



European
Commission

Fighting poverty & exclusion through **social investment**

A European research perspective

A Policy Review

*Research and
Innovation*





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A Policy Review

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FOREWORD

The fight against poverty and social exclusion is at the heart of the Europe 2020 strategy for smart, sustainable and inclusive growth. In the aftermath of the economic crisis, however, it has become clear that now, more than ever, we need to redouble our efforts if we are to make significant headway in tackling these challenges.

Fighting exclusion and achieving upward convergence in social and employment outcomes is a political imperative for the European Commission and President Juncker has placed it high on his political agenda. This is underlined by the initiative for a European Pillar of Social Rights. Achieving these goals is not only a matter of solidarity but also of economic expediency. Socio-economic evidence shows that better and fairer welfare and employment policies allow people to cope with life challenges, invest in their future and become more productive.

The EC's Seventh Framework Programme for Research (FP7), in particular under the Socio-economic Sciences and Humanities theme, supported research dedicated to promoting social cohesion and increasing the capacities of people to make successful life transitions. Projects examined issues pertaining to poverty and social exclusion; social investment and protection; new risks and vulnerabilities of different groups of workers (youth, women, migrants); quality of work and skills; tax and benefits policies for promoting inclusion and overall policy learning concerning what works, where and why.

This review presents evidence from 20 FP7 research projects and thus makes a strong contribution to the policy discussion on how the EU can promote inclusive growth via a strategy of social investment.

"I want Europe to be dedicated to being triple-A on social issues, as much as it is to being triple-A in the financial and economic sense".

Jean-Claude Juncker, President of the European Commission upon receiving the EU Parliament's support to his list of Commissioners, 22 October 2014.

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Introduction



1. INTRODUCTION

Poverty is one of the modern social phenomena that have received most attention since the beginning of the industrial revolution. In developed states in Europe and the USA, poverty and social exclusion have gone up and down over the last century, as a result of both local factors and the forces of globalisation. It is clear however that at the beginning of the 21st century we are not done with poverty and exclusion. Recent trends and signals show that the phenomena are and will be for a long time present in our countries. Even the traditional economic recipes for growth (“growth provides jobs, jobs provide a living”) no longer seem sufficient to keep these social ills under control. Growth does not necessarily ensure jobs for all and not all jobs provide incomes allowing pathways out of poverty and exclusion (as the working poor phenomenon shows) (EC, 2012; Taylor-Gooby, Gummy, Otto, 2015). There is therefore some justified political anxiety and guilt over the suffering of poor and excluded citizens (Bourdieu, 1993).

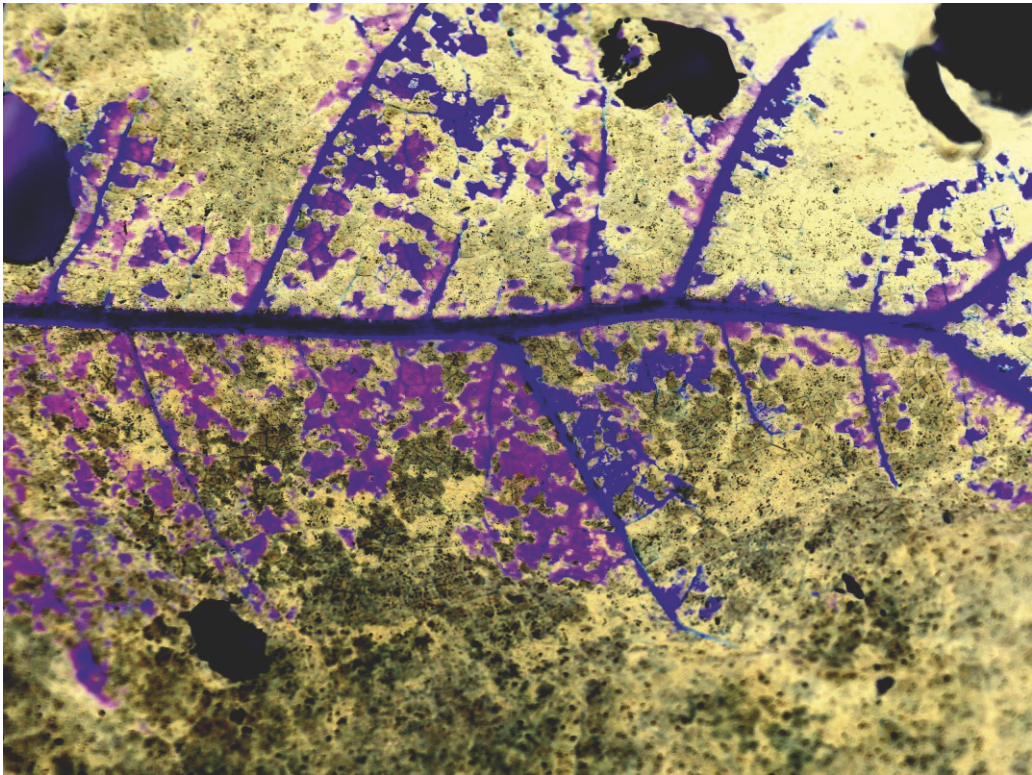
How does poverty and social exclusion look like in the European Union (EU)? Who are the poor and how do we take stock of these phenomena? What kinds of policies help efficiently fight poverty and exclusion? Why do some countries fare much better than others in alleviating the plight of the poor? Does the rise of poverty and inequalities have an impact on our democracies? This review offers scientifically informed answers to these questions.

