

**Work Package 4**  
**Multilevel “Arenas” for Fighting Poverty and Social exclusion**

**National Report Sweden**

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## **Abbreviations**

*EAPN* European Anti Poverty Network

*ECDN* European Consumer Debt Network

*ImPRovE* Poverty Reduction in Europe: Social Policy and Innovation

*SOS* *The National Board of Health and Welfare* (Socialstyrelsen) observes, analyses and give further instructions to local authorities on how to interpret the Social Services Act, yet without having any legal mandate to impose changes ([www.sos.se](http://www.sos.se))

*SPC* Social Protection Committee

*National reform programme NRP*

*PES* *Public Employment Services* (Arbetsförmedlingen) is the national and central state funded and administered employment service, responsible for job-seeking, matching those who need employees with jobseekers ([www.arbetsformedlingen.se](http://www.arbetsformedlingen.se))

*The Swedish Social Insurance Agency* (Försäkringskassan) is responsible for administering national social insurance benefits and provides financial protection for families, children, disabled persons, illness and old age ([www.fk.se](http://www.fk.se))

*SAF* *Svenskt Näringsliv* *The Association of Swedish Companies*: represents 60,000 small, medium and large size companies across 49 sectors ([www.svensktnaringsliv.se](http://www.svensktnaringsliv.se))

*SALAR* (Sveriges Kommuner och Landsting): the Swedish Association of Local Authorities and Regions represents the governmental, professional and employer related interests of Sweden's municipalities, county councils and regions (<http://english.skl.se/>)

*LO* *The Swedish Trade Union Confederation* (*Landsorgansationen – LO*): the central organisation for 14 affiliates which organise workers within both the private and the public sectors. The 14 affiliates together have about 1.500.000 members of whom about 693.000 are women. ([www.lo.se](http://www.lo.se))

*UI* Unemployment Insurance

*OMC* Open Method of Coordination

## List of interviewees

- Interview 1. Leading representative of Sveriges Föreningar, a National Umbrella CSO for local umbrella networks. 15<sup>th</sup> of Nov, 2012
- Interview 2. Representative of TCO, White Collar Union - The Swedish Confederation for Professional Employees. 16<sup>th</sup> of Nov, 2012
- Interview 3. Representative of SSR, The Union for Professionals (Academics, SACO), 16<sup>th</sup> of Nov, 2012
- Interview 4. Representative of European Social Fund, Sweden Office. 19<sup>th</sup> of Nov, 2012
- Interview 5. Representative of Swedish Association of Local and Regional Authorities (SKL), 20<sup>th</sup> of November 2012
- Interview 6. Representative of LO – The Swedish Trade Union Confederation 22<sup>nd</sup> of Nov, 2012
- Interview 7. Representative, MP and former Minister of Social Affairs, Social Democratic Party, 22<sup>nd</sup> of Nov, 2012
- Interview 8. Senior Civil Servant, Ministry of Social Affairs, 11<sup>th</sup> of Dec, 2012
- Interview 9. Senior Civil Servant, National Board of Health and Welfare, 11<sup>th</sup> of Dec, 2012
- Interview 10. Senior Civil Servant, Ministry of Social Affairs, 11<sup>th</sup> of Dec, 2012
- Interview 11. Leading representative of Sociala Missionen, a leading national CSO working to promote social justice and wellbeing, 12<sup>th</sup> of Dec, 2012
- Interview 12. Representative, MP Conservative Party. 19<sup>th</sup> of Dec 2012
- Interview 13. Representative Koopi – Sweden (former member of the EESC), 19<sup>th</sup> of Dec, 2012
- Interview 14. Representative EAPN Sweden, 15<sup>th</sup> of January 2013
- Interview 15. Representative of Swedish Association of Local and Regional Authorities (SKL), 15<sup>th</sup> of January 2013
- Interview 16. Senior Civil Servant, Ministry of Social Affairs, 15<sup>th</sup> of January 2013
- Interview 17. Senior Civil Servant, Malmö City Administration, 29<sup>th</sup> of May, 2013
- Interview 18. Senior Civil Servant, Malmö City Administration, 29<sup>th</sup> of May, 2013
- Interview 19. Senior Civil Servant, Public Employment Services, Malmö, 28<sup>th</sup> of May, 2013
- Interview 20. Senior representative The Swedish Consumer Agency, 18<sup>th</sup> of January, 2013

## **Foreword**

Reducing poverty and social exclusion is one of the main challenges for ensuring social cohesion in Europe. The research project COPE – Combating Poverty in Europe: Re-organising Active Inclusion through Participatory and Integrated Modes of Multilevel Governance’ – analyses trends of poverty and social exclusion in Europe, and examines the dynamics of minimum income protection policies that potentially help alleviate the risk of poverty in Europe. A particular focus is on the situation of single parents, long-term unemployed and the working poor, who face particular risks of poverty and social exclusion. To what extent have minimum income policies functioned as last resort social security for these three groups, and in what sense can ‘active inclusion’ policies credited with protecting them from poverty and social exclusion?

Co-financed by the European Commission in the 7th Framework Programme, the COPE project unites researchers and stakeholders from six European countries, the UK, Italy, Poland, Sweden, and Norway. Having started in February 2012, COPE runs over a three-year period. COPE’s method is comparative – analysing developments in five European countries (Poland, Germany, UK, Sweden and Italy). Its focus is inherently multi-level, looking in turn at developments at European, national and local level.

## **SECTION A: THE EUROPE 2020 ANTI-POVERTY ARENA**

### **1. Introduction**

The European Union (hereafter the EU) has made fighting poverty into one of its main priorities and also included a quantified poverty target as a key goal for the overarching EU2020 strategy, sought to guide the EU's and Member states developments in the following years. The main aim of this report is *to investigate the domestic side of the EU2020 strategy and especially national-supranational interactions in order to assess the potentials and the bottlenecks of EU2020 implementation*. The report seeks to explore *the relevance of the EU2020 anti-poverty strategy in relation to domestic policy-making and analyze whether the abovementioned EU2020 strategy has had any 'effect' on national policies and contributed to a change in the ways by which the poverty issue is being framed at national and local levels*. The report seeks to analyse *whether, and in case to what extent, the Europe 2020 anti-poverty strategy is leading to the emergence of a multilevel & multi-stakeholder as well as integrated (across policy sectors) arenas nationally*.

The report analyses the participation of actors in the reporting processes related to the EU 2020 anti-poverty strategy (above all National Reform Programmes), yet also the recommendations that the Commission and the Council has expressed in relation to Sweden. The report is furthermore based on the analysis of expert interviews with national and local politicians, officials and stakeholders with regard to the relevance of the EU2020 strategy in a national context.

### **2. The background**

#### **2.1 The national model to fight poverty**

The Swedish welfare state has not articulated a particular model or strategy on how to combat poverty. Being part of a Social democratic welfare state tradition, the Swedish welfare state is often characterized as 'universal', that is, built on extensive social protection systems and a wide spread umbrella of social welfare services. Job-seeking, labour market training and childcare services are accessible for everyone irrespective of labour market status and affiliation to benefit scheme. Most of these income schemes and support structures are funded, administered and regulated by the state and/or regional and local governments. Many scholars have pointed to traits like the pursuit of egalitarian values, equal distribution of incomes, low poverty and the ambition to secure broad and universal access to income maintenance and services within health, care and education (Hvinden 2011; Kautto et al. 2001; Kangas & Palme 2005). At the same time, Sweden has relied on a duality between

universal (income based benefits) and a selective social assistance system. According to Gough et al. (1997) Sweden belongs to the citizenship-based but residual social assistance regimes characterized by a high degree of codified rights of recipients and relatively generous benefits. Minas & Øverbye (2010; see also Bergmark & Minas 2010) define the Swedish system of social assistance provision as centrally framed and based on local autonomy. Reflecting this duality, a national poverty strategy has never been expressed and rarely have poverty been a problem in its own right. The national model to combat poverty (i.e. social assistance) have historically been through expanding the social security systems (either by making them more generous or by increasing employment to make more people eligible).

Moreover the Swedish welfare model rests securely in a corporatist tradition. Historically, policy reforms include consensus building between the government and the social partners (organizations of employers and employees). However, when making social policy, the Swedish government has rarely included organizations representing poor, marginalized or excluded groups. Social partners, along with a few large social CSOs, have been selected to represent the greater society in discussions with the national ministries. One obvious reason is that poverty has not been a high-profile issue in national politics. Although social redistribution and economic equality are important political aims, fighting poverty has rarely been identified as a separate issue requiring a specific arsenal of anti-poverty measures. In principle, the Swedish model rests upon the assumption that poverty is a residual problem best combated through active employment-promoting policies combined with an encompassing system of social benefits.

The social partners, used to having a privileged access to policy-making, have emphasized that in contrast to NGOs they are *partners*, able to assume responsibility in implementation, and not just being ‘a participant’. The trade unions also tend to question the representativeness of the NGOs, arguing that they only represent themselves, while the trade unions, besides having a density of about 85 per cent, have internal democratic structures for representation. Trade unions tend to see themselves as representatives of all relevant interests; at least as far as labour market policy is concerned. The NGOs, on their side, argue that the trade unions fail to represent people outside of – and sometimes far from – the labour market, such as the long-term ill, immigrants or disabled people, who have difficulties in entering the labour market, or homeless people (see COPE report WP5 for Sweden, [www.cope-research.eu](http://www.cope-research.eu)).

## **2.2 Supranational-national relationships within the Social Inclusion OMC**

The following section will primarily address domestic CSOs experiences with the OMC social inclusion as an important background to the current processes regarding the EU2020 cycles (see e.g. Jacobsson & Johansson 2009). As mentioned, the dominant policy paradigm in the Swedish welfare state is based on the principles of universal social policies and a

strong connection between welfare and work. The EU's focus throughout the 2000s on social exclusion and poverty has been met with certain scepticism among Swedish policy-makers. EU social inclusion policy is perceived to be formulated in a selective manner, with special policies for special groups deemed needy, which is seen as a (potential) deviation from the universalistic principles of the Swedish welfare state. Instead of constructing special programmes for certain vulnerable groups the aim is to include everybody in the general welfare policy system. Swedish governments have in previous reports to the EU (as part of the OMC inclusion and the Strategy reports for social protection and social inclusion, expressed that universal welfare is the foundation for social protection and social inclusion (see e.g. Sweden Strategy report (2008) on social protection and social inclusion).

These conditions constitute the background for the implementation of the Social OMC in the Swedish welfare state. Based on Jacobsson & Johansson (2009) we notice that the OMC incl. was a novelty in the Swedish policy context and new forms of cooperation needed to be established and relying on previous research we can notice that to some extent the social OMC (starting in 2001 and onwards) became a window of opportunity for previously excluded CSOs to participate, and an important resource and catalyst in establishing new patterns of cooperation. By requiring governments to mobilize all relevant bodies, the OMC incl. challenged the Swedish self-understanding and made poverty and social exclusion a political issue.

- The social OMC constituted the catalyst for previously dispersed social CSOs to start to mobilize and work together vis-à-vis the government and social partner organizations (in a loosely formed Network of social CSOs).
- The social OMC encouraged the government and the Ministry of Social Affairs to install a user committee, chaired by the Minister and bringing together a set of representatives from different social CSOs (active in the Network mentioned above) to discuss and deliberate on national social policy development.
- This Network of social CSOs were consulted in the preparation of NAP on social inclusion, yet never recognized as a full partner.
- From the first to the last NAP, Swedish government officials have continuously held a strong divide to social partner consultations on employment affairs and economy.

Arguably, the social OMC served as a resource in the hands of social CSOs, which have made an attempt to de-stabilize and re-negotiate the institutionalized social field, by requesting voice and participation in social policy-making. It was successful in the field of social policy where no strong competitor exists, while in the field of labour market policy, social partners continued to stand out as exclusive partners. Arguably, the OMC incl. was generally considered as a marginal process in the Swedish welfare state, given the insistence of the governments that the NAPs or strategy report was not to be seen as policy-making device but as a report of Swedish policy made elsewhere. Policy-makers generally thought that Sweden had little to learn from other EU countries when it came to poverty and social

exclusion. Based on these research efforts, we did not find any incidences of uploading (Jacobsson & Johansson 2009).

### **2.3 Problem pressure**

Whereas many European countries have experienced a severe economic and financial crisis in the most recent years, Sweden underwent a similar economic downturn at the beginning of the 1990s. Sweden is one of the countries in a European context which in more recent years have managed to have a budget in balance or even providing some surplus and also a decreasing part of GDP as debts. This picture of Sweden as being one of the best pupils in the class in a European context must be analysed in a longer historical perspective, i.e. in relation to the economic downturn in the 1990s.

From being a country with extremely low unemployment rates and high employment, national labour market indicators turned upside down in a few years' time. The employment rate decreased from the comparatively high figure of over 80 percent of the work force in 1991 to just over 70 percent in 1994. Unemployment increased from 2 percent to 8 percent between 1991 and 1993. In 1993, the youth unemployment rate stood at 18 percent. In the same period, the number of people in employment decreased by 540,000 persons (Johansson 2001a; 2001b & 2006a; Johansson & Hornemann Møller 2009). Falling production, high unemployment and decreasing employment translated into increasing poverty rates during the 1990s. Similarly, the costs for the social assistance scheme doubled between 1990 and 1997. A further result of the economic and financial crisis of the early 1990s was that, in 1997, more than 400,000 households, or about 10 percent of all households, received social assistance (Socialstyrelsen 1997).

Towards the end of the 1990s, the economic situation started to improve and Sweden enjoyed a sustained economic upswing fuelled by strong exports and rising domestic demand. With some minor changes, this more positive economic situation continued until 2008 as Sweden entered a recession. Heavily dependent on exports of autos, telecommunications, construction equipment, and other investment goods, the country was hit hard by the contraction in external demand due to the global financial and economic crisis. As a result, GDP fell 4.9 percent in 2009. Yet in 2010 and 2011, Sweden's GDP grew by roughly 5 percent annually thereafter decreasing slowly and growth projections for the near future were repeatedly revised downward. Sweden entered the 2008 financial crisis with a budget surplus due to prior economic growth and conservative fiscal policy. This allowed Sweden to ride out the crisis better than most other economies.

In comparison to the turbulent 1990s, the 2000s has been an economically stable decade in terms of key labour market indicators. From 2000 and until 2010, the employment rate remained fairly stable and Sweden is one of the countries in a European perspective with the

highest employment levels, in relation to the EU-27 as well as in relation to the countries included in the COPE project. This is summarized in the table below.

Table 1. Employment rate in COPE countries (selected years).

