusters developed in the TIPSE project. (also to DG Regional)
* **National Reform Programmes should include Regional Chapters** which explain regional specificities about the incidence of P&SE and the approaches being used to address territorial cohesion objectives. (also to Committee of Economic and Social Affairs; Social Protection Committee; MS lead organisations for OMC; Committee of the Regions)
* **Wide usage of CLLD and LEADER-type approaches should be encouraged** in measures aimed at alleviating P&SE, and consideration should be given to smaller scale place targeting where appropriate. (also to DG Regional; DG Agriculture; MSs)

*DG Regional*

* **Elaborate the geography of P&SE incidence at both NUTS 2/3 and at a high level grouping scale** such as the clusters developed in the TIPSE project. (also to DG Economic and Social Affairs)
* **Devise a comprehensive policy that can address regional disparities** in the Eurozone (no longer addressed by exchange rate adjustments) (also to Regional Development Committee and European Parliament)
* **Wide usage of CLLD and LEADER-type approaches should be encouraged** in measures aimed at alleviating P&SE, and consideration should be given to smaller scale place targeting where appropriate. (Also to DG Agriculture; DG Employment, Social Affairs and Inclusion; MSs)
* **In resource allocation and policy targeting, the high incidence of P&SE should be taken into account alongside levels of GDP per capita**. (Also to MSs; Committee of the Regions)

*DG Agriculture*

* **Use the insights from TIPSE’s analysis of rural regions with relatively high incidence of P&SE** (and from other projects with a strong rural P&SE component) in the design of the CAP in the future. (also to Agriculture and Rural Development Committee)
* **Wide usage of CLLD and LEADER-type approaches should be encouraged** in measures aimed at alleviating P&SE, and consideration should be given to smaller scale place targeting where appropriate. (Also to DG Regional; DG Employment, Social Affairs and Inclusion; MSs)
  + 1. **Other European Organisations**

*Eurostat*

* **P&SE data should be collected and analysed regularly at least at the NUTS 2 level.** Ideally such comparable data should be available at NUTS 3 level, but we recognise that budget constraints may mean that NUTS 2 level is more realistic in the immediate future (See Annex 11). (also to Social Protection Committee and Member States)

*Committee of the Regions*

* **National Reform Programmes should include Regional Chapters** which explain regional specificities about the incidence of P&SE and the approaches being used to address territorial cohesion objectives. (also to Committee of Economic and Social Affairs; DG Employment, Social Affairs and Inclusion; Social Protection Committee; MS lead organisations for social OMC)
* **In resource allocation and policy targeting, the high incidence of P&SE should be taken into account alongside levels of GDP per capita**. (Also to DG Regional; MSs)

*European Platform against Poverty and Social Exclusion*

* **Consider how best to collate and disseminate local case studies of P&SE** from TIPSE, ESPON studies and other sources to local actors intent on undertaking their own interventions. An effective route for the dissemination might be via existing networks such as CLLD and LEADER LAGs, Council of Europe’s Congress of Local and Regional Councils, Eurocities, Eurovast, Interreg. (Also to Social Protection Committee)
  + 1. **Member States**

*Lead Organisations for Social OMC*

* **P&SE data should be collected and analysed regularly at least at the NUTS 2 level.** Ideally such comparable data should be available at NUTS 3 level, but we recognise that budget constraints may mean that NUTS 2 level is more realistic in the immediate future (See Annex 11). (also to Eurostat and Social Protection Committee))
* **National Reform Programmes should include Regional Chapters** which explain regional specificities about the incidence of P&SE and the approaches being used to address territorial cohesion objectives. (also to Committee of Economic and Social Affairs; DG Employment, Social Affairs and Inclusion; Social Protection Committee; Committee of the Regions)

*Appropriate Institutions*

* **Wide usage of CLLD and LEADER-type approaches should be encouraged** in measures aimed at alleviating P&SE, and consideration should be given to smaller scale place targeting where appropriate (Also to DG Regional; DG Agriculture; DG Employment, Social Affairs and Inclusion)
* **In resource allocation and policy targeting, the high incidence of P&SE should be taken into account alongside levels of GDP per capita**. (Also to DG Regional; Committee of the Regions)

**REFERENCES**

Caritas Europa (2012) *The impact of the European crisis. A study of the impact of the crisis and austerity on people with a special focus on Greece, Ireland, Italy, Portugal and Spain*, Brussels

Council of the European Union (2011) *The Future of the Social Open Method of Coordination (OMC) – Endorsement of the Opinion of the Social Protection Committee (10405/11)*

Council of the European Union (2013) *Council adopts Cohesion Policy Package for 2014-2020 (PRESSE 579)*

COPTA (2011) *The Territorial Agenda of the European Union 2020*

Eikemo, T., Huisman, M., Bambra, C. and Kunst, A. (2008) ‘Health Inequalities according to Educational Level in Different Welfare Regimes: a Comparison of 23 European Countries’, *Sociology of Health and Illness,* 30 (4), pp.565-582

Esping-Andersen, G. (1990) *The Three Worlds of Welfare Capitalism*, Cambridge: Polity Press

European Commission (2010) *The European Platform against Poverty and Social Exclusion: A European Framework for Social and Territorial Cohesion (COM (2010) 758 Final),* Brussels: European Commission

European Commission (2011) *the Urban and Regional Dimension of Europe 2020: The Seventh Progress Report on Economic, Social and Territorial Cohesion,* Luxembourg: Publications Office of the European Union

European Commission (2013a) *Communication from the Commission to the European Parliament, The Council, The European Economic and Social Committee and the Committee of the Regions: Toward Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020 (COM (2013) 83 final,* Brussels: European Commission

European Commission (2013b) *The Urban and Regional Dimension of the Crisis: Eighth Progress Report on Economic, Social and Territorial Cohesion,* Luxembourg: Publications Office of the European Union

European Commission (2014) *Sixth Cohesion Report: Investment for Growth and Jobs,* Brussels

EUKN (2014) *The Inclusive City,* The Hague, Netherlands: European Urban Knowledge Network EGTC ([www.eukn.eu](http://www.eukn.eu))

Shucksmith, M, Cameron, S, Merridew, T, and Pichler, F (2006) *First European Quality of Live Survey: Urban-rural Differences*, [www.eurofound.eu.int/publications/htmlfiles/ef0663.htm](http://www.eurofound.eu.int/publications/htmlfiles/ef0663.htm)

Smith, N, Davis, A, and Hirsch, D (2010) *A Minimum Income Standard for Rural Households,*

Social Protection Committee (2012) *Social Europe, Current Challenges and the Way Forward: Annual Report of the Social Protection Committee (2012)*  Luxembourg: European Union

Social Protection Committee (2014) *Social Europe: Many Ways, One Objective,*  Luxembourg: European Union

Official Journal of the European Union (2013) *Regulation (EU) No 1303/2013 of the European Parliament of the Council of 17 December 2013 (L347/320)*

www.jrf.org.uk

**Appendix 1: The Familial Welfare Regime**

**EKKE team**: George Kandylis, Aliki Mouriki, Michalis Petrou

February 2014

The aim of this report is to present a summary of policy priorities in combating poverty and social exclusion in countries of the ‘familial’ welfare regime. Mediterranean countries are typical examples of this type of approach. An analytical distinction is made between the four TIPSE domains (Earning a living, Access to basic services, Social Environment, Political participation) and the respective dimensions. We examined especially the National Reform Plans (NRP) of 2013 (ES, IT) or 2011 (PT, EL), the National Reports on Strategies for Social Protection and Social Inclusion (NSR\_SPSI) of 2008 and the two available (PT, EL) National Social Plans (NSP) of 2012. Some less systematic references are also made based on the Reports on Strategies for Social Protection and Social Inclusion of the two smaller Mediterranean countries, Malta and Cyprus.

During the recent period, all four Mediterranean member states had to cope with conditions of intense economic crisis and responded by consolidation programs and austerity policies, negotiated either at the supranational or at the national level. All national governments regard national conditions of crisis as a result of crisis in the global and European economy and recognize the impacts of economic recession on poverty and social exclusion, as in the following passage.

*In what concerns the pillar that supports the reduction of poverty and social exclusion, the current situation imposes, on the one hand, the continuity of a set of measures and social programmes with impact on the combat of the longlasting and more severe forms of poverty and social exclusion and, on the other hand, requires a strong intervention on the new phenomena of poverty generated by the economic and financial crisis.*

(PT\_NSR\_2012)

The national governments try then to describe political priorities and policy tools in order to combat the consequences of the crisis.

Obviously, all the measures included in the National Reform Programme contribute towards tackling unemployment and easing the social consequences of the crisis.

(ES\_NRP\_2013)

However, despite their similar structures that originate from the requirements of the EU, the documents that were examined are rather unequal in terms of their analytical depth, the elaboration of specific objectives and the specification of certain policy measures. In many cases policy objectives are not directly connected with specific measures, while in other instances quite broad policy initiatives or plans are presented as measures, with no adequate clarification. Additionally, detailed assessment of the implementation of specific measures over time is rather rare. To make things more confusing, several references to proposed policies and measures do not distinguish between policies/measures that have already or were being implemented and policies/measures that were envisaged at the time of the report. Hence, one has to treat these documents mainly as indicative lists of national policy priorities and less as guides to actually existing policies/measures.

From a methodological point of view, we tried to review the documents by tabulating cited priorities following a distinction between objectives, policies and measures (Table 1). We also followed a hierarchical structure, with objectives being analyzed in to policies and policies being in turn analyzed into measures. Although this distinction is not always applicable, it helped to separate policy fields that tend to be formulated in more general and abstract terms from those that appear more concrete and specified. This method made it possible to attribute distinct objectives, policies and measures to one or more of the four TIPSE domains of social exclusion.

|  |  |  |  |
| --- | --- | --- | --- |
| **Country** | **Objective** | **Policies** | **Measures** |
| Portugal | Measures to combat poverty and inequalities, that stimulate active inclusion | Improving income (positive differentiation of benefits, giving more to those who need it most) | Temporary increase of 10 percent of the unemployment benefit amount when both members of the couple receive unemployment benefits and there are dependent children. This measure also covers single-parent families, |
| Solidarity Supplement for the Elderly |
| Non-application of the suspension in the payment of Christmas and holiday allowances in pension amounts below 600 Euros |
| Supporting socio-professional integration | Stimulus 2012, which provides financial support to companies in the employment and vocational training of unemployed registered in Job Centres for at least six consecutive months, in the amount of 50 percent of the salary paid to the employee during a period of six months |
| Measures to help preventing and reducing school drop out (creation of more schools in troubled neighbourhoods, Educational Territories for Priority  Intervention - the reinforcement of funds in order to support costs in hiring new employees; higher education scholarships) |
| Restructuring of the current network of Job Centres and Vocational Training Centres |
| Active Life aims to refer the unemployed registered in Job Centres to short-term and transversal vocational training actions |
| Impulso jovem (Young impetus). It includes a set of measures to combat youth unemployment and to support small and medium companies (SMCs). |

Table 1. Categorization of objectives, policies and measures in the Portuguese texts (excerpt)

Source: Own elaboration.

* **What does the group of countries aim to achieve for each of the TIPSE domains?**

Table 2 summarizes the national 2020 targets concerning poverty and social exclusion, according to the EU 2020 agenda (as set by member states in their 2011 NRPs). Apart from the AROPE rate, targets on employment, early school leaving and tertiary education attainment can be considered as relevant.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Member state** | **Reduction of population at risk of poverty or social exclusion in number of persons (thousands)** | **Employment rate (in %)** | **Early school leaving (in %)** | **Tertiary education (% of 30-34–year-olds)** |
| PT | 200 | 75.0 | 10.0 | 40.0 |
| ES | 1,400- 1,500 | 74.0 | 15.0 | 44.0 |
| IT | 2,200 | 67.0-69.0 | 15.0-16.0 | 26.0-27.0 |
| EL | 450 | 70.0 | 9.7 | 32.0 |

Table 2. National targets of the Mediterranean countries.

Source: http://ec.europa.eu/europe2020/pdf/targets\_en.pdf

These national targets are further specified in specific tasks in multiple ways that correspond to specific dimensions of the four TIPSE domains. For example, the Portuguese 2012 NSR, recognizing the complexity of poverty and social exclusion phenomena proposes a distinction of suggested measures between (i) measures to combat poverty and inequality that promote active inclusion; (ii) policy measures for groups in more vulnerable situations; (iii) measures to promote social economy and social entrepreneurship.

The first three domains (Earning a living, Access to basic services, Social Environment) are less or more present in the examined documents. The opposite holds true regarding the fourth domain (political Participation) which appears only marginally.

1. Earning a living

The ‘Earning a living’ domain is by far more frequently mentioned than any other domain. This is not paradoxical, keeping in mind the EU target of at least 20 million fewer people in or at risk of poverty and social exclusion by 2020. However, there is great imbalance between the two dimensions of the domain (i.e. income and employment), as the focus of most policies and measures is on increasing employment rather than on directly supporting income. This holds true in all four countries as well as in Cyprus and Malta, where increasing employment is connected with ‘flexicurity’ and flexibility in the labor market respectively.

1.1 Measures regarding employment mainly concern:

* The provision of various training programs addressed to unemployed people, usually involving specific age category groups, family structure (special care is given to couples with children and to single parents, physical capacity/health status and ethnic background. Programs for young unemployed to acquire work experience are also relevant.
* Initiatives to promote social entrepreneurship and self-employment.
* Initiatives for prolonging working life, especially by discouraging early retirement.
* Subsidies to business units.

1.2 Measures directly affecting income are especially addressed to specific vulnerable groups and mainly concern:

* Benefits to elder and retired people.
* Benefits to the unemployed.
* Other tools to support the satisfaction of basic needs, such as the establishment of social canteens (PT) or the shopping card (Semplifica Italia, IT), a means-tested measure to support the consumption capacity of families in absolute poverty.

In several cases special references are made to negative measures that reduce income for specific population categories (e.g. cuts in pensions), in the sense that their progressive implementation and the applied exceptions are provisions for the protection of the most vulnerable. This is especially the case of the reforms in the national pension systems.

All four countries envisaged and implemented wide reforms in their national pension systems. In Greece, the aim of the revision is to stabilize pension expenditure, guarantee the budgetary neutrality of these schemes, and ensure medium- and long-term sustainability of the system, by reducing the number of existing pension funds, eliminating imbalances in funds with deficits, stabilizing the current spending at sustainable level, and achieving long-term sustainability of secondary schemes through a strict link between contributions and benefits. According to the Italian NRP, the comprehensive pension reform led to one of the most sustainable pension systems in Europe. In fact, this reform, as the NRP also admits, put Italy’s actual retirement age at the highest level in Europe. As a protective measure, 130,000 people were excluded by the immediate implementation of the reform. Long-term financial stability of the pension system is an objective in Spain by prolonging working life and delaying access to benefits, as well as by penalizing companies that lay off older workers. In Portugal, the measures mostly concern the convergence of the social security system in the public sector with the already restructured social security system, by increasing working life for the civil employees and by establishing employers’ contribution. Malta and Cyprus also perform wide pension system reforms, under the concerns about population ageing, low employment rates of older workers and early exit from the labor market.

Although the main focus is on policies to increase employment, special references are made to in-work poverty which is recognized as a separate issue. Relevant measures mainly concern the provision of services to families in order to reconcile working and family life.

2. Access to basic services

This domain is in the second position in terms of the number of identified policies and measures.

2.1 Measures regarding education

- Measures against early school drop-out. These include the delineation of educational priority territories, the establishment of new schools in deprived neighborhoods and support to vulnerable families.

- Measures supporting vocational education, especially for unemployed and young people.

- Measures supporting life-long learning.

2.2 Measures regarding housing

- Measures for the suspension of evictions and for the restructuring of mortgage debts (ES, EL).

- Measures affecting housing supply, especially by new social housing development (PT, IT), financial support of construction cooperatives, concessions for developers and regeneration projects (IT).

- Measures that support households, namely fostering the social rental housing sector (PT) or suspending installment payments for primary residences (IT, PT).

- Measures for homelessness and housing deprivation. They mainly concern the creation of registries (IT, PT) and collaboration with NGOs and other civil society organizations that provide services to homeless people.

Housing measures in general are focused especially on groups with specific sociodemographic characteristics, especially families with children, students, disabled people, immigrants and the elderly. More universal approaches to housing support seem to be under consideration as in the case of Greece that abolished the Workers Housing Organization in 2012 in the context of its consolidation program, despite multiple references to this Organization in the Greek NSR\_SPSI.

2.3 Measures regarding health services

The health systems of the Mediterranean member states have undergone smaller or greater reforms in the last couple of years. All reforms are in the direction of cutting public sector health expenses, while on the other hand supposedly trying to maintain universal access and improving the quality of care delivery.

In Greece the reform efforts involve mechanisms for monitoring expenses (especially with savings on pharmaceuticals through new prescribing rules), defragmentation of provided services, transfer of competencies to regional authorities, merger of social insurance/healthcare organizations and measures to increase revenues by implementing admission fees.

The rationalization of expenditures is considered a priority also in Italy, together with territorial restructuring and new rules maintaining universal access and improving the quality of care delivery. The list of health reforms also includes the introduction of more transparent rules in the selection of hospital management, increasing private investment through public-private partnerships and the revision of the national pharmaceutical handbook.

In the Spanish national health system a distinction appears between a basic portfolio of care services and an extra portfolio of services subject to contribution from users. A pharmaceutical reform was implemented, so that people have to contribute according to their income. A new legal framework will be defined for the clinical management model, aiming at guaranteeing the sustainability of the long-term care system. Private companies are envisaged to get involved in the social security system, especially regarding occupational accidents, in order to combat labour absenteeism.

All national plans give special attention to the development of intelligent electronic platforms and records. In the case of Portugal this objective seems more elaborate, with the anticipated creation of a basic record of individual health data accessible online. Among other national priorities one can find the gradual transfer of services currently provided in hospitals to neighbourhood/proximity structures within the national primary care network; the extension of private establishments is also considered important and the implementation of ‘moderating’ fees in the access to healthcare, together with exemptions for citizens in need.

3. Social environment

3.1 Measures regarding dependent individuals

Several initiatives are recorded concerning childcare and elder persons’ care. In the case of children the reports insist particularly on existing and envisaged networks of crèches that are also considered important in reconciling the work and family life of parents. In Italy and Portugal there are provisions about integrated programs (“Citizens growing-up”, “Born Citizen”) aiming at ensuring registration and access of all children to services. In a similar context attention is also given to providing information and training to parents. Special programs are designed in order to promote the education of specific categories, such as children with disabilities, Roma children, children belonging to ethnic minorities.

Social protection of the elderly is provided through various forms of day centres and assistance at home. In all four member states, the prolonging of working life seems to be considered as a measure promoting social inclusion of the elderly and their families.

The Portuguese government intends to increase the number of places and the number of nurseries with extended timetables, giving needy and middle class families greater priority, continuing the commitment made in various funding programmes.

In Spain, apart from mechanisms adopted against the evictions of families in a situation of particular risk of exclusion, support will be given to families in difficulties or at risk of poverty through a diversity of measures: providing greater reconciliation between work and family life; fiscal benefits to families with children and special aids to families where child poverty is detected.

In Italy, the family is a priority objective and a target for the Government’s welfare policies in the forthcoming years. Measures of social policy regarding dependent individuals, affect especially those over 65, single parent families, families with dependent minors, and families with physically or mentally disabled members. The key medium term objective is to reduce taxes, to enable families to improve their income. On the other hand emphasis is given to community welfare, especially by establishing networks of volunteers and associations such as municipal governments, parish churches, pharmacies and family physicians.

In the case of Greece, special programs offer childcare services in cooperation with local authorities. These services range from psychological support to families to job support services to members of the household. Protection of dependent family members is also set as a priority in Cyprus and Malta, with special references to the reconciliation of work and family life.

3.2 Measures regarding integration of ethnically diverse groups

Immigrants and other ethnically different groups, such as the Roma, experience high and persistent at–risk-of poverty and exclusion rates.

Regarding social integration of immigrants in Greece, the main measures focus on stabilizing the permanent resident status of documented migrants, by reducing the risk of losing this status, facilitating their access in terms of bureaucratic procedures to their rights and enabling their full participation in the economic and social life. Moreover, a series of programmes financed by the European Social Fund aim at helping immigrants acquire the basic skills – mainly through Greek language and civilization programmes – to integrate not only in the labour market, but also in the society.

Regarding the social inclusion of the Roma, special programmes provide access to education for Roma children, while local centres provide social care services to Roma populations ranging from legal support to promotion into the labour market

The National Strategy for the Social Inclusion of the Roma community already is implemented in Spain, aiming at promoting employment rates among this group and improving the living conditions of the Roma community, with specific attention to education, health and housing, for this group as priority areas.

In Portugal, the plan for the Integration of Immigrants covers the areas of employment, vocational training and social security.

In Italy, regarding the immigrant population, the strategy for the next years primarily focuses on a) teaching the Italian language, which is necessarily the first step for ensuring full integration, b) promoting regular employment, because this guarantees rights and protection and is a vehicle for integrating immigrants in the socio-economic context in which they live and, c), housing, based on the belief that it is necessary to ensure decent living conditions, also by combating certain forms of discrimination.

In addition, there is a special focus on the Roma and Sinti communities in Italy. With regard to this topic, the National Strategy Framework of structural funds includes measures in support of the Roma communities, through the ESF and ERDF funds. These activities focus on promoting the strengthening of protection strategies, supporting the regional authorities from a regulatory, administrative and management point of view, to identify, design and monitor the regional guidance and support policies for overcoming and removing any obstacles to inclusion at the local level.

The Maltese NSR\_SPSI is the only one that includes a detailed reference to the condition of detention of third country nationals, recognizing the additional stress of detention and calling for measures to enhance post-release integration by improving opportunities for vocational training, education (including English language courses) and constructive forms of activity. This happens to be a unique recognition of the integration potential for undocumented immigrants who tend to be left unattended in most national documents.

4. Political participation

Under its formulated objective to combat extreme poverty and homelessness, the Italian NSR\_SPSI proposes among other measures a “nationwide discussion with the people living in conditions of poverty”. Suggestions like this occur very rarely (if at all) in the examined national texts. The participation of the poor and the socially excluded in the policy design process is severely underdeveloped and even indirect references fail to specify effective means of consultation or creating an enabling political environment, with the partial exception of the Maltese NSR\_SPSI where a relatively detailed consultation process is described . Furthermore, political participation seems not to be recognized as an issue per se, in the poverty and social exclusion agenda.

* **What tools/structures/institutions (including governance arrangements) do they envisage playing a significant part in working towards these achievements?**

All four countries declare their will to perform reforms in their administrative systems in various levels, in order to modernize public administration, reduce costs, promote transparency and increase effectiveness. Some important common approaches concern various reforms in local administration and the renegotiation of the relationships and the allocation of competences between national and sub-national authorities; tools to monitor public expenses; better use of European funding; and wide introduction of information technologies in various sectors of administration, such as tax collection, national health systems and anti-fraud policy.

Greece

A significant area of reform is the “Kallikrates” programme for the restructuring of local public administration which was adopted in May 2010 and lays down a number of measures for ensuring a strengthened role of local governments, while guaranteeing their financial independence and fiscal discipline.