Furthermore, as the quote by President Juncker in the introduction signals, the fight against poverty and exclusion is also about “social fairness”, namely putting in place preventive policies that ensure fair prosperity. Such a strategy should be forward-looking. Boosting people's capacities to cope with life transitions and social challenges is tantamount to investing in socially sustainable growth. That is why the EU has energetically put forward an agenda of Social Investment in its fight against various kinds of exclusion. This Review offers a critical review of social investment, both as a distinct conceptual paradigm and a panoply of policy measures.

The Review is informed by 20 EU research projects which look at exclusion, poverty and ways of improving citizen's capacities to cope with life transitions and challenges. The measurement of poverty is advanced theoretically and empirically by ImPRovE, InGRID, and SAMPLE. FamiliesAndSocieties looks at families with an explicit life course perspective. CUPESSE and STYLE focus on youth and the transition from school to work. COPE, CITYSPYCE, FLOWS, LOCALISE and WILCO examine social and policy innovations for tackling poverty. GINI and DRIVERS examine increasing social and health inequalities and their impacts. The labour market is the starting point of NEUJOBS, WALQING and INSPIRES. LLLight'in'Europe tackles the issues of skills and lifelong-learning. GUSTO addresses uncertainty associated with social and structural change. WWWForEurope critically assesses growth, social inclusion and sustainability while MOPACT delivers results about the challenges faced by the elderly. This abundant European research reflects the fact that poverty and social exclusion are complex phenomena which require several levels of policy analysis and, above all, a new understanding of the life courses of individuals.

The Review is organised in three main chapters. The first chapter recalls the extent of exclusion and poverty in the European Union but also includes methodological considerations on how they are defined and measured. The second chapter spells out social investment from a life course perspective. It explores how social investments complement social protection in the fight against poverty and social exclusion. It also provides some critical insights on the policy turn towards social investment and its implementation in EU countries. The third chapter contains policy analyses and recommendations on how to curb exclusion and poverty and gives examples on what works and what does not. The Review then ends up with policy recommendations.

What is poverty?



2. WHAT IS POVERTY?

2.1. The worlds of poverty

In 2008, before the launch of the Europe 2020 initiative, there were 116.6 million people at-risk of poverty or social exclusion, equal to 23.8% of the population in EU27. Six years later, in 2014 there were 122.3 million people at risk of poverty or social exclusion or 24.4% of the population in EU 28 (Eurostat, 2015). It can thus be seen that the crisis resulted in more people being at risk of poverty.