	2000	2005	2010	2013	2010/2013 difference	2000/2013 difference
Germany	68,8	69,4	74,9	77,1	+ 2,2 %	+ 8,3 %
Italy	57,4	61,6	61,1	59,8	-1,4 %	+ 2,4 %
Poland	61,0	58,3	64,3	64,9	+ 0,5 %	+ 3,9 %
Sweden	77,7	78,1	78,1	79,8	+ 1,7 %	+ 2,1 %
UK	74,0	75,2	73,6	74,9	+ 1,3 %	+ 0,9 %
EU-27	66,6	68,0	68,5	68,5	+/- 0	+ 1,9 %

Source: EUROSTAT (employment defined as the number of persons aged 20 to 64 in employment by the total population of the same age group).

With regard to unemployment patterns in Sweden we find a similar pattern as with regard to employment development. National unemployment trajectories underwent a sharp increase at the start of the 1990s, reaching its peak in 1997 as national unemployment reached more than ten per cent (10.5 percent in 1997, National Statistics definitions of unemployment), yet slowly decreasing and by 2000 national unemployment levels had declined to 5.5 percent. However, like for most of the countries included in the COPE project, national unemployment levels have steadily risen in a Swedish context, also since the most recent crisis (see table 2 below). Unemployment levels in Sweden remain lower than the EU average, yet have – like for most European countries increased during the last five years. It is important to notice that whereas the start of the 1990s marked the fall of ‘the full employment society’, Sweden now seem to have entered into a labour market phase in which unemployment levels of almost a European average is a rule, rather than an exception.

Table 2 Unemployment rate in COPE countries.

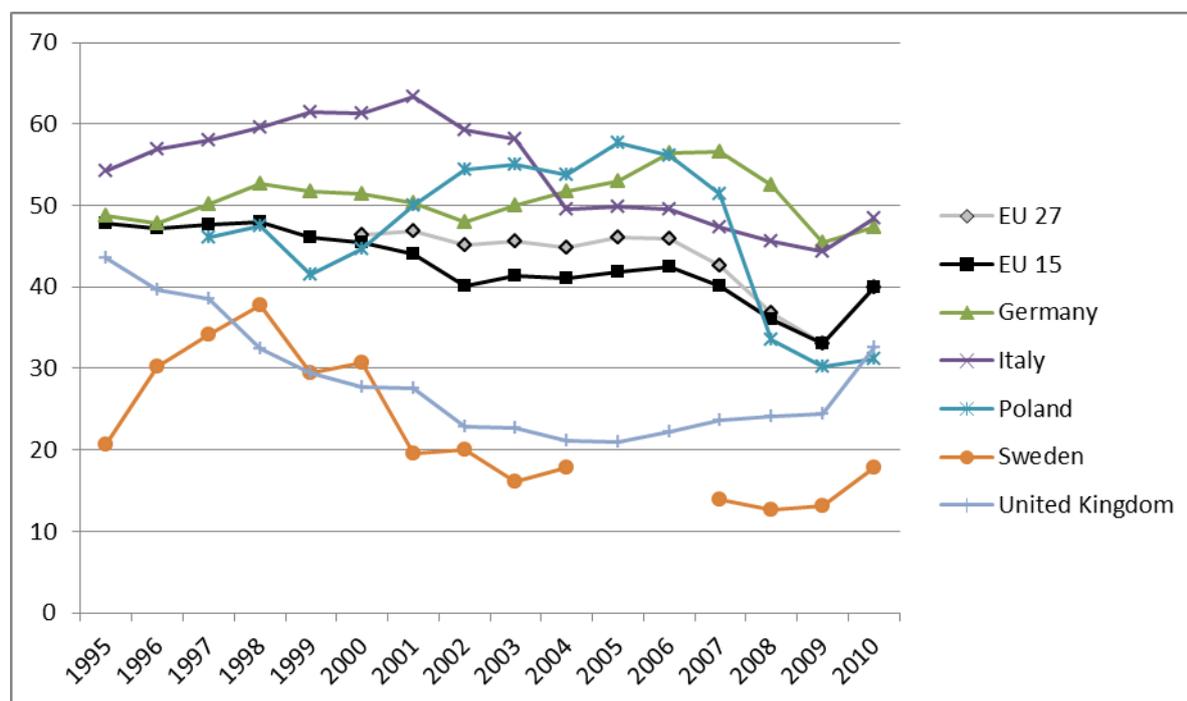
	2007	2008	2009	2010	2011	2012	2007/2012 difference
Germany	8.7	7.5	7.8	7.1	5.9	5.5	-3,2%
Italy	6.1	6.7	7.8	8.4	8.4	10.7	+4,6%
Poland	9.6	7.1	8.1	9.7	9.7	10.1	+0,5%
Sweden	6.1	6.2	8.3	8.6	7.8	8.0	+1,9%
UK	5.3	5.6	7.6	7.8	8.0	7.9	+2,6%
EU-27	7.2	7.1	9.0	9.7	9.7	10.5	+3,3%

Source: The unemployment rate represents unemployed persons as a percentage of the labour force based on ILO definition. The labour force is the total number of people employed and unemployed. Unemployed persons comprise persons aged 15 to 74 who: i) are without work during the reference week; ii) are available to start work within the next two weeks; iii) and

have been actively seeking work in the past four weeks or had already found a job to start within the next three months.

To some extent similar patterns emerge as we address issue of long-term unemployment, see figure 1 below, comparing Sweden and related COPE countries over the last years.

Figure 1. Long-term unemployment as per cent of total unemployment (1995-2010).



Source: Eurostat (LTU defined as 12 months or longer).

Youth unemployment is a key issue in the domestic political debate, which is aggravated in the context of the crisis. Not only have youth unemployment – as in many other European countries – been significantly above those of the adult population (Angelin 2009), it has been increasing even during economic upturns. At nearly 25 percent, the Swedish youth unemployment rate is the highest in the Nordic countries and considerably above that of continental countries such as Germany. Moreover, labour market participation for the youngest group (age 15-19) is almost non-existing: Only 0.8 percent of all employed in 2011 were between 15 and 19 years old, most likely due to participation in education (SCB 2011). Young people’s difficulties to enter the labour market have had consequences for their socio-economic status. A greater proportion of young adults live in relatively scarce economic circumstances compared to two or three decades ago.

Turning to the issue of poverty and social assistance prevalence, we find the following national patterns of problem pressures. As already mentioned, the Swedish welfare state has traditionally sought to tackle poverty by a combination of active labour market measures and universal and fairly generous social security systems, and poverty per se has not been a key

issue in national debates or in national policy-making. In the national context, poverty has rather been translated or even equalized to social assistance prevalence, although the political and public construction of the poverty issue is slowly changing, partly reflecting changes in the broader society as well as in the very prevalence of poverty. The table below illustrates poverty incidence according to EU definitions in Sweden and relate COPE countries over the last five years. In a comparative perspective, Sweden stands out for its very low levels of material deprivation (and also decreasing levels), most likely as an illustration of the country's wide-ranging and functioning social insurance and social welfare systems. Few people are actually falling below the last safety net, when measured according to an absolute poverty definition. However, when measuring for relative poverty, Sweden – like Germany – has experience a period of increasing relative poverty, according to the definition applied by Eurostat. Addressing the third indicator part of the EU 2020 strategy we find an even more striking feature of poverty related developments in the Swedish context. The figures of people living in households with very low work intensity has been increasing the most in a Swedish context, on comparison to the countries included in the COPE project. Other research reports demonstrate that the poverty rate for young people aged 16–24 was almost 27 percent in 2010. A growing group of young people is also affected by mental ill health and this is aggravated by severe difficulties in establishing themselves in the housing market (Mann & Magnusson 2003; Gullberg & Börjesson 1999).

Table 3. Poverty indicators, 2006-2012.

	2006	2007	2008	2009	2010	2011	2012	2006-2012 (% difference)
People suffering from social exclusion (three indicators combined)								
Germany	20,3	20,6	20,1	20,0	19,7	19,9	19,6	-0,7
Poland	39,5	34,4	30,5	27,8	27,8	27,2	26,7	-12,8
Italy	25,9	26,0	25,3	24,7	24,5	28,2	30,4	+4,5
Sweden	16,3	13,9	14,9	15,9	15,0	16,1	18,2	+1,9
UK	23,7	22,6	23,2	22,0	23,2	22,7	--	-1,0
EU-27	25,3	24,4	23,7	23,2	23,7	24,3	24,3	-1,0
People at risk of poverty (60 per cent median income, percentage of population)								
Germany	12,5	15,2	15,2	15,5	15,6	15,8	16,1	+3,6
Poland	19,1	17,3	18,7	18,4	18,2	19,6	19,8	+0,7
Italy	19,6	19,8	18,7	18,4	18,2	19,6	19,8	+0,2
Sweden	12,3	10,5	12,2	13,3	12,9	14,0	14,2	+1,9
The UK	19,0	18,6	18,7	17,3	17,1	16,2	--	-2,8
UK-27	16,5	16,5	16,5	16,4	16,4	16,9	17,1	+0,6
Severe material deprivation (percentage of population, see Eurostat for definition)								
Germany	5,1	4,8	5,5	5,4	4,5	5,3	4,9	-0,2
Poland	27,6	22,3	17,7	15,0	14,2	13,0	13,5	-14,1

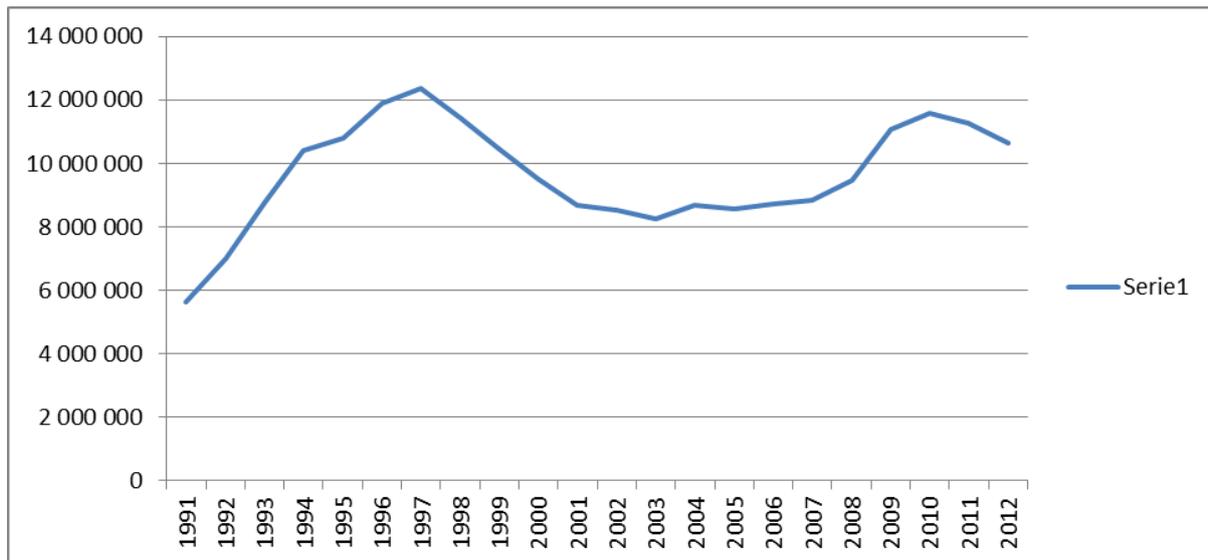
Italy	6,3	6,8	7,5	7,0	6,9	11,2	14,5	+8,2
Sweden	2,1	2,2	1,4	1,6	1,3	1,2	1,3	-0,8
The UK	4,5	4,2	4,5	3,3	4,8	5,1	--	+0,6
UK-27	9,9	9,1	8,5	8,2	8,4	8,8	10,2	+0,3
People living in households with very low work intensity (percent of population, see Eurostat for definition)								
Germany	10,5	9,7	9,0	9,1	10,1	10,3	9,9	-0,6
Poland	12,3	10,0	7,9	6,9	7,3	6,9	6,8	-5,5
Italy	10,8	10,0	9,8	8,8	10,2	10,4	10,3	-0,5
Sweden	6,6	5,9	5,4	6,	5,9	6,8	10,0	+3,4
The UK	12,0	10,3	10,4	12,6	13,1	11,5	--	-0,5
UK-27	10,5	9,7	9,0	9,1	10,1	10,3	9,9	-0,6

Source: Eurostat.

Social assistance is the main minimum income scheme in a Swedish context and is partly used in national debate – both academic and political – as a reflection of national poverty developments. As mentioned in previous reports in the COPE project on the Swedish case (see for instance WP6), social assistance is a decentralised scheme, nationally regulated by the means of a framework act. It is furthermore local governments (municipalities) that organize, administer and fund completely local social assistance systems. This implies that the national government has responsibility in terms of making legal and political regulation with regard to the social assistance system, but it is local authorities that design and pay for the system at the end. This is an important feature when addressing issues of national problem pressure as the incentives for national politicians to reform the ‘national’ social is limited as one always has the possibility to refer criticism back to the local governments/authorities (for detailed description see COPE WP5, for Sweden). These features are reflected in the diagram below.

The diagram demonstrates that national social assistance costs have fluctuated considerably over a time period of twenty years, reaching a peak in 1997 as part of the then current financial and welfare crisis, as well as reaching a peak in 2010 as part of the then overarching financial crisis across Europe. These figures are distributed across local municipalities.

Figure 2. Social Assistance Costs (Millions SEK), 1991-2012



Source: National Board of Health and Welfare

Arguably, it is hard to detect any direct austerity measures linked to the economic downturn in 2008, a situation which was directly apparent in relation to the economic difficulties which Sweden underwent in the 1990s as extensive reforms took place within the pension system, sickness insurance system as well as the unemployment insurance system. This does not imply that the larger welfare state architecture has remained unchanged. On the contrary, many reforms and changes have taken place within social security systems in more recent years, yet these seem to be driven more by political will, than as a result of shrinking budgets.

### 3. An iterative process: the European Semester and anti-poverty strategies

#### 3.1 Europe 2020's genetic moment

The following section will shortly address the initial responses by the Swedish government in relation to the EU 2020 agenda and the included poverty target. The insertion of a quantitative poverty target in the EU2020 programme namely caused reactions by the Swedish Centre-Conservative government. The Swedish Prime Minister argued that the EU should not only focus on fighting (income) poverty, but also on social exclusion and that poverty should not only be based on a relative definition, but also reflect individuals' labour market status (REF) and as the Commission presented its final proposal on how to define a poverty target for the EU2020 strategy, the prime Minister once more argued that of particular '... importance is that ... the objective of combating poverty and promoting social inclusion also focus on combating exclusion from the labor market (Cabinet Office 2010, p. 2).

The Swedish Prime Minister's activities at EU-level caused intensive debates also in national politics. In a series of newspaper articles, leading members of the Social democratic party criticized the ways by which the Swedish government had handled the Commission's proposal and acclaimed that domestic politics had coloured Sweden's responses to the initial poverty targets. If the Commission had only applied a relative poverty definition, then the levels of poverty in Sweden had increased, these politicians acclaimed. They also acclaimed that there were more profound ideological reasoning's for the Prime Ministers actions, as a relative poverty target was more linked to issues of inequality, than an absolute (material deprivation) or a labour market adjusted (jobless households). The Swedish government's activities were therefore interpreted as a way to cover increasing inequalities in the Swedish society (Somme stad 2010a & 2010b).