In the section on poverty, the Greek NRP mentions three major reforms that are envisaged.

a) Functional review of social programmes, aiming at improving their effectiveness and achieve better targeting of funds to the vulnerable groups of the population.

b) The establishment of an interministerial cooperation scheme for monitoring and assessing social inclusion & protection policies.

c) Major reforms pertaining to the management and operation of the social security system including, gradual unification of the insurance funds, a Single Authority for controlling public payments and pensions through a Management Information System, the extension of the electronic system for prescriptions to all Insurance Funds.

Italy

The Italian NRP states the government’s intention to get the public administration closer to citizens. In order to ensure transparency, all procedures concerning purchasing goods and services, including payments, will have to take place through electronic means. The rescheduling of structural funds together with measures to accelerate procedures enabled the total use of European funding expiring 31 December 2012. The rescheduling also involved the transfer of more resources to the Italian South (Social Plan for the South).

Spain

According to ES\_NRP, the Spanish political structure, the self-governance of the Autonomous Regions and the evolution of the transfer process of powers over recent decades, have led to a significant proliferation of institutions, companies and other public bodies, whose functions overlap. A Commission for the Reform of Public Authorities (CORA) has been created in order to review the public administration services and examine their efficiency in detail and reduce their cost, without lowering the quality of services offered.

Portugal

In the Portuguese NRP the main tasks of better governance are to guarantee that citizens and companies have access to better public services, complementing the already high threshold of services available online, as well as identifying and encouraging solutions with an impact on Portuguese society and with high export potential. The key target is to ensure that Portugal remains an example in terms of availability and sophistication of online public services, increasing the use of such services by 50% and doubling exports resulting from internationalizing the developed solutions by 2015.

On the other hand, governance arrangements include the promotion of higher participation of the private sector and voluntary organizations in various forms of decision making and policy implementation concerning development goals and the increase of employment. The Portuguese NRP recognizes the need for a system for tracking and monitoring publicly initiated investment projects, through the creation of the Authority for the Monitoring of Public Private Partnerships, and the priority of building partnerships in the R&D sector. In a similar direction, the Italian NRP refers to tax breaks for large strategic infrastructures, when PPP contracts exceed €500 million. Tax reliefs for large investments also apply in Greece. At the same time all four governments establish new quasi public bodies and public-private partnerships in order to deal with specific priority policies, such as investment in R&D, privatization programs, urban regeneration projects, public property management or even the monitoring of the unemployment benefits system, as in the case of Spain.

It is less clear how private bodies are expected to participate in service provision. The Spanish case is quite interesting in revealing how the Spanish state predicts the transfer of competences to local authorities in the context of fiscal stability. The so called ‘obligatory’ services for which the Municipalities are going to be transferred to ‘deputations’ when quality standards are not met, or when this generates economies of scale.

Several references are made on the participation of voluntary organizations and NGOs concerning the provision of services to specific groups such as the homeless (Italy) or the Roma (Greece). Collaboration with NGOs is often associated with the organization of service provision at the local level. Consultation of various central and local state agencies with NGOs, even concerning the drafting and evaluation of national documents, is often mentioned but the exact content and methods of negotiation are generally omitted. Nonetheless, some documents explicitly state that there is a lack of coordination between public institutions and third sector organizations. A particular and quite ambiguous initiative regarding the voluntary sector comes from Portugal where voluntary services are seen as a ‘useful occupation for the unemployed, offering contact with other people and other activities, preventing isolation and a tendency to become discouraged and marginalized’.

A more traditional governance arrangement has to do with the establishment of various ad hoc interministerial and administrative commissions charged with specific duties in various policy fields, such as . This remains common in all four countries as well as in Cyprus and Malta.

* **How do they respond to the economic crisis?**

The background of the crisis is different in each of the four Southern European countries under consideration and, consequently, policy responses and the impact of the measures introduced have varied significantly. There are, however, similar patterns across the four countries as regards the heavy toll of austerity packages on household incomes, employment and social cohesion and the undeniable fact that the people paying the highest price currently are those who had no part in the decisions that led to the crisis. A brief account of developments in Portugal, Greece, Spain and Italy since the outbreak of the crisis follows.

Portugal

The economic crisis and the subsequent austerity measures have severely impacted the Portuguese economy, the labour market and the social situation. In May 2011 Portugal negotiated an *Economic and Financial Assistance Programme* with the International Monetary Fund, the European Central Bank and the European Commission, making a commitment to implement important structural reforms in the next three years, in order to consolidate its public finances and revive the economy.

The prolonged economic recession and the economic adjustment programmes have resulted in a 6% cumulative decline of GDP and a sharp deterioration of the ***labour market*** performance. From 2008 to 2012, the employment rate in Portugal fell by 6.6%. The increasing unemployment levels have hit especially young people and exposed a vast number of workers to long-term unemployment. In 2012 the unemployment rate was 15.9 %, from 8.5% in 2008; 38.4 % of young people (15-24 years old) were unemployed (16.4% in 2008); and long-term unemployment rose to 7.7 % (4.0% in 2008), affecting two thirds of the unemployed. Growing difficulties in finding a job, discouragement and deterioration of skills undermine the employability prospects of disadvantaged groups and raise the likelihood of an increasing number of people being permanently withdrawn from the labour market. Not surprisingly, a growing number of Portuguese are moving abroad in quest of a job. [[2]](#footnote-2)

Recent labour law reforms introduced an increased flexibilisation and deregulation in the labour market, namely in employment regulations and working conditions, resulting in a deeper dualisation of the labour market.

As regards the ***social situation***, austerity policies led to massive cuts in social benefits, weakening the social security system and unemployment protection at a time when it is most needed, and imposing a disproportionate burden of austerity on low income households. According to a recent report by the European Commission, the distribution of the burden of austerity on disposable income is clearly and strongly regressive in Portugal and changes to benefits tend to hit those on low income the hardest. [[3]](#footnote-3) Therefore, rather than safeguarding those most in need, austerity policies are affecting those on low incomes disproportionally, thus jeopardising social cohesion.

In terms of the proportion of the population that is at risk of poverty or social exclusion, although Portugal had seen a great decline in the share of population at risk of poverty after social transfers in the past decade and a drop in the rate of material deprivation, the situation has remained stable since 2010: 25.3% of the population was at risk of poverty or social exclusion in 2012 (2011 incomes) as well as in 2010 (2009 incomes). Similarly, the at risk of poverty rate also remained stable in 2012 (17.9%, as in 2009). The dimensions that have deteriorated significantly, however, are the number of people living in jobless households, 9.9 % in 2012 against 5.5% % in 2008, and the number of households facing insolvency and overindebtment problems.

Greece

The two bailout agreements that Greece concluded with the IMF, the European Central Bank and the European Union, in 2010 and 2012, in exchange for a total of 240 billion euro in emergency funding were accompanied by painful austerity and structural reform programmes that caused a record high recession (25% cumulative loss of GDP in just 6 years) and had a devastating impact on household incomes, employment levels, social cohesion and fundamental labour rights.

As the recession unfolded and internal demand shrank, labour market conditions deteriorated. The unemployment rate escalated to record levels and employment levels fell way down the *Europe 2020* target of 70%, to just 49%. In November 2013, the unemployment rate reached the record level of ***28%*** (affecting over 1.380.000 people, as opposed to 7.8% and 383.472 persons in November 2008). The young people have been particularly hit: 61.4% of those aged under 24 years are unemployed, the highest rate in the EU, compared to 22.1% in 2008. Long term unemployment has also risen sharply from 3.6% in 2008 to 14.4% in 2012. What is worse, over 70% of all unemployed people are long-term unemployed and only one in eight unemployed persons receives the unemployment benefit (360 euro per month) for a 12-month period. One of the most far reaching implications of these trends is the unprecedented brain-drain, as a growing number of young qualified Greeks are moving abroad. [[4]](#footnote-4)

Along with unemployment, the ***social situation*** has deteriorated markedly since the beginning of the crisis. This deterioration is reflected in the figures below:

* the share of the population which is either at risk of poverty, or severely materially deprived or lives in a household with very low work intensity has increased from 27.6% in 2009 (2008 incomes) to ***34.6%*** in 2012 (2011 incomes)
* the at risk of poverty rate stands at 23.1% (19.7% in 2009) and is the highest in the EU-27; but if we compare it with the 2005 poverty threshold, then the poverty rate has risen to a staggering 32.3%
* the number of people living in jobless households has increased to 17.5% in 2012 against 7.5% in 2008
* child poverty has reached the alarming level of 26.9% in 2012 (23.4% in 2009)
* among households with dependent children and no employed members, the poverty rate rises to 54%
* income inequalities have further increased: the *Gini-coefficient* indicator stood at 34.3% in 2012 against 32.09% in 2010.

Despite these adverse developments, Greece still lacks a guaranteed minimum income or a social safety net, thus leaving certain vulnerable groups in extreme difficulty.Overall, the social protection system has considerable gaps which have been further exacerbated by the crisis.

During 2010-2012, the government instituted several important labour market reforms, especially in the areas of employment protection and wage setting. New provisions came into force regarding wage setting procedures, minimum wages, severance pay, mass dismissals, part-time and temporary work, flexible working time, arbitration, etc. As a result of these policy reforms, the Greek labour market, has been transformed within just three years, to one of the most flexible labour markets of the EU. The reforms, however, have also led to a significant reduction of union leverage and a dramatic decline of wages. The total contraction of the average nominal wage in the Greek economy for the period 2010-13 has reached 30%, bringing down nominal wages to 2000 levels and real wages to 1996 levels.

Overall, the impact from the recession and the austerity programmes on the Greek economy has been much sharper than initially expected, triggering an unprecedented employment and social crisis. The persistence of a huge debt-to-GDP ratio (over 170%) erodes the future prospects of the Greek economy. Job creation, sustained growth and improvement of household incomes and of the social situation are still out of sight.

Spain

Despite its serious economic difficulties, which culminated in 2010 when the solvency problem became more acute, Spain managed to avoid a bail-out programme with all the strict conditionalities attached to it. Spain’s rescue plan involved a 41.3 billion euro loan approved in 2012 by the European Stability Mechanism to finance the re-capitalisation of the Spanish banks without adding to sovereign debt. The fiscal consolidation programme was, consequently, introduced on the government’s initiative and not imposed by the EU-ECB-IMF troika.

The drastic economic and structural reforms put forward by the Spanish administration since May 2010, focused primarily at reducing the public deficit and combating unemployment, which was at the time the highest in the EU. The ensuing austerity measures and labour market reforms were inevitably seen as the only way out of the crisis in order to achieve economic recovery and boost employment.

The principle of budgetary stability in force since September 2011 places the emphasis on the control of public deficit, without establishing a parallel general clause in respect of the social State, which relates in particular to urgent situations such as unemployment. This general and absolute prohibition of indebtedness for all State bodies and administrations beyond a certain percentage of GDP (to be set by an organic law), implies that much of the public policy action on equality and social leveling is becoming impossible.[[5]](#footnote-5)

Regarding the legislative measures introduced in the field of labour relations, it should be noted that their underlying idea was (as in the other Southern European countries) that safeguarding or boosting employment should be achieved by a further deregulation of the labour market and the industrial relations system. This is associated with reducing or removing labour rights or downgrading the system of employment safeguards, i.e. by undermining the system of free collective bargaining, facilitating firing and hiring procedures, and reducing labour costs.

The impact of these initiatives on the employment and social situation in Spain has been devastating: salary reduction for both public sector and private sector employees, contraction of public services, widening gap in the distribution of wealth, further increase in the rate of unemployment, which now stands at ***26.1%*** (November 2013, seasonally adjusted, as compared to 14.0% in November 2008), the loss of over 4.8 million jobs, a spectacular increase in the share of the long-term unemployed from 2% in 2008 to 11.1% in 2012, the second highest in the EU, and of youth unemployment (54.3% in December 2013),[[6]](#footnote-6) whilst according to Caritas the number of individuals suffering from extreme poverty has doubled since 2008 to reach 3 million[[7]](#footnote-7), and child poverty affects 1 in 3 children (33.8%).[[8]](#footnote-8) The proportion of the population at risk of poverty or social exclusion rose from 25.5% in 2010 to ***28.2%*** in 2012, whilst the share of the population living in jobless households rose from 7.4% in 2008 to 15.0% in 2012.

After six years of crisis and two years of recession, the Spanish economy seems to be slowly recovering (thanks especially to the growth of the export sector), albeit at a lower level of GDP and with unemployment levels still very high and expected to remain around 25% for the next 5 years.

Italy

Unlike the other Southern European countries, at the outbreak of the international crisis in 2008, Italy did not suffer from a real estate bubble, a banking crisis, or a huge public deficit, but of a very high external debt. Although the Berlusconi administration introduced a set of measures in 2008 and 2009, in order to restore the public finances and to alleviate the burden of the economic crisis on the poorer segments of the population, the increased taxation eroded the disposable income and reduced household consumption. The GDP fell sharply and unemployment began to rise. In 2011, because of its high debt-to-GDP ratio (over 123%) and the sovereign debt crisis in other EU countries, Italy became the object of speculation from the financial markets and was forced to take recessionary measures.[[9]](#footnote-9)

The technocratic Monti administration that took office in November 2011 introduced a national economic recovery plan (“Save Italy”) to avert the debt crisis. The main measures included the introduction of property tax, cuts in public spending and a far reaching pension reform (involving the de-indexation of pensions). More recently, additional measures were taken in the areas of competition and the labour market (de-centralisation of collective bargaining, broader unemployment benefit scheme, incentives to firms to hire employees with open-ended contracts). The reforms resulted in only a limited downward adjustment in wages.

The fiscal consolidation programmes and successive cuts in welfare spending, however, widened social inequalities, increased the risk of poverty and further deteriorated the labour market conditions:

* the proportion of the population at risk of poverty or social exclusion (AROPE indicator) rose from 24.5% in 2010 to ***29.9%*** in 2012
* the social safety net remained weak, despite the introduction of the *Social Inclusion* *Card* which is expected to mitigate the negative effects of the crisis on the most vulnerable, even though the eligibility criteria are very strict
* the at risk of poverty rate in Italy stands at 19.4% ,compared to 18.2% in 2010, while 6.9% live in conditions of "severe material deprivation"
* the share of the population living in jobless households has risen from 9.6% in 2008 to 11.7% in 2012
* the unemployment rate increased more moderately than in the other crisis stricken countries, from 6.7% in 2008 to 10.7% in 2012 (12.8% in November 2013, as compared to 7.0% in November 2008), but youth unemployment increased more markedly, from 21.3% in 2008 to ***36.9%*** in 2012. Lastly, long-term unemployment rose from 3.1% in 2008 to 5.7% in 2012.

At present, Italy’s economy is gradually moving out of recession, but household income and consumption are recovering at a much slower pace, whilst the rate of unemployment is expected to reach 12.4% in 2014, almost double the rate before the crisis. [[10]](#footnote-10)

All available evidence suggests that the policies pursued in the 4 countries to address their serious economic and financial problems have not delivered the required results in macroeconomic terms, whilst they exposed large segments of the populations to the threat of poverty and social exclusion. As the Caritas Europa (2012) report points out: *“The approach of imposing austerity measures and structural reforms aimed at reducing government borrowing and the debt/GDP ratio within a short number of years is not working in economic terms. Simultaneously, it is putting the social cohesion of Europe and the very political legitimacy of the European Union at risk”*.

* **What innovative policies are apparent (by domain or as cross-cutters)?**

Despite several general references to (social) innovation, few measures are of a verified innovative character, in terms of meeting social needs while strengthening the civil society. The areas of social innovation that are referred include:

* Wider use of digital technologies by the public administration and especially in the health sector (most prominent in Portugal)
* New legal frameworks and institutional measures to promote social entrepreneurship both as a tool to combat unemployment and as a method to promote supply of innovative goods and services.
* Legal frameworks to promote public-private partnership in various sectors of policy.
* The establishment of public companies responsible for the implementation of specific policies outside the regular institutional framework, as for example for the management of public assets and the promotion of large (strategic) investments.
* **How much consistency is there between the country grouping: are they very similar, is there no pattern, is there a dominant consistency with one or two out-lying countries?**

The four Mediterranean countries exhibit quite a lot of similarities concerning both recent developments in social conditions and their declared political priorities in combating poverty and social exclusion. Several fields of policy and even specific measures seem to be common trends, especially those deriving from wider EU priorities and discourses. Reforms in the pension systems and emphasis given to vocational education are good examples. Among the most important similarities one can list the prevalence of a workfare approach, where the objectives of increasing employment and placing people in the labour market are considered of absolute priority. Increasing unemployment reveals the difficulty of all four countries to meet this goal in a period of economic recession. Specific parts of the reports are characterized by a focus on labour market flexibility targets, without making clear how higher flexibility will affect P&SE. At the same time, policies that combat P&SE of employed people and policies that concentrate on the safety net aspect of the welfare systems are less developed.

Policies and measures proposed to fight against individual and household conditions of poverty and social exclusion are in general much more extended and thorough than those concerning poverty and social exclusion of specific social groups. While recognizing the special obstacles for certain social groups, policies for their social inclusion tend to overlook community responses. References to immigrants’ integration into the host societies tend to be rather generic and short. In some cases, as in the Italian NSR\_SPSI, immigrants and the Roma population are treated together.

On the other hand the four countries present some important differences. First of all, their economic conditions are not identical, as Italy’s economy seems to move out of recession. Italy and Spain were able to avoid bail-out programmes and the percentage decrease in their GDPs were -2.5% and -1.6% respectively, compared with -3.2% and -6.4% in Portugal and Greece. Similar differentiations occur in the field of social consequences.

Territorialization of the targets and measures is rather limited in Portugal and Greece, apart from rather general references to reforms in the local administration system in the latter. On the contrary, the spatial dimension is much more concrete in Spain, in connection with its federal administrative system and in Italy where the North-South divide is problematized. A more thorough analysis of spatial differentiation of P&SE phenomena through the examination of spatial disparities (between regions, urban/rural) seems to be more or less lacking in the national reports.

Differences do not simply occur because of recent developments. They also reflect longstanding contextual dissimilarities. For example, the absence of any reference to public housing policies in Greece, derive from the fact that public housing has been of marginal importance in the decades of rapid housing development. Similarly the engagement of the Portuguese government to employ teachers for the long established charities of the country can be considered as a measure connected with specific cultural traditions. Despite such particularities, the basic political orientations of the four countries have many common elements.

The review of policy documents reveals what has been termed as the paradox of the familial welfare regime, where the assumption about the centrality of family relations in the functioning of the welfare mix (i.e. in supporting those in need of

financial support and care) is in fact *not* followed by active family policies (Trifiletti, 1999; Naldini, 2003). As Naldini (2003) argues in her comparative study for Italy and Spain, this is explained by the fact that family policies have encouraged a variation of male breadwinner family model that is ‘stretched’ towards a family/kinship solidarity model. Poor resources that are distributed by the welfare systems are expected to provide social protection throughout the kin networks. The family-oriented model has not so much to do with active support to families but with the assumption that intergenerational ties and kin solidarity are still the basis of the functioning family system. According to Trifilleti (1999), the centrality of the family in the familial welfare regime is translated to an invisible toleration of family strategies.

Some common trends in the Mediterranean countries (especially the rationalization of the pension systems; the rise of unemployment which may lead to entire households with no employed members; the related withdrawal from compulsory social insurance programs; the limited protection to home-ownership), menace to further destabilize the ‘traditional’ role of families in resource allocation. In some countries (especially in Greece) and in specific regions these trends are more evident than in others. Whether policies developed to address these transformations (providing services that used to be under the responsibility of families) will be adequate is a matter of future research.

* **Area based policies**

The spatial dimension of policies against poverty and social exclusion gains various levels of attention in the national reports. In many cases the national reports fail to recognize the spatial foundations and/or the spatial effects of the proposed measures. In other cases spatial reflection remains implicit. In this section a short overview of the explicit spatial rationale of the above mentioned policies is presented.

Portugal

The Portuguese NSR\_SPSI recognizes the significance of regional disparities regarding the level of provided social services and social facilities and the level of unemployment. The report stresses the demographic dynamics of population concentration along the coast, especially in metropolitan areas, and the corresponding demographic desertification of the rural interior.

Local partnerships of “social networks” are thought to be adequate instruments to promote regional and local initiatives and to disseminate information on national strategies for social inclusion to partners and the general population. The Multi-District Platforms for Social Networks were created as a means to promote the sharing of responsibilities between state and local actors and were involved in the design process of the NSR\_SPSI. These platforms are envisaged to “provide a more integrated regional vision and contribute towards a more effective mobilization and participation of all stakeholders involved in implementing the national strategy for social inclusion (…), ranging from decentralized state services to solidarity organizations and private organizations”.

A special reference is made to the Regional Action Plan for Inclusion in the Algarve Region, as an experimental case that was designed in the EU context of the OMC. Local, regional and state actors involved in different fields of social policy (administration, health care, education, immigration) participated in a common partnership. The establishment of a technical Local Group to support the Multi-District Platform was considered as the main innovative element of the Algrave Region Plan, especially in creating a common language between partners.

In the detailed table of policy measures (Annex 2 of the NSR\_SPSI), a special section concerns measures about the “socio-territorial intervention in most vulnerable regions”. The three reported measures are designed by three Ministries of the central government in collaboration with the Municipalities. The “Critical Neighborhoods Initiative” concerns “Socio-urban integration of territories that show factors for critical vulnerability”. The “Social Development Local Contracts” are meant to promote professional training, social and parental skills, active citizenship and ITC training. The “Local Security Contracts” are projects designed to combat criminality and antisocial behavior through institutional cooperation. The method of selection of specific areas is not specified.

A separate section of the table is devoted to the Autonomous Regions of the Azores and Madeira, where distinct sets of sectoral policy measures apply, including for example an entrepreneurial network for solidarity economy, micro-credit and home care.

Spain

The federal structure of the Spanish state with its Autonomous Communities explains the unique position of the country among the Mediterranean member states regarding the territorial dimension of policies against poverty and social exclusion. The competences of the Autonomous regions extend to all domains of poverty and social exclusion. The Autonomous regions prepare their own plans for social inclusion and the elaboration of the National Plans is a matter of negotiation between them and the central government. The Spanish NSR\_SPSI makes several references to the need for coordination and collaboration concerning issues of education, health, immigration and even the minimum income regulations. The level of responsibility varies, with health care being entirely under the responsibility of the Autonomous Communities since 2002, whereas for example care for dependent people is based on a system of intergovernmental cooperation between the central government, the Autonomous communities and the local authorities.

The new System of Dependency and Care for Dependency gives a god example of how intergovernmental cooperation works. The respective legislation establishes that the implementation of the system is based on agreements between the central government and the Territorial Council, an institution that is considered as “the central body in the operation of the system”. Any regulation supplied by the government (including the criteria of dependency, the minimum level of protection, means testing methods etc.) is subject to a prior agreement achieved in the Territorial council. The central government then provides funding after online information submission by the Autonomous communities. Among the priorities of the Law, the NSR-SPSI mentions “guaranteeing care in rural areas to enable people to remain in their local area”.

A similar concern is stated in the case of measures aiming at improving primary health services in rural areas. No similar concerns occur on special conditions of vulnerability in urban areas.

A new Law that was prepared in 2013 on “Rationalization and Sustainability of Local Authorities” gives an overview of the Spanish political priorities in terms of the system of local administration. Among the objectives of the Law, as identified in the NRP (clarifying the municipal competences to prevent duplication; streamlining the organizational structure; guaranteeing rigorous financial and budgetary control; and encouraging private economic initiative) no references to local variations of poverty and social exclusion risks occur.