The disappointingly impressive figure of 122.3 million people includes different kinds of poverty. It covers poor people at risk of poverty after social transfers, poor people who are severely materially deprived and people who live in households with low work intensity. Analyses show that across all three dimensions a few groups always appear as the most vulnerable: women, young people, single parents, households with three or more dependent children, people with low educational attainment and migrants (section 2.1.1). Furthermore, there are still striking differences between Member States. In 2014, more than a third of the population was at risk of poverty or social exclusion in three EU Member States: Romania (40.2 %), Bulgaria (40.1 %) and Greece (36.0 %). At the other end of the scale, the lowest shares of persons being at risk of poverty or social exclusion were recorded in Finland (17.3 %), Sweden (16.9 %), the Netherlands (16.5 %) and the Czech Republic (14.8 %). The different rates to some extent attest to the capacity of effectively combating poverty through different policies and institutions (Section 2.1.2). What becomes however apparent is that the long-term existence of poverty and exclusion in Europe poses severe challenges to the capacity of European societies to maintain social cohesion as a key democratic promise (section 2.1.3).

2.1.1. *The most vulnerable groups*

The EU has now a wealth of data on poverty and it can clearly identify a number of vulnerable social groups.

Women are more likely to live in poverty and social exclusion than men

In 2013, 25.4 % of women were at risk of poverty or social exclusion across the EU compared to 23.6 % of men. It is clear that despite increasing female employment rates gender inequalities remain. Such inequalities include a gender-biased division of unpaid care and domestic work, labour market segregation, feminized part-time work, the gender wage gap and the 'glass ceiling effect' for women (Morel, Palier, Palmer, 2012).

Young people aged 18 to 24 are more at risk

For both men and women, young people aged 18 to 24 are most likely to be at risk of poverty or social exclusion. More than 30% were at risk in 2013 (31.0 % for men and 32.6% for women). As shown by project INSPIRES in the aftermath of the recent crisis youth (and migrants) have been the most vulnerable group in Europe, both in terms of the highest increases in unemployment rates and risk of poverty and social exclusion (Valia-Cotanda et al., 2014; Bigos et al. 2014).

Migrants are worse off than people living in their home countries

People living in the EU but in a different country from where they were born had a 34.4 % risk of poverty or social exclusion in 2013. This is almost 12 percentage points higher than for people living in their home countries. Furthermore, comparative European research shows that young adults (in Estonia, Italy, France, Norway, Spain, Sweden and the UK), who are, or whose parents were, immigrants suffer from labour-market discrimination; especially if they are so-called visible minorities. Obstacles for first-generation immigrant youth include the language barrier, the lack of social networks and the non-portability of human capital and qualifications. These barriers are attenuated, but not entirely eliminated, for the second generation; the 'ethnic penalty' remains. Unemployment rates are higher for the first- and second-generation migrant-origin groups when compared to rates for young native workers. Disconcertingly discrimination takes place both during searching for a job and at work (EC, 2016a). At the same time, migrant women experienced the greatest barriers to entry and progression in the labour market, and are more likely to remain economically inactive (EC, 2016a).

Single parents face the highest risk of poverty or social exclusion

Almost 50% of single people with one or more dependent children were at risk of poverty or social exclusion in 2013. This was double the average and higher than in any other household type or group analysed.

Households with three or more dependent children suffer more difficult situations than other nuclear families

As households increase in size poverty also tends to rise. This is particularly significant for large households with dependent children (two adults with three or more dependent children and three or more adults with dependent children). In 2014 for instance, 32.5% of households with two adults with three or more dependent children and 30.6% of households with three or more adults with dependent children were at risk of poverty or social exclusion.

People with low educational attainment are three times more likely to be at risk

In 2013, 34.8 % of people with at most lower secondary educational attainment were at risk of poverty or social exclusion. In comparison, only 11.8 % with tertiary education were in the same situation.

Lack of work and long term unemployment drive monetary poverty and material deprivation

Unemployment and economic inactivity are major drivers of poverty. Being unemployed poses the highest risk of monetary poverty. In 2013, almost every second unemployed person was at risk of poverty after social transfers. Also, in 2013 26.8 % of other economically inactive people were at risk of poverty. With the exception of retired people, these risks have risen since 2010. For example, the at-risk-of-poverty rate of unemployed people increased from 45.3% in 2010 to 46.5 % in 2013. There are approximately 24 million unemployed across Europe, of whom 50% are now long-term unemployed (more than 12 million people or 5% of the active population)

People in work can also be poor

Poverty and social exclusion do not only affect those who are economically inactive or unemployed. Some groups among those in work also face poverty risks. Factors affecting in-work poverty include – among others - household type, type of contract, working time and hourly wages (Holtgrewe, Kirov, Ramioul, 2015). Part-time employment in particular can lead to this form of poverty. Interestingly, men are more affected by in-work poverty than women (9.4 % compared with 8.5 % in 2013), except for young workers aged 18 to 24 years where it is women who are most affected (12.5 % compared with 10.7 %). Of all age groups, young workers show the highest in-work at-risk-of-poverty rates.