### **3.2 The three Europe 2020 cycles: planning, reporting, recommending, negotiating**

#### ***3.2.1 The first cycle – 2010 - 2011***

The first Annual Growth Survey was launched at the beginning of 2011 in the backdrop of the extensive crisis that had struck many Member states and an extensive policy coordination process started (COM 2011). With regard to the poverty targets, the Commission commented upon the Member States willingness and ability to adjust to such targets in one of its corresponding documents on the growth strategy. The Commission expressed that in their draft National Reform Programmes a majority of the countries had set targets to combat poverty, yet the Commission argued that the targets being established at national level did not fully meet up with the expectations and aims expressed in the EU2020 process.

*'Most Member States have used the three agreed indicators to define the EU target, thereby acknowledging that broad strategies are needed to tackle poverty in all its dimensions. However, the level of ambition should be raised to reflect the interaction between the targets, in particular the link between labour participation and poverty. Several countries have still not set their targets. It is urgent that these countries rapidly finalise the process' (COM 2011b, p. 9).*

These initial propositions by the Commission are reflected in the Swedish responses in an interesting way. First and foremost, the Swedish National reform programme of the year of 2011 was generally framed in a manner that reflected the current positions of the present government as well as the more long-lasting traditions embedded in Swedish social policy-making. The main task of national economic policy was considered to

*'... create the highest possible sustainable welfare by means of high sustainable growth, high sustainable employment, welfare that benefits everyone and economic stability (NRP 2011, p. 5).*

The overall aims for how the national government structured its economic policy and welfare paradigm as well as communicated it in the framework of the EU2020 strategy and the process of a European semester was even further elaborated as the government expressed that employment was both a goal for the government and also a means to achieve welfare related goals. With regard to the overarching ambitions, the government stated that ...

*A responsible policy safeguarding the public finances has ensured that Sweden has stood on firm ground and has been able to manage the crisis while prepared to meet a deeper and longer downturn. The Government has been able to implement strong stabilisation policy measures to combat unemployment without large budget deficits resulting. During the downturn, the Government has also given priority to jobs with further structural measures such as a strengthened work-first principle and improvements in the functioning of the labour market (NRP 2011, p. 5)*

With regard to more general reforms related to the social security system and social exclusion, it was stated that full employment was the main strategy for the government.

*Future reforms should focus on further measures to get more people working and strengthen Sweden's long-term growth prospects. Exclusion must be reduced. All those who are able and willing will be given the opportunity to participate in the labour market (NRP 2011, p. 5)*

*Full employment is the Government's top priority. Everyone who can work should be able to obtain a job. Work is the basis for being able to control one's own life, but it is also the basis of national prosperity (NRP 2011, p. 22).*

However, unlike a previous Social-democratic orientation on how to accomplish full employment, the Centre-liberal government continued its efforts to increase incentives for taking employment by the means of tax reductions for those in work, rather than strengthened or upholding/increasing benefit generosity. In the NRP the government expressed that ...

*If the economic situation permits and on the condition that important reforms in welfare and education can be guaranteed, the Government intends to implement important parts of the tax reductions announced as reform ambitions in the 2011 Budget Bill. In the lead-up to the 2012 Budget Bill, the policy will focus on taking responsibility for jobs by ensuring sound growth in order to get more people working without the economy overheating, build a robust financial system and strengthen the quality of the education system and welfare (NRP 2011, p. 5).*

This political rationale was also reflected in how the government addressed the issue of poverty and the poverty targets defined in the EU2020 strategy. In general, the Swedish NRP is colored by a very limited 'interest' into the issue of poverty, as defined by the EU 2020 strategy as well as operationalized within the European semester. With regard to guidelines 7-9, the government presented a series of planned – or implemented reforms – to seek to

encourage labour market participation (e.g. with regard to changes in the Job and development guarantee programme, changes to promote school drop out to re-enter into the education system, improve labour market entry opportunities for people with disabilities that impair their capacity to work etcetera (see NRP 2011, p. 22-27). Similar arguments were made in relation to guideline 10, as the government stated that ‘... top priority is to guide Sweden to full employment and thus reduce exclusion’ (NRP 2011, p. 29). This short phrasing illustrates both the connection made between employment participation and exclusion, as well as the fact that throughout the report, the very notion of poverty is rarely used by the government. Instead one continuously uses the notion of exclusion to express the government’s ambitions in relation to the stated goals set by the EU, and above all by the means of a series of reforms to reduce the thresholds for people out of work, to enter into work combined with reforms to increase incentives to take up a job offer.

The Swedish national target for reduced exclusion (and not poverty) was framed according to this overarching rationale. It was stated in the 2011 NRP that Sweden’s goal was to

*Promoting social inclusion by reducing the percentage of women and men aged 20- 64 who are not in the labour force (except full-time students), the long-term unemployed or those on long-term sick leave to well under 14 per cent by 2020 (NRP 2011, p. 29).*

As a direct reference to the EU stated goals, the government recognized the EU’s three definitions and indicators the government clearly expressed its opinion and argued that ...

*...working creates the conditions for social inclusion by providing income, admittance to the social security systems and social inclusion. A policy for raising employment and reducing unemployment is therefore the best way to promote social inclusion and counteract poverty. The Government therefore believes that Sweden's national targets for social inclusion should have a strong labour market link and should be based on the Government’s ambition to reduce exclusion (NRP 2011, p. 30).*

The Swedish government was hence very frank on its position and acclaimed that reduction of poverty and social exclusion was best done by policies for raising employment and reducing unemployment, and expressed that ‘... Sweden’s national targets for social inclusion should have a strong labour market link... (ibid, p. 30). The Swedish government’s arguments become even more explicit in relation to one of the flagship initiatives, i.e. the European Platform against poverty and social exclusion. In a government memo, the Swedish government argued that Member States had the greatest responsibility of achieving EU targets, and furthermore, had the ‘... most important policy tools in this respect (Swedish Government 2011b:6). The government further argued that it was of uttermost importance that ‘...EU-cooperation in the social field is done with respect for the Member States’ different starting points and practices’ (ibid., p. 6).

This position in relation to the EU2020 Strategy very much resembles the overarching strategy developed by the Centre-Conservative government since it entered into office in 2006/2007. In fact, prior to the election in 2006, the Centre-Conservative alliance started to launch the notion of *Utanförskap* (exclusion) as a critique of the Social Democratic Party's failure to build a universal welfare state. Every citizen, who was either on benefits or unemployed, was, according to the Centre-Conservative logic, considered 'excluded'. Yet rather than linking social exclusion to the distribution of income and issues of redistribution, the new 'Alliance' began to define exclusion as an issue of labour market participation only. As one member of the present Conservative-liberal government put it:

*We are interested in the notion of social exclusion (utanförskap). So, we have got a wider approach. I dislike discussion on relative poverty. Assume the actual reality. Start instead from the actual reality (Interview 12)*

The linkage between this interpretation of social exclusion and EU's definitions of poverty (relative or absolute) was commented upon in our interviews. One government representative pointed to a recent discussion between the Ministries of Health and Social Affairs and Finances how the government should best apply the poverty-related EU 2020 benchmarks and how it should define poverty in the absence of quantitative targets that the government is keen on avoiding. Rather than 'poverty', the Swedish government prefers to talk of 'exclusion'. In the words of a representative from the Ministry of Health and Social Affairs:

*For Sweden, we (the government) just did not want a national poverty goal. Instead, the government wants to have one in relation to exclusion. That is that. ... (There is a) political resistance against having a quantitative poverty target in Sweden, because this would be too delicate politically. This, I would say, is the absolutely most important point. That the directives for Sweden are about exclusion was clear for the whole government. That was the way it was going to be (Interview 8).*

These positions in the Swedish 2011 National Reform Programme were later responded to by the Commission in its first round of recommendations to Member States as part of the EU2020 strategy. Whereas most European countries were experiencing a period of extensive financial (and political) turmoil, and the Commission expressed three recommendations to the Swedish government, later approved by the Council. These recommendations included the following.

- Keep fiscal policy on a path that ensures that the medium-term objective continues to be met,
- Take preventive action to deal with the macroeconomic risks associated with rising house prices and household indebtedness. A broad set of measures could be considered, such as reviews of the mortgage system, including the capital

requirements of banks, rent regulation, property taxation and construction permits, and

- Monitor and improve the labour market participation of young people and other vulnerable groups (European Council 2011)

For our concern, it is primarily the last-mentioned recommendation that is of paramount interest, as it directly addresses some of the target groups included in the COPE project.

### **3.2.2 The second cycle: 2011-2012**

The Annual Growth Survey from 2012 made some specific comments on how the Member States would proceed to seek ‘to protect the vulnerable’ (European Commission 2012). The Commission expressed that the crisis had hit those who ‘... were already vulnerable and has created new categories of people at risk of poverty’ (ibid, p. 12) and the Commission urged Member States to pay particular priority to i) improving the effectiveness of the social protection system, ii) ensure the implementation of an active inclusion strategy and iii) ensure access to services supporting integration into the labour market (ibid, p. 12).

The Swedish National reform programme of 2012 shared several similarities with the country’s previous report to the Commission. The Swedish government expressed and underlined the main features of national economic, employment and welfare policies. In a similar manner as for the previous report, poverty was not addressed to any greater extent in the report.

With regard to the status of the labour market, the government made a series of statements regarding the policy challenges lying ahead. For the COPE project, the issue of long-term unemployment is of central importance and the Swedish government – for instance – argued that this was a main challenge for Sweden. One asserted that ...

*Long-term unemployment is still high and the number of people who are long-term unemployed is likely to increase in the coming years. A big challenge will be to ensure that people facing long-term unemployment receive the support they need to find work, and at the same time prevent the number of long-term unemployed people from growing.*

*An additional challenge is to improve the labour market situation for groups with a relatively weak position in the labour market and for whom the labour market still does not function satisfactorily. Young, older, foreign-born, persons with at most a compulsory school education and persons with disabilities that impair their ability to work are groups who have a weaker position in the labour market compared with the rest of the population. These groups are also the hardest hit when there is a downturn in the economy (NRP 2012, p. 16).*

The government also addressed the status of the national social assistance system, which was not addressed in the previous report. As we have already depicted, the government described the social assistance system as

*'... the ultimate safety net, and the aim of assistance are to step in temporarily when people during short periods of time have difficulty supporting themselves' (NRP 2012, p. 27).*

The government yet maintained that the social assistance system had started to change its function as it had '...increasingly become a long-term solution for many people' (NRP 2012, p. 27). The government explained that the present social assistance system had extensive lock-in effects due to its extensive means-testing and recorded that it was not always advantageous for claimants to take on short-term job as an increase in income directly resulted in a corresponding reduction of assistance.

These were the main arguments put forward in the programme, and the government expressed that it had two major priorities for the present status of the social assistance system.

First, one argued that it was central to reduce the means-tested principle in the social assistance system, i.e. that all other means should be exhausted before individuals are eligible for public social assistance support, and the government argued that it '...intends to change the calculation of income support, so that only a part of the work income is included in the assessment of the right to social assistance' (NRP 2012, p. 27).

Second, the government criticized central and local authorities for failing to coordinate services, above all the PES and the local municipalities. For these reasons, the government expressed an ambition to start a review and an investigation of '... the municipalities' and the Public Employment Service's initiatives and coordination to promote employment among people receiving social assistance' (NRP 2012, p. 27). One argued that due to the fact that social assistance claimants often had a complex series of social, financial and personal problems, such enhanced coordination was a central means to reach stated objectives.

The government commented upon the EU 2020 poverty target in a similar manner, and above all reflecting the government's choice to use the jobless household indicator, to measure national poverty development. One argued that in the previous year, the number of jobless households had decreased slowly (from 14 to 13 per cent), as a means to contribute to the overarching objectives established by the EU. The government also argued that Sweden had a structure of universal social security and social welfare services that contributed to reducing poverty levels in a national context. Possibly reflecting the fact that the government did not use a relative definition of poverty within the framework of the European semester, the government introduced a more philosophical discussion on income differences in a national context. The government argued that...

*Sweden has one of the most even income distributions in the world. Just like in many other countries, however, the differences in income have increased in the last 20 years. A starting point in the Government's economic policy is that growth should benefit everyone. Viewed over a longer time period, the real income level has increased in all income brackets. However, the economic standard in the group with the lowest income has grown significantly less than the median income of the population. An important contributing factor is that many individuals in the lower income brackets do not derive their primary income from work. Transfers and benefits have grown less than salaries over the last 15 years (NRP 2012, p. 64).*

Although the government did not directly relate this to the issue of relative poverty, one might interpret this statement as the government's short explanation why relative poverty had increased in a Swedish context, as illustrated for instance in tables above. The government's main means to overcome these challenges were – once more – to enhance and foster improved labour market participation among people receiving social assistance or living in financial hardship. One argued namely that differences ‘... in income in society will be reduced if more people work and fewer people subsist on benefits. Accordingly, the best long-term distribution policy is to get more people into work (NRP 2012, p. 64).

These positions expressed by the Swedish government were reflected in the recommendations elaborated by the Commission and the Council as part of the European semester. The main outcomes of these iterations have clear resemblance with previous recommendations, among other things focusing on the weak labour market participation of youth and vulnerable groups.

- Preserve a sound fiscal position in 2012 and beyond by implementing the budgetary strategy as envisaged and ensuring continued achievement of the MTO.
- Take further preventive measures to strengthen the stability of the housing and mortgage market in the medium term, including by fostering prudent lending, reducing the debt bias in the financing of housing investments, and tackling constraints in housing supply and rent regulations.
- Take further measures to improve the labour market participation of youth and vulnerable groups, e.g. by improving the effectiveness of active labour market measures, facilitating the transition from school to work, promoting policies to increase demand for vulnerable groups and improving the functioning of the labour market. Review the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.
- Take further measures in the upcoming research and innovation bill to continue improving the excellence in research and to focus on improving the commercialisation of innovative products and the development of new technologies (European Council 2012).

As illustrated the main recommendation of relevance for the COPE project regarded the labour market participation of youth and vulnerable groups. However, none of the country-specific recommendations regarded the Sweden's relation to the stated poverty strategy and poverty targets.

### ***3.2.3. The third cycle: 2012 – 2013***

In the third round of Annual Growth Survey published in November 2012, the Commission once more encouraged Member States to act on the social consequences of the current crisis. With regard to the overarching aims to promote social inclusion and tackle poverty, the Commission expressed that i) '... active inclusion strategies should be developed, encompassing efficient and adequate income support, measures to tackle poverty ... as well as broad access to affordable and high quality services' and ii) that the '... link between social assistance and activation measures should be strengthened through more personalised services ("one-stop shop") ...' (European Commission 2012, p. 12).