Italy

The single most important spatial dimension in the Italian NSR\_SPSI is that of the gap between the poverty rates in the South and the rest of the country, a division that the authors of the report consider to have no equivalent in the other European countries. Thus, the reduction of inequalities between regions, as well as the uneven development of social services is one of the main objectives of the strategy of social protection and inclusion. A strategic step in this direction is the effective formulation of the priorities identified in the National Strategic Framework for achieving a more effective allocation of European Community and national resources.

This strategy is translated in the NSR\_SPSI into the task of “the federal reorganization of the country’s institutions” which in turn signifies the transfer of social care and inclusion responsibilities to agents of the local level. The report also introduces the notion of the “so-called fiscal federalism, which, by establishing a certain degree of autonomy, with regard to tax revenues, by the regions and local authorities, restores to the central government its primary role of promoting the activities of permanent discussion, monitoring and assessment, aimed at preventing the differences to increase, and the geographical divide to further broaden”. At the same time, the transfer of authorities to the local level is connected with the participation of non-state stakeholders and partnerships. On the other hand, in order to avoid fragmentation, the Italian NSR\_SPSI argues that the central government put significant efforts in defining strategies and guidelines that serve as tools available to local authorities. A part of the NSR\_SPSI is devoted to the differential use of European funds in order to address different priorities in unequal regions of the country.

An example of area based policy implementation is that of child care, as child poverty is four times higher in the southern regions than in Lombardy. Services targeting children have become in complexity over the last 20 years, due to the introduction of more flexible programmes in kindergartens, while the geographical distribution of these facilities and services is not uniform. In 2007 a long-term programme was launched, providing for the development of an “Extraordinary Plan for Kindergartens”. The Programme allocated 340 million euros, of which 250 millions for all the regions and 90 millions, for the 11 regions with an attendance rate below the national average. In the health care sector, similar inequalities between Northern and Southern regions are combated through (among other means) partnerships between facilities in the South and the centres of excellence in the Centre-North and abroad, in order to facilitate knowledge management and the transfer of innovative practices.

Greece

The spatial differentiation of poverty and social exclusion gains rather limited attention in the Greek reports, despite that important urban-rural disparity as regards the AROPE rate is recognized. The Greek NSR\_SPSI admits that “programs and actions that are designed and implemented at national, regional or local level are often fragmentary and cannot be classified under a holistic strategy of priorities or even evaluation”.

On the other hand the authors of the NSR\_SPSI argue that the Greek social protection system is considerably decentralized at the level of implementation, in other words that local administration bodies “actively participate in the implementation of various actions aiming at satisfying local communities requirements”. The provided list of specific examples consists of services addressed to dependent individuals (nurseries, assistance at home, elderly care centres etc.).

Special attention is given to the National Health System which is characterized by disparities with regard to infrastructure and human resources distribution. Additional challenges occur because of the regional differences in population composition (ethnic minorities, immigrants), the continuing urbanization and the related “desertification of the countryside” and the recent (2010) local and regional administration reform. In 2007 NHS was restructured in seven Healthcare Regions in order to improve information management. However, stated efforts to establish new hospitals in remote and isolated areas contradict to recent mergers of regional hospitals. The objective of rationalizing and reducing expenditure seems to be of greater priority. A similar priority seems to guide the local and regional administration reform in 2010, which is characterized by the Greek NRP as an initiative to strengthen the role of local governments, “while guaranteeing their financial independence and fiscal discipline”.

In the sector of long-term care the report admits that from an institutional perspective non-discrimination applies only to those residing legally in the country thus excluding undocumented immigrants from certain services. Moreover, in practice there are additional deviations from the non-discriminatory model “to the extent that most services are concentrated in urban areas while semi-urban and rural areas suffer from serious shortages and scarcity of specialized services”.

Concluding remarks

The extent to which policies against poverty and social exclusion are spatialized depends on the specific political and administrative traditions of the member states. A federal tradition, as in the case of Spain, is contrasted to the heavily centralized Greek system, where administrative reforms towards greater local state responsibilities are quite recent. In Italy, Portugal and Greece, where regional authorities used to be weaker, restructuring is motivated by EU institutions and EU funding mechanisms.

Not surprisingly, in many cases where explicit references to area based policies are made, the national reports of the four Mediterranean countries bring sectoral political targets at the local/regional level, as for example in translating the objective of increasing employment into vocational training programs in specific areas. While this is reasonable, the national reports usually fail to identify specific criteria by which certain areas are considered of priority in implementing sectoral goals as well as to propose relevant indicators. In some cases the recognition of regional disparities is only loosely connected with specific area based policies.

Increasing the responsibilities of local and regional authorities is a common narrative in all countries, even in the Cyprus of the less than 800,000 inhabitants. This narrative is usually followed by the challenge to engage more social actors in the system of decision making and policy implementation. A certain ambiguity appears in what concerns the responsibilities and the capacity of central state institutions. The latter are usually given the role of guiding, coordinating and providing knowledge, while the responsibility of allocating resources is still far from being abandoned. However, in a period of restrictive economic policies, a certain tendency to combine the transfer of responsibilities with expenses restriction is recorded, meaning that apart from responsibilities, austerity is what central states tend to allocate to the sub-national administrative levels.

**References**

Callan, T., Leventi, C., Levy, H., Matsaganis, M., Paulus, A. and Sutherland, H., 2011, “The distributional effects of austerity measures: a comparison of six EU countries”. EUROMOD Working Paper No. EM6/11. Available at: https://www.iser.essex.ac.uk/people/hollys?material=Monograph

Caritas Europa, 2012, “The impact of the European crisis. A study of the impact of the crisis and austerity on people with a special focus on Greece, Ireland, Italy, Portugal and Spain”, Brussels

ELSTAT, 2014, Living Conditions in Greece, 3 January, Athens

ELSTAT (Hellenic Statistical Authority), Labour Force Surveys. Available at: www.statistics.gr

European Economic & Social Committee, 2013a, “The impact of anti-crisis measures and the social and employment situation- Italy”. Available at: www.eesc.europa.eu

European Economic & Social Committee, 2013b, “The impact of anti-crisis measures and the social and employment situation- Spain”. Available at: www.eesc.europa.eu

European Parliament, 2014a, “An evaluation of the social and employment aspects and challenges in Greece”. Written by Dimitris Karantinos. Directorate General for Internal Policies-Economic Governance Support Unit (EGOV), January

European Parliament, 2014b, “An evaluation of the social and employment aspects and challenges in Portugal”. Written by Ana Cláudia Valente and Paulo Marques. Directorate General for Internal Policies-Economic Governance Support Unit (EGOV), January

Eurostat, Labour Force Survey, 2008-2013

EU-SILC (Survey on Income and Living Conditions), 2008-2012. Available at:

http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/eu\_silc

Naldini, M., 2003, *The Family in the Mediterranean Welfare States*, London-Portland: Frank Cass.

Naumann, R., 2013, “Geographical labour mobility in the context of the crisis: Portugal”. Report on Geographical Labour Mobility in the Context of the Crisis for the European Employment Observatory.

Trifiletti, R., 1999, “Southern European Welfare Regimes and the Worsening Position of Women”, *Journal of European Social Policy February*, 9(1): 49-64.

Websites

http://ec.europa.eu/economy\_finance/eu/forecasts/

http://epp.eurostat.ec.europa.eu/

http://www.dt.tesoro.it

http://www.skai.gr

www.caritas-europa.org

www.eesc.europa.eu

www.europarl.europa.eu

**Appendix 2: The ‘Individual’ Welfare Regime**

Hilary Talbot, Ali Madanipour and Mark Shucksmith

Newcastle University, UK

May 2014

**Introduction**

In the TIPSE project, we use ‘individual’ welfare regime to denote the liberal welfare regime conceptualised originally by Esping-Andersen. This was one of his ‘Three Worlds of Welfare Capitalism’ (Esping-Andersen (1990). A basic assumption about this welfare regime is that, through work mainly, people pay into personal pension (and health in America) plans, so the state has a lesser role. In the 1980s, the decline of the trade unions allowed economic decline and unemployment to be confronted “with greater labour market and wage flexibility through seeking to reduce the burden of social costs and taxation, and eroding the legislated or *de facto* minimum wage” (Esping-Andersen, 1994, p.13). He goes on to say that consequentially there are deepening inequalities, rises of a low wage phenomenon and rising poverty rates; however there is some evidence of better employment growth.

In his exploration of alternative typologies of welfare regimes, Fenger (2007) finds that the United States is almost always given as a useful examplar of a liberal welfare state (except in studies solely of European countries). For the TIPSE project, as in many other studies, the liberal welfare regime in Europe is considered to be made up of the UK and Ireland, and is referred to here as the ‘individual’ welfare regime. This report draws in particular on the UK’s National Social Report 2012 and the Ireland National Social Report 2014 as well as independent policy commentary to provide a brief analysis of recent social policy from an individual welfare regime perspective.

Although more attention is given to the impact of the economic crisis for this welfare regime in a separate section of the report, the context of the crises for both the UK and Ireland needs emphasising. Both entered a period of significant recession in 2008 and both have introduced public expenditure ‘austerity measures’ with consequences for their welfare systems. However, the severity of the Irish crisis, and the swing from ‘boom to bust’, seem to dominate discussions of its current approach to issues of poverty and social inclusion. In Ireland, “the crisis was triggered by the global financial crisis and the bursting of the property bubble. This led to a banking crisis and subsequent fiscal crisis for the state … and culminated in the intervention of the IMF, European Central Bank and European Commission to ‘bail out’ the Irish economy” (McGinnity et al, 2014, p. 4). The social policy documents of these two ‘individual’ states read very differently: for Ireland, crisis management appears to drive much of the policy response, while the UK’s documents convey a strategic rhetoric based on social policy considerations. In both cases, though, there is a need to query the extent to which their plans might be implemented and become realities.

For the Irish Government, addressing poverty and social exclusion are mainstreamed policy objectives within their overall strategy (Department of Social Protection, 2014) of “ensuring a job-rich recovery and setting Ireland on the path to sustainable prosperity which will provide jobs and opportunity for our people, provide high quality public services, and encourage innovation in business and across society. This will enable the building of a fairer Ireland by helping to reduce inequality and improve poverty outcomes across society, with a particular emphasis on child poverty in line with the commitment in the Programme for Government.” (Irish Government, 2013a, p.15).

The UK government document, Social Justice (HM Government, 2012) signifies a shift in social policy approach: “disadvantage is far wider than income poverty alone” and that a new approach is needed “based on tackling the root causes of these social issues, and not just dealing with the symptoms” (HM Government, 2012, p.10). In its strategy it lays out a new set of principles which will inform the new approach:

* A focus on prevention and early intervention
* Where problems arise, concentrating interventions on recovery and independence, not maintenance
* Promoting work for those who can as the most sustainable route out of poverty, while offering unconditional support for those who are severely disabled and cannot work
* Recognising that the most effective solutions will often be designed and delivered at a local level
* Ensuring that interventions provide a fair deal to the taxpayer (DWP, 2012)

**The TIPSE Domains**

The TIPSE project developed four ‘domains’ that stress the range of ways in which some people are included and others are excluded: Earning a living, Access to basic services, Social environment and Political participation. The policy documents and commentaries of the two individual welfare regime countries are now examined to outline the extent to which each of these domains is emphasised.

*Earning a Living*

Active inclusion through work is an important undercurrent throughout the two National Social Reports for this welfare regime. It is much more clearly articulated in the Irish report which promotes active inclusion in society, refers to “transforming social protection systems to focus on maximising employability” and claims that “Getting people back to work will also assist those at risk of poverty and free us resources”. Under a heading ‘key social indicators’, the document lists employment, unemployment and youth unemployment statistics. In its National Reform Programme (Irish Government, 2013b) two of the three components to its social Inclusion plan are focused on earning a living:

* Adequate minimum income
* Activation and inclusive labour markets.

Although UK government policy stresses that “disadvantage is far wider than income poverty alone”(HM Government, 2012, p.10) it still adheres to the view that work is the primary route out of poverty (HM Government, 2013). One of the new principles outlined above is “promoting work for those who can as the most sustainable route out of poverty”. One of the four priorities to reduce poverty and social exclusion is ‘tackling the problem of worklessness’ (DWP, 2012, p.4).

Both member states in the individual welfare regime have a focus on how young people and retired people can secure an adequate income. In terms of unemployment, both countries stress the much higher than average rate for the under 25s and are putting measures in place to help them prepare for and access jobs. Many of the measures the governments have put in place are about preparing for work, such as ensuring good quality education and training are available, and that young people are able to experience work through such means as voluntary activity. In the UK, one of the five priorities for reducing poverty and social exclusion is ‘supporting young people from disadvantaged backgrounds’; in Ireland the emphasis on support to young people is evident in the Irish government’s introduction of the EU-wide Youth Guarantee during its Presidency of the EU in 2013. In both cases, getting young people into work is one of the strands of a wider programme of support for young people. In the case of Ireland, though, the implementation plan for the Youth Guarantee is couched in terms of intention, and includes the statement “given the fiscal constraints facing Ireland, a gradual implementation approach is being adopted” (Department of Social Protection, 2014, p.24).

Both countries in the individual welfare regime are ensuring adequate incomes for older people by encouraging longer working lives and active participation in the workforce, and by protecting ‘state pensions’. State pension age in Ireland has been standardised at 66 in 2014, rising to 68 by 2028; In the UK, pension age will become 66 in 2020 and rise to 68 between 2044 and 2046. Both have introduced measures during their recessions to protect the buying power of the state pension. In the UK, the ‘triple lock’ ensures that the basic state pension increases in line with the greatest of: the increase in the consumer price index; growth in average earnings; or 2.5%. McGinnety et al (2014) report that in Ireland the welfare benefits of the 65+ age group have been particularly well protected against the recession. In the UK, emphasis is also placed on encouraging private pension savings through tax breaks and introducing automatic enrolment of employees into pension schemes, with the option of ‘opting out’ rather than ‘opting in’.

For some people other than pensioners, state benefits are an important source of income. The policy in Ireland has emphasised maintaining the level s of the main social welfare payments. McGinnety et al (2014) found that in the period to 2012 there is evidence that those less dependent on the labour market experienced less of a change in their income. However, Callan et al (2013) show that the 2014 Budget has had the greatest impact on those on low incomes. In the UK, the commitment to those other than state pensioners who are on state benefits is more muted. There is a ‘principle’ of unconditional support for those who are severely disabled and cannot work, and a new system of Universal Credit, still to be fully implemented, which “will make the transition from benefits to work significantly easier and will ensure that work always pays” (DWP, 2012, p.7). Taken in the context of another two ‘principles’, ‘a fair deal for the tax payer’, and ‘concentrating interventions on recovery and independence, not maintenance’ these measures appear to signal the limits of benefits for those of working age.

*Access to Basic Services*

In line with the template for National Social Reports provided by the Social Protection Committee, both individualwelfare regime countries report under a heading ‘accessible, high-quality and sustainable healthcare and long-term care’. Ireland’s NSR describes how the Department for Health is currently progressing an ‘ambitious reform programme’. The UK has four separate plans, one for each of the ‘devolved administrations’ (England, Scotland, Wales and Northern Ireland).

None of these plans place particular emphasis on increasing the provision of health services by significant building of new hard infrastructure (hospitals etc), although there is mention of ‘continuing to invest’ (e.g., Scotland) and on specialist hospital provision (e.g., Ireland). Better provision, on the whole, is to be effected by such changes as increases in efficiency, productivity and integration and a reduction in bureaucracy. This is often to be done alongside cuts in health budgets (e.g., Ireland) or alongside greater demands from the ageing population with little in the way of extra funding (e.g., England).

Illness prevention features strongly in these plans. For example, Ireland aims to be Tobacco Free by 2025, which “along with the Health and Well-being Strategy will reduce demand for health services by persons with tobacco related illnesses and improve access to services for others” (Department of Social Protection, 2014). In a similar vein Northern Ireland is reported to be championing preventative and early intervention measures, and Scotland is said to be focusing its efforts on prevention and anticipation, and has introduced a minimum price for alcohol (DWP, 2012).

Another commonly mentioned reform is to make health and care services more ‘citizen-centred’, arranged around the needs of the individual, with patients being given choice. In Ireland, a system of ‘Money Follows the Patient’ mean that popular hospitals will be rewarded.

Who should pay for health services is raised in a number of the commentaries, exposing a variety of approaches. A change for Ireland will be the implementation of a universal GP service *without fees* for all children under 6 years. Wales makes a commitment not to shift costs to the public or transfer services to private providers. England has committed to increase public sector health spending in real terms.

Access to education and training gets mentioned in the social strategies for the UK and Ireland as reported in their National Social Reports. In the UK, this is as part of its commitment to support young people from disadvantaged backgrounds – one of its four priorities for reducing poverty and social exclusion. It refers to how its reforms to schools, vocational education, skills and welfare provision will help to increase the number of young people who are engaged in education, training and work. In addition, the Welsh Assembly government has introduced new employment programmes which will support young people in gaining valuable training and work experience, and Northern Ireland expresses concern about poor educational outcomes and has put in place ‘signature programmes’, one of which will tackle improving literacy and numeracy. The Irish National Social Report explains how, as part of its Youth Guarantee, it will provide quality training and education opportunities, with a particular focus for the education sector on early school leavers (those aged 16-21 without upper secondary qualifications). It relates how such measures mean that it now has one the highest rates of young people staying on to complete second level education in Europe. Training allowances are available under the Youthreach programme which targets unemployed early school leavers aged 15-20, and various other allowances are offered by the public sector to encourage young people to gain higher qualifications.

The UK National Social Report has almost nothing to say about housing, other than it is one of six disadvantages that may be experienced concurrently with others as ‘multiple disadvantages’, and that it has announced a number of measures to tackle rough sleeping. The Irish report gives a little more attention to housing. It is introducing the Housing Assistance Payment scheme, designed to allow people who work to simultaneously receive housing assistance if they can demonstrate need. Changes in legislation will improve the security of tenure for tenants of Approved Housing Body providers. The government also aims to end long-term homelessness by the end of 2016.

The two Reports suggest very different levels of ambition in terms of the general provision of services. The UK’s tends to be quite targeted, as are their stated priorities under the heading reducing poverty and social exclusion:

* Supporting families
* Supporting young people from disadvantaged backgrounds
* Tackling the problem of worklessness
* Supporting the most disadvantaged adults.

For Ireland, access to quality services is one of the three components of its social inclusion plan (Irish Government, 2013b), and the narrative in the National Social Reform is of an ambitious reform plan. However, this may need to be approached with some scepticism (as it often is in the Irish press), the main question being how can they possibly implement most of it, given the depth of their economic crisis and the need for public sector cuts. The Ireland Report, itself, at times articulates the fact that implementation of its plans might be highly constrained.

*Social environment*

Giving support to a number of societal groups at risk of poverty and social exclusion is a prominent theme for both countries in the Atlantic welfare regime. Both emphasise the measures they have in place or planned to protect older people, and to address the issues of an ageing population. The relative importance of this, though, is difficult to assess: it is one of the headings of the Social Protection Committee’s template for producing these reports and as such might simply appear particularly prominent.

Children, and in particular, eradicating child poverty is a focus for both countries. In Ireland, children in 2011 were 1.6 times more likely to be in consistent poverty compared to adults (Irish Government, 2013b); in 2013 they set a new poverty sub-target of children and jobless households. Child protections and welfare services are to be improved and new measures put in place. In the UK, each devolved administration is able to set its own poverty objectives, which it monitors and reports to Europe 2020. In England and Northern Ireland, the poverty monitoring uses Children indicators exclusively; Wales has some indicators for child poverty, but also for other people; Scotland’s child poverty is only monitored as part of the whole population’s poverty. Overall, the UK has one of its four priorities under a ‘reducing poverty and social exclusion’ heading as ‘supporting families’ which states that “the family is the first and most important building block in a child’s life” (DWP,2012, p.4).

Young people are another target age group for both countries. The implementation of the ‘Youth Guarantee’ in Ireland not only focuses on routes into work and training for young people as described above, but also provision for youth work. However, this is one of the programmes where implementation is admitted to be slow and staged. The UK has one of its four priorities under ‘reducing poverty and social exclusion’ heading as ‘supporting young people from disadvantaged backgrounds’. The commitment is to helping with access to education, training and work, but also improving access to psychological therapies for young people with behavioural problems and poor mental health.

Both countries plan to target some highly specified groups typically marginalised by society. Ireland plans to end long-term homelessness by the end of 2016. The primary response is through a housing provision approach. In the UK, one of their four priorities under the ‘reducing poverty and social exclusion’ heading is supporting the ‘most disadvantaged adults’. The actions articulated in the National Social Report, are tackling rough sleeping, addressing the rehabilitation of offenders, and working to achieve a sustained recovery for people with drug and alcohol problems.

Ireland also has a concern over the income levels of women. This is articulated as ‘reducing gender segmentation in the labour market’ and also in terms of a pensions gender gap in the National Social Report. It also has sub-headings addressing ‘dual parents’, and ‘ single parent and large families’ which raises the question of whether almost everyone is identified in a ‘target group’. It also has a sub-heading ‘combatting discrimination’, with the Equality Authority promoting employability of such groups (not specified in the National Social Report).

*Political Participation*

Political participation is not emphasised as a form of exclusion in either of the National Social Reports.

**Governance Approaches**

The documents under investigation here are policy documents and as such they both emphasise what the state plans to do. The narrative in the Irish Report is that the state needs to play an enhanced role because of the crisis and to make significant reforms to its structures in order to do so. The UK Report is more circumspect, and although it concentrates on public sector activity, it makes it quite clear that its interventions should be for ‘recovery and independence, not maintenance’, and that it must always balance the demands for intervention against providing ‘a fair deal to the taxpayer’. It also emphasises the need for people to take responsibility for their futures through investing in personal pensions. Such an approach resonates with Esping-Andersen’s liberal welfare regime; the Irish one is less clearly orientated in this direction. However, the Irish Report makes it clear that many citizens have had to pay for certain services such as health care in the past, and perhaps it is just the proposed changes from that ‘liberal’ base that makes it appear that the state is becoming interventionist.

Both Reports comment on the governance reforms underway in their countries. For Ireland this is continuation of the reforms started under the EU/IMF economic programme, with the government making a “strong commitment to maintain the reform momentum necessary” (Irish Government, 2014 p.2) since exiting from that programme. As well as some shuffling of responsibilities between government departments, new and old, and of efficiency drives, there is a narrative in the Irish Report of decentralisation of some roles from central to local government (e.g., housing assistance payments). It also makes reference to new local social welfare offices, one-stop-shops, which provide a fully integrated single public employment and benefits service. The co-ordinated implementation of targeted policies across all government departments and policy areas is a recurrent theme, along with the interdependence of policy domains. Social protection policies are said to have a key role in contributing to and augmenting economic recovery. In the Irish Report, reference is made to a new policy tool, Social Impact Assessment, which ensures greater policy co-ordination for social benefit by assessing the social impact of other government policies.

For the UK, the welfare system inherited by the present government is being reformed to ensure that it helps “people transition into work, not act as a barrier to it” (p.3). National leadership for a new Social Justice strategy has been established through a Cabinet Committee for Social Justice. As in Ireland, the notion of co-ordination between government departments is central to this. The National Social Report 2012 heralds the implementation of the “Universal Credit, which will make the transition from benefits to work significantly easier and will ensure that work always pays” (p.7). This implementation has been beset with problems, and is still awaited in 2014.