The Swedish governments reform programme for the year of 2013 presented a long list of ongoing measures, in line with the overall aim to '... strengthen the work-first principle and for all who can and want to work, to have the opportunity to do so' (NRP 2013, p. 19). The measures discussed in the NRP report included 'establishing a new path into the labour market for young people through work introduction agreements', 'to provide improved opportunities for realignment in the labour market' and to introduce 'a system of central government support for short-term employment in times of crisis' (NRP 2013, pp 15-6). The government argued that these reforms emanated from the tripartite discussions with the social partner organizations held at national level (and hence not from the EU 2020 process).

One key reform proposal discussed in the NRP regarded proposed changes in the Social Services Act (i.e. the Act governing all local public services and social assistance support, see SFS 2001:453) aiming to '... strengthening the opportunities for those receiving social assistance to support themselves through work' and '... to extend the social services' possibilities to stimulate, encourage and support those receiving assistance to support themselves' (NRP 2013, p. 32). The ambition was hence to reduce the means-test element of the Swedish social assistance system '... so that not all income from employment is included when assessing entitlement to social assistance' (ibid.) and hence extending the incentive to seek work. In practice this meant that 25 per cent of income from employment will not be taken into account when assessing their entitlement to social assistance, for those who had received social assistance for six months consecutively. Another key reform regarded that the municipalities would have an extended opportunity to '...refer assistance recipients of 25 years of age or older to practical work experience or other skills-enhancing activities if it has not been possible to offer them any suitable labour market policy measure' (ibid.).

In extension, the government also listed a series of reforms e.g. to increase the basic level of parental insurance, raise housing allowances to households with children, housing supplements for pensioners and analyses on how to increase knowledge of and dissemination of supported employment in relation to people most detached from the labour market. However, despite that the government seem to argue that these should be linked to the national poverty target (as being explained above), it is not elaborated in any greater detail on how this link is to be operationalized or how these reforms are to be implemented in local and national welfare systems.

The recommendations to Sweden as part of the European semester, was to a large extent iterated as the Commission and the Council develop the recommendations for the year of 2013. In the Council's final decision, we find that Sweden was encouraged to implement measures to pursue a growth-friendly fiscal policy and preserve a sound fiscal position. The Council also encouraged Sweden to continue addressing risks related to private debt by reducing the debt bias in housing taxation. The Council also encouraged Sweden to improve the efficiency of the housing market by phasing out remaining elements of rent control and strengthening the freedom of contract between individual tenants and landlords. These three recommendations formed the major bulk of the recommendations that have been sent to Sweden throughout the years studied in this report. However, the Council also continued to encourage Sweden to reinforce

*'... efforts to improve the labour-market integration of low-skilled young people and people with a migrant background by stronger and better targeted measures to improve their employability and the labour demand for these groups (European Council 2013).*

The Council suggested that this could include more coherent efforts to facilitate the transition from school to work, including via a wider use of work-based learning, apprenticeships and other forms of contracts combining employment and education etcetera.

#### **4. EU2020: actor participation and integrated actions to combat poverty**

This section aims to analyse the implementation of the Europe2020 anti-poverty strategy at the national level and especially the preparation of NRPs & NSRs. In congruence with Europeanization research, the starting point is the acknowledgment that Europe 2020 and the Semester imply some kind of supranational/national interaction. The section will firstly address issues of participation (i.e. to what extent and what actors that have been involved in preparing and discussion the EU2020 poverty targets and their integration into the broader NRPs and NSR. The section will secondly address to what extent we can identify processes of integrative efforts between policy sectors as well between ministries, with regard to the national usage of the EU targets on poverty.

### 3.1 Actor participation

The abovementioned activities and mobilization in relation to a series of social OMCs/NAPs inclusion constitutes a background to current analyses on participation in NRPs. In Sweden's strategy report for social protection and social inclusion (2007), the above mentioned Network had been invited to provide its view on both the process and also the content of the government's deliberation on the national strategy report. The Network maintained that participation was weak and had to be improved. The Network noticed that among other things '... the dialogue with the Ministry of Health and Social Affairs must be initiated much earlier than has happened to date. It is not just a matter of the Government having to listen to us but also of us having a real opportunity to influence the priorities and contents of the Swedish action plan' (Ministry of Social Affairs, 2007, p. 85ff). The Network also argued that it was important that '...the Government coordinates different policy areas so that all affected authorities are committed to reducing exclusion' (ibid.). These short quotes illustrate both the status of the social reporting apparatuses installed by the EU by the means of different NAPs and Strategy reports, as well as the ways by which the government interacted with the relevant bodies to develop these reports.

As these reports change and become part of the National Reform Programmes (2011-2013) we can make an interesting observation. Despite that poverty was a 'rising star' on the EU's political agenda and integrated into the EU2020 programme, the set of actors having previously been engaged in the social OMCs as a 'representative voice of poor and marginalized groups' seem to have lost their previous (albeit weak) consultative role. In the first national reform programme (2011), the government made some minor notes that it had consulted with social partners and that they '... play a key role in creating the conditions for sustainable growth and full employment' (NRP 2011, p. 45). The government furthermore mentioned that '... regular consultations take place between the Government and the social partners on matters associated with the Europe 2020 strategy (previously the Lisbon strategy) as well as other EU matters that concern the social partners. These consultations, which take place both at the political level and with senior civil servants, provide opportunities to discuss important EU issues in relation to the Government's actions and national policies' (ibid.). The government also informed that it had decided to set up a particular group to work with the EU2020 strategy and its new cycle (the European semester). The group included the following set of actors: representatives the Ministries concerned; social partners (the Confederation of Swedish Enterprise, the Swedish Trade Union Confederation, Swedish Confederation for Professional Employees, Swedish Confederation of Professional Associations), the national association of local and regional authorities (SALAR) and the Swedish Agency for Government Employers). The government moreover informed that this reference group would meet regularly during the year at strategic points in the implementation of the strategy in Sweden.

As we can observe, organizations representing groups outside the traditional social partner organizations were not included in this reference groups. The government shortly noticed that in spring 2011 one had held consultation meetings with representatives of civil society organizations (at two times, one at the Ministry for Education and one at the Ministry of Social Affairs), and the government noticed the following: ‘Much of the discussion centred around how to improve the dialogue with organizations in the civil society on the strategy’s implementation’ (ibid.).

In the next year’s National reform programme (2012), the government reported that one had continued to hold regular meetings with the social partner organizations in the form of the reference groups. It appears, however, as if previous criticism of not being invited properly had had some effect as the government had held early consultation meetings with representatives of civil society organizations. Just after the launch of the Annual growth Strategy for 2012, the government had invited ‘civil society stakeholders’ to a meeting to ‘...to inform them of the Government's work as early in the process as possible..’ (Sweden National Reform Programme 2012, p. 72).

The government stated that affected organisations had been invited to contribute with texts to the national reform programme ‘... that highlighted good examples of how Swedish civil society actively contributes to the implementation of the Europe 2020 Strategy in Sweden’ (ibid.) and made a reference to reports from education organizations. Yet, the Network mobilized in relation to the EU objective to mobilize all relevant bodies and on issues of poverty and social exclusion either had not sent in a report or had not been admitted participation in the National reform programme, as no appendix from this actor were included (which always had been the case during the social OMC reporting activities). A similar method was applied in relation to the governments work with the National Reform Programme for the year of 2012. The social partner organizations took the opportunity to send in a proposal as well as the national association of local and regional authorities. The last actor sending in proposals was an interest group on science and popular development.

This anecdotic evidence have been generally confirmed in our interviews with experts from national interest groups (including social partner organizations, EAPN and similar), officials from Ministries (mainly the Ministry of Social Affairs), key politicians and representatives of the National association of local and regional authorities. The general message coming out these expert interviews portrays a government (Centre-Conservative government in office from 2007) as having closed the ranks and even less consulting with groups. However, the picture is certainly mixed. The representatives from the National association of local and regional authorities argue that the government listens less than previous governments (Interviews 5 & 15). One representative of a civil society organizations maintain, however, that they had had more to say in issues relating to poverty than during previous Social democratic governments. The European anti-poverty network maintains that they have less influence than previously (Interview 14).

With regard to issues of participation and involvement in the preparation of NRP has been answered by our informants in an interesting fashion. In several of our interviews, informants have been eager to give the impression that they had knowledge on the issue at hand and on the NRP, yet when being asked follow-up questions it appeared that a large majority of our informants had highly limited knowledge on the European semester, the National Reform Programme and related EU activities. The most informed answers we have received from officials at the Ministry of Social Affairs and partly also from EAPN representatives.

The representative of EAPN (also highly involved in the previous social OMC and also one of the key persons in the abovementioned Network) claims that the political agenda is already set before any consultation actually takes place and that this particular government is excluding and shutting out civil society stakeholders from having any real influence on the process or the reports. She goes on and states that this...

*“...is about how you design the NRP. There is no space for us, they [authors notice: the Government] held a meeting, but it was an information meeting. It is already written, it’s done. And they explicitly say that we shouldn’t think that we have anything to contribute with because this is the text we will send (Interview 14).*

The same respondent hence perceived the chances to influence policy and governance processes as restricted and largely symbolical. Partnership meetings were perceived as being held for formal reasons only:

*I’m familiar with the processes around the National reform program but we are not included, we are not heard, we are not allowed to participate – at best we are invited to an information meeting. This is a recurring critique from us (Interview 14)*

A similar picture is being communicated by key officials at the Ministry of Social Affairs. She acknowledges that the government has held consultation meetings with CSOs’ representatives, yet that these consultation meetings are mainly ...

*‘...more of an informative character as the possibility to influence the content is very limited’ (Interview 16).*

Another government official argues that this ...

*‘...is a bit problematic as the Commission wants it to be a plan for action so to speak, something that can be influenced. But in reality it’s an information material that we send to the Commission, where we present the politics we have decided on’ (Interview 10).*

The general message coming out of our investigations into the participatory dimension of the EU2020, the NRP and the NSR arguably indicates that social CSOs are not involved in deliberation, agenda setting or discussions on the NRPs. The government invites them annually to general consultation meetings (once a year) but these meetings seem more to be an orchestrated event, as also informed actors maintain that the agenda has already been set. This confirms previous studies of Swedish governments' attitude towards EU processes and traditions of consultation. First and foremost, EU policies – even if a special assignment for national governments – seem to be generally conceived as a policy issues discussed and debated elsewhere and of limited relevance for national policies. The National reform programme seems to be a report that is to be handed in, yet without any direct connection to the (actual) national policy-making procedure. Secondly, national politics to a large extent continue to follow established patterns of consultation with social partners, rarely inviting other societal groups outside their expertise area (disability, homelessness, poverty or the like).

### **3.2 Policy integration**

The issue of coordination and integration between ministries, proved difficult for a large proportion of our informants to have a more insightful view upon. It was generally acknowledged that during the European year against poverty, issues relating to poverty and social exclusion was rising on the political agenda and also attracting interest from politicians and officials from other Ministries; however an interest that seem to have failed as the European year came to a halt.

The discussion above showed that cooperation between Ministries was largely missing in the Swedish context (see also COPE WP5 for Sweden). The general point put forward was an organization generally working according to a drain-pipe logic and also that the Ministry of Finance had a great say in most matters; as one official from the Ministry of Social Affairs reacted to the issue on cooperation between Ministries on topics such as poverty and social exclusion.

*Cooperation between different departments? No! The cooperation does not work at all. Cooperation is a paper product. It is explained everywhere that you should cooperate but actually there are no conditions and circumstances for doing so. More important is to keep the organization's own budget. So organizational changes are required to encourage cooperation (Interview 8)*

Several of our informants maintained that it was at this Ministry of Finance where the final say in terms of agenda setting appears to lie and where, for example, replacement rates for the unemployed are defined. Like relative and in-work poverty, social assistance and its monetary costs were described as non-existent themes in the government discourse, since these could be seen as indicators for failed policy approaches. Our respondents also pointed

to tensions between the Ministries of Health and Social Affairs and Finances, with the latter clearly being the more powerful actor and not prepared to prioritize social assistance by, for example, increasing benefit levels. Instead, the focus continues to be on job creation. In the course of the interviews it became noticeable that even attempts to quantitatively measure relative poverty have become delicate and tendentially unwelcome issues within government circles, insofar these have the potential to redirect the focus from the preferred employment inclusion/exclusion discourse

Several interviewees – including those with direct government contact – again emphasized the predominance of the ‘drainpipe’- logic in relation to MIS related issues, according to which the cooperation between even neighbouring policy areas such as labour market, social insurances and education is underdeveloped and sometimes nonexistent. In the words of a senior adviser to the Swedish Association of Local Authorities and Regions:

*The cooperation within the Swedish government is not particularly good when it comes to the system of social assistance. The drainpipe mentality is also present at departmental level ... The organizational culture and structures make it impossible to cooperate. Every organization wants to work on its own way, as it has been thought out and think as always in your own organization (Interview 15)*

Moreover, in previous interviews and reported in WP5 we noticed that several of our informants emphasized the predominance of the ‘drainpipe’- logic in relation to the policy integration between MIS related issues, and neighbouring policy areas such as labour market, social insurances and education is underdeveloped and sometimes non-existing.

This short discussion illustrates how the Ministry of Finance seems to control the political agenda also in areas of poverty and social exclusion. One leading ESF-employee summarizes the widespread perception that the Ministry of Finance set the agenda and argues that...

*The National reform program seems to be written by the Ministry of Finances these days, under their lead. The Ministry of Health and Social Affairs has a subordinate role. You can interpret this in various ways of course, but why should the Ministry of Finances work with poverty reduction? (Interview 4)*

However, we can also notice that the inclusion of previous social OMCs into the broader NRP processes seem to have provided officials at the Ministry of Social Affairs with an entry into the Ministry of Finance. An employee of the Ministry of Health and Social Affairs commented on patterns of cooperation within the government and in relation to the NRP/OMC.... We collaborate much more with other ministries now [author notice: meaning since 2020], ministries for labour market, education and also finances have a clearer role in this. And previously we had the OMC but no one really cared about it. It was more of a symbolic report to the Commission ...

## 5. Europe and the local dimension of anti-poverty policies

The following section will seek to analyse the extent to which local actors recognize and have made use of the EU2020 strategy (understood in a broad fashion) in relation to local anti-poverty activities, including both public and non-public stakeholders, e.g. have EU policies for combating poverty and promoting active inclusion influenced the local debate on poverty; have the EU developed quantitative anti-poverty targets as part of the Europe2020 strategy influenced the local debate on poverty and anti-poverty measures ; has local organizations been involved in the process regarding the definition of the national anti-poverty strategy and the work with National Reform Programmes and National Social Reports? Which role do European social funds play in financing anti-poverty and active inclusion measures? The results of our analysis come from a study based on the local city of Malmö (see Sweden COPE WP6, [www.cope.research.eu](http://www.cope.research.eu)).

In general, the majority of our respondents at local level are not acquainted with EU 2020 strategy. The informants comment that EU policies may affect Malmö's strategies for combating poverty but not in a comprehensive way. One senior civil servant representing the City's central administration mentioned that:

*EU policy on combating poverty may affect Malmö, we have a staff member from Malmö placed in Brussels. Moreover, Malmö participates in different European networks as for example in Eurocities. In the same time, much of Malmö's policies regarding poverty alleviation is determined by Malmö and is a result of Malmö's own initiatives (Interview 17)*

Another respondent from the City's central administration expressed himself as follows:

*I have not heard about initiatives taken at EU level which have had any major impact in Malmö. EU is not of a significant importance regarding Malmö's own way to combating poverty (Interview 18)*

Other informants, not directly representing or working within the city administration are uncertain whether EU has any significance for their organization and activation services offered to unemployed. One manager from PES remarked that:

*If EU has any influence then it would be at the national level, not at PES local activities in Malmö. I feel that the talk about poverty and combating poverty is more frequent used in PES and in cooperation between public actors than it was historically. PES has a responsibility to be part in combating poverty - if this is due to the Swedish government or EU it is impossible for me to say (Interview 19)*

However, several informants pointed that EU is an important actor when it comes to financing projects which can be linked to poverty reduction, 'EU - that is where the money is', explained one informant. Another respondent affirmed that EU sometimes is funding several parallel projects which actually are doing the same thing and therefore leads to waste of money.

An informant representing a voluntary organization takes a different stance on the relevance of the EU in relation to the policies being run at the local level. He maintains that the EU might have had impact with regard to different funding opportunities, yet also draws attention to the fact that the EU might have had an impact on the broader discourse on poverty and the poor in a national context. He asserts that both the Swedish government and the EU is pursuing a discourse and a framing of poverty as an individual problem, which entails a strong element of blaming the poor and unemployed as well as a general trend to favour greater inequality and more labour market flexibility to make people accept any job offered.

## **6. Europe 2020 and the fight against poverty: towards a multi-level, multi-stakeholder and integrated arena?**

The following section aims to provide an assessment of the relevance of Europe as a domestic actor in anti-poverty policies, by focusing on the implementation of Europe2020 anti-poverty strategy at the national level. Due to the fact that supranational-national interactions and issues relating to studies of Europeanization are complex issues, a methodological cautionary reminder is necessary to make. Many of our informants had little or nothing to say on several of the questions raised in the questionnaire regarding the EU2020 strategy, the National Reform Programmes etcetera. To some extent this could be read as a result of the limited relevance and/or knowledge that key experts in the field have upon the policy processes that the EU has initiated with regard to poverty alleviation. Despite these shortcomings with regard to an extensive empirical material, we are, however, able to make some general preliminary conclusions.

### **6.1 Procedural 'effects'**

If one analyse the interactions between the EU 2020 anti-poverty strategy and how the strategy has been reflected in domestic debates and policy-making procedures, two issues are of special relevance for analysis in this report, i.e. forms of participation and forms of integration.

Addressing the issue of participation (here mainly understood as involvement of non-state actors, involvement of sub national actors and development of horizontal networks) we can make the following general conclusions based on our investigations.

Our general conclusion based on the previously presented material is that policy processes originating from the EU in the area of poverty and social exclusion, have created a domestic window of opportunity for national stakeholders. This window seem to be much more open during the social OMC period, than with the present rounds of NRP, which have to a larger extent relied on consultation and participation with social partners. However, civil society organizations have been consulted, yet those involved merely see this as window dressing that an actual ambition to listen.

First, the involvement of non-state actors primarily analysed in the forms of the participation of civil society organizations representing poor and marginalized groups in a national context is not an issue that the government is prioritizing to any large extent. Some minor forms of consultation seek to take place, yet mainly in the forms of information ad hoc meetings, at which the government informs on the reporting process to the EU, rather than inviting and involving civil society organizations to participation in the process. To what extent social partner organizations are involved to a greater extent lies beyond the data gather for this report. In relation previous social OMCs processes, the fact that the NRPs are an integrated form of reporting and also in the hands of the ministry of finance, has probably contributed to the situation that the participation of civil society organizations representing such groups have become weaker. It is no longer the officials at the ministry of social affairs that have responsibility for reporting to the EU. Second, the involvement of sub national actors is not existing, since most of our local informations and not aware of the EU2020 anti-poverty strategy or the related more specific tools to implement such a strategy at national or local level. Third, participation in these processes seem to be mainly occurring based on pre-existing networks and policy sector affiliation, as civil society organizations express general difficulties in being involved in negotiations with the ministry of finance and the social partner organizations.

Addressing the issue of integration (here mainly understood as horizontal integration between policy sectors; across levels of governance and development of national steering and monitoring tools), we can make the following general conclusions based on our investigations.

First, we find limited forms of integration between ministries. In contrast, there rather seem to be a clear hierarchy with regard to the status between ministries and in which the ministry of finance also has taken over the initiative to launch proposals in the field of social assistance reforms. Second, it is difficult to address to what extent the EU 2020 anti-poverty strategy has promoted integration across levels of governance, yet our empirical findings do not point in that direction. Third, we cannot find any evidence that the EU2020 anti-poverty strategy has been directly influential in developing new forms of monitoring, yet it has been influential in the means that Sweden now statistically measures and reports on poverty based on the indicator of ‘promoting social inclusion by reducing the percentage of women and men

aged 20–64 who are not in the labour force (except full-time students), the long-term unemployed or those on long-term sick leave to well under 14 per cent by 2020’.

## 6.2 Substantive effects on national ideas, discourse and legislation

This section is aimed to provide an assessment of the relevance of Europe for national strategies to combat poverty, or in other words, has the EU been a driving factor regarding the national debate on poverty or the ways by which policies have been executed, primarily with regard to issues of policy change, ideational shifts and issue salience in national debates.

Based on our investigations in this report, it appears that the EU2020 strategy has – at least to some extent – placed poverty on the political agenda, especially within the Ministries. When the Commission is putting so much emphasis on certain issue, this seem to put pressure on the government to make statements and partly also to make some (albeit minor) ambitions to create a room for policy coordination between different Ministries in preparing the National Reform Programmes. These are issues that have been addressed by informants, and above all informants from government Ministries. However, when analyzing the Reform Programmes it is obvious that the poverty issue has limited direct recognition in the reports. Moreover, our interviewees make a sharp distinction between what takes place in Brussels and domestic policy making. Writing reports, participating in meetings etcetera seem to be part of a parallel policy-making process with little recognition and relevance for domestic affairs. To what extent that is actually true would need a different type of analysis, yet one of our informants summarized the position sharply as she argued that...

*My assessment is that all the initiatives that have been taken on an EU-level, during the later years, has had no effect on the Swedish debate what so ever. It may have affected some public institutions, but the debate, no. The EU-debate we do have in Sweden is not related to any social issues. It’s kind of non-existing (MP and former Minister of Social Affairs and Elderly care, Interview 7)*

With regard to the quantitative targets decided upon by the Council and explored by the Commission, the position of the Swedish government seems clear. The Swedish government was both reluctant to a quantitative target at EU-level and also to the established indicators, and instead have persistently opted for the labour-market related indicator, and developed a target that is not related directly to the EU’s overreaching target of reducing poverty by 20 Million people to the year of 2020. This caused some debate nationally, both among politicians and at the Ministries:

*There has been enormous discussion at the Ministry of Social Affairs and the Ministry of Finance regarding this, I can tell you. Enormous calculations and debates on how to relate to the EU Poverty targets and Sweden’s position on this. But in Sweden it was a fact that we, or rather the Government, didn’t want*

*a national target concerning poverty, on the contrary they wanted a target on decreased exclusion. That was it. And then they could consider a number of indicators that vaguely could reflect poverty, very vaguely (Senior Civil Servant, Ministry of Social Affairs, Interview 10).*

Although there was a national debate, this now seems to have stopped, illustrated in the following quote:

*'There was a certain debate when this strategy was launched and the targets were to be set. After that period it has become quiet. This is not something that is debated' (Senior Civil Servant, Ministry of Social Affairs, Interview 8)*

Among the experts we have interviewed several, however, address that the EU also has had some indirect effect on the Swedish debate and above all as the government – according to the informants – is reluctant to use a relative poverty definition, as this have increased considerably in Sweden over the last years, and instead point to material deprivation, as this give a more favourable picture of the development in a Swedish context.

Addressing these remarks from the perspective to what extent we can identify patterns of policy change, ideational shifts or issues salience in national debates, we make the following general conclusions. Despite the fact that the EU2020 has a potential of running in cycles based on the policy-making form of the European semester, it appears as if the Swedish government deliberately avoids addressing the EU as a relevant actor to structure domestic policy-making procedures. Much government activities took place before the actual enactment of the EU2020 targets. The deliberate choice of *not* accepting any of the established poverty definitions and choosing an alternative poverty indicator, demonstrates the government's – in our view – high reluctance to support the EUs regulative potential in this area, yet also some form of reluctant adoption to the EU agenda (as an ideational shift). In line with this general adoption, we cannot, however, identify any significant changes in domestic policies or the issues being debated nationally. The issue of poverty has limited recognition as an issue in national (and local) debates, and the directly related social assistance system has not been the target for any substantial reform activities over the last decade.

## **7. Concluding comments**

Poverty and to fight poverty is certainly on top of the EU agenda and especially in the wake of the economic and financial crisis that has struck many European Member States. Poverty is a central element of the newly initiated EU2020 strategy and the EU's ambition is to seek to lift at least 20 Million people out of poverty and social exclusion to the year 2020. This report has addressed the following issues: i) the domestic side of the EU2020 strategy and especially national-supranational interactions in order to assess the potentials and the bottlenecks of EU2020 implementation, ii) the relevance of the EU2020 anti-poverty strategy

in relation to domestic policy-making and analyse whether the abovementioned EU2020 strategy has had any ‘effect’ on national policies and contributed to a change in the ways by which the poverty issue is being framed at national and local levels and iii) whether, and in case to what extent, the Europe 2020 anti-poverty strategy is leading to the emergence of a multilevel & multi-stakeholder as well as integrated (across policy sectors) arenas nationally.

The report demonstrates extensive bottlenecks with regard to the successful implementation of the EU2020 strategy. The report demonstrates a gap between the EU2020 strategy and domestic policy-making in the field of active inclusion policies and above all policies regarding social assistance. Although we found elements of a domestic poverty debate in response to the activities to develop and establish common poverty indicators and definitions at EU-level, our interpretation is that these operations have had limited effect on domestic policy-making. The report exemplifies some of the bottlenecks for such a successful implementation, one of them certainly being that poverty per se is not considered part of the Swedish social model, and hence generally attributed as a problematic policy area in itself. We also find few domestic actors that seek to and/or have the capacity to mobilize around the poverty issue at national level (including political parties as well as other stakeholders including CSOs) and also limited interest on part of central Ministries to take direct action in this area.

This leads us to the question of the relevance of the EU2020 anti-poverty strategy in relation to domestic policy-making. In general, we conclude that the EU2020 strategy has had limited ‘effect’ on national policies and above all if we seek to identify substantial policy changes. However, to some extent the EU2020 strategy did cause some reaction among domestic stakeholders, and also debates among government Ministries, yet then much more in terms of defining a national agenda as different from the EU2020 strategy.

Last but not least, the EU2020 strategy has undoubtedly established poverty as a multi-level political issue that is debated and discussed at European, national and local levels, yet in our study it appears that the links are mainly established by the means of the reporting systems to the EU as part of the European semester. We also find extensive gaps between ministries in terms of which part of the central government that decide over the topic and also limited – even less to than in the OMC on social inclusion – involvement from CSOs in the deliberation and completion of the Reports being sent to the Commission.

## **SECTION B: THE PEER REVIEW MEETING**

### **1. Introduction**

The peer review meeting “Using Reference Budgets for drawing up the requirements of a minimum income scheme and assessing adequacy” were hosted by Belgium and held in

Namur in the Walloon Parliament as a one day venue on the 26<sup>th</sup> of November 2010. Around 40 persons attended the meeting. The Belgian delegation was composed by experts (academics) and government officials (from both federal and regional administrations). The Belgian Secretary of State for Social Integration and Combating Poverty (Philippe Courard) attended and introduced the meeting. Eight peer countries attended the meeting (listed below) and each country delegation was composed by 1 or 2 persons. Two stakeholders organisations participated and also one representative of DG Employment and the thematic expert (University of Antwerp).

The peer countries were: Austria - Cyprus - Finland - France - Ireland - Italy - Luxembourg – Sweden.

Participating stakeholders were EAPN; European Anti Poverty Network (Sian Jones, Michaela Moser) and European Employers' organization BUSINESSEUROPE (Rebekah Smith)

Participants from the following organizations were also represented<sup>1</sup>

- Eliane Tillieux Minister for Health, Social Action and Equal Opportunities, Walloon government
- Nigel Meager ÖSB Consortium
- Bérénice Storms Kempen University College and University of Antwerpen
- Marie-Thérèse Casman, University of Liège
- Caroline Corr Department of Community, Equality and Gaeltacht Affairs, Ireland
- Didier Gelot General Secretary on the National Observatory on poverty and Social Exclusion
- Ludo Horemans Réseau Belge de Lutte contre la Pauvreté, Belgium
- Nicoletta Panuzzi Italian National Institute of Statistics
- Anne Van Lancker Cabinet of Vice-Minister-President Lieten of the Flemish Government, Belgium
- Karel Van den Bosch (unknown organization but co-writer of research report on reference budgets)

This text is based on document analysis with a specific focus on the Swedish participation and perception of the national representative from The Swedish Consumer Agency who has been interviewed (interview 20). He was the *only* Swedish delegate. His recollection and assessments are complemented by interviews with the thematic expert, an officer at the Belgian Federal Public Service for Social Security who was a member of the Belgian

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<sup>1</sup> Based on presence in the Minutes.

delegation and an interview conducted with the EC representative from the Commission DG Employment, Social Affairs and Equal Opportunities.