A UK-level report on poverty and social exclusion is quite difficult to interpret because at a number of points it ceases to be a national report but simply states the plans (e.g., for health care provision) or monitoring (of the poverty objectives) by each ‘regional administration’ (England, Northern Ireland, Scotland, Wales). Much of the governance of poverty and social exclusion is undertaken at this scale. Although not mentioned in the National Social Report, the Localism Act 2011 is in general suggestive of a government commitment to decentralise where possible and empower local government and local people to do more. In fact, responsibility for the implementation of the government’s care and support reforms is currently being transferred to local government.

The role of local people in mitigating against poverty and social exclusion is hardly mentioned in the UK National Social Report, but in a more general sense local people are increasingly expected by government to act. The Localism Act is not simply about decentralisation to local government, it is also about empowering local people to do more for themselves. The present government also championed a ‘Big Society’ agenda, described by Barnard (2010, p. 5) as “a loose but significant idea in shaping individual and social action and the services that people and communities need and generate”. It is about increased social responsibilities for individuals and families, and about community groups and organisations undertaking social action projects to improve life for themselves and their communities. Broadly, some commentators see this as based on notions of communitarianism; others view it as a cynical response to the cuts in public services.

The use of area-based initiatives to resolve issues of poverty and social exclusion is mentioned in the Irish Report as a means of delivering prevention and early interventions programmes for a broad range of support services for children. The EU’s Structure and Investment Fund (SIF) provides Member States with the option to deliver some of their programmes 2014-2020 using ‘Community-led Local Development’, where Local Action Groups shape locally appropriate responses. While Ireland and all the devolved administrations in UK will continue with this approach under the LEADER programme and the Fisheries Local Action Groups programme, only some parts of England are proposing to bring forward other Community–led Local Development under the SIF (UK Partnership Agreement (draft), Partnership Agreement Ireland 2014-2020).

**The Economic Crisis**

In the UK, the financial crisis of 2008 and 2009 marked the start of the “biggest recession of any major economy apart from Japan”, the main cause of the crisis being “ever-increasing levels of public and private sector debt” (DWP, 2012, p.2) later exacerbated by further shocks to the economy such as the euro debt crisis. The European Council’s advice to the UK to address constraints to employment and growth recommended a focus on 6 areas: the large budget deficit; a poorly functioning housing market; a shortage of the right skills; the high number of workless households; the availability of credit to the private sector; and the need to prioritise support for network infrastructure. ‘Austerity measures’ in the public sector have been felt by the population in general, but particularly in those regions where the public sector has been the primary employer. The statistics suggest that the UK has now returned to a period of economic growth, but some regions are still struggling to recover.

In terms of levels of poverty, the changes since 2008/9 show a mixed picture, and are often subject to dispute. On a positive note, the JRF’s anti-poverty programme’s statistics (<http://data/jrf.org.uk>) show that the proportion of children living in poverty, both before and after housing costs, has declined. According to Ray et al (2014) “a poverty line which takes account of living costs shows rising poverty rates since 2008/9”; and JRF work on minimum income standards (JRF.org.uk/topic/MIS) found that the cost of a basket of essential items had risen by 28% since 2008 while average wages had increased by 9%. Social Justice (HM Government, 2012) reports that there are currently 3.9m workless households, and that the number of household where no one has ever worked has more than doubled since 1996 to 1.4% of households. At the same time, families in which at least one adult works have become the largest poverty group in the UK (Schmuecker, 2014), and low-paid and low-skilled jobs are far more prevalent now in the UK than in other developed countries. In his presentation to the recent Townsend Memorial Conference, Gordon (2014) claimed that 17% of adults in paid employment in the UK are poor. According to his analysis the increased numbers of people living in poverty is not simply a result of the recession: over the last 30 years the percentage of households who fall below society’s minimum standard of living has increased from 14% to 33%.

Murphy and Scott (2014) analyse the economic crisis for Ireland, as part of the wider group of PIIGS countries. They highlight the “dramatic property crashes …, rapid increases in youth unemployment and emigration, ongoing banking crises …, the implementation of severe austerity measures” and “the pursuit of so-called internal devaluation measures” (p.75). The cuts in public expenditure include significant cuts in pay rates for public sector employees. However, efforts have been made to continue to maintain the value of the main weekly welfare payments despite the need for significant welfare savings (Department of Social Protection, 2014).

In terms of the levels of poverty and social exclusion 2008-2012, as monitored for the Europe 2020 targets, Ireland has seen an increase from 14% in 2008 to 26.9% in 2012. The impact of the ‘Great Recession in Ireland’ has been analysed by MCGinnity et al (2014). Key findings include:

* Exceptionally high unemployment rates among young people
* The actions to maintain levels of the main welfare payments have, on the whole, been successful
* Those in work have experienced more change in income than those on benefit
* People who might be thought of as ‘vulnerable people’ (e.g., the 65+ age group and disabled people) were less affected by the recession than other groups.

The government claim that there is now evidence of a modest recovery in the Irish Economy (Department of Social Protection, 2014).

**Geography**

As described above, governance approaches in both countries have some geographic impacts. In particular, the shift in Ireland from central government to local government and more localised provision of one-stop-shop services, and the reporting of many aspects of poverty and social exclusion by the ‘devolved administrations’ of England, Northern Ireland, Scotland and Wales, as part of a long-term on-going trend in devolution. In terms of the new EU funding programmes, LEADER and the Fisheries Local Action Groups actions will be used by both countries, but only some parts of England propose using the wider Community-led Local Development of the SIF. However, in the UK, one of the five principles informing their ‘social justice’ approach is “recognising that the most effective solutions will often be designed and delivered at a local level” (DWP, 12, p.5).

The key policy documents provide some high-level geographic analysis of the problems, in the UK, by devolved administrations. JRF’s analysis of child poverty in the UK by region show the marked difference between lower tier regions: how London has the highest level at 36% while the South East of England is the lowest with 21%. The Irish National Social Report states that the Border Midland and Western region had the highest rate of consistent poverty, and that this was slightly higher in urban areas than rural areas.

**‘Innovations’**

The ‘innovation’ from the individual welfare regime which has most bearing on the TIPSE project’s area of interest is the UK’s method of providing a ‘neighbourhood’ level analysis of deprivation indicators in the census. There are two noteworthy aspects to this approach:

* It allows the level of deprivation of places of c1,500 population to be identified.
* The analysis is by a number of deprivation domains (income; employment; health and disability; education, skills and training; barriers to housing and services; crime; and living environment) which are brought together as an Index of Multiple Deprivation.

This allows the government to identify ‘pockets’ of deprivation at scales well below many standard classifications of ‘regions’ which tend to mask such details. The central government Department of Work and Pensions is currently producing experimental statistics of worklessness in England and Wales at the ‘output area’ scale, where an output area contains 80 to 150 households (www.gov.uk/government/collections/census-output-area-data-on-workless-benefit-claimants-in-2014).

**An Individual Welfare Regime?**

Does the description at the beginning of the individual/liberal welfare regime fit the countries investigated here? Certain aspects of Esping-Andersen’s characterisation are apparent in both Ireland and the UK. The emphasis on work is clear, and in the UK there is an association with people paying into personal pensions. Both countries also have eroded job security and there is a growing identification of in-work poverty. What is more difficult to ascertain, though, is the extent to which this has been part of a liberal ideology or more a consequence of the measures felt to be needed to take the countries beyond economic crisis.

The latter appears to be the case for the Ireland. The extent of the economic crisis, and the list of measures proposed to relieve the situation (many of which may not be implementable in the near future) give the impression of crisis management rather than an ideologically based strategy. And an ideologically based strategy would have been difficult to pursue given the conditions of the ‘bail out’ from the IMF and EU. Ireland’s report emphasises some aspects of social policy which seem to run counter to the reduced role for the state which an individual/liberal welfare regime implies. The notion of people paying for their own pensions and health care seems to be receding, with an emphasis on maintaining state pensions and ensuring free health care for all children under 6 years of age. The long list of measures to be taken appear to ‘target’ most of the population, and it describes its concern with maintaining the level of welfare payment rates as a ‘redistributive policy’, which does not sit easily with a liberal ethos.

The UK report is rather different. First, it is a highly strategic document. It elaborates on its new ‘principles’ and articulates its ‘priorities’. Much of this is suggestive of a ‘last resort’ role for the state: work is the sustainable route out of poverty and interventions have to pass the test of being ‘fair to the taxpayers’. Where possible, the focus is on prevention rather than intervention. A few, tightly defined, social groups are the target for government intervention: disabled people, young people from disadvantaged backgrounds, and the most disadvantaged adults. This narrative seems to resonate well with a liberal ideology.

Where the UK ‘liberal’ model ceases to be quite so robust is where it is articulated by the four ‘devolved administrations’. In particular, differences in approach between England and Scotland seem apparent, perhaps not surprising given the context of the recent ‘independence referendum’ for Scotland. Taking the example of the UK National Reform Programme 2013, the UK/England section includes reference to a budget to turn around the lives of 120,000 troubled families, with “at least one adult in the family not in work, children not being in school and family members being involved in crime and anti-social behaviour. Local authorities will deliver the programme as ‘payment by results’, based on getting children back into school, reducing crime and anti-social behaviour and getting adults into work”. This would appear to have ‘liberal’ characteristics in providing for a narrow and extremely problematic section of society, using market-oriented mechanisms. The Scottish section of the National Reform Programme begins with a statement that “equity – social, regional, and intergenerational – is also a key driver of growth and jobs”. It goes on to describe how its approach is to give the most disadvantaged areas and people in Scotland the opportunity to prosper. In describing the two indicators it will use to monitor its Europe 2020 poverty targets, Scotland’s first is ‘solidarity target: ‘To increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017’’. ‘Equity’ and ‘solidarity’ is not a vocabulary that sits comfortably alongside a liberal ideology.

**References**

Barnard, H. (2010) **Big Society, Cuts & Consequences: A Thinkpiece**

Callan, T, Keane, C, Savage, M and Walsh, J (2013) Distributional impact of tax, welfare and public service pay policies: Budget 2014 and Budgets 2009-2014, **Quarterly Economic Commentary,** Winter 2013

Department of Public Expenditure and Reform (2014) **Partnership Agreement Ireland 2014-2020**

Department of Social Protection (2014) **Ireland: National Social Report 2014**

DWP (2012) **National Social Report**

Esping-Andersen, G. (1990) **The Three Worlds of Welfare Capitalism,** Princeton: Princeton University Press

Esping-Andersen, G. (1994) **After the Golden Age: the Future of the Welfare State in the New Global Order**, Occasional Paper no.7, World Summit for Social Development, Geneva, November 1994

Gordon, D (2014) **Poverty and Social Exclusion in the UK,** Presentation to the 3rd Peter Townsend Memorial Conference, [www.poverty.ac.uk/take-part/events/finalconference](http://www.poverty.ac.uk/take-part/events/finalconference)

HM Government (2012) **Social Justice: Transforming Lives** [www.dwp.gov.uk/social-justice](http://www.dwp.gov.uk/social-justice)

HM Government (2013) **Europe 2020: UK National Reform Programme 2013**

HM Government (2014) **UK Partnership Agreement**

Irish Government (2013a) **A Strategy for Growth: Medium-Term Economic Strategy 2014-2020**, Dublin: The Stationery Office

Irish Government (2013b) **National Reform Programme for Ireland 2013 Update, under the Europe 2020 Strategy**

McGinnerty, F., Russell, H., Watson, D., Kingston, G. and Kelly, E. (2014) **Winners and Losers? The Equality Impact of the Great Recession in Ireland,** [www.equality.ie/research](http://www.equality.ie/research)

Murphy, E. and Scott, M. (2014) Household Vulnerability in Rural Areas: Results of an Index Applied during a Housing Crash, Economic Crisis and Under Austerity Conditions, **Geoforum** 5, p.75-86

Ray, K, Sissons, P, Jones, K and Vegeris, S (2014) Employment, Pay and Poverty: Evidence and Policy Review, Lancaster: the Work Foundation

Schmuecker, K. (2014) **Future of the UK Labour Market**, www.jrf.org.uk

**Appendix 3: The ‘Society-based’ Welfare Regime**

**Christian Dymén and Petri Kahila**

**March 2014**

# Introduction

In this paper policy that relates to poverty and social exclusion, especially in relation to the society-based welfare model, found in particular in the Nordic countries, is addressed. This paper draws on the literature review performed by Talbot et al. (2012), where especially the work of Esping-Andersen is seminal. His initial work identifies three distinct models in western welfare states (not just in Europe). The model that most accurately applies to the Nordic countries is the ‘social democratic welfare state’ based mainly on the “harmonization of egalitarian ideals with growth and full employment; the optimization of employment and the minimization of welfare dependence” (Esping-Andersen, 1994, p.10). In the TiPSE project, we refer to this as the society-based welfare regime.

In ESPON TiPSE the model has been further developed and this model is also labelled “universalistic”. Trends however, presented in Talbot et al. (2012) suggest that the universal aspect of the Nordic welfare model is moving towards selectivism. Furthermore, as argued below, the society-based welfare model increasingly involves the business sector and the voluntary sector.

# Policy Evolution in the Nordic countries

Over the past years the work done by the Nordic Council of Ministers sheds light on the evolution of priorities in relation to welfare and social exclusion. Even though the welfare states are rather strong (in a European perspective) shifts in governance of the Nordic welfare states have occurred. For example, as argued in Talbot et al. (2012) shifts in governance structures, such as introduction of decentralisation and market circumstances challenges universalism in the Nordic countries. Even if universalism is challenged through shifts in welfare governancein the context of Europe, the Nordic welfare states are the most comprehensive and offer high levels of welfare to most citizens.

Having that said, and to further emphasise the society-based model, policy documents from the Nordic countries and from the Nordic Council of Ministers still emphasise strongly the society-based welfare model. Especially in 2012, the main topic of the Norwegian presidency of the Nordic Council of Ministers was the welfare state in a Nordic perspective. This clearly indicates that even though the universalistic welfare states in the Nordic countries are challenged, the Nordic model is seen as important in the light of the economic crises.

However, as mentioned above, the Nordic welfare state follows a trend where the private and voluntary sector is seen as important in providing welfare services. The Norwegian presidency emphasised that the development of the welfare states should “include looking at co-operation between the public sector and both sides of the labour market, as well as broader co-operation with, e.g. voluntary organisations…” (Norway, 2012, p. 8)

In 2013, Sweden took over the presidency of The Nordic Council of Ministers with emphasis on growth and solidarity as two main components in the Nordic model. Some of the aspects that the Swedish presidency choose to emphasise, when advertising Nordic countries as being in the top, are equal distribution of income, employment, equality and gender equality. One of the main challenges in order to secure growth, welfare and solidarity is combating exclusion. Special emphasis should be addressed to young people and those born outside the region (Sweden, 2013).

Also during the Icelandic presidency in 2014 welfare is emphasised, especially in relation to health and employment. The so called Nordic welfare Watch is to be implemented. “The *Nordic Welfare Watch* aims at reinforcing the pillars and promoting the sustainability of Nordic welfare systems through co-operation, research and mutual exchange of the experience and knowledge acquired. Its objective is also to develop solutions and co-ordinate actions to meet future challenges and to develop welfare indicators which can be useful for policymaking. By so doing, a strong core of research can be created, from which information and practical knowledge can be drawn which can prove useful for Nordic countries in formulating policies and making decisions in welfare issues should similar circumstances arise in the future (Iceland, 2014, p 38).

# Specific Measures by Domain

To assess the Nordic countries’ pathways and priorities in relation to the four domains of social exclusion developed within TiPSE it is useful to review the focus of the different countries’ presidency of the Nordic Council of Ministers. The next sub-sections highlight specific focus of the Nordic Council of Ministers in its efforts to deal with welfare. Specificities of the different presidencies are also emphasised.

A general observation over the last five years is that the Nordic welfare model is emphasised as important and worth developing. The Norwegian presidency in 2012 put special emphasis on this, highlighting that the Nordic model has earned considerable international recognition. The only programme that does not provide specific sections on the Nordic welfare model is the one from the Danish presidency in 2010. All other programs, especially the ones between 2012 until today are strongly emphasising welfare and especially inclusion and participation in the labour market as fundamental in Nordic cooperation. Could this indicate that the society-based welfare model has gained importance again after the economic crisis?

## Earning a living

The Nordic welfare model relates closely to the labour market. The Nordic policy agenda is based on balanced development between individual obligations and rights and, the responsibility of public employment service to assist unemployed people. This interface indicates to the individual’s right to employment and to the obligation to remain employable, as at the same time, the public employment service obliges the individual to look for and apply for available employment. The Nordic countries have implemented different policies and approaches in relation to the total individual working life. Active policies between the Nordic countries share similar approaches because of the common country structures and similar population and societal characteristics.

Although the Nordic countries indicate obvious similarities in terms of socio-economic and social circumstances, there are also obvious differences. When, for example, the situation for young adults to establish themselves in the labour market is examined, noteworthy differences emerge, although the general motivations of welfare policies are similar (Olofsson and Wadensjö, 2007). Crucial variations can also be noticed between the Nordic countries in relation to labour market performance for persons with an immigrant background. Large differences between the Nordic countries exist also with respect to long-term sickness leaves and early retirement. Most of the implemented policies handle the issue of how to keep ageing labour in the workforce and postpone exit from the labour market for ageing workers. Ineffective attempts have additionally been applied to improve the situation for e.g. young adults with an immigrant background. Generally, the policies implemented thus far have addressed mostly the national level, although ageing, welfare provision and labour supply are regional challenges.

The inclusion of marginal groups in the labour market has been on the policy agenda for a long time. Many reforms and programmes have been launched to address these issues. This is not the least apparent during Iceland’s presidency of the Nordic Council of Ministers in 2014. The programme for the Icelandic presidency states that “participation in employment is a premise for well-being, as well as one of the cornerstones of Nordic welfare societies. Economic recession in recent years has decreased the employment opportunities for people with reduced work capacity. It is important to combat unemployment among young people and vulnerable or marginal groups. Long-term unemployment and the interplay of education and labour market issues will be a focal point during the Icelandic presidency.” (Iceland, 2014, p. 34)

Looking over the past five years, issues of employment have been visible during presidencies of all Nordic countries, but as emphasised above the relation to the society-based welfare model is especially visible from 2012 and forward.

Furthermore, in relation to earning a living, demographic challenges should be emphasised, especially given that many of the Nordic countries are subject to sparsely populated areas and outmigration from these areas. One challenge relates for example to the outmigration of young people to metropolitan and urban areas, often in search for job opportunities and higher education (Roto et al., 2014). This is visible especially in Finland and Sweden. The Norwegian situation is rather different however, since most territories experience a surplus in migration flows (Roto et al., 2014).

Especially during the Swedish presidency in 2013, the demographic challenge was raised and emphasised as important. For example, in 2012 a Nordic project was launched on regional strategies for dealing with demographic challenges.

The historic aim of the Nordic welfare systems has been full employment. Labour markets in the Nordic countries have been better at activating the labour force, compared to other European countries. Even though current high employment rates in the Nordic countries may in the future be difficult to match, the existing challenges in the Nordic labour market are relatively limited compared to the emerging challenges in other European countries such as Italy and Germany. The general problems in the labour market are adequately addressed; undoubtedly however, disadvantaged groups nevertheless remain and require more attention.

## Access to basic services

In the Nordic welfare societies access to basic services relates especially to education and health. To be more specific the question is often not related to access to education but rather to what extent education contributes to opening up the labour market and to what extent pupils finish their education with acceptable grades, which can give access to higher education and qualified jobs. Iceland argues, as president of the Nordic Council of Ministers in 2014, that “the Nordic governments have raised the question as to whether the lack of close links between the traditional school system and business and industry means that young people fail to gain experience and insight into general working life, which is an important part of each individual’s development” (Iceland, 2014, p. 34).

In general education and health are stressed as the backbone of the welfare state (see Norway, 2012 and Iceland, 2014) in relation to access to basic services. A territorial dimension of this, as already emphasised above, relates to the outmigration of citizens from sparsely populated areas due to lack of education, and job opportunities. Moreover, an ageing population and thereby a high demand on health care is also a challenge. “Municipalities co-operate to reduce costs and increase efficiency in welfare service provision. In addition, technical and e-health solutions, particularly in rural and peripheral areas, are frequently used and are under continuous development. In border regions, especially in peripheral and rural areas, co-operation across national borders can compensate for the lack of a critical mass of people to maintain good-quality welfare services” (Hörnström et al., 2013, p. 29, as cited in Roto et al., 2014).

Another dimension of access to basic services emphasised in TiPSE is housing. Indicators such as housing units without water supply system, bath and shower as well as number of occupants per room are indicators for risk of social exclusion. Interestingly, however, such indicators are neither emphasised in the work of Nordic national statistical institutes, nor in policy documents. One plausible explanation is that in the Nordic countries, access to water is such a fundamental right that such an indicator would not indicate patterns of social exclusion. As an example, the Swedish statistical institute decided not to gather data to produce indicators such as access to WC, bath and shower for the Census 2011. Rather, they make a rough estimation that 100 percent of all housing units have access to all these basic amenities. As a conclusion then, a more suitable indicator could be homelessness.

In reviewing policy reports on social exclusion (see e.g. Denmark, 2010, 2012, Finland, 2011a, 2012, Norway, 2012, Iceland, 2014, Sweden, 2013, The Swedish National Board of Health and Welfare, 2010), specific measures to deal with homelessness is not explicitly emphasised, even though homelessness is mentioned in some policy documents as a phenomenon and estimations of the amount of homeless people are done.

## Social environment and political participation

In relation to social environment and political participation, in a broad sense, questions of gender equality and immigration are emphasised in the Nordic countries. This is especially visible in Norway, where a specific ministry of Children, Equality and Social Inclusion has been installed and where questions related to participation in decision making and gender equality are emphasised, and, in Sweden, where the government installed a gender equality and integration ministry between 2007-2010.

Issues related to social environment and political participation are closely related to ethnic and economic segregation. The Swedish National Board of Health and Welfare (2010), for example, emphasises that ethnic and social segregation are closely related and that challenges are visible in particular in the three biggest metropolitan areas, Stockholm, Gothenburg and Malmö. Interestingly, Finland differs from the other Nordic countries in explicitly addressing the situation of Roma people. However, it is likely that the situation of Roma people will be emphasised more frequently in the other Nordic countries in the future. In Swedish metropolitan areas for example, an increasing amount of Roma people are begging in the streets and some informal settlements have been established in the outskirts of the inner town.

Looking back over the last three years, only the Norwegian presidency of the Nordic Council of Ministers in 2012 addressed explicitly the situation of immigrants. Issues of segregation are however left rather unattended in Nordic cooperation policy documents.

Nordic countries generally exhibit high female participation rates in the labour market. Policies targeting female participation in the labour market have been demonstrated as “family friendly policy” at the European level. There are no other countries in Europe, in which female employment participation rates are as high as in the Nordic countries (see Copus, 2014, p. vii). Female integration in the labour market has also been possible because of established child-care and elderly care. It is evident that high female participation rates in the labour market have only been possible because of the societies’ support in advancing female employment. Important issues have for instance been the right to be on compensated maternity leave (cf. Berggren and Trädgårdh, 2012).

Regarding short-term policies, the labour force participation rate amongst Nordic women is very high (see Copus, 2014, p. vii), which means that the marginal cost for raising it even more will probably be relatively high. Low fertility is supposed to be mitigated by increased gender equality, increased possibilities to combine family and work/education, while measures are taken to stimulate an increase in fertility. The Nordic countries have worked actively with policies in these areas for decades, but there is no major sign of changing fertility in sight.