## **2. The peer review “in context”: The links with European and domestic agendas**

### **2.1 Description of the policy/practice under review**

Reference budgets are used to measure the cost of the core items that is needed for a reasonable and socially acceptable standard of living for households. However, the standard is basic and requires budgets conscious consumption. The method is used in a number of EU countries and has been in use for decades in some countries while others are in the process of mapping out a national standard program. In the 2011 report of the Social Protection Committee (European Commission, 2011c) on the ‘The Social Dimension of Europe 2020 (p.23) the complexities concerning setting minimum income without inclusion of the actual and varied impacts of this are concluded *“Various studies compare minimum income systems across the EU, but often fail to provide information on their impact on real people or consistent methods for assessing how each country's benefit levels relate to the actual living standards and expectations of its citizens.”*

The purposes for which reference budgets can be used are varied and includes areas as consumption and debt prevention/advice, poverty measurement, budget information, credit scores, assessing adequacy of social allowance/assistance levels, determine supplementary income support and serve as a basis for purchasing power calculations etc. Among those possible usages the assessment of the adequacy of minimum income was particularly central at this peer review meeting as the 2008 Recommendation on Active Inclusion towards a “a life in dignity” were a prioritized area during the ongoing Belgian EU presidency. Belgium placed social inclusion very high on their agenda for achievements during this EU presidency (second half of 2010) according to the interview with the thematic expert. One of the prioritized areas was the right to a decent and adequate income. Reference budgets were perceived as a method/tool to develop a more EU uniform precise and comparable definition of that (Namur Minutes) during the Belgian EU presidency.

Preceding the initiative to host a peer review Belgium had presented a new study (Van Thielen et al., 2010) in the report “Minibudgets: What is the necessary income to live a life in dignity in Belgium?” that were also presented by Bérénice Storms (Kempfen University College and University of Antwerpen) during the peer review. The approach on reference budgets included both a theoretical and scientific framework as well as participation from focus groups involving the voices and perceptions of persons poor or at risk of poverty assessing actual costs and necessary consumption required to fully participate in society and live with a dignified and reasonable standard of living. Emphasis were also placed how to set

standards without prescribing a certain way of life or consumption. Discussions on how to include people in society to assess social and material necessities were central in this Belgian method. The Belgian methodology on reference budgets was developed in the framework of the EU PROGRESS project on Standard budgets (2008-2010). The project focused on determining what services and products that is required for a dignified life containing access to basic needs and possibilities to social inclusion in society. To translate this to concrete goods and services the study included people experiencing poverty (30 Focus groups contributed) and gave them the opportunity to advise and give feedback on the model budgets and deem them as realistic and acceptable (or not). The basket was focusing on stating what a Belgian family needs as a minimum to participate fully in society and enable healthy actions but were conscious of applying a non prescriptive approach (Namur Minutes). Reference budgets were developed for 21 different family types to ensure flexibility. The core values were human dignity and social participation (Namur Synthesis report) that relates to the 2008 Recommendation on Active Inclusion.

A central result in the study was the conclusion that social benefits are insufficient for most household types as their levels of compensation were well below the level of what was defined and perceived as a decent income. The poverty alleviation capacity of national minimum income schemes are not always compatible to the income level required to keep households above the at-risk-of-poverty threshold defined by the EU neither comply in accordance with the 2008 Recommendation on Active Inclusion towards a “a life in dignity”. The Commission Recommendation from 2008 on active inclusion call for “comprehensive, integrated policies” where adequate income support is one of the central elements. The use of coherent reference budgets can be perceived as a much needed common tool for EU countries to establish and develop realistic minimum income levels adjusted to the actual level of expenses varying types of household’s experience. During the peer review a presentation on the possibility of applying and adapting the methodology in the French-speaking communities in Wallonia was also presented.

Storms et al. (2013, p.6) also concluded that the reference budgets that are already constructed in some European countries are developed rather independently from each other and therefore not directly comparable due to substantial differences in objectives and methods used. It can be concluded that both implementation and practices are considerably varied which has prompted a discussion and a recent call for the development of a general, consistent method and approach related to an EU standard.

## **2.2 Relevance of the topic at the EU level**

As reference budgets may risk demands for increased income support it is likely a sensitive issue in a time characterized by austerity and financial insecurities within the EU following the financial crisis of 2008. The attention devoted to reference budgets in the EU discourse

and activities is inconsistent as the issue has appeared and reappeared several times. Below we try to capture a crude chronological description of these “stages”.

There seem to have been a moderate level of EU activity on this topic before the time of the peer review in Namur (2010). The transnational project "Standard Budgets" (initiated in 2007) aimed to develop and promote the construction of reference budgets for countries more or less advanced exchanging practice on construction. The project was supported by the EU-Commission under its PROGRESS program. The conference "Reference Budgets for Social Inclusion" (October 2009, Vienna/Austria) presented and discussed the findings. The European Consumer Debt Network (ECDN), a European level civil society network financially supported by the European Commission (DG Employment, Social Affairs and Equal Opportunities) issued a publication “Reference Budgets for Social Inclusion” (2009). It provided results from the EU project and also describes the use of reference budgets in Ireland, the Netherlands, Sweden and the UK.

Discussions on reference budgets as a productive method to include people in society and to assess social and material necessities were most central in the previously mentioned (see 2.1) Belgian report “Minibudgets: What is the necessary income to live a life in dignity in Belgium?” presented by Bérénice Storms (Kempen University College and University of Antwerpen) during the Namur peer review where its’ methodology also were reviewed.

The Namur peer review obviously increased attention on the issue of reference budgets. However, in 2010 the EU context was partially unfavourable, with most of the member states strongly opposing any EU initiative on this topic and there is still a considerable resistance towards developing a common methodology in many member states. This divergence is also validated by the thematic expert and a member of the Belgian delegation. Apart from the 2010 Namur peer review, references to the topic are almost non-existent in key EU documents<sup>2</sup> produced until 2013 indicating that reference budgets were not especially central on various EU agendas in the years following the peer review. Exceptions are represented by the study of the DG Employment “The measurement of extreme poverty in the European Union” ( European Commission, 2011d) and in the 2011 report of the Social Protection Committee on the ‘Social Dimension of Europe 2020’ learnings and central results from the Namur peer review were summarized.

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<sup>2</sup> Examples of documents where the topic is not mentioned are : - The Joint reports on Social Protection and Social Inclusion 2009 and 2010; - the European Parliament “Resolution of 20 October 2010 on the role of minimum income in combating poverty and promoting an inclusive society in Europe (2010/2039(INI)”); - The reports of the Network of Independent experts on Social Inclusion on “The 2011 assessment of social inclusion policies and developments in the EU” (January 2012) and on “Assessment of the Implementation of the European Commission Recommendation on Active Inclusion: A study of national policies” (January 2013); - the 2012 Annual report of the Social Protection Committee (February 2013).

However, since 2013 that there has been a revival of attention towards this topic. During the year the issue of reference budgets appeared in the publication of the Social Investment Package. In the Communication “Towards Social Investment for Growth and Cohesion-including implementing the European Social fund 2014-2020”, reference budgets is described within a positive context. It is considered as a way for supporting the implementation of the 2008 Recommendation on Active Inclusion, since it allows monitoring the adequacy of minimum income schemes. Moreover, in that Communication, the EC proposes to develop – together with member states- a common methodology on reference budgets. In this publication (p. 11) the Commission explicitly urges Member States to establish reference budgets to help designing efficient and adequate income support that takes into account social needs identified at local, regional and national level, based upon the methodology that the Commission in cooperation with the SPC will develop. Furthermore, in 2013 the Seventh framework program (running 2012-2016) ImPRovE (Poverty Reduction in Europe: Social Policy and Innovation) have published the working paper “Towards a common framework for developing cross-nationally comparable reference budgets in Europe”<sup>3</sup> where they conclude that reference budgets are a useful addition to the current poverty line. The study highlights the complexities but also advantages and it defines future requirements in relation to developing EU reference budgets. Arguments for the importance of a common theoretical foundation as well as a common methodology in order to assure comparability and reduce arbitrariness in the composition of baskets of goods and services are pronounced. They also promote the consensual approach where service users are included in the definitions and perceptions of what that is to be included in a reference budget. Recently the European Commission also sent out a “Calls for tender”<sup>4</sup> asking for bids on a contract concerning a pilot project to support and promote the strengthening of an active inclusion strategy in the European Union where the focus is the development of a common methodology on reference budgets, ensuring that all people have the resources necessary to lead a life in dignity.

At the 3rd Annual Convention of the European Platform against Poverty and Social Exclusion (November 2013) a workshop (no. 8) was held on the subject: “Reference budgets for adequate livelihoods”. In the report concluding points addressed by the speakers approached the need for methodological harmonization and a common framework for developing EU cross-national comparable reference budgets and a common definition of living standard. In assessing the adequacy of minimum income schemes reference budgets can be used as an illustrative tool. The need for a network to enable interaction between the different stakeholders (NGOs, SPC, European Parliament) and build consensus around the reference budgets were also desired by the participants.

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<sup>3</sup> Written by Bérénice Storms, Tim Goedemé, Karel Van den Bosch & Kristof Devuyt. Methodological Paper No.13/02.

<sup>4</sup> Tender No VT/2013/041 Title of the contract “Pilot project for the development of a common methodology on reference budgets”.

These are the major events and activities that we have found on the issue of reference budgets within an EU context.

### **2.3 The domestic context**

The official publications related to the peer review do not describe Belgium's general approach or practices towards reference budgets and because of this it is not possible to make any comparative document analysis in relation to the peer country Sweden. The Belgian experiences are confined to describe the previously mentioned study on Minibudgets presented in Namur. What the Swedish representative remembers from the comparative process at the peer review is that there were few major differences between Sweden and the practice under review. The Belgian approach that were presented during the meeting where focus groups involving people in determining reasonable standards have also been practiced at several times by the Swedish agency (they consult advisors, focus groups and experts but to a lesser extent a specific focus on including people experiencing poverty).

The Swedish Consumer Agency first started to develop a standard budget in 1976. It was decided that the level should represent a reasonable standard of living where some room is left for recreation and social life so the basket is not set as an absolute minimum level. Nine items, such as food, clothing, hygiene, leisure, child insurance and the media (access to the internet) are included in the country's reference budget basket based on a method of calculating the cost of living by pricing this typical basket of goods and services. Housing is not one of them. The basket is constructed by the Swedish Consumer Agency. In the preparation for the peer review in Namur the agency reflected on their way of doing it and thought it was a good process to discuss this Swedish standard budget procedure.

As the practice of reference budgets has been used nearly 40 years the system is quite robust and the Swedish representative do not address any major recent changes. He states that within the Swedish system stakeholders are very used to and accustomed to the process as it has been used for such a long time. But he emphasizes that inside the agency they discuss a lot on how they do it and how to do it better. The Swedish representative states that at the time of the Namur peer review there were discussions with the ministry on how to use the standard budget and how they use it in relation to the fact that it functions more and less as a benchmark for the national social allowance/assistance level (set by the Government but broadly based on the agencies calculations and advices). They also had lots of discussions about the items and how to measure the costs. But in conclusion the reference budgets seem to be an issue of the Consumer Agency yet continuously debated and discussed with the ministry. We have also in the process of writing this report sent out requests to major national actors within this field asking for updated info and possible future publications/events in relation to this practice, both nationally and towards an European agenda. The response from the ministry, The National Consumer Agency and Swedish EAPN were that, to their knowledge, no major alterations or initiatives are currently underway on the national level.

## 2. 4 Participating country mix

In terms of welfare regimes there were countries belonging to the Southern European regime, the Corporatist/Continental regime, a liberal welfare regime and Nordic welfare states represented. It is noticeable that no eastern country was represented. The data and information below are primarily taken from the countries “comments” papers published on the homepage of the Namur peer review conference :<http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=1392&furtherNews=ye>

- *Austria*: In Austria the first reference budgets were developed in the framework of the EU PROGRESS project “Standard budgets”. The Austrian reference budgets were primarily developed to be used for budget information and debt advice purposes. Reference budgets have been distributed and introduced as a helpful tool for the daily work of advice centres and debt prevention work.
- *Cyprus*: The concept of reference budgets specified as a guaranteed minimum income is designated as public assistance (financial benefits) and is part of a wider social protection system which includes other allowances, grants and services. The rate of the basic allowance is reviewed/adjusted yearly based on the consumer price index.
- *Finland*: Household Budget Surveys (HBS) have been conducted in Finland since 1908. HBS is still the only official source as regards reference budgets. A new survey has also recently been launched by the National Consumer Research Centre. That study and the construction of the budgets were based on the one hand on the conceptions of a research group and on the other hand on conceptions of 53 “ordinary” consumers and citizens. The basic concept in that study was how much money it is needed, after housing costs, for reasonable living and to be able to be active in the society.
- *France*: France currently has little experience of establishing a “reference budget” by household category. France’s interest in this peer review may therefore be explained more by its desire to undertake a study to examine this matter rather than having an already established practice. France has since a few years back initiated several studies on how to approach this issue.
- *Ireland*: Reference budgets have not featured in official reviews of welfare adequacy/minimum income in Ireland and have not been alluded to in any of the policy documents to date. Therefore, reference budgets have emerged outside of the main policy discourse. They are being used by an increasing number of Irish NGOs and organizations dealing with poverty and minimum income. They have a long tradition of incorporating consumers and vulnerable groups to participate in constructing estimations of reasonable living and minimum costs for households by constructing various “reference budgets”. A number of those have been used by authorities and integrated in policy targets and official reviews.

- *Italy*: A new indicator has been added; it is based on an absolute measure of poverty and implies the definition of a minimum basket of goods and service. Its money value represents the poverty reference threshold for a stated year. Over time the value of the basket is updated taking into account the variations in the prices of goods and services, so that it does not depend on the variations in the distribution of consumption or income and on the economic trends.
- *Luxembourg*: Up until now there has been no practical experience with reference budgets in Luxembourg.
- *Sweden* has already been described previously under section 2.3 “The domestic context”.

In relation to the other peer countries practices of goods to be included the Swedish representative assessed that there weren't any big differences either (that is among the countries with experiences, France and Luxembourg for instance had practically no experience of reference budgets). This perception is supported by the Namur short report that concludes that the main items in the compared reference budgets resembles each other, however there are some national differences that were noted. According to the PROGRESS project on Standard Budgets (2008-2010) a variety of approaches are used to develop reference budgets in the member states. A large majority of them used a combination of methods that included both focus groups and experts, although to different degrees. In conclusion, the Swedish practice share essential core features in setting up reference budgets with some other European member states. The representative from European Commission DG Employment, Social Affairs and Equal Opportunities comments the similarities and dissimilarities between the countries by stating that some countries were much further than others in their process and also that they had different approaches and scopes. For some reference budgets were used as a political tool close to the administration while others (like Sweden) were much more external and localized to a public agency. The experiences of Ireland were even more external as reference budgets were built and used outside the main policy discourse mainly initiated by VPSJ (Vincentian Partnership for Social Justice) and with the essential focus group approach mainly implemented through the organizations extensive network with other community groups.

The representative from European Commission DG Employment, Social Affairs and Equal Opportunities thought that it was very interesting to conclude how different countries were doing it. It was obvious that the Swedish representative were inspired and challenged his agency's approach by reflecting on practices that are considered essential in other member states but hardly present in the Swedish context (inclusion of financially vulnerable focus groups is one example). The intention of exchanging practices and mutual learning seem to have been realized yet with different implications due to varying previous experience of reference budgets in the national contexts of the respective peer countries.

### **3. Participation to the peer review: actors' motivations and expectations**

#### **3.1 The drivers behind the organisation of the meeting: host country's motivations and expectations**

In conclusion the Belgian major motivations' in hosting the meeting seem to have been threefold: 1) presenting their study and promoting mutual learning on the issue of reference budgets; 2) a more strategic one intending to forward the issue of reference budgets and how to measure adequate standard of living for vulnerable households on the European agenda; 3) domestic need of developed reference budgets.

In Belgium the study called "Minibudgets: What is the necessary income to live a life in dignity in Belgium?" had recently been presented where a monthly basket of products and services could help define adequate needs. The study also included people experiencing poverty and gave them the opportunity to give feedback on the model budgets and deem them as realistic and acceptable (or not). The core values were human dignity and social participation (Namur Synthesis report). A specific Belgian emphasis seem to be on developing possibilities for including peoples experiences of poverty in determining adequacy in constructing common reference budgets on an EU level that enables "a life in dignity" to ensure a legitimate and realistic approach to setting a reasonable minimum standard. The presentation of the "Minibudget" study and evaluation of the Belgian methodology and practice was one of the intentions motivating the invitation to review from peer countries. Several other member states have experiences of implemented policies or attempts to construct reference budgets or have conducted studies similar to "Minibudgets". The meeting therefore aspired to compare conclusions/views and evaluate differing experiences on these topics from the peer countries and other EU-member states. The peer review manager Ms Renate Haupfleisch described the general outline and a threefold purpose of the Namur meeting by stating that "*The Peer Review will provide an opportunity to learn about the Belgian experience of developing a reference budget with public participation, to share the experiences of other countries, and consider how to develop a common method for assessing acceptable living standards*"<sup>5</sup> This implies that this one day long meeting had quite an extensive and ambitious agenda including nation-based horizontal transfer of knowledge, presenting a novel research methodology as well as evaluating paths for a mutual approach to a much contested and complex concept as perceptions of how and what a reasonable living standard in EU would be defined as differs extensively in relation to both national and political perceptions.

The aspiration and expectation from Belgium was to exchange various experiences of reference budgets based on the participating countries respective approaches. They also

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<sup>5</sup> <http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=1392&furtherNews=yes>

encouraged possibilities to discuss studies that resembled their own “Minibudgets” and approaches on how to implement this on a larger and more unified scale.

In his interview the thematic expert underlines that Belgium, in addition to invite support for their method, also were motivated by their own domestic need of developed reference budgets to be implemented as guidelines within local centres for social welfare to harmonize decisions and serve as a standard. The interview with the member from the Belgian delegation also confirms the local request and need for those guidelines as a motivator and drive. The Swedish representative perceived the Belgian motives to arrange the peer review as a way of learning about poverty reduction and find a method to use in debt counselling and social advice activities.

The European Council stressed the importance of improved measurements of poverty in their 2020 strategy conclusion. In the Host country report on the peer review “Objectives and expected outcomes of the peer review” Belgium state that they find it problematic that there was no common vision at EU level of what adequate resources should be and also that in relation to the EU-SILC at risk-of-poverty indicator (60% of median equivalent income) most of the Member States have a minimum income below that poverty threshold (Namur Minutes). The uncertainty concerning adequate levels and definitions seem to have been a primary motivation to initiate hosting the Namur peer review. Belgium also placed social inclusion very high on the agenda for achievements during their EU presidency (interviews with thematic expert and the representative from European Commission DG Employment, Social Affairs and Equal Opportunities). During the fall preceding the November peer review the Belgian presidency had arranged several conferences/meetings on poverty and social inclusion (Namur Minutes). One of the prioritized Belgian thematic areas was the right to a life in dignity through a decent and adequate income (Ibid.). Reference budgets were perceived as a method/tool to develop a more EU uniform precise and comparable definition of that (Ibid.) and the peer review aimed at initiating national debates and stimulate the construction and implementation in member states.

It was during the meeting of poverty ministers in October that the Belgian government launched the idea of the Namur peer review to move forward the debate on adequate and common income across the EU and also relate the issue to the previously mentioned Belgian study on “Minibudgets” that were to be presented and reviewed. One of our interviews indicates that Belgium wanted to be pro-active and also push for concrete actions beyond merely using recommendations concerning minimum income issues and active inclusion. When the Belgian government launched the initiative for this peer review at the meeting for ministers responsible for poverty alleviation they presented the need as so pressing that the standard formal procedures were partially set aside in order to speed up the process. It’s noticeable that this meeting took place in October 2010 and the peer review were then held late November the same year (the general time between proposal and peer review is a year). The official objective and expected outcome was to “exchange views and practices in the

field of reference budgets” (Namur Short Report). The representative from European Commission DG Employment, Social Affairs and Equal Opportunities perceived the initiation as an urge to raise an important issue linked to the Active inclusion strategy on the agenda and that the expectation were to find viewpoints, input and ways forward for both EU and Belgium (as there were work going on at the national level at the time) on the topic of reference budgets.

The peer review was then organized by the Belgian Presidency in order to exchange these views and practices and elaborate a common definition of adequacy at the EU level as well as identifying risks, advantages and disadvantages. In the interview with the thematic expert he perceives that Belgium also needed to invite the other countries to gain support for the method and confirm its’ importance. The urge and argumentation to construct common principles, tools and criteria for both reference budgets and to elaborate a definition of adequate resources at an EU-level permeates the Belgian documents motivating and documenting this peer review (Namur Host country report) and the initiation of the peer review can be interpreted as a strategic move to assure that reference budgets remained on the EU agenda and in debates.

Namur was the first “ad-hoc” flexible peer review ever implemented (it was decided in 2009 they could be quickly arranged on topics of great interest) where less time were allocated for preparatory processes and the meeting also only lasted for a day (shorter than average). How can the impact of the very short preparatory phase be understood? The meeting deviated from following the habitual procedures in many respects. The thematic expert claims that, even though he deemed the peer review as generally productive and an opportunity to be a very central arena for European anti-poverty policies, it is crucial to have preparatory meetings and the lack of those was problematic. The representative from European Commission DG Employment, Social Affairs and Equal Opportunities states that Belgium by organizing the first flexible peer review had to interact much with other administrators to find out how to do it best under the pressure of sewing the process together in such a rush and much quicker than other peer reviews. There was quite a lot of contact between the Commission and Belgium on practicalities according to him. The selection of the peer countries basically consisted of an e-mail sent to SPC representatives. The delegates from the invited peer countries had very little time for presentations and preparations but they responded fast and there were interest from the countries to review the practice. In all the hasty process were deemed as well working by the representative from European Commission DG Employment, Social Affairs and Equal Opportunities due to flexibility from the involved parties. He also state that one of the expectations from the Commission were to evaluate how flexible peer reviews functioned and if it was a productive approach and what that could be changed judging from actual experiences from this first flexible peer review.

### **3.2 (Selected) peer country's motivations and expectations**

The participation and presence of the Swedish representative at the peer review does not seem to have been under much official consideration (probably also due to the time limitations) as far as he perceived it as he only recall the selection process vaguely. He thinks that it was “some person” at the ministry who decided but is hesitant to be definite on this. There should have been a representative from the ministry too but they were too occupied with other responsibilities and never attended. The decision that he was the right person to attend the meeting resulted from, what he believes were a discussion between the ministry and his agency.

The Consumer Agency has worked with this issue of constructing what they call “standard budget” since 1976 and was one of the first in Europe to use this method. The expectations, as the Swedish representative perceived it, were connected to this expertise and that the other peer countries would listen to the accumulated Swedish experiences. The Swedish representative were not, to his recollection, provided with any specific information or tasks designated for the meeting from the ministry. Neither were he instructed on issues that were especially interesting before the meeting. His task was to represent the Swedish system, and present what products and services that is taken into the basket. There were no other special assignments in relation to the peer review meeting expected from him other than being a representative for the Consumer Agency.

### **3.3 Other actors' motivations and expectations**

The only stakeholder that has published reflections and demands in relation to this peer review is EAPN. Their major recommendations, perspective and expectations can be summarized as a clear statement of perceiving reference budgets as a needed and constructive method/tool to develop a common EU definition of adequacy. Criticisms towards minimum income schemes are clearly expressed as they in most member states don't fulfil their function of taking people out of poverty. EAPN therefore stresses that a definition of a common level of adequacy and a life in dignity is essential. In their conference publication<sup>6</sup> they state that: *“Reference or Standard Budget mechanisms would appear very promising methods to support the development of a definition/criteria to determine adequacy of minimum income.”* A specific emphasis was directed towards demands that the decisions on the list of goods and services in the baskets should be developed consensually with experts and focus groups, including people experiencing poverty. EAPN also states that focus groups need to include persons who are not experiencing financial vulnerability as poor people may have decreased their expectations to a level below reasonable. In the minutes from Namur the EAPN representative Michaela Moser also stressed the importance of budgets based on

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<sup>6</sup><http://www.eapn.eu/en/news-and-publications/news/eapn-news/peer-review-reference-budgets-for-an-adequate-minimum-income>

theoretical frameworks, an understanding of poverty in relation to capabilities and inclusion of social, cultural and political rights to encourage and enable participation and not a mere budgetary focus on survival. Emphasis were also placed on budgets not to be prescriptive and have room for manoeuvre as well as include social, cultural and political rights as they are not supposed to set a level for survival but for possibilities to participation.

BUSINESSEUROPE did not publish from Namur but according to the minutes from the meeting the organization have not yet done any extensive work on the reviewed topic and the organizations representative therefore focused on active inclusion and the EU 2020 poverty target. The organization seems to be generally hesitant to approve EU-wide definitions and uniformity on minimum income systems and instead prefer a focus on measures facilitating labour market inclusion.

## **4. The peer review meeting**

### **4.1 Agenda and main issues discussed**

In summary the peer review was structured as follow: Intro; presentation of the practice of the host country; stakeholders contributions; 4 sessions (based on 4 specific questions presented below) where one of the participants acted as chair and presented the situation in his/her country, followed by a discussion involving the other participants; and then concluding remarks where the thematic expert presented his point of view.

Based on the Minutes from the meeting the central events and discussions were:

An overarching perspective was mutual learning and exchange of views and sharing of concrete experiences of reference budgets and based on that identify strengths, weaknesses, potential risks and opportunities of reference budgets. The opening speaker (Courard, Secretary of State for Social Integration and Combating Poverty) underlined an emphasis on the need for uniformity concerning adequate and dignified minimum income in the EU. The peer review was presented as a strive in that direction and he also called for a concrete agenda for implementing the Active inclusion and 2020 goals. After that a presentation of the Belgian political structure followed (Tillieux, minister on these issues from Walloon government) she welcomed the initiative on establishing appropriate minimum income and inclusion of affected persons and NGOs in the process. The representative from European Commission DG Employment, Social Affairs and Equal Opportunities followed by emphasizing that this was the first flexible peer review and that there was a need to improve measurements of poverty and that reference budgets could be a tool. Nigel Meager from the ÖSB consortium talked on the importance of active participation from the parties at the peer review to enhance the outcome and identify constructive practices. After this Bérénice

Storms presented “Minibudgets” (previously described) and in relation to this also identified issues for further reflection and stressed that minimum income often lies below the level they had stated as necessary for a dignified life that enabled participation in society. Marie-Thérèse Casman (University of Liège) continued with a presentation of how to adapt the “Minibudgets” approach to the French Belgian community. After this the chair opened the discussion. The Minutes state that the presentations lead to much interest and questions. The European stakeholder contributions from EAPN and BUSINESS EUROPE then took place. The standpoints presented by them have already been summarized in section 3.3. The thematic expert assesses the stakeholder’s participation and presence as very important for the peer review. After the stakeholders the chair announced that each of the remaining sessions should be used to address the four specific questions:

1. Which goods and services should be taken into consideration in defining baskets for reference budgets?
2. How can the participation of people experiencing poverty be organized to define the norms which reference budgets are based on?
3. How can the risks linked to the use of reference budgets be avoided?
4. What steps have to be taken at EU level in order to reach a common definition, criteria, indicators/benchmarks and methodology? What steps have to be taken to work towards the implementation of the Recommendation on active inclusion?

On the first question the Swedish representative presented the national approach, experiences and viewpoints. The Swedish “model” were discussed with the participants and different national examples and practices on how to calculate the basket of goods were specifically addressed and the participation of the audience seem to have been most active and reflective in reaction to rights, definition of needs, how to find nationally adapted models and how to best implement practices of focus group involvement.

On question 2 there was an introduction by an Irish representative who focused on the method her organization had implemented in how to achieve participation and representation from various socio-economical backgrounds and how they had constructed reference budgets. Ireland was perceived as an inspiring example not at least on the distinction between needs and wants.<sup>7</sup> Also the Swedish representative recollects Ireland’s presentation as valuable and inspiring.

When question 3 was discussed the risks linked to reference budgets were approached and focus was on how to avoid them. Introduction held by Nicoletta Panuzzi (Italian National Institute of Statistics). The participants addressed various risks such as reference budgets as minimums that can be used to take out everything apart from absolute necessities resulting in

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<sup>7</sup> Where needs were defined as something you cannot do without and wants are something you might like, but can live without.

lower rather than increased standards. The risk of reference budgets as prescriptive were also addressed and the thematic expert have expressed the obvious risks of reference budgets being used in that direction. Instead the participants emphasized choice and flexibility.

On question 4 on how to reach a common definition and methodology the chair referred back to the 2008 Active inclusion Recommendation the OMC and 2020 strategies. The conclusions from the peer review were also to be placed on the agenda of the Social Protection Committee on how reference budgets could be used to estimate progress related to anti-poverty targets. The discussion followed on the challenges in meeting the 2020 targets. The participants then raised several issues relating to the question and for instance discussed the costs associated with not raising people above the poverty threshold. A member from the Belgian delegation concluded by stating that the relative poverty indicator also needed to be used in relation to reference budgets, several other participants expressed support for this standpoint. The closing remarks were made by the thematic expert where he pointed out the need for a common definition of adequacy where reference budgets can be one dimension and that they should contain acceptable non minimum standards. Closing words by the representative from European Commission DG Employment, Social Affairs and Equal Opportunities were made on the progress of the issue due to the peer review and on the challenges of taking it further.

#### **4.2 “Tenor” of discussions and roles played by participants**

The interaction and setup for the peer review is to quite a large extent described in 4.1 so under this section we focus more on individual recollection and also impressions from reading the official documentation from Namur. The representative from European Commission DG Employment, Social Affairs and Equal Opportunities remembers that many of the participants were active and engaged and that there was much contribution in to the review. He specifically recalls Sweden, Ireland and Italy as active and especially mentions Irelands’ presentation on practical budget work as deemed useful by other participants who derived valuable insights from this. He did not recollect any specific controversies. A member from the Belgian delegation recalls how interesting it was so see whether there was an agreement on how to best produce the reference budgets and adds that that there were distinct differences, especially in relation to methodology and that final conclusions or consensus could not be met in just one day. According to the Swedish representatives recollection the peer review seem to have had broad and varied discussions where open exchange of experiences and normative discussions on the “right” way to construct them were central. The participants were positive towards exploring the various opportunities reference budgets could contribute to within the EU work on poverty reduction. The Namur Synthesis Report conclusions refer to basically the same perceptions that the Swedish representative describes.