With regards to political participation in Nordic countries, the participation rate has traditionally been relatively high in formal elections. The Nordic countries reflect a small and homogenous population with long traditions of local democracy and stability. However, the participation rate and membership in political parties has become lower during recent years.

# Governance approaches and potential crisis resilience

Generally, Nordic countries have established a strong and functioning democratic system at the local level. Municipalities have main responsibilities in social policy and health services, although the national central government strongly regulates the service provision in the municipalities. Lately the local government reforms in Denmark and Finland have transferred the powers of local government to regional level. Anyway the local nature of decision making has protected the legitimacy of the public sector in the Nordic countries. Municipalities have had an important position in taking care of everyday issues. We should not overlook the importance of local government in maintaining and fortifying a common feeling of inclusion in local communities.

Closeness of decision-making is one of the strongest features of the Nordic welfare system based on local governments. Central European states on the other hand have been characterised by non-governmental organisations in taking care of social and health policy issues of people. Governance in Nordic countries does traditionally not relate directly to regulative powers of the state, but rather to blurred borders of public sector and civic sector organisations. The state is not directly identified as hostile but rather as an important part of the everyday environment.

Various third sector organisations have a tradition in provision of welfare services in the Nordic countries. Their position has mostly been to support and complement the public sector in producing welfare services. The role of the third sector organisations has become more significant during the last ten years, given that public sector spending has been strongly reduced in the Nordic countries. The private sector has also gained more importance in producing welfare services at the local level.

Policy responses to tackle consequences of the economic crisis have been diversified among the five Nordic countries. Denmark and Finland have had most long-lasting economic difficulties because of the global economic crisis. Norway and Sweden have recovered rather quickly from the crisis. Iceland had severe economic problems not only because of the global economic crisis but also because of domestic bank crisis. Regional differences have also been rather remarkable within the Nordic countries. It seems that capital regions have suffered least and more peripheral regions have suffered most. The economic crisis tends to have caused difficulties in regions with (1) a limited labour market, (2) dependence on one bigger branch of economy, (3) and decreased accessibility to surrounding labour markets.

Generally the Nordic countries have recovered from the economic crisis better than the EU average (Johnsen, 2014). This is manifested by rather moderate increases in unemployment figures. Low levels of unemployment have also meant more stable tax incomes and lower public debt levels. There are also indications that the Nordic countries became more crises aware after the economic crisis in the beginning of the 1990’s.

Without overestimating the relevance of a Nordic model in handling crisis and without neglecting the challenges that the Nordic countries have faced during the recent crisis (see (Johnsen, 2014), the Swedish institute, Global Challenge and Norden Association presents an interesting case for advancing some aspects of a Nordic model that might have contributed to the recovery from the latest economic crisis. As argued by Eklund (2012) “the reason [for efficient ways of handling crisis], however, is not that taxes have been hiked or benefits have become more generous or any other such actions which many people may associate with a ‘Nordic model’. On the contrary, economic policy in all four countries, but to a different extent, has been modernized, not least by market reforms.” (p. 8).

In conclusion then, Eklund (2012) advances four Nordic commonalities that contribute to resilience during crisis, namely, (1) a tradition of consensus seeking policy solutions, (2) open economies without protectionism, (3) sick leave and unemployment insurance systems should be shaped in ways that are generous and growth-promoting, and (4) flexible and secure labour market policy. Furthermore, especially in the light of the economic crises, Berggren and Trädgårdh (2012) advance the understanding that some aspects of Nordic capitalism might be relevant in addressing problems related to globalization, social fragmentation and the instability of capitalism. These are, (1) individualism, through promoting individual autonomy can lead to greater social cohesion if it is done in an egalitarian way, (2) the systemic advantage of having a positive view of the state, (3) a strong state and individual autonomy are prerequisites. Persson (2012) adds a dimension, namely inclusion. "The Nordic welfare model is not primarily a policy to benefit the poor but a whole array of policies focusing on employment, productivity, social protection and inclusion on the basis of citizenship and solidarity”. (p.31)

However, recalling findings from Dymén et al. (2012) “recent literature argues that shifts in governance structures, such as introduction of decentralisation and market circumstances challenges universalism in the Nordic countries” (p. 47). Vabo et al., (2011) argue for example that this shift leads to a range of new inequalities among citizens. However, the Nordic welfare states still offer the most comprehensive levels of welfare to most citizens (Kazepov, 2010b & Strohmeier, 2010; cited in Vabo et al., 2011; Rothstein, 2002).

# Some Reflections and Conclusions

One general and visible trend among the Nordic countries is that the Nordic welfare model goes toward more cooperation with private sector and the voluntary sector. This is emphasised in literature as well as in policy documents. However, the welfare model has gained importance again after the economic crisis and is characterised by equality, individuality and social trust.

On another note, as emphasised above, access to basic amenities is in general not emphasised in Nordic policy. However, as indicated in the Stockholm case study, urban renewal emphasies this aspect, where the Swedish government has allocated a lot of resources to renovate housing units in deprived areas.

Another interesting observation is that the prevention of poverty, inequality and social exclusion is one of the three main priorities in the Finnish Prime Minister’s Government Programme 2011-2015 (Finland, 2011b). According to the programme social exclusion can be prevented by decreasing unemployment and poverty and also by addressing a general lack of future prospects and sense of deprivation. The programme underlines separately the importance of activities and cooperation between administrative sectors and NGOs. This trend is also visible in the boom of corporate social responsibility, where social entrepreneurs see the potential to combine economic growth and social responsibility.

# References

Berggren, H., & Berggårdh, L. (2012). Social Trust and Radical Individualism. The Paradox at the Heart of Nordic Capitalism. In: Swedish institute (2012) *Equality individuality and social trust. The Nordic model*

Copus, A. (Ed.) (2014). *TiPSE final report*. ESPON

Denmark. (2012). *National social report Denmark*.

Denmark. (2010). *The Nordic Region pointing the way forward. Programme for the Danish Presidency of the Nordic Council of Ministers 2010*. Nordic Council of Ministers

Dymén, C., Reardon, M., & Kahila, P. (2012) Appendix 1: Concepts of poverty and social exclusion in Nordic countries. In: Talbot, H., Madanipour, A., Shucksmiths, M. (2012) *Review of Concepts of Poverty and Social Exclusion* (TiPSE Final report, Annex 1). ESPON

Eklund, K. (2012) Nordic capitalism. Lessons learned. In: Swedish institute (2012) *Equality individuality and social trust. The Nordic model*

Esping-Andersen, G. (1994). *After the Golden Age: the Future of the Welfare State in theNew Global Order* (Occasional Paper no.7, World Summit for Social Development, Geneva, November 1994)

Finland. (2012). *National Social Report - Finland*. Ministry of Social Affairs and Health

Finland. (2011a). *The Nordic Region: A Green Climate Leader Programme for the Finnish Presidency of the Nordic Council of Ministers 201.* Nordic Council of Ministers

Finland. (2011b). *Programme of Prime Minister Alexander Stubb’s Government*. Finnish Government

Iceland. (2014). *Vigour – vitality. Programme for the Icelandic Presidency of the Nordic Council of Ministers 2014*. Nordic Council of Ministers

Johnsen, I. (2014) Impact of the economic crisis. In: Roto, J., Grunfelder, J., & Rispling, L. (Eds.) (2014). *State of the Nordic region 2013* (Nordregio report 2014:1). Nordregio

Norway. (2012). *The welfare state in a Nordic perspective. Programme for the Norwegian Presidency of the Nordic Council of Ministers 2012*. Nordic Council of Ministers

Olofsson, J. & Wadensjö, E. (2007). *Youth, education and labour market in the Nordic countries – similar but not the same*. Swedish Council for Working Life and Social Research.

Persson, K. (2012). A closer look at inclusion and the Swedish welfare system. In: Swedish institute (2012) *Equality individuality and social trust. The Nordic model*

Roto, J., Grunfelder, J., & Rispling, L. (Eds.) (2014). *State of the Nordic region 2013* (Nordregio report 2014:1). Nordregio

Rothstein, B (2002) *Vad bör staten göra.* SNS förlag

Sweden. (2013). *The Nordic model in a new era. Programme for the Swedish Presidency of the Nordic Council of Ministers 2013*. Nordic Council of Ministers

Swedish institute (2012) *Equality individuality and social trust. The Nordic model*.

Talbot, H., Madanipour, A., & Schucksmith, M. (2013). *Review of concepts of poverty and social exclusion* (TiPSE Final Report, Annex 1). ESPON

The Swedish National Board of Health and Welfare. (2010). *Social Rapport 2010*. Socialstyrelsen

Vabo, S.I., & Burau, V. (2011) Universalism and the local organisation of elderly care. *International journal of sociology and social work*, 31(3), pp. 173-184

**Appendix 4: ‘State-based’ Welfare Regime**

Sabine Weck

ILS - Research Institute for Regional and Urban Development Dortmund

May 2014

1. **Introduction**

This report aims to provide an analysis of the level and scale of poverty and social exclusion in a group of selected countries, and on what is being done in terms of policy priorities and measures to achieve wider social integration. The group of countries is composed of Austria, Belgium, France, Germany, Luxemburg, Netherlands, and Switzerland, all of which are considered to share common characteristics of the so-called state-based (or corporatist-statist) welfare regime (see Talbot et al., 2012, p. 23ff. for further details).

The sources for analysis have been the most recent elaborated documents of the Member States within the process of adopting the Europe2020 strategy: National Social Reports, NSR, 2012, and National Reform Programmes, NRP, 2013, and the related European Commission and European Council working papers and country-specific recommendations, besides other relevant national plans or strategies, such as National Inclusion Plans/Strategies for the Roma population.

In order to be able to assess policy measures and approaches, it was indispensable to draw on further literature. Reading through the national policy documents makes clear that in-depth analysis of policy challenges and level of specification as regards policy measures varies considerably between the different national documents. But also, the National Social Reports (2012) of France and Luxembourg, available in French only, could not be analysed as thoroughly as the other reports. Furthermore, given the fact that Switzerland is no member of the European Union, there are no equivalent national reports available. In all of these cases, be it due to the authors’ language deficiency, or missing policy reports, I have tried to compensate in drawing upon available further policy reports or academic material.

**2. Setting the Context**

Main wider characteristics of the seven countries which fall into the state-based regime, as compared to other regimes, would be the following ones:

1. (Paid) Employment is essential for societal integration. At the same time, the labour market tends to be highly regulated, which leads to reported employment inflexibilities in some of the countries, and a sometimes sharp divide between insiders and outsiders.
2. All countries in this group show a stable social policy orientation over the last decades. Though there is an overall tendency for deregulation and/or a need for modernization of social protection systems, an universally accessible level of adequate social services is provided by the state, rather than the private sector (as in the individual or liberal welfare model) or the family/social networks (as in the familial welfare model).
3. Socio-economic and socio-spatial inequalities are less pronounced for this group of countries, as compared to countries with a more neo-liberal or with a less well regulated housing provision and planning systems.
4. As a common challenge, an ageing population puts challenges on the labour market and the social protection systems in France, Austria, Germany and the Netherlands.

Given the difficult economic environment of the last years, differences across the group become apparent as well. Some of the countries in the cluster (especially Austria and Germany) show a remarkable economic stability over the last years. Countries such as France, however, have been suffering from considerable household deficits, weak economic growth and rising unemployment.

Table 1: Selected key indicators for characterising the welfare regime countries  
Source: Eurostat

|  |  |  |  |
| --- | --- | --- | --- |
|  | Gini coefficient of equivalised disposable income, 2012 (ilc\_di12) | At-risk-of poverty rate, 2012,  after / before social transfer  (ilc\_li02; ilc\_li01) | Employment rate, 15-64 years, 2012,  total / female  (lfsa\_ergan) |
| Austria | 27.6 | 14.4 / 25.8 | 72.5 / 67.3 |
| Belgium | 26.5 | 14.8 / 27.5 | 61.8 / 56.8 |
| France | 30.5 | 14.1 / 23.8 | 63.9 / 60.0 |
| Germany | 28.3 | 16.1 / 24.3 | 72.8 / 68.0 |
| Luxembourg | 28.0 | 15.1 / 29.0 | 65.8 / 59.0 |
| Netherlands | 25.4 | 10.1 / 20.6 | 75.1 / 70.4 |
| Switzerland | 28.7 | 15.9 / 23.3 | 79.4 / 73.6 |
| Ø EU 28 | 30.6 | 16.9 / 25.9 | 64.1 / 58.5 |

Table 1 gives an overview on the most recent data on income inequalities (measured in terms of Gini coefficient), employment rate, and at-risk-of-poverty rate. The table shows, that, in terms of income inequality, Netherlands would be the country with the still lowest, and France the country with the highest income inequalities. The at-risk-of-poverty rate after social transfer is again lowest for the Netherlands, and highest for Germany (though still below the EU-28 average). Comparing the at-risk-of-poverty rates before and after social transfer, there is a relatively high reduction in the share of population at-risk-of-poverty in Netherlands, Luxembourg and Belgium. Given the importance of employment for social integration in this welfare regime, the right column in Table 1 shows the employment rates for the selected countries. This rate is highest for Switzerland and Netherlands, and lowest for Belgium (and lower than the EU-28 average), also as regards economic participation of women in the labour market.

**3. Policy Priorities and Ambitions**

**3.1 Goals and targets in the frame of the EU2020 agenda**

In the frame of the EU2020 agenda on reducing poverty and social exclusion, the Member States have set their individual goals and targets. Table 2 shows the national targets of the countries (without Switzerland). Member States were free to set national targets as long as they could show that policies and ambitions would contribute to the European overall goals, such as the target of lifting 20,000,000 people out of poverty and social exclusion by 2020.

Table 2: National targets in the field of reduction of population at risk-of-poverty or social exclusion (Base year for monitoring: 2008).   
Source: http://ec.europa.eu/europe2020/pdf/targets\_en.pdf

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Reduction of popula­tion at risk-of-poverty or social exclusion  (absolute numbers) | Employment rate (in %) | Early school leaving  (in %) | Tertiary education (in % of 30-34 years-old-population) |
| Austria | 235,000 | 77-78 | 9.5 | 38 |
| Belgium | 380,000 | 73.2 | 9.5 | 47 |
| France | 1,600,000**1** / no target | 75 | 9.5 | 50 |
| Germany | 330,000**2** | 77 | ˂ 10 | 42 |
| Luxembourg | No target**3**/ 6.000 | 73 | ˂ 10 | 40 |
| Netherlands | 100,000**4** | 80 | ˂ 8 | 40-45 |
| EU-target | 20,000,000 | 75 | 10 | 40 |

**1** Reduction of the anchored at risk of poverty rate by one third for the period 2007-2012 or by 1,600,000 people; in 2013 this target was abandoned;   
**2** more specifically: 330,000 long-term unemployed;   
**3** in 2013 Luxembourg finally set a national poverty target, i.e. to reduce the number of people threatened by poverty or social exclusion by 6,000 until 2020;   
**4** more specifically: reduce the number of persons (0-64) in a jobless household

The 2013 National Reform Programmes show, that some of the countries in our welfare regime have performed well as regards the objective to reduce the number of persons at risk of poverty and social exclusion, others seem further removed from the social inclusion target, compared to 2008 situation.

The 2013 Austrian National Reform Programme state, that Austria had reduced the number by over half of its target (125,000), and appeared likely to meet national Europe 2020 targets. The German target had been reached and exceeded in 2012 already. The Belgian National Reform Programme, on the other hand, states an increase in the absolute number of people at risk of poverty and social exclusion over the last years. The French target, the most ambitious figure as regards reduction of the at-risk-of-poverty-rate in the beginning of the Europe 2020 process, has been abandoned (and seemingly not replaced so far), as being unrealistic in the situation of crisis, rising unemployment and an increase in poverty (see EC working document on the 2013 NRP programme, p. 33)

As Table 2 shows, Netherlands, Austria, and Germany have set employment rate targets above the target rate for the whole European Union, while Belgium and Luxembourg set the countries’ targets close to the EU target, though a bit lower. As regards the targeted rate of early school leaving, most countries do not aim to achieve the target for the EU (10%), except for the Netherlands, who has set a more ambitious target of reducing this rate under 8%. In tertiary education, quite a number of countries have set more ambitious targets, well above the EU-target, thus displaying confidence in their tertiary education sectors’ strength.

In many documents, the different interests at European and national level and the compromises in the process of target-setting in the area of poverty and social exclusion have been highlighted (Copeland & Daly, 2012; Maître et al., 2013). As in social policy the European Union has only limited powers to regulate, target setting and indicators for measuring progress needs to accommodate national interests. At the same time, there also needs to be a reasonable degree of flexibility, considering the different welfare regimes across Europe, and the underpinning values and traditions going along with these, in framing poverty and social exclusion challenges and responses at the national level. Table 2 reflects, especially if compared with the respective papers on the other welfare regimes, that the countries within this welfare regime politically put great emphasis on increasing labour market participation of population. Less ambitious target setting is obvious for most of the countries as regards the reduction of population at risk-of-poverty or social exclusion. A greater emphasis on inclusive social development and inclusive growth is best visible in the ambitious targets of the Netherlands, as well as it was visible in France (the target has been abandoned in 2013).

**3.2 Perception of problems and political framing in TiPSE domain “Earning a living”**

Within the process of adopting the Europe2020 strategy, Member States were asked to define social policy objectives (in the areas of poverty and social exclusion, healthcare and long-term care, and pensions). European Member States drafted so-called 2012 National Social Reports as a basis for policy coordination within the Open Method of Policy Coordination (OMC) in the area of social policy. Drawing upon these reports, as well as the 2013 National Reform Programmes, quite similar policy priorities become obvious. Most poverty and social exclusion-related action plans relate to labour market participation. The overall philosophy is to combine a (universally provided) safety net of the social welfare system with (selective) activation policies to increase the rate of economically active population.

In Austria, priority is put on making the social protection systems sustainable and adequate. Given the demographic factor of an ageing population, political priority is on increasing labour force participation rates and lengthening working lifetimes. Investments thus focus on measures to reconcile labour market participation and family responsibilities, such as accessible childcare, and investing in people’s skills and capacities throughout the individual’s life. A recently introduced minimum income support is combined with strengthened support for getting unemployed integrated into the labour market (see EC 2013, p. 13; NRP Austria, 2013, p. 33). Universal measures to reduce the risk of poverty are thus combined with selective measures, that is, active employment policy programmes for different target groups, including groups who are distant from the labour market. These policy challenges and objectives are quite similar for Germany, though the German report shows a stronger focus on the role of education, from early childhood education and further measures to reduce early school leaving and increase permeability in the school system, to long-life learning. Investment in education, thus the argumentation, allows for access to labour market and helps to prevent social hardship and is thus an essential element of social policy.

The Dutch labour market performs relatively well, though unemployment rate have been rising lately. In the Netherlands, activation (in the frame of a comprehensive social security system) is a key priority, too. “The Netherlands finds it important to strengthen this activating function over the coming years: those who are able to work, and for whom there is work or training, will be obliged to work or follow training. Having a job is the best way out of poverty and work contributes to social inclusion.” (NSR Netherlands, p. 3). There is a specific focus on long-term unemployed and low-qualified labour force. The “Work Capacity Act” (currently called the “Participation Act”, see Bekker and Klosse, 2013) intends to enhance participation of unemployed and reduce the number of social assistance recipients. Within a decentralized approach, local municipalities have a key role for labour market re-integration activities and get incentives to help people on social assistance find work. Though this act has yet to come into force, it has raised worries from the European Commission, which questions its effectiveness to lift unemployed out of poverty in its current form; ”decentralisation combined with budget cuts brings about 'considerable implementation risks' for municipalities to properly carry out the requested tasks” (see Bekker & Klosse, 2013, p. 13). Blommesteijn et al. (2012) point to the well-known effects of dealing with the responsibility of labour market re-integration at local level, such as a selective client approach, and a focus on short term effects.

Belgium, too, in its National Social Report and the National Reform Programme, puts emphasis on the policy goals ‘employment’ and ‘education and training’ and sees these to have a “central role in social protection in Belgium” (NSR, 2012, p. 1). The national social report details specific risks for single groups, recent achievements towards the defined targets, as well as planned measures. There is an understanding of the need for a co-ordinated policy across different government levels and integrating different stakeholder perspectives. Inter-regional disparities are specifically visible in Belgium (less in other countries), where there are high inter-regional educational discrepancies, as well as high unemployment and employment disparities across the different regions.

Damon (2012) argues that France “has certainly occupied a driving seat in the design of Europe’s ‘social inclusion’” though “it has not been a pioneer when it comes to quantifiable goals” (see section 6, no page). Similarly, de Haan (2000) has emphasized the political priority of the concept of social inclusion (as a concept of solidarity, also as against the individualistic concept of poverty) in France and according to this understanding, the political implications for an active role of the welfare state in fighting social exclusion. Comparable to other countries, the emphasis is on reinforced integration through economic activity and activation measures, though seemingly these measures are not specified in the French 2013 NRP (see p. 34 of the Commission Staff Working Document on the 2013 NRP France). A recently introduced “Active solidarity income” (Revenu de solidarité active – RSA, replacing a former scheme, Revenu minimum d'insertion) for unemployed workers and for the group of ‘working poor’ seems to have had limited take-up for the latter group and thus has not been able to produce greater impact on reducing the number of people at-risk-of-poverty or social exclusion.

In Switzerland, there is an understanding of the central role of labour market integration and education for social inclusion. However, the recent vote of the Swiss population to reduce in-migration into Switzerland also points to the fact that labour market integration does not automatically lead to being fully integrated into society. As also obvious from the experience of non-native labour force in other countries, one has to keep in mind, that feelings of social belonging and societal integration are not automatically a “by-product” of successful labour market integration.

**3.3 Perception of problems and political framing in other TiPSE domains**

While the emphasis so far has been on the “earning a living” domain, we will now look for political ambitions, as obvious from the national policy reports, in the three other domains, which are access to basic services, social environment, and political participation. There is a lower level of details as regards the themes related to the defined three other domains. In access to basic services, the focus of analysis is on health, education and housing in the following; in social environment, the focus is on specific risk groups (age, household structure) and the situation of non-natives and specific ethnic groups, such as Roma.

*Access to basic services: Health services, education, housing*

The reports point to the political challenge of maintaining the level of social protection and social security which has been achieved by social policies of the last decades, but to balance this against the need to make the social systems sustainable in the long term, in the context of an ageing society. The countries in general score well as regards accessibility and coverage of health care, compared to other European Member States (see Eurobarometer, 2010, p. 55), but there is also a need for reforms of the social system in order to reduce expenditure growth in the health care sector. In general, initiatives and policy measures focus on improving efficiency and effectiveness in the health sector, for maintaining and ensuring continued quality and accessible health care. Given the overall age structure, attention is given to the care of the elderly, and how to support older people in need of care to remain at home in their familiar environment as long as possible.

National economies depend more and more on knowledge-based industries and highly qualified and –educated workforce in the group of countries. Education and training is thus a key theme, as population with low qualifications has increasingly difficult access to the labour market. An ageing workforce puts additional pressure on the labour market potential and calls for policies to increase employability, also for persons furthest from the labour market. Measures to avoid early school leaving, active employment policies for young people, and offering employment to disabled persons are thus mentioned in the policy documents. In Germany, there is a specific focus in policy on socially disadvantaged youth, with or without a migrant background. The initiative ‘Strengthening youth’ (Jugend stärken) is aimed at those most distant from the labour market (NEETs) and tries to support them in dealing with multiple family, social and personal problems. In some documents special attention is paid to reduce child poverty, break cycles of intergenerational poverty transmission and allow every child, irrespective of socio-economic or ethnic background, to fully develop its potential and benefit from opportunities available in the wider society. Few explicit policy measures follow these political intentions, but the Belgian report refers to a Flamish government guide for local authorities (“Every child matters”, Belgian NRP, p. 28), and the report for Luxembourg reports on a key measure, called “socio-educational welcoming structures”, which are thought to break vicious cycles of poverty and build up appropriate support for children in families at-risk-of-poverty. High-quality care services for children are often mentioned as a precondition for reducing the number of parents, and specifically lone parents, who could not take up employment for the need to mind their children.

In general, there is an adequate standard and quality of housing units in all the countries of the state-based welfare regime. Nevertheless, the fight against homelessness remains a challenge, above all in the major cities (see for example the Belgian NRP, the Luxembourg NRP, or the Dutch NSP). The four major cities in the Netherlands follow an active policy in working against housing evictions. As regards access to good-quality and accessible housing for renters, the Netherlands stand out from the rest. A majority of the tenants are able to rent from non-for-profit social housing corporations or organisations, and targeted subsidies allow low-income households access to affordable housing. In some reports, to improve energy consumption efficiency, for example in social housing, is likewise mentioned.

*Social environment: Specific risk groups and integration of migrants and ethnic minorities*

Family structure is mentioned in some of the reports as a risk factor, with a specific focus on lone parents and their children as a group which is considered most vulnerable and needs additional support. In Germany, for example, but also in the Netherlands, Belgium and Luxembourg, there is political attention of the specific situation of lone parents. Policy measures range from improving availability and quality of childcare facilities to measures to balance work and family commitments. In Germany, and as of August 2013, every one-year-old child has a legal right to a day-care place. Though some municipalities are still struggling to meet this nation-wide target, this policy commitment has helped to raise institutional awareness for the needs of parents who combine work and family commitments, and has helped to improve availability of day-care places. The aim is also to improve quality in child-care facilities, in order to give children, especially those from more disadvantaged families, access to equal opportunities, compared to children from better-off households. Improving the quality of number of professional workers and playgroup assistents in pre-school education is specifically mentioned in the Dutch Social Report. In the Netherlands, single parents with children are exempted from the obligation to work, but are obliged to prepare themselves for their return to the labour market (training and reintegration courses), once the children have reached the age of 5 years.

Nearly all of the documents refer to the unequal situation of non-natives as regards education, training, and labour-market integration. Persons with a migrant background are exposed to a higher risk of poverty and social exclusion. In Belgium, seven regional integration centres support municipalities in developing local integration plans and specific initiatives. There is also awareness of the role of media in producing and reproducing stereotypes, and/or promoting the value of diversity, as well as the role of the private sector. In Brussels-Capital Region, companies are encouraged to develop diversity plans. According to the Migration Integration Policy Index (Mipex; see <http://www.mipex.eu>), which measures integration outcomes, integration policies, and contextual factors impacting on integration policy effectiveness, the overall integration score within the state-based welfare regime countries is highest for Netherlands and Belgium, and, compared to the EU-27 average, still high for Germany and Luxembourg. Austria and Switzerland score lowest (based on data for 2010).

The Belgian report refers to the need for integrated and coordinated approach to include Roma, without further details. The same holds true for the German situation: There is need for an integrated approach, as the national Social Report states, and a variety of small-scale projects and measures are promoted to meet the need, but a broader strategic approach for how to deal with Roma, and more specifically with volatile migratory movements, is missing. All European Member States were requested to present a National Roma Integration Strategy in 2012. In quantitative terms, the size of the Roma population in the state-based welfare regime is small, nevertheless there is an urgent need to change the situation of marginalized groups. Measures to ensure that Roma children complete at least primary school are addressed in most of the countries in this welfare regime; Austria, Luxembourg and Belgium set concrete goals to reduce education gap. Reducing secondary school leaving is a concrete goal in Austria, which also presents further specific objectives (EC 2012). Monitoring and review mechanisms are not in effect in the state-based welfare regime countries, however.

*Political participation*

Political participation is not an issue which was very well addressed in the national reports. Overall, there was little reference to measures promoting political participation of people at-risk-of poverty or social exclusion. An indicator for the importance given to political participation could also be whether stakeholder (organisations) for people at-risk-of poverty or social exclusion were consulted or not, during the drafting of the reports. The Belgian report stresses, that the overall time frame for compiling the National Social Report has been too short for allowing the involvement of stakeholders. This points to an understanding that analyzing problems and evaluating progress should be a common and inclusive task, involving different stakeholder perspectives in drafting but also implementing actions, something which has been less obvious in other reports. In the Netherlands, however, involvement in form of a consultation with stakeholders, during the drafting of the national report, was stated to have taken place.

Given that there is little detail on policy measures and approaches in the reports on political participation, there is a need to complementary draw on further literature: According to the Migration Integration Policy Index (Mipex; see http://www.mipex.eu), Netherlands and Luxembourg score highest as regards political participation of migrants (79 resp. 78) while Austria ranks lowest (33) within state-based welfare regime countries[[11]](#footnote-11). The low rank of Austria results from missing electoral rights, missing consultative bodies at different levels of government, and missing public funding or support of immigrant organization on national level (data of 2010).

**4. Governance Characteristics – how to accomplish the national goals**

There is a relatively well developed social security provision and income support in the state-based welfare regime countries, as mentioned above, though this is often closely linked to an individuals’ status of being employed. For combating poverty and social exclusion, the national reports emphasise the need for a coordinated policy, integrating the different policy fields and different actors. In some countries, there are specific institutions which try to co-ordinate and integrate policies between different entities or policy levels (see for example in Belgium, the standing Poverty Working Group, or the Belgian Platform against Poverty and Social Exclusion EU2020); in other countries, this co-ordination is based on established mechanisms of co-operation between policy levels and policy actors.

As regards labour market re-integration activities or urban regeneration action programmes, in Germany as well as in the Netherlands and Belgium there is a system of shared responsibility between the national, the regional and the local authorities. Decentralisation is an important part of the policy approach on how to combat poverty, as municipalities are thought to have the best insights into how to deal with local problems, and are in the best position to develop integrate approaches. According to Kuhlmann (2006, 2010), France and Germany (as well as Austria, Switzerland and Netherlands) used to represent contrary poles as regards centralization/decentralization and government/governance. While France used to represent a more central-government administrative model, German municipalities had traditionally strong local autonomy, both politically and functionally. However, decentralization policies in France have strengthened the role of local authorities, while the central state is still present and operating at local level, too. While in Germany, local authorities traditionally have had an important role in local service delivery (“local government”), though many social services always used to be provided by third sector organisations, the French system in service provision is traditionally based on negotiations, bargaining and multi- actor networks (“local governance”). The impacts of reforms and major institutional changes (such as privatisations or outsourcing of local services) in the last decades, however, again tends to blur the lines between the two poles, and there is a general tendency towards horizontal re-organisation of service delivery, especially as regards social services, and towards the local governance model across all countries in the state-based welfare regime.

Area-based initiatives are an important instrument to improving the quality of life in particular places. Such area-based policies are widely implemented in this welfare regime. In Germany, the national programme “Neighbourhoods with development priority – the Social City” was launched in 1999, emphasising an integrated and area-based approach towards the regeneration of multi-deprived neighbourhoods. In the Netherlands, 40 so-called “priority neighbourhoods” receive extra funding for dealing with urban decay and socio-economic problems since 2007. These priority neighbourhoods were selected on the basis of neighbourhood statistics and residents’ opinions. In Switzerland, the so-called “projets urbaines” seek to address in an integrated approach multiple problems on the neighbourhood level. In a first pilot (2008-2011), eleven municipalities, and in a second pilot (2012-2015) ten municipalities are being supported to develop integrated action plans for deprived neighbourhoods. Similar programs allowing for area-based initiatives do exist in Belgium in the frame of the Federal Urban Policy, for more than a decade, and in France (“Politique de la ville”) since the 1990ies. In France, contracts are established between the State and the local level, which define specific actions in neighbourhood priority areas, aimed at integrated approaches and new partnerships.

**5. Response to the Economic Crisis**

Given the difficult economic environment of the last years, especially Austria and Germany show a remarkable economic stability over the last years. Both countries had the lowest unemployment and the lowest youth unemployment rates in the European Union (as of May 2014). The economic and financial crisis has had more serious impact on growth and employment in other countries of our welfare regime, such as Belgium, or France. Especially in France, youth unemployment is relatively high compared to other countries.

The economic and financial crisis has had repercussions on labour markets and available jobs, as well as on levels of public expenditure for social policy, and has thus, from both sides, limited the capacity and the scope of local actors to actively promote social inclusion. Public resources tend to get weaker in the current crisis and the subsequent reduction of public expenditure. This is, however, not a particular or particularly extreme experience of the state-based welfare regime countries, compared to other European countries, in particular those in the familial welfare regime.

**6. Innovative Policies**

**Evidence-based policy making (NL)**

The Dutch model presents a good example for an evidence-based design of urban social policies and the value of monitoring. Here, monitoring tries to capture local needs and problems beyond neighbourhood statistics (i.e. regular surveys). A sound monitoring and evaluation design, both for defining baseline positions and for tracking change, is supporting policy makers.

**Multi-level policy making and devolution (DE, AU, F)**

“Experimental” urban social policies against poverty and social exclusion in France, but also Germany and Austria, are able to “bypass” the institutionalised ways of policy making, and give leeway to negotiation and “contracts” between the different policy levels, in which requirements and the wider policy frame is proposed by the central government, but priority setting and implementation is left to local stakeholders. Within the corporatist-statist environment of the state-based regime, characterized by a high degree of regulation and institutionalised top-down routines, policies such as the area-based urban regeneration schemes, if there is devolution of money and power, might be considered innovative.

**Training, education and job guarantee for youths (AU)**

In Austria, all youths aged 15 to 19 are guaranteed education and training; those who are not in school, are supported to find an apprenticeship in a business or get integrated into dual education/training programmes. Youths under 25 have a “job guarantee”, that is, they may not be unemployed for more than 6 (or 4) months; but are entitled to receive offers for education, training or subsidized employment. There is a further pilot on integrating NEET target groups (Not in Education, Employment or Training), which is based on an integrated support scheme to prepare and enable this group for follow-up education and training programmes (see for further information: NRP Austria, 2013, p. 24f.). A comparably ambitious plan has been announced for Luxembourg.

**7. Commonalities and Differences across the State-Based Welfare Regime Countries**

A range of commonalities, as regards the actual situation, shared by the countries within this welfare regime, has become obvious already. As mentioned, there is a general trend for looking upon labour market integration as the best way to prevent poverty and social exclusion, and there is a further shift from social support to activation policies, thus placing greater emphasis on individual responsibility for qualification and employability. The role of prevention is emphasized in relation to education, with education being perceived as a pre-requisite for successful labour-market integration in modern economies. In policy terms, there is a combination of minimum income schemes or income support schemes (Minimum Income Scheme in Austria, Active Solidarity Income in France, introduced in 2009, Guaranteed Minimum Income (RMG) in Luxembourg), together with active employment policies, across the state-based welfare regime, in order to reduce the population at-risk-of-poverty or social exclusion.

In ageing societies, in-migration of labour force plays a key role. However, at the same time, migrants face particular difficulties in terms of education, qualification and labour market integration: People with a migrant background have lower education outcomes, are more often unemployed, or paid below their qualification level, on the labour market. Achievement gaps between young people with a migration background and their native peers are especially high in Austria and Germany, but likewise visible in the other countries in this welfare regime.

Social protection spending is relatively high in all the countries studied (no data available for Switzerland), though the Netherlands, France, Germany, Belgium show higher social protection spending for a relatively high reduction in the share of population at risk of poverty; while Austria and Luxembourg show high poverty reduction rates with relatively lower spending (see EC, 2013, p. 8).

**References**

Blommesteijn, M; Kruis, G; van Geuns, R. (2012). Dutch municipalities and the implementation of social assistance: Making social assistance work. Local Economy, 27(5-6), pp. 620-628.

Bekker, S; Klosse, S (2013):‘Chances and challenges of EU governance for social policies: Poverty and social inclusion coordination in Germany and the Netherlands’ . ILERA congress, Amsterdam, June 2013.

Copeland, P. & Daly, M. (2012) Varieties of Poverty Reduction: Inserting the Poverty and Social Exclusion Target into Europe 2020. In: Journal of European Social Policy, 22 (3), pp. 273-287.

Damon, J. (2012): Measuring Poverty in order to Eradicate It. Field Actions Science Reports. Special Issue 4. Online available: <http://factsreports.revues.org/1592> [accessed 28 February 2014].

de Haan, Arjan (2000): Social Exclusion: Enriching the Understanding of Deprivation. In: Studies in Social and Political Thought, 2 (2), pp. 22-40.

EC - European Commission (2012): National Roma Integration Strategies: a first step in the implementation of the EU Framework. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. COM/2012/0226 final. Brussels.

EC – European Commission (2013): Investing in Social Europe. Luxembourg.

Esping-Andersen, G. (1994): After the Golden Age: the Future of the Welfare State in the New Global Order, Occasional Paper no.7, World Summit for Social Development, Geneva, November 1994.

Eurobarometer (2010): Special Eurobarometer 327. Patient safety and quality of healthcare. Conducted by TNS Opinion & Social at the request of Directorate-General for Health and Consumers. Full report available online: <http://ec.europa.eu/public_opinion/archives/ebs/ebs_327_en.pdf>

Kuhlmann, S. (2006): Local Authorities between the State and the Market: An International Comparison of Local Government Systems and Reforms. Available online: <http://www.difu.de/print/5983> [accessed 15 May 2014]

Kuhlmann, S. (2010): Between the State and the Market: Assessing Impacts of Local Government Reforms in Western Europe. Lex Localis – Journal of Local Self-Government. 8(1), pp. 1-21.

Maître, B.; Nolan, B.; Whelan, Ch.T. (2013): Critical Evaluation of the EU 2020 Poverty and Social Exclusion Target: An Analysis of EU-SILC 2009. GINI Discussion Paper, 79. UvA Netherlands.

National Social Reports (NSR) (2012): Available online: http://ec.europa.eu/social/keyDocuments.jsp?policyArea=750&subCategory=758&type=0&country=0&year=0&advSearchKey=SPCNationalSocialReport&mode=advancedSubmit&langId=en [accessed 31 August 2014]

National Reform Programmes (NRP) (2013): Available online: <http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm> [accessed 31 August 2014]

Talbot, H., Madanipou, A. & Shucksmith, M. (2012) TiPSE – Working Paper 1 – Re-view of Concepts of Poverty and Social Exclusion. Available online: http://www.espon.eu/export/sites/default/Documents/Projects/AppliedResearch/TIPSE/InterimReport/TIPSE\_Interim\_Report\_Annex\_1.pdf [accessed 15 January 2014].

**Appendix 5: The ‘Transitional’ Welfare Regime**

**‘Welfare Regimes, National Policies addressing the Impacts of the Crisis, Social**

**Protection and Social Integration’**

Katalin Kovács and Annamária Uzzoli

Centre for Economic and Regional Studies, HAS

June 2014

# Preface

The present report uses the policy documents of six Eastern European countries – Czech Republic, Estonia, Hungary, Poland, Slovakia, Slovenia – for the discussion of the transitional welfare regime that follows. For each country, the national reform strategies of 2013, Roma inclusion strategies and national social reports prepared mostly in 2011 for a varying period of 2012-2015 or up to 2020 are examined. Literature on welfare regimes and 2013 reports of independent experts on the implementation of inclusive social policies of the concerned new member states were equally reviewed.

It is not by chance that welfare regimes are not mentioned in the reports meaning that EU social policies are independent of such historically rooted structural arrangements like welfare models. Tools of intervention aimed at the common strategic goals are chosen by the member states and usually do not threaten the fundaments of a given welfare system. Eastern European countries might, however, represent exceptions to some extent, since their welfare models were shaped during the transition from Socialism to Capitalism in the early 1990s; therefore, they necessarily reflect various path-dependencies as well as internal and external pressures. Welfare systems of the post-socialist countries have been heavily but in varying degrees influenced by the neoliberal paradigm prevalent in the early 1990s and given the different past legacies and their macro-economic conditions necessarily more heterogeneous, less stabilised from the beginning than any ideal types of welfare systems prevailing in the old member states, such as the conservative-corporatist, the socialist-democratic or the liberal. Explanation of changes and moves from a rather fluid system towards more coherent models would need much more research than what could be implemented within TiPSE. Nevertheless, we are going to highlight some important tendencies in the last chapter of the present report.

The processing of the above-mentioned policy documents followed different paths. As national reform strategies offer the richest material, they were processed systematically along the four domains of poverty and social exclusion set up as frameworks of discussion and data collection by TiPSE in 2012 (Interim Report 2012, p28). The rest of the reports were processed more in a “subject-oriented” manner; hopefully, both approaches contribute to an unfolding picture on the commonalities and differences of social policies of the countries associated with the transitional welfare regime.

# Aspects of TiPSE SE Domains in National Reform Strategies

In the below chapter the result of a ‘scanning exercise’ is reported. The 2013 National Reform Strategies of six countries (Czech Republic, Estonia Hungary, Slovakia, Poland, Slovenia) were scanned. It was the relevance / availability of domains of social exclusion developed by TiPSE scanned for and collected and processed systematically along pre-set criteria.[[12]](#footnote-12)

## Earning a living

***Aims to be achieved***

Majority of the countries in the transitional welfare regime have long-term strategic plans of the employment policy focusing on the following general issues:

* preventing and reducing long-term and youth unemployment
* increasing the employment rate in working-age population
* increasing the employment rate for women, people aged 50+, disabled people
* increasing the quality of employment services through optimisation
* supporting training and education system with the aim of increasing employees skills thus being able to suffice employers’ needs

The target of increasing the employment of marginalized communities (especially among Roma job seekers) as the part of active labour market policy appears only in Czech, Hungarian and Slovak Reform Programmes. Other countries are focusing on this issue only in their Roma Integration Strategy/Concept.

The specific issues of the employment policy differ among the countries studied, for example:

* The importance of the efficient monitoring and data collection relevant for an effective active employment policy is part of Czech Reform Programme.
* The role of to be taken for making the domestic labour market more attractive for skilled foreign workers is coming up in Czech Reform Programme.
* The relatively high share of non-citizen employers in Estonia identifies as a spontaneous way of increasing the size of the workforce by Estonian Reform Programme.
* Improving the labour market position of low-income earners is named only in Hungarian Reform Programme.
* Promotion of entrepreneurship among people aged 45+ is one of the new tasks in the active labour market policy (ALMP) of the Polish Reform Programme.
* Promoting social entrepreneurship /social economy as a tool of absorbing people from vulnerable groups appears in Czech, Hungarian and Slovenian Reform Programmes.

These general and specific objectives of the employment policy in these countries are in accordance with the priorities identified in the Europe 2020 Strategy.

***Tools/structures/institutions envisaged (including governance arrangements)***

In all these transitional welfare regime countries, institutional cooperation and clear definition of responsibilities of different institutions in the functional labour market (ministries, local governments, educational institutions etc.) appear to be tightened. Active labour market policies represent another important and common element of the programs as tools to be reinforced.

Finally, all these countries have to implement measures aiming at developing sustainable mechanisms for monitoring and forecasting of the needs of the labour market, a lifelong learning system attuned to the requirements of employers and make sure the active involvement of the social partners.

## Access to basic services

### Health

***Aims to be achieved with tools/structures/institutions envisaged***

Some common aims appear in these countries but with country-specific measures:

a) Improvement of the general state of health primarily with the protection against damage caused by tobacco, alcohol and other addictive substances

* Legal regulation in the sphere of protection against damage caused by addictive substances (e.g. in Czech Republic, Hungary, Slovakia, Slovenia)
* Reforming mental healthcare provision (e.g. in Czech Republic)

b) Increasing life expectancy through improving health-related behaviour

* Raising health, traffic and risk avoidance awareness through basic and upper secondary school curricula (e.g. in Estonia)
* Introducing an inter-ministerial prevention policy (e.g. in Estonia)
* Developing recreational sites that support active lifestyle among the working-age population
* Improving eating habits of children and adults (e.g. in Estonia, Hungary, Poland)
* Increasing the amount of evidence-based health monitoring and screening programmes (e.g. in Estonia, Hungary)

c) Development of the healthcare infrastructure with the implementation of sustainable and efficient healthcare measures

* Optimizing the number of beds in hospitals and social service facilities by transforming intense care beds into long-term care and subsequent care beds (e.g. in Czech Republic, Hungary)
* Further centralisation (mergers) of hospitals (e.g. in Hungary, in Slovenia)
* Separation between public and private health care (public and private funds) with a focus on public health (e.g. in Slovenia)
* Introducing electronic administration (e-health information system) among healthcare providers (in each country)
* Strengthening the basic medical care such as family doctor system (in each country)
* Improving employment conditions of young people in healthcare system and reducing brain drain in health sector (e.g. in Hungary)
* Organising efficient public health network (e.g. in Slovenia)
* Supporting innovations in healthcare IT and RDI (e.g. in Hungary)

d) Reform of health insurance funds and public health insurance

* Integrating public health insurance and social security insurance into one system (e.g. in Czech Republic, Poland)
* Establishing an occupational accident insurance system (e.g. in Estonia)
* Introducing risk compensation system in the public health insurance (e.g. in Slovakia)

### Education

***Aims to be achieved***

Reform in the field of education is consistent with the Europe 2020 targets in compliance with the aims of the national employment policies of these countries. On the other hand, each country has to face the continuous decrease in the number of students due to demographic processes. Responding to the specific needs of these countries in the educational system, the government plans for the coming period focus on the following key areas:

* Reform in educational system based on introducing and strengthening lifelong learning
* Increasing the quality and availability of early childcare, pre-schools and basic schools
* Reform in secondary education with the special focus on reducing dropout rates
* Reform in tertiary/higher education with the special focus on increasing its international competitiveness and increasing the rate of qualified employers
* Reform in vocational education with the special focus on increasing the share of the working-age population with professional and up-to-date skills

***Tools/structures/institutions envisaged***

The following primary measures will be set for the year 2020 in these countries:

In Czech Republic: e.g. introducing general assessment (computer-based testing) of the educational results in primary schools, setting up a system to support cooperation between businesses and vocational schools, supporting corporate investment into higher education etc.

In Estonia: e.g. supporting “back to school” projects, increasing the number of state financed places in the higher education; developing career services, supporting internationalization of higher education institutions etc.

In Hungary: e.g. setting up a career system of teachers, a Mentor Programme for Roma students going to higher education and supporting disadvantaged groups in gaining access to education etc.

In Poland: new university education model is carried out (introducing the National Qualification Framework for Higher Education (NQF) into the national legal system), introducing new classification of professions in vocational education,

In Slovakia: the country has one of the lowest rates of public spending on education in the EU. One of the underlying topics of the current economic policy is to find out how to invest into education while complying with the set fiscal targets.

In Slovenia: e.g. promoting entrepreneurial initiatives of vocational school students under the mentorship of schools, improving the cooperation between higher education institutions and public research institutes, developing regional career centres for elementary and secondary school youth etc.