The interview with a member from the Belgian delegation also reflects that the meeting was to a large extent about finding out an initial assessment of where there were consensus and where there were conflicting perspectives regarding this practice and it was not result oriented in relation to demands for a specific concrete outcome or decision which may have helped in contributing to an open reflective climate/tenor. He underlines that the peer review was not structured in a way to deliver results in the end.

The meeting was only one day long and the participating countries also presented national cases and approaches. The effect of setting aside one day for the peer review were perceived as relatively functional by the representative from European Commission DG Employment, Social Affairs and Equal Opportunities however he underlined that there were many presentations for just one day. The thematic expert refers to it as “a very brief meeting” in his interview and states that you would have needed more to cover the discussions. Despite this he also underlines that there were a real and very open dialogue with extensive exchange of experiences and a constructive climate open for criticism. The thematic expert describes the discussion and dialogue as an “exchange of experiences between the host country and peer countries” about advantages and disadvantages of reference budgets and that more time would have been needed to develop policy recommendations. The meeting had several debates that seem to have been productive but segments of the meeting seem to have focused on time consuming descriptions of the countries diverging policies. A member from the Belgian delegation also points out that one day was on the verge of being too short. The Swedish representative does not remember any specific actors’ standpoints to any precise degree (other than appreciating the Belgian and Irish presentations). He also perceived it primarily as an exchange of experiences between colleagues and thought that it was interesting with a general debate. Judging from the Minutes there seem to have been a very active exchange of both facts and opinions and on several dimensions it is obvious that critical perspectives arised and were communicated between participants that challenge each others’ views. The EC representative did not have reference budgets and this area as his main issue of work (confirmed by him in his interview) so he did not according to one of our interviews actively intervene in debates and did not steer the review but rather provided the framework which was the expected role. EAPN are described as very active during the meeting and contributed with stressing the importance of including perspectives of the persons affected. A member from the Belgian delegation points out the EAPN representative as central, experienced and a key person.

### **4.3 Main conclusions of the meeting**

The Synthesis Report concludes and describes the main conclusions and results: The Peer Review process provided an opportunity to explore the pros and cons of reference budgets and to discuss and gather information from the experience of Belgium and peer countries as well as the opinion of experts. It was generally agreed that reference budgets have the

potential to provide a benchmark against which to assess the appropriateness of the EU poverty threshold. The Minutes also state that both minor issues and basic questions such as whether reference budgets are to be perceived as a tool to lift people out of poverty and towards societal inclusion or to be used as a last resort measurement were addressed. In summary it appears as if the constraints regarding both preparatory processes and restricted time during the actual peer review affected the possibility for conclusions. As there were no formal demands for any concrete decisions and that the reviewed topics are rather novel in a mutual EU context can have contributed to an outcome of mutual learning, sharing of experience and reflections around the practice rather than any decisive implementation. The majority of participants seem to agree that reference budgets hold promise to function as an important tool in assessing adequate minimum income and the overall attitude were positive and aiming towards future development within the EU of the methodology aiming at more coherent and harmonized policies regarding defining levels of minimum income and standards. The Namur peer review resulted in recommendations towards EU development of a common understanding of adequacy, and a common methodology to set an adequate minimum level which could then be adapted to each national context.

Risks identified (clearly expressed for instance by the thematic expert) were that budgets would be too minimalistic and not contain acceptable standards, he also stressed that they are to be used as descriptions, not prescriptions forcing poor persons to consume exactly according to a fixed scheme. Thematic expert is also clear in an interview made with him after the peer review that he has been open with his scepticism towards the practice, a main reason is that the budgets can be used to control people. The Synthesis report clearly states that one of the major risks perceived at the peer review are concerns that it may be used as a way of limiting individuals' freedom if it's implemented as a normative guideline for poor persons' consumption thus limiting their choices. Few obvious controversies were recorded in interviews or documentation from the peer review.

The conclusion of the meeting by the representative from European Commission DG Employment, Social Affairs and Equal Opportunities was an emphasis on reference budgets to be adequate, transparent and constructed with stakeholder inclusion. The Minutes also indicate a consensus regarding inclusion of affected poor persons in the process of setting appropriate and adequate reference budgets.

#### **4.4 The peer country delegation: attitudes and overall opinion about the meeting**

The Swedish representative remembers that it was a one day meeting that mostly consisted of discussions where interesting perspectives were launched and debated, this in itself may not have created extensive learning or concrete decisions but rather enabled initiated debates and reflections and as highly involved in this issue he found most discussions very interesting. The issue he mentioned as a learning experience was a deepened understanding of how we

can use reference budgets as a tool for working against poverty and also to learn that the problems in the countries are similar when it comes to challenges. His own contribution was to present (on question 1) how it's used in Sweden, for example in schools and for setting a minimum under which enforcement authorities can't collect debts etc and of course the function as a benchmark for the social allowance/assistance norm. He has only been to peer reviews twice but considers them as useful and educational.

The Swedish representative definitely perceived the peer review as valuable, mainly as a way of networking and exchange knowledge and compare practices. He also clarified that it offered another perspective beyond too simplistic poverty measurements:

*The main strength I think it is very good to discuss this matters. Because it's a different way of looking at the poverty. In many countries we just think about the income from... how low income can it be. This is a different way of seeing how much does it cost to live but to look on the incomes. And I think it's good to have different views and discuss it. (Interview, 20.*

He also appreciated the extensive methodological discussions that took place and that it pointed out and reminded of the fact that reference budgets can be tools used in a variety of useful practices. He cannot recollect any certain controversial issues but rather interesting discussions on what that is relevant to include in a basket of goods.

## **5. The outcomes of the meeting**

### **5.1 Outcomes at the EU level**

In achieving the goals of combating exclusion in accordance to the proclaimed EU agenda on poverty alleviation and active inclusion reference budgets were in Namur assessed as a constructive tool in determining the adequate levels of income necessary for inclusion, a life in dignity. In the section "2.2 Relevance of the topic at the EU level" the documents where the Namur meetings are included are listed. To judge whether this is a representative amount of references in comparison to other peer reviews is complex to assess. The EU representative claimed that dissemination at the EU level were performed in accordance with the normal procedures but he was unaware whether subsequent results or actions had taken place but underlines that reference budgets now are a part of the social investment material and assume that the Namur meeting were used in some way in that process. In the interview the thematic expert claims that he is unsure about the process after the peer review as he don't know if the results from the peer review arrived at the Commission itself. He has had some contacts with participants after the meeting but is not describing any networks other than random resulting from the meeting from his perspective. He though emphasize that he has referred to the peer review and Namur in several publications.

The issue of reference budgets has also been subject of recent actions and initiatives to develop a common methodology at the EU level. In the summary of the Synthesis report from Namur one of the most central conclusions of the peer review were that: *“this Peer Review has resulted in a number of recommendations, including that the European Commission and the Social Protection Committee (SPC) should establish a working group to develop a common understanding of adequacy, and a common methodology to set an adequate minimum level which could then be adapted to each national context.”* And in the 2011 report of the Social Protection Committee on the ‘Social Dimension of Europe 2020’ learnings and central results from the Namur peer review were summarized and in that report, it is also stated that *“Alternative methods, such as budget standards (see box 2 on Belgian peer review) will also be explored to complement the income based measures of poverty. Efforts to take account of non-monetary incomes should continue.”* (p. 23).

In the interview with the Belgian delegate he indicates that the Commission is positive towards further development of reference budget practices. The previously mentioned EU “Calls for tenders” (2013) related to developing the methodology also indicates an actual intention. The call clarified that focus were the development of a common methodology on reference budgets developed by a network of experts on minimum income and reference budgets. The network will give an overview on the current state of play on reference budget practices at national, regional, and local level in the EU; analyze them in-depth (including transferability across countries) and draw conclusions on key features (political, methodological and analytical) for the successful use of reference budgets. Based on this analysis, the network of experts will develop a common methodology and reference budgets for the 28 Member States for three types of households (single, one adult with two children, and two adults and two children) for the capital region of each Member State”.<sup>8</sup> In the call, the peer review is mentioned as an example of previous activities on the topic which should be considered in building the common methodology. Also at the previously described workshop on reference budgets at the 3<sup>rd</sup> Annual Convention of the EPAP, the peer review was briefly mentioned to stress the need for a common methodological and theoretical framework at the EU level.<sup>9</sup>

Also recently (2013) another seventh framework program ImPRovE (Poverty Reduction in Europe: Social Policy and Innovation) have published the working paper “Towards a common framework for developing cross-nationally comparable reference budgets in Europe”<sup>10</sup> where they conclude that reference budgets are a useful addition to the current

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<sup>8</sup> <http://ec.europa.eu/social/main.jsp?catId=624&langId=en&callId=382&furtherCalls=yes>

<sup>9</sup> <http://ec.europa.eu/social/main.jsp?catId=88&langId=en&eventsId=927&moreDocuments=yes&tableName=events&typeId=92> Workshop 8: all presentations (2013), slide 8.

<sup>10</sup> Written by B er enice Storms, Tim Goedem e, Karel Van den Bosch & Kristof Devuyst. Methodological Paper No.13/02.

poverty line (further described in 2.2). In the concluding statement (p. 21 in the referred Working paper) the report refers to the work and conclusions from the peer review in Namur.

These references to the 2010 Namur peer review indicate that it has not been forgotten in recent activities concerning reference budgets. It is reasonable to assume that the Namur meeting was one contributing factor concerning reference budgets to stay on the policy agenda as the participants deemed it as a potentially productive and needed tool and that it is recently mentioned within central EU activities. In conclusion, the Namur peer review seem to have functioned as a collective statement of valuating this approach as constructive and communicating demands for further development of a common EU methodology and definition.

## **5.2 Outcomes at the domestic level**

As previously described, the participation and presence of the Swedish representative at the peer review does not seem to have been under much consideration at the domestic level (probably also due to the time limitations) as far as he perceived it as he only recall the selection, preparation and dissemination process vaguely. The administration's expectations associated with his participation are referred to as a matter of his and the agency he represents long experience with the policy under review. The Swedish representative were not, to his recollection, provided with any specific information or tasks designated for the meeting from the ministry. Neither were he instructed on issues that were especially interesting before or after the meeting. The dissemination from the meeting was very modest and seems to have been confined to internal discussions at the Agency and a telephone report to the Ministry.

His task was to represent the Swedish system, and present what products and services that is taken into the basket. There were no other special assignments due to preparation or dissemination in relation to the peer review meeting expected from him other than being a representative for the Consumer Agency. The low formal interest should not be interpreted as if the Swedish participation were useless. The Swedish representative states that at the time there were discussions with the ministry on how to use the standard budget and how they use it in relation to the fact that it functions more and less as a benchmark for the national social allowance/assistance level (constructed by the Ministry but broadly based on the agencies calculations and advices). The same year as the Namur peer review year the Agency had lots of discussions about the items and how to measure the costs. The input and inspiration from the Namur meeting were appreciated at the Agency and for the Swedish representative perceived as inspiring and adding interesting perspectives. An explanation to why there were little dissemination and interest can be that the practice of reference budgets has been used nearly 40 years and the Swedish representative and other relevant actors do not address any major recent or upcoming changes. This is not a topic under much concern or interest in Swedish politics except for the Consumer Agency and the Ministry. He states that within the Swedish system stakeholders are very accustomed to the process as it has been

used for such a long time. In conclusion the reference budgets seem to be an issue primarily of the Consumer Agency. We have also in the process of writing this report sent out a request to major national actors within this field asking for updated info and possible future publications/events in relation to this practice, both nationally and towards an European agenda. The response from the Ministry, The National Consumer Agency and Swedish EAPN were that, to their knowledge, no major alterations or initiatives are currently underway on the national level. This may explain the low interest in outcomes and dissemination from the peer review. No formal or written documentation or dissemination of the peer review took place domestically. The results of the peer review have not been used in the policy debate or affected national policy debates or measures at the domestic level, at least not to the knowledge of the Swedish representative.

He has had some contacts with a few persons he met in Namur but these seem to be persons that are active within networks on this issue and cannot be directly tied to the Namur meeting. However, he perceives the peer review as a valuable possibility of networking and has remained in contact with a few of the participants even if not on a regular basis. Through an e-mail conversation 2013 where we asked for updates on the current situation (as the interview took place in January last year) he informed us that he have been in contact with and invited by one of the participants of the peer review to be included in a project on further development of setting EU level common criteria for reference budgets. The conclusions of the analyses on the lacking Swedish outcome are not as robust as desired due to being based on one interview. As the Swedish representative did not recall names of any persons at the Ministry in relation to selection, preparation and subsequent dissemination we have not been able to conduct the additional interviews that otherwise could have enhanced this section.

## **6. Concluding remarks**

The conclusion of the meeting by the representative from European Commission DG Employment, Social Affairs and Equal Opportunities was an emphasis on reference budgets to be adequate, transparent and constructed with stakeholder inclusion. The Minutes also indicate a consensus regarding inclusion of affected poor persons in the process of setting appropriate and adequate reference budgets. The peer review participants agreed that the methodology to establish key needs and criteria should involve focus groups made up of different household types, including people on low levels of income (but not exclusively focused on them) in order to develop a generally accepted norm of an adequate minimum level necessary for full participation in society. Experts would be involved in the validation process, pricing and final budget setting. As part of this process, in-depth exchange and research at the EU level is important in order to build consensus on a common approach and methodology for the setting of national standards; to identify the deficiencies of minimum income schemes across EU Member States for a better understanding of different national approaches; to involve people experiencing low income levels and other stakeholders in

regular meetings to improve credibility. The Namur Short report concludes that it was suggested that it is not so much the items actually in the basket that are important as to who effectively decides which these should be.

There also seem to be a rather common perception among the participants that reference budgets should not be understood as a minimum level necessary to survive but rather a guidance to what is needed for an acceptable standard as well as participation in society. The initiative during the Belgian presidency to hold the peer review in Namur may have been productive in so far that the practice is under further development initiated within EU policies concerning poverty alleviation. To what degree this can be directly or partially connected to an outcome from the Namur meeting is highly complex to conclude or state from the document analysis. The usage at the local level in Sweden seems to have been rather limited as no impact can be concluded in relation to national policies.

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The relevant material documenting the peer review (minutes, synthesis report, short report, national comments reports etc. can be found on the peer review homepage:

<http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=1392&furtherNews=yes>