### Housing

***Aims to be achieved***

Most of the aims to be achieved in these transitional welfare regime countries address the issue of affordable housing for socially endangered and disadvantaged groups of the population. Special focus on supporting homeless people in gaining access to housing appears only in Czech and Polish Reform Programme. The Czech and Hungarian Reform Programme aim to increase the availability of rental housing to enhance labour mobility. Hungary develops a housing strategy which is targeting the segregated slums/settlements, especially Roma neighbourhoods. A housing strategy linked to the segregated settlements will to set up the measures to be taken after 2014.

According to the aims each government will also support the repairs and modernizations of building, which will also contribute to the reduction of energy demands of residential housing.

***Tools/structures/institutions envisaged***

Plans of the Czech government (in close connection to the Housing Concept in the Czech Republic until 2020) address the issue of affordable housing for socially endangered groups through a comprehensive regulation of social housing. Housing and social policy tools will be developed to respond to the problems of homelessness, people at risk of loss of dwelling and people living at inappropriate dwellings threatening their health.

The Czech Programme Panel 2013+ aims to provide low interest loans from the State Housing Development Fund. These low interest loans will contribute to the rehabilitation and modernization of the residential houses. Considerable energy savings and reduction in household energy costs will also be reduced. Hungary and Slovakia have similar initiative measures.

The Hungarian Government introduced a new active measure aiming to support mobility in 2012. As part of the measure, housing allocation for job seekers was launched for those who could not find a job locally due to the unavailability of local jobs, therefore were willing to settle in a distanced location with better job suply. The support might cover renting costs partially or fully. (However, the take up of this incentive has been very low so far.)

In Slovakia, financial instruments implemented in the area of state housing policy will improve the sustainability of housing for low-income households. In connection with the construction of rental flats, low-income households will be receiving direct financial support based on new legislation aimed at reducing poverty and social exclusion.

The Slovenian National Housing Programme will boost investments for the construction of public apartments for vulnerable population groups.

**Accessibility of local government and state services** via de-concentrated organisations can be regarded as a horizontal aspect of provisioning. Two national reform strategies accounted on fundamental reorganisations of provisioning administrative services, Slovakia and Hungary.

* In Slovakia, the aim of the reform (at least at the level of rhetoric) is to improve the quality of services provided to the citizens and make its functioning more efficient. During its initial stage, the existing structure of state administration bodies was reviewed. Sixty-four specialised regional offices were closed down as part of the integration process of specialised state administration performance into a single state authority. With effect from the beginning of 2013, their powers and competences have been transferred to existing district authorities within the remit of the Ministry of Interior. This will narrow down the number of entities that have so far disposed of state property, performed public procurement and decided on personnel issues. This measure also has an anti-corruption dimension as it will make the management and control of public funds more transparent.
* In Hungary the Government introduced a set of measures so to say to modernise public administration and to improve effectiveness in this field.
  + Between 2011 and 2013 the integration of 19 regional state agencies into county and metropolitan government offices took place.
  + The establishment of districts and district offices as of January 1 2013 results in the separation of local governments' administrative tasks from public administration tasks. Accordingly, the latter will be performed by district offices, the former ones by notaries. Also, all the matters that formerly fall into the competence of the micro-regional branch offices, customer service bureaus and offices of specialised agencies of county government offices. Schools as well as most health services, except basic health care units, have also been re-nationalised. These changes represent a remarkable move from self-governing towards state-controlled administrative structures.
  + Reform is to be continued between 2014-2016.

## Social environment (In a broader sense than used in TiPSE as 3rd domain of SE)

***Aims to be achieved***

Social inclusion and combating poverty is the most important social priority in the revised reforms of each government studies for this transitional welfare regime report. The major goal of these reforms is to mitigate social exclusion. The following specific areas are prioritised according to the social environment of each country.

* Czech Republic: care for children at risk, Roma population, homelessness and active ageing
* Estonia: unemployed people
* Hungary: poverty amongst families with children, people living in severe material deprivation, people living in households with low work-intensity, Roma population and children with multiply disadvantages
* Poland: unemployed people, families with dependent children, families with disabled children and homelessness
* Slovakia: unemployed people, Roma population and marginalized communities
* Slovenia: elderly people and unemployed people

***Tools/structures/institutions envisaged***

Summarizing all the primarily measures against poverty and for social inclusion, the following main areas can be highlighted in the reviewed national reform programs:

* Fiscal tools: e.g. increasing the minimum wage,
* Modification of the social protection tools: social benefits, additional funds, combination of repayable and non-repayable financial support for the conduct of business by marginalized groups,
* Labour-market policies: new tools are launched within social activation programmes and development of social entrepreneurship for individuals from vulnerable groups,
* Educational tools: e.g. increasing the availability of pre-schools, securing integrated and quality education for ethnic minorities, providing supplementary feeding to school children, mentoring programs, scholarships and school allowances,
* Institutional tools: e.g. combining health care and social security services into a single system, reorganisation of social work centres, combining social and state housing policy support for the construction of rental housing units, developing the local cooperation and policy tools in public services,
* Non-governmental tools: e.g. strengthening non-governmental organisations operating various programmes for vulnerable groups (in Hungary and Slovenia), or strengthening their role in education (in Czech Republic and Hungary) or in employment (in Poland).

(More information about the social inclusion of the Roma population is in the next chapter by Roma Integration Strategies.)

## Political participation

***Aims to be achieved***

Fighting corruption is animportant pillar of many of the national reform programs reviewed for this welfare regime, although this issue is not addressed in the National Reform Programme of Estonia and Poland. Governments pay attention to the issue of activities concerning public procurement and increasing transparency of legal entities. Public confidence, enforceability of judicial protection of rights and elimination of corruption contribute to the private welfare in an equally substantial manner as to the economic growth.

***Tools/structures/institutions envisaged***

All the post transitional welfare regime countries studied (except for Estonia and Poland) have an anti-corruption programme especially in the financial administration.. The main tools of these programs are the followings:

* professionalization of the public administration, management of public property,
* strengthening of anti-corruption instruments in the private sector,
* increasing transparency of political parties, investigation and prosecution of corruption,
* creation of capacities to monitor corruption and strengthening of the transparency of the public sector.

Besides, Slovakia has a special unit in the financial administration to deal with serious tax crimes. Furthermore, Hungary will introduce the Codes of Professional Ethics by the end of 2014. This will consist of a comprehensive training programme on ethics and integrity and an awareness-raising campaign on corruption prevention.

## How do countries in the transitional welfare regime respond to the economic crisis?

The priorities in this group of countries are: tackling (longterm) unemployment and the social consequences of the crisis. Responses of the majority of these countries combine the most important goals of the national structural reforms and the EU2020 priorities. This means that countries introduce structural changes in order to achieve economic competitiveness because this is what long-term and sustainable economic growth is based on. (Prioritised competitiveness might generate more or less serious conflicts with equity principles).

The emphasis is on labour market, education system and social integration everywhere and measures are very similar:

* increasing public sector investments to establish a good basis for private sector and for domestic enterprises;
* supporting active employment policy based on increasing labour productivity;
* providing a high-quality education;
* supporting social inclusion,
* combating poverty and
* reducing public sector debt.

In order to reduce the serious consequences of the crisis, each government pays primary attention to the following measures: reducing government expenditures for achieving fiscal consolidation, improving the efficiency of tax collection, increasing tax burden, reducing the size of informal economy, taking some additional funds.

## What innovative policies are apparent in the National Reform Strategies of the countries studied?[[13]](#footnote-13)

Many national policies (such as business, economic, employment, education, social and R&D&I) make efforts on the formation of innovative clusters to be supported by financial and non-financial instruments to encourage better networking among institutions and wider participation in international projects and increase the competitiveness of the country. Optimizing the network of public and private sector (with its institutions, services, actors etc.) represents a significant portion of measures and policies. This contributes to the fulfilment of European and national targets of a sustainable and inclusive growth within the framework of Europe 2020.

## Consistencies and divergences in policy responses among the transitional welfare regime countries[[14]](#footnote-14)

Each national reform program represents the strategy of each government aiming to support economic through and providing long-term support for the national and EU-financed projects. A high number of measures and policies included in national reform programmes are entirely consistent with recommendations of Europe 2020. The main focus in the coming years in these countries is on structural reforms in order to boost economic growth after the economic crisis. The two central objectives of these national reform programs are increasing the productivity of production and employment rates.

# Roma Integration Strategies

The three main pillars of the reviewed Roma Strategies/Concepts of the six countries studied are based on preventing and fighting of marginalization, multidimensional exclusion and poverty among Roma ethnic minorities. The smallest group of Roma people (it is estimated 600 to 1000) live in Estonia, the largest in Hungary and Slovakia (from among the six countries) an estimated number of 500 thousand citizens in the latter and 300 thousand in the latter country representing 6-7 and 9-10% of the population respectively

Most governments in this welfare regime have already made measures to prevent social exclusion of the Roma. These measures will be continued. The emphasis is, however, on development of comprehensive social inclusion policies and changed governance: shaping and implementing policies are required to be based on active cooperation with the target group. Especially in Czech Republic, in Hungary and in Slovakia the Roma Integration Strategy will help develop cooperation of all stakeholders, respecting the principle of evidence-based policy, i.e. the method analysing and creating public policies based on reliable data.

Policy discussions on National Roma Integration Strategies are yet in progress strengthening the role of National Roma Self-Governments or the relevant institutions of representing Romany people.

National Roma Strategies – mainly until 2020 – are reflecting the need to move away from the passive provision of social services by general and local government authorities to activations and assistance to be provided to Roma communities. It seems that all strategies seek to minimise the impacts of poverty and prevent / reduce social exclusion in relation to Roma communities. Measures of pro-inclusion policies cover areas such as employment, education, access to social and healthcare services, housing, ethnic identity, culture and language, access to financial services, anti-discrimination, human rights and environment. The long-term intention goals of the different national programs are to promote development and increase mutual understanding and dialogue between members of the Roma community and of the majority population, and to promote the realisation of human and minority rights. All of these national strategies respond to the need to address the challenges associated with the social inclusion of Roma communities.

***Aims to be achieved***

National Roma Integration Strategies and Concepts through different action plans set the following objectives for the forthcoming period in the countries examined:

* Increasing income, quality of life and social security of Roma people
* Awareness raising and combating discrimination
* Reducing territorial/regional disadvantages

In relation to the aims to be achieved, the following basic dimensions of intervention can be identified:

* Institutional dimension: e.g. changes in certain laws, systematization of the activities at municipal offices regarding Roma integration, protection of Roma against crime and other forms of high-risk behaviour etc.
* Educational dimension: e.g. reducing segregation via increasing the number of Roma pupils and students in the mainstream educational system (including pre-schools), improving the performance of Roma pupils and students, developing models for inclusive education, preventing ”drop-out” and early entry into the labour market without appropriate qualifications etc.
* Economic dimension: e.g. discontinuing discrimination in the labour market, reducing the level of ”mismatch”, increasing the number of jobs in open labour market, decreasing the level of indebtedness etc.
* Social dimension: e.g. developing services for social prevention, systematization of social programmes aimed at social integration of Roma, developing protective social network etc.
* Housing dimension: e.g. preventing spatial segregation, increasing the accessibility of social housing for Roma households with low incomes, reducing loss of accommodation as a result of rental and service arrears etc.
* Cultural dimension: e.g. creating a multicultural society, demonstrating Roma culture and language etc.
* Territorial/regional dimension: e.g. special attention will be paid to support social inclusion and social cohesion in structurally underdeveloped regions with higher rates of unemployment among socially excluded communities.

***Tools/structures/institutions envisaged***

The majority of measures and social interventions concentrate on marginalized Roma communities. It is also important to orient the policies to address the majority of the population. The proposed measures focus on long-term solutions. They must be achievable and sustainable in practice from the perspective of both the resources and their socio-economic and political impacts. According to National Programmes for the Roma communities, governments in the transitional welfare regime encourage economic and social inclusion of the marginalized Roma communities and introduce new legislation to increase the availability and quality of social services. The key measures are very similar in terms of reforming the system of social benefits and the administrative implementation of the legislation. As a result of this, marginalized applicants are supported more efficiently. Considering the objectives and aims, a great number of measures are foreseen. Commonalities in measures aimed at ending the social exclusion of Roma and break down disadvantages are based on the following mechanisms:

* So called ”quota route” determine the numbers of Roma in public activities (e.g. political participant, jobs, education system etc.)
* So called ”targeted assistance route” allows disadvantaged Roma to overcome their handicaps and deal with the demands placed on them.
* So called ”multidimensional route” achieves inclusive policy practices for Roma integration with different participants and players (e.g. state, municipalities, NGO-s, church, media, academia, private employers, non-Roma population, and of course Roma people.)
* So called ”cross-sectional horizontal route” maintains horizontal priorities and for Roma inclusion linked to the collaboration of partners and potential beneficiaries and coordination of funds both horizontally (territorial units via territorial targeting) and vertically (hierarchized institutions)

# National Social Reports 2012

National Social Reports (NSR) are prepared by member states and submitted to the Social Protection Committee (SPC) annually as part of the strategic reporting of OMC and are also used as inputs to the yearbook issued annually by the SPC. Member states are invited to “*inform on progress achieved in specific fields and also to present, whenever relevant, updated plans taking account of the national policy cycle.* (Preparation … 2012. p1)

According to the 2012 guidelines, the NSRs should be coherent with, and complementary to the National Reform Programmes (NRP), and, where relevant, with the National Reports on Roma Inclusion Strategies, too. They are also expected to cover the three strands of the Social OMC (social inclusion, pensions, healthcare and long-term care). These requirements were fully met in four reviewed reports (of the Czech Republic, Hungary, Slovakia, Slovenia), partially fulfilled by the Polish report. The national social report of Estonia had not been available until mid-May at the SPC website.

National Social Reports are meant to provide SPC with information in relation to the progress towards 2020 targets in the three above mentioned broad subjects. However, for the obvious reasons of crisis, the 2012 reports are more about failures than successes in delivering achievements. They reflect huge efforts of the governments to balance their budgets, consolidate the worsening situation of the most vulnerable social (and ethnic) groups, reduce poverty and social exclusion and progress towards sustainable pension schemes and more accessible health care and long-term care facilities.

The reviewed social reports were compiled at a time when the concerned member states were affected by crisis unevenly: Estonia, Slovenia and Hungary had to cope with the consequences of sharp downturn of 2009 (-14,1%, -7,9% and -6,8% drop of the GDP respectively), Slovenia was facing hard times but the worst part was yet to come in 2013, when the country was threatened by EU bailout. Meanwhile the lucky ones, like the Czech Republic and Poland though experienced economic slowdown and subsequently diminishing resources, they were able to avoid dramatic downturn of their economy (in Poland there was no negative growth at all). Austerity measures are appearing in each document though their scale, timing and duration differed from country to country.

## Measures targeting social inclusion

*Fiscal arrangements*, like spending cuts influenced households’ *income* and, therefore the increase of poverty and deprivation directly. Interventions were the most dramatic in Hungary and Slovenia from among the reviewed countries. Departure points in 2008 were different in Hungary and Slovenia, but the situation worsened in both countries, therefore policy makers tried to protect the most vulnerable.

* Minimum wage, as well as public servants’ salaries was frozen in Hungary until 2012, then the former one increased, the latter one as well, but selectively. A flat-rate personal income tax was launched in Hungary in 2011 affecting in the longer run low income earners negatively, middle classes positively. To prevent immediate negative consequences, compensation mechanisms were launched too. These measures managed to prevent nominal decline of wages/salaries of low income earners but growing inwork poverty as well as increasing social inequality could not be prevented.
* In Slovenia, minimum wage remained the same (Euro 260/month) whilst the reduction of salaries in the public sector reached 8% in 2012. A new social act was issued in this country aiming a systematic rearrangement of the benefits, amongst others family and unemployment benefits. As far as the latter one is concerned, the reduction relates to the amount (-20%) and replacement level as well: for the first three months wage replacement reached 80%, for the next 6 months only 60%. After 6 months wage replacement is further reduced to 50% and coupled with the prohibition of interruption of unemployment benefit because of sickness leave. (NSR of Slovenia 2012. p7)

The 2012 Hungarian report missed to account on the sharp reduction of availability of unemployment benefit (from 6 months to 3 months) compared to which Slovenian catering of the unemployed remained generous. In Slovakia, the amount of the benefit was reduced with 2%. The Czech report does not tell anything about reductions, but improvement and reforms as parts of the amended Employment Act. The Polish report restricts itself to pension-system and health-system related issues.

The situation in relation to social assistant schemes is similar: no information from Poland, mostly structural rearrangements aiming rationalisation (and savings) in the post-Czechoslovak countries, and reductions, narrowing eligibility in Slovenia and/or Hungary. In the former country a number of universally accessible benefits were turned to be means tested in the cases of child-birth grant and family allowance. Wage replacement of parental leave was reduced from 100% to 90% and kindergarten fee was introduced for ‘the second child’ (30% of the costs should be covered, until 2012 it was free). In Hungary, the long duration (3 years) of maternity and parental leave was restored right after the conservative government came to power in 2010. Child benefits, which were far less generous than in Slovenia in real terms, have not been touched upon, eligibility criteria remained universal.

“*We reform the social benefit system in order to encourage coming back to the labour market*” – this is how the Hungarian report interprets the 20% cut in social assistance paid for active age recipients without eligibility for unemployment benefit and not involved in welfare work either (NSR of Hungary 2012. p5). Moreover, conditionality has emerged as well: either one month of voluntary work offered by the municipality, participating in labour market program, or training was set as eligibility criterion for regular social assistance from 2012.

The transformation of the system of social assistance to target long-term unemployed and non-employed seems to be a common policy agenda shared by three of the researched countries. The shared intention of the governments of Hungary and the post Czechoslovak states is not just to reduce expenses of benefits paid for the increasing numbers of long-term unemployed, but to confine their provision to either some kind of activation schemes or welfare work. At this point, Slovenia also joins the other three countries. Voluntary work as a potential tool for connecting the long term unemployed with the labour market is mentioned in the Hungarian and Czech reports. (The task of organising and offering voluntary work used to belong to the responsibilities of municipalities in both countries. In the Czech Republic, the task was transferred from municipalities to the rearranged system of labour offices in 2012 (NSR of the Czech Republic 2012. p8)).

The challenge addressed by the governments by public work and activation schemes is burning, namely, hundreds of thousands of low skilled people who have been excluded from legal employment for years or even decades or have never entered and live in deep poverty. Neither of the Active Labour Market Programs (ALMP) have been able to open the labour market for them so far, most of them do not even reach such clients at all. The answer is welfare work or public works schemes aimed at improving the employability of the long term unemployed or non-employed and providing some livelihood for a transitory period. The final goal would be to open labour markets for ‘re-socialised’ public workers the chance of which is low either for the lack of available jobs or – for example – so called lock-in effects. As the last annual report of the Social Protection Committee puts it like this:

*… there is emerging evidence that public works programmes are not effective activation tools. A large majority of evaluations … conclude that public works programmes have not been successful in terms of helping the unemployed to enter the open labour market compared to other types of ALMPs (services and sanctions, training, wage subsidies etc.).* (…) *As a matter of fact, ALMPs can have unintended consequences, such as crowding-out effects, substitution effects and lock-in effects. (…) Lock-in effect refers to the situation when the participants of the programme search less intensively for a regular job than unemployed non-participants* (Social Europe 2013. p113)

Other critiques emphasise the punitive nature of such welfare employment (workfare) schemes. (Vidra 2013)

In three of the reviewed countries, Czech Republic, Slovakia and Hungary roughly 20-30% of the poor belong to either of the Roma ethnic groups. They do not only live in poverty but also, as a kind of ‘outcast’, in segregated neighbourhoods, in urban and rural spaces alike, hit by a variety of forms of discrimination. Therefore, all the tree countries address this issue – Hungary and Slovakia more in detail – via anti-segregation programs primarily in education, social housing schemes and or so called complex programs, like Hungary’s territorially targeted cohesion programme.

(See also two TiPSE case studies on residential and school segregation of Roma in Hungary and in Slovakia)

## Measures targeting sustainable pension schemes, health care and long term care system

### Pension-related measures

To set up a sustainable pension system is vital in the researched countries of the transitional welfare regime as well all over Europe. Ageing has been foreseen as a threat in all reviewed reports. The problem has been handled in fairly different manners: in addition to pay-as-you-go schemes (state pension fund) and voluntary pension funds, a mandatory private pension fund was set up in Slovakia, Poland and Hungary advised by World Bank Experts reinforcing the neo-liberal traits of their welfare model. The Czech Republic and Slovenia followed their own mixed (more continental) approaches. By 2010 neither of the schemes proved to be sustainable therefore each country took measures.

* Retirement age has been gradually increased everywhere except Slovenia where a referendum prevented to enter the relevant act in effect (until 2012),
* Indexation was changed in Hungary, in the post-Czechoslovak countries and Poland as well in order to secure a relatively balanced operation of “merit” and “solidarity” principles
* A new scheme for early retirement and/or part time farmers was launched in Poland reflecting the importance of part time farming in the Polish rural economy (frequently referred to by scholars as a form of hidden unemployment).
* A unique and rather rude ‘solution’ for reducing high deficit of the state pension fund was applied in Hungary, where the state simply confiscated the private pension fund (third pillar) in 2010. It is interpreted in the report as follows:

According to a decision made by the Government in October 2010 and the subsequent *regulations, payments of the membership fee into the private pension funds were suspended for 14 months and the entry to the private pension funds was not be obliged to new labour market entrants any longer. (…) fund members could choose between two options: either returning to the social insurance pension pillar until 31 January 2011 or remaining in the private pension funds. 97% of members chose the social insurance pillar. This measure was needed in order to reduce central state budget deficit, to mitigate the high deficit of the Social Insurance Pension Fund as well as to ensure the pension system matching the expectations that the Pension Insurance Fund should maintain proper balance between* actual contributions and expenditures. (NSR of Hungary 2012. P11)

The report does not tell about administrative impediments hampering to stay in private pension funds, also a set of promises and threats as reasons for 97% of fund members’ entering the state pension fund.

* A milder version was applied in Poland, where Private Pension Fund was maintained just less fund was channelled there and more were directed toward the State Pension Fund.

### Health and long-term care-related measures

Measures related to heath care and long-term care reflect

* ageing of the societies in each country
* yet dominantly old infrastructural facilities needing refurbishment
* uneven accessibility of health care providers especially in rural areas
* prevention as so far neglected field of health care
* attempts to provide optional forms of long-term care, institutionalised or individual

According to their most urgent needs and funds to be mainly allocated from European funding (ESF, ERDF) each country set up targets and detailed implementation plans that go far beyond that TiPSE would be able to grasp.

## Innovative practices

* **Czech Republic**
  + In order to increase the employability of long term unemployed, (…) acquiring qualification will also be ensured by the tool of selected retraining. It means that a job seeker or a job applicant may choose a training/retraining institution and a retraining course according to his/her own competencies and possibilities of employment. Short-term practices during studies and after completion of studies are supported e.g. within the project called “Internships in Companies – Education by practice” – that is being prepared for implementation by a newly established institute – the Further Education Fund.
* **Hungary** 
  + So called “Start Programme” promoting the labour market entry of young people by providing contribution allowance thus reducing the employment related costs.
  + A complex, territorially targeted development program for the most disadvantaged districts was launched in 2007. The complexity of the program was safeguarded by parallel funding of ESF (via human resource operational program) and ERDF (via regional operational program. Most important characteristics:
    - Territorial targeting: the 33 most disadvantaged districts
    - Management: from the National Development Agency in co-operation with regional development agencies
    - Implementation: district level via district-level agencies
    - Most important development themes: 1. economic development, 2. infrastructural investments into schools and rural health centres, 3. inclusive human development: complex sure start programs, anti-discrimination, pro-inclusion community programs.

For more detail see the relevant case study, Kovács et al. 2014a p46-47

[http://sharepoint.nordregio.se/TIPSE/default.aspx?RootFolder=%2fTIPSE%2fTIPSE%20Documents%2fWorkpackage%20Resources%2fWP%202.4%2fFinal%20Case%20Study%20Reports&FolderCTID=&View={ECC9AD1B-B8D3-4B89-8B19-C5E26EB912D1}](http://sharepoint.nordregio.se/TIPSE/default.aspx?RootFolder=%2fTIPSE%2fTIPSE%20Documents%2fWorkpackage%20Resources%2fWP%202.4%2fFinal%20Case%20Study%20Reports&FolderCTID=&View=%7bECC9AD1B-B8D3-4B89-8B19-C5E26EB912D1%7d)

* **Slovakia** 
  + Field social work and “field worker” in marginalised Roma communities (ESF funded project). Field social workers provide social (and all kinds of humanly) assistance to Roma residents of segregated neighbourhoods. Usually they operate in care centres or community centres built recently as tools for strengthening community life and providing basic services (like laundry, bathing facilities, etc.)
  + The report does not mention but in the beginning of the recent budgetary period, a territorially targeted development program was included in the NSRK just the implementation was not fully successful. The so called Comprehensive Development Program of Roma Settlements was adopted by the Slovakian government in 2002, then it was reintroduced once again to the political discourse by Klara Orgovánová in 2005 since she was the Plenipotentiary of Slovak Government for Roma Communities at that time. The territorially and ethnically targeted program aiming the complex, place based development of Roma communities was part of the Reference Framework for the 2007-2013 programing period with an allocated 200 hundred thousand Euro funding. However, for a number of reasons, the program practically failed: roughly one fifth of the funding was used till the end of 2012 and the rest was absorbed by the budget of technical assistance partly used for financing the community house programs. (For more detail see the relevant case study report, Kovács et al. 2014.b. p50-52, [http://sharepoint.nordregio.se/TIPSE/default.aspx?RootFolder=%2fTIPSE%2fTIPSE%20Documents%2fWorkpackage%20Resources%2fWP%202.4%2fFinal%20Case%20Study%20Reports&FolderCTID=&View={ECC9AD1B-B8D3-4B89-8B19-C5E26EB912D1}](http://sharepoint.nordregio.se/TIPSE/default.aspx?RootFolder=%2fTIPSE%2fTIPSE%20Documents%2fWorkpackage%20Resources%2fWP%202.4%2fFinal%20Case%20Study%20Reports&FolderCTID=&View=%7bECC9AD1B-B8D3-4B89-8B19-C5E26EB912D1%7d))
* **Slovenia**
  + A great emphasis on social entrepreneurship, preparations with the help of ESF funded pilot projects is mentioned as good practice in the Slovenian assessment.
  + A project is highlighted among the innovative practices called “MOSAIC”. Association for Social Inclusion has been implementing an alternative strategy of social inclusion of vulnerable social groups on the basis of their training and employment in the developmentally perspective activities that are related to ecology and based on natural and cultural heritage of the Pomurje region. In this way they will improve the possibilities for the employment of vulnerable social groups (persons hard to employ and the disabled in particular) in activities such as ecological agriculture, ecological foodstuffs processing, traditional building, and environmental care.(Assessment 2012, Slovenia p32)

# Transitional Welfare Regime Countries and their Welfare Policies

In this chapter some pieces of the related literature and the 2012 country studies of the series of “Assessment of the implementation of the European Commission’s Recommendation on active inclusion” are used as sources of information.

Distinctness of the transitional welfare systems (often referred to as the post socialist welfare regime) is widely debated amongst scholars. The most well-known expert of the topic, Esping Andersen, for example denied the existence of a distinct post-socialist welfare model suggesting that countries of East-Central Europe combine the ideal-types of Bismarckian, socialist and liberal patterns in different ways and proportions. Others, like Fenger claims that similarities deriving from the common past and similar transformation measures overweight differences. Therefore, they insist that the post-socialist welfare regime represents a distinct type. According to Fenger’s typology born out of a hierarchical cluster analysis, three major groups can be distinguished within the group of post-socialist countries, they are as follows (Fenger pp24-25);

1. Former-USSR states (Belarus, Estonia, Latvia, Lithuania, Russia and Ukraine)
2. Post-communist European countries (Bulgaria, Croatia, Czech Republic, Hungary, Poland and Slovakia)
3. Developing welfare states (Georgia, Romania and Moldova)

(Although Slovenia is not listed it is obviously closest to the second type.)

From among the common traits, universal welfare provisions and full employment guaranteed by the Socialist regimes and the overall generosity at the expense of the quality of services which was often low, should be mentioned first as a shared legacy of the past. Following the collapse of the Socialist system, in the CEECs, welfare provisions had become even more generous (at least in relative terms) trying to secure a safety net for the masses falling off employment and simultaneously retain entitlements of the earlier regime. This is what was called ‘premature welfare state’ by Kornai. (Kornai 1997) Affordability, however, quickly forced the governments of the region to embark on welfare reforms focusing mainly on confining unemployment entitlements and pensions.

Social protection systems in CEECs were profoundly influenced by such international actors as the World Bank and the European Union: the latter was extremely influential in the Visegrád countries and Slovenia that were to join the Union the soonest and were regarded that time as being the most prepared. Although they were not really pressed, they absorbed the norms of western-like social protection system voluntarily (Aidukaite 2011). The other donor agency that shaped important pillars of post-socialist welfare regimes was the World Bank influencing profoundly pension systems across the CEECs, amongst others in Hungary, Slovakia and Poland. It must be added that the leading political philosophy of the time was neo-liberalism with less emphasis on the principle of solidarity /equity against that of the market. Therefore a sharp decrease of former generous benefits was commonly implemented across this group of countries and a three-pillar pension system with a ‘private lag’ was introduced in some of them (see the below paragraph). In Hungary, for example, the level of total welfare spending declined from 40% to 30% of the GDP between 1991 and 2002.

The duration and the amount of unemployment benefits were decreasing and the pension system was reformed. Retirement age was increased and a partial privatisation of the pay-as-you go system was launched (Lelkes 2006) meaning that employees’ contribution were shared between the state pension fund (first pillar) and a set of private pension funds (second pillar) like in Poland and Slovakia. A third pillar of Voluntary pension Fund supported by incentives has been also available, at least in Hungary. The three-pillar pension system itself combines elements of at least two welfare regimes, the insurance-based conservative and the market-based liberal.

In relation to the social provisions of the CEECs , Lendvai emphasises the fluidity of welfare regimes, the influence of European Union before and after the accession and the impacts of economic and political changes taking place in the countries of the region. According to Lendvai, in sharp contrast to the “complete patchwork” characteristic of the Hungarian and Polish welfare systems with a “large state” and “jobless growth,” by 2006, the Baltic States, and later on Slovakia opted for the neoliberal model with “radical economic reforms resulting in minimal states, low welfare spending, low taxes, strongly deregulated labour markets and widespread liberalism… with minimal welfare commitments,” whilst the Czech Republic and Slovenia established a kind of “Scandinavian island” in post-communist Europe. (Lendvai, 2009: 21.)[[15]](#footnote-15) The fluidity of post-socialist welfare arrangements has become even more characteristic since the outbreak of the crisis in 2008.

According to the independent experts’ analyses, in each of the six countries examined for this welfare regime report, austerity measures were launched and implemented; only the scales and timing differed from country to country. In 2008-2010, one of the Scandinavian Islands” the Czech Republic cut back its social protection budget profoundly, the other “island” Slovenia could not avoid to implement severe austerity measures in 2011-2013. What both countries, especially Slovenia have tried to maintain was their relatively strong social protection benefits favouring the most vulnerable social layers and passing the burden of crisis – as much as possible – over the middle and upper classes.

Reduced government spending was otherwise overall in the researched countries affecting all the three strand of the social protection systems: decent income, inclusive labour market and access to quality services everywhere, not only in the most well-to-do countries. All four TiPSE domains have been concerned by state-interventions, amongst which – again – “Making a living” was touched upon by measures the most aimed at reducing income-incentives and labour-market interventions. Measures worth to be highlighted are as follows:

* **Fiscal measures**

Income supports were reduced considerably via minimum income ceilings and taxation. Where VAT was increased, like in the Czech Republic (VAT rate was raised from 5% to 9%, and the standard rate from 19% to 20%, in the Czech Republic and (from the already high 25% to 27% in Hungary) “*with direct impact on the net income of low-income households*”(Assessment 2012, Czech Republic, p12) ;

* + A flat-rate personal income tax was introduced in these countries as well (15% in the Czech Republic, 16% in Hungary) whilst the high social contribution of employers was maintained.
  + Analyses of independent experts point to the inadequate level of subsistence minimum being much lower than the living minimum level. The gap is particularly wide in Estonia and Hungary where subsistence minimum is roughly 30% of the income minimum. The problem is also mentioned in the Czech and Slovenian reports where the gap is narrower.
* **Labour-market interventions**
  + Unemployment rates, especially long-term unemployment rates increased in all of the researched countries due to the spreading crisis, first and foremost in the smallest and most open economies (in the Baltic States, Czech Republic, Hungary, less so in Slovakia) as early as 2008. Parallel to rising unemployment, government expenditures on unemployment benefits increased in the researched countries except Hungary, where cutbacks of unemployment provisions were the strongest: duration of eligibility was halved from 6 month to 3 months and the rate of those who were out of employment and provisioned was as little as 11% in 2012 and half of job seekers, 277.000 people “*received no cash provision whatsoever (as compared 41,4% in 2011)”*. (Assessment 2012, Hungary p12). The rate of registered unemployed eligible for provisioning is also low in Estonia where the amount of unemployment benefit is still very low (and was always very low). In the Czech Republic the duration of eligibility declined as well but not as radically as in Hungary (from 6 months to 5 months) and this intervention was not coupled with an equally dramatic reduction of social allowances.

Conditionality appearing characteristically in the Czech and Hungarian unemployment provisioning system might be explained as a move towards a Conservative welfare system from the semi-Scandinavian and “patch-work” models respectively, whilst the increasing proportion of GDP spent on unemployment benefits in Estonia could be understood as a sign of stronger Socialist (or Conservative) welfare component. (However, both in the Czech Republic and Estonia, increasing shares in GDP reflect the drop of the volume of GDP as much as that of the higher burden of the Governments due to the rising unemployment.) Hungary represents the strongest move from welfare towards workfare and a strengthening state distancing itself more and more from the liberal and social democratic traditions of welfare provisioning.

Spending more on public works schemes needed major rechanneling resources allocated to Active Labour Market Programs (ALMP) from the traditional tools such as trainings and wage subsidies towards the new workfare approach. Re-grouping of expenditures was the sharpest in Hungary where job seeking provisions dropped to 47% from 2011 to 2013 whilst funding of Public Works Programs increased by 2,5 times. (Assessment 2012, Hungary p30)

* **Reducing social protection benefits**
  + As it was already mentioned above, the amount of regular social assistance was radically cut in Hungary from an already low rate stipulated in 2009 (that equalled the minimum old-age benefit) by 20% in 2011 (80% of the minimum old-age benefit). It has been means-tested too. The extremely important role of social workers in Poland, where decision over clients’ eligibility to social assistance benefit is under the discretion of a social worker – expresses, the state’s “long arms” reaching (potential) beneficiaries individually, on the one hand and the close control, exercised via practitioners employed by the state, on the other hand. The crucial role of social worker is also emphasised in the Estonian report.
  + **Child benefits** were cut to some extent in each country except Hungary. Maternity and parental support have been usually maintained even improved: the long duration of maternity benefit was maintained everywhere though supported regressively. The most sophisticated system prevails in the Czech Republic where the two-year “fast-track” support provides the highest remuneration and allows for parallel part-time wage income, whilst the “slow-track” support provides much less support for a duration of four years. Parallel wage work has also been available in Hungary for women on maternity benefit. The Estonian Report discusses the long duration of maternity support in the context of access to such services as nurseries and kindergartens that lack capacities. As a result of that, women are deprived of free choice between work and child-care. Capacity shortages of child-care facilities are apparent across the region as well.
  + Pension reforms have continued in each country to some extent. Hungary applied the most radical solution of absorbing the Private Pension Funds into the State Pension Fund in 2011. In Poland, the assessment rates were rearranged and more contributions were channelled to the First Pillar (State Pension Fund) than to the Second Pillar (Private Pension Funds) since 2011. These, more or less radical interventions also express a move towards a Conservative welfare regime from the formerly mixed model. At this point, it is worth mentioning that political affiliation seems matter: right-wing governments tend to cut Scandinavian and Liberal elements of welfare their welfare model more radically than governments led by left-wing parties.
* **Access to services**
  + The physical aspect of service provisioning that is access to services in rural areas was mentioned in the Czech Republic where experts emphasised the importance of public transport that was not properly addressed by policy measures and support. It was also the Czech Republic where labour offices have been reorganised: a Central Office in Prague and 14 offices in the regional centres with branches replaced the former 77 offices in charge to directly report to the Employment Services Administration (Assessment 2012, Czech Republic p28).
  + The importance of adult education, life-long learning and retraining are emphasised in the country reports (especially that of Hungary, Estonia, Czech Republic) generally with criticism: the Hungarian report is the most critical in relation to cutting spending of active labour market tools on trainings as early as 2009 and then repeatedly in the consecutive years.
  + As it has been already mentioned, capacities of early childhood caring facilities are less than necessary everywhere, thus hindering the start of measures for providing full access to preschools for children between 3 and 6 years of age (Hungary, Slovakia).
* **Governance**
  + Issues related to governance refer to the participation of social partners in shaping and implementing social policies, on the one hand, and horizontal and vertical linkages, on the other hand. Starting with the issue of connectivity as a primary condition of integrated implementation of inclusive social policies, the Czech and Polish assessments were the most critical for the lack of horizontal and vertical co-operation. As far as the participation of social partners in shaping social policies, a tripartite consultation prevails in most of the researched countries (representatives of the state, employers and employees), except Hungary where the consultative body was dissolved in 2011 and replaced by a wider forum of interested parties. The new forum includes NGOs but its operation – according to the assessment – is highly formal. The Polish report criticizes the absence of NGOs from consultations but it is probably not the Hungarian model desired by the author.
  + Austerity measures were frequently coupled with major reorganisations in the field of vertical systems, like local and regional governments and their competencies. Given that the majority of local governments missed to offer public work opportunities to the long-term unemployed, this task was delegated to the re-organised employment offices in the Czech Republic. These offices have been in charge of dealing with the provision of regular social assistance as well tasks, like organising voluntary and/or public works schemes, formerly pursued by localities. In Hungary, within the “second systematic change”, a comprehensive local government reform was launched in 2012 within the following major statist measures have been implemented: public education and health care was renationalised, development regions, seven in number as important agents of regional development were cancelled. Their role now is shared between the 19 counties and the Prime Minister’s Office. The so called micro-regional local government associations at LAU-1 level were also dissolved too and replaced by district government offices. All these changes are so fresh that they do not appear in the assessments but they clearly express huge increase of the role of the state and concentration of power in state-owned agencies.
  + In Hungary, The role of churches and church-related NGOs is remarkably growing in implementing inclusion-related projects as well as running segregated schools and pre-schools. (Not mentioned in the assessment)
  + Area-based partnerships are not mentioned in the reports either. Such partnerships that used to exist in Hungary at LAU-1 and NUTS-2 levels (so-called development councils) were dissolved. However, the operation of regional development councils was heavily influenced by the central government via its composition as more than half of its members represented in state administration. LAU-1 level organisations were made up by mayors; therefore, they were based on local governments and county development councils.
  + Regional Development Councils and agencies were in charge of implementing the regional development programs in the 2007-2013 budgetary period; whilst, the implementation of the area-based complex program targeting the 33 most disadvantaged LAU-1 units was led by LAU-e level local government associations (which were dissolved recently). Some real partnerships in Hungary, however, have been operational within the framework of LEADER. At least some of the local action groups have been keen on maintaining the LEADER principles. (LEADER obviously is not mentioned in the reports.)

# Closing remarks

On the bases of the reviewed policy documents, it is fair to say that the six countries do address social challenges raised by the cumulative effect of the recent crisis and – in the lagging ones – the still apparent economic (and social) weaknesses raised by the shift from Communism to Capitalism. However, their approaches and concrete policy instruments might be divergent influenced by the differentiation of the ‘post socialist’ welfare model and the political affiliation of the governments. Fiscal arrangements and spending policies were highly determined by the macroeconomic and external vulnerabilities of the concerned countries (Connolly 2012). It is not by chance that it was the left-wing government in Slovakia that maintained government spending after the crisis to keep up consumption capacities in the country. The relationship between political affiliation of governments and anti-crisis measures taken are not always clear-cut. For example, the conservative Polish government also opted for over-spending at the expense of growing fiscal deficits, whilst the right-wing Czech government was cautious as well as the left-wing Hungarian government in 2009 under the pressure of IMF agreement.

The relationship between the welfare models and post-crisis interventions are less ambivalent, though not clear-cut either. In particular the Hungarian Government the sharpest opponent of neoliberal governing principles, heavily levied the bank and multinational service sector in 2011, introduced flat personal income tax at 16% rate (and raised VAT rate from 25 % to 27%). It seems to be plausible to state that the Baltics remained closer to the individual welfare model (within the transitional one), Slovenia maintained its closeness to the state-based welfare regime, whilst the rest remained “patchworks” as Lendvai stated (Lendvai 2009).

# Reviewed documents

* Six National Reform Programmes 2013-2014 (Czech Republic, Estonia, Hungary, Poland, Slovakia, Slovenia)
* Six Roma Inclusion Strategies, 2011 (Czech Republic, Estonia, Hungary, Poland, Slovakia, Slovenia)
* Five National Social Reports, 2012 (Czech Republic, Hungary, Poland, Slovakia, Slovenia)
* Six studies of national policies as part of the series of “Assessment of the implementation of the European Commission’s Recommendation on active inclusion” (Czech Republic, Estonia, Hungary, Poland, Slovakia, Slovenia)

# References

Aidukaite, J. (2011): Welfare reforms and socio-economic trends in the 10 new EU member states of Central and Eastern Europe. Communist and Post-Communist Studies (44) 211-219

Connolly R. (2012): The Determinants of the Economic Crisis in Post-Socialist Europe. Europe-Asia Studies, 64:1, 35-67

Fenger H. (2007): *Welfare Regimes in Central and Eastern Europe: Incorporating Post-Communist Countries in a Welfare Regime Typology* <http://journal.ciiss.net/index.php/ciiss/article/viewfile/45/37> [accessed May 2012]

Talbot H., Madanipour A., Shucksmith M. (2012): *Review of concepts of poverty and social exclusion*

http://sharepoint.nordregio.se/TIPSE/default.aspx?RootFolder=%2fTIPSE%2fTIPSE%20Documents%2fWorkpackage%20Resources%2fWP%202.1&FolderCTID=&View={ECC9AD1B-B8D3-4B89-8B19-C5E26EB912D1}

Kornai, J. (1997), Reforming the Welfare State in Post-socialistSocieties. Editorial, World Development, Vol. 25., No. 8, pp. 1183-1186

Kovács K., Schwarcz Gy., Tagai G. (2014.a)*: Nógrád county, Hungary*, Manuscipt, 84 p.

Kovács K., Schwarcz Gy., Tagai G. (2014.b).: *Banská Bystrica, Slovakia*, Manuscipt, 71 p.

Lelkes O. (2006), Social Exclusion in Central-Eastern Europe. Concept, Measurement and Policy Interventions. Working paper. European Centre for Social Welfare Policy Research, Vienna. <http://www.euro.centre.org/data/1181637085_99921.pdf> Retrieved in July 2012

Lendvai, N. (2009) *Variety of Post-communist welfare: Europeanisation and Emerging Welfare Regimes in the New EU Member States*. Paper for the RC-19, Montreal, August 2009. School for Policy Studies, University of Bristol, UK. [online] Available at: http://www.cccg.umontreal.ca/rc19/PDF/Lendvai-N\_Rc192009.pdf [accessed June 2013]

Preparation of the 2012 National Social Reports (NSR) The Social Protection Committee, Brussels 2012. http://ec.europa.eu/social/keyDocuments.jsp?policyArea=750&subCategory=758&type=0&country=0&year=0&advSearchKey=SPCNationalSocialReport&mode=advancedSubmit&langId=hu

Social Europe (2014) Many ways, one objective. Annual Report of the Social Protection Committee on the social situation in the European Union (2013). Luxemburg 2014

Vidra Zs. (2013) *Önkormányzatok és segélyezettek a workfare szorításában*. [Local governments and benefit recipients under the pressure of workfare]<http://www.pillangokutatas.bffd.hu/kutatasi-eredmenyek/tanulmanyok> [accessed September 2013]

1. We use the term ‘incidence of P&SE’ in this Annex to mean the proportion of people at risk of poverty and social exclusion in any region. This does not reflect the absolute number of people at risk of poverty and social exclusion. [↑](#footnote-ref-1)
2. According to Naumann, annual emigration outflows have been particularly high since 2008 (between 80,000 and 100,000) reflecting the impacts of the country’s economic situation and the rise of unemployment, the most important motive for moving abroad (Naumann, 2013). [↑](#footnote-ref-2)
3. Mentioned in Callan et al., 2011: 28-29. [↑](#footnote-ref-3)
4. According to a recent OECD study, between 2007 and 2011, the number of Greeks that emigrated abroad has increased by 73%. Source: <http://www.skai.gr/news/world/article/234931/ekthesi-oosa-gia-metanasteusi-i-germania-o-dimofilesteros-proorismos/#ixzz2qryOU8lN>  [↑](#footnote-ref-4)
5. See European Economic & Social Committee, 2013b. [↑](#footnote-ref-5)
6. See Eurostat, at: <http://epp.eurostat.ec.europa.eu/statistics_explained/images/8/8b/Youth_unemployment%2C_2012Q4_%28%25%29.png> [↑](#footnote-ref-6)
7. See Caritas, 2012. [↑](#footnote-ref-7)
8. See Eurostat, at: <http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/People_at_risk_of_poverty_or_social_exclusion> [↑](#footnote-ref-8)
9. For a more detailed account see European Economic & Social Committee, 2012a. [↑](#footnote-ref-9)
10. Estimates by the Italian Finance Ministry. See, MEF, Dipartimento del Tesoro, “Italy’s Strategy for Growth and Fiscal Consolidation”, 5/11/2013. Available at: <http://www.dt.tesoro.it/export/sites/sitodt/modules/documenti_en/analisi_progammazione/analisi_programmazione_economico/20131105.pdf> [↑](#footnote-ref-10)
11. Scoring is based on an evaluation of electoral rights, political liberties, consultative bodies, and implementation policies. [↑](#footnote-ref-11)
12. Criteria were set up by Talbot 2013 [↑](#footnote-ref-12)
13. By domains or cross-cutter [↑](#footnote-ref-13)
14. Are they very similar, is there no pattern, is there a dominant consistency with one or two out-lying countries by domain or cross-cutter? [↑](#footnote-ref-14)
15. However, the fluidity of the regimes provoked new changes in Eastern Central Europe in 2011-2012, Slovakia made a turn towards the social democratic model since the left-wing government came into power in 2010, whilst the new, right-wing government of Hungary absorbed more neo-liberal principles in its dominantly Conservative welfare regime. [↑](#footnote-ref-15)