The crisis hit the already poor

The trends in the risk of poverty or social exclusion indicators also show a growing gap between high-risk and low-risk groups since 2009. This suggests that the burden of the financial crisis has fallen more heavily on those who already belonged to the weakest groups.

Working age population vs. older people

The working-age population has been severely affected by poverty, mainly because of rising levels of joblessness, low work-intensity in households or increased in-work poverty. In more than 20 Member States, the risk of poverty or social exclusion for children has risen since 2008, together with the worsening situation of their (mostly working-age) parents - with single-parent households facing the highest risks. Older people (65+) have been relatively sheltered as pensions have remained largely unaffected, despite the fact that social and health services (often disproportionately used by the elderly) have been rolled back in many Member States. Nevertheless, the gender difference within the 65+ is striking: in most Member States, women are still much more affected by old-age poverty than men (Vothknecht, 2015).

2.1.2. Poverty among European Member States varies a lot

Poverty and social exclusion rates differ significantly between EU Member States. Overall, Nordic and Continental countries perform better than Anglo-Saxon, Central, Eastern and Southern European ones. Poverty among different groups also varies between Member States. In three out of four Member States the elderly (above 65 years old) are less poor than children and youth aged 0 to 17 and the working population (18-64), see Table 1. Those of working age only have the largest share among the poor in Bulgaria (44.5%), Latvia (34.0%) and Lithuania (29.3%). Child poverty is a problem in most countries with children having the largest share of the poor in 18 Member States.

Table 1. At risk of poverty or social exclusion per EU country and age group, 2013

		Total	0-17	18-64	65+
EU 28	EU 28	24.5	27.6	25.3	18.3
Nordic	Denmark	18.9	15.5	22.3	11.4
	Finland	16.0	13.0	16.7	16.8
	Sweden	16.4	16.2	16.5	16.5
Continental	Austria	18.8	22.9	18.3	16.2
	Belgium	20.8	21.9	20.8	19.5
	France	18.1	21.3	19.2	10.4
	Germany	20.3	19.4	22.0	16.0
	Luxembourg	19.0	26.0	19.0	7.0
	Netherlands	15.9	17.0	18.0	6.1
	Anglosaxon	Ireland	30.0	33.1	31.7
United Kingdom		24.8	32.6	24.1	18.1
Eastern	Bulgaria	48.0	51.5	44.3	57.6
	Croatia	29.9	29.3	29.6	31.9
	Czech Republic	14.6	16.4	15.2	10.4
	Estonia	23.5	22.3	22.7	28.0
	Hungary	33.5	43.0	34.5	19.0
	Latvia	35.1	38.4	34.0	36.1
	Lithuania	30.8	35.4	29.3	31.7
	Poland	25.8	29.8	26.1	19.7
	Romania	40.4	48.5	39.4	35.0
	Slovakia	19.8	25.5	19.4	13.6
Southern	Slovenia	20.4	17.5	20.6	23.0
	Italy	28.4	31.9	29.4	22.6
	Cyprus	27.8	27.7	28.2	26.1
	Greece	35.7	38.1	39.1	23.1
	Malta	24.0	32.0	22.5	20.8
	Portugal	27.4	31.6	28.5	20.3
	Spain	27.3	32.6	29.2	14.5

Source: Eurostat (2015 ilc_peps01).

For most Member States the at-risk-of-poverty or social exclusion rate increased from 2008 to 2013. The only decreases were recorded in Poland (from 30.5% in 2008 to 25.8% in 2013), Romania (from 44.2% to 40.4%), Austria (from 20.6% to 18.8%), Finland (from 17.4% to 16.0%), Slovakia (from 20.6% to 19.8%), the Czech Republic (from 15.3% to 14.6%) and France (from 18.5% to 18.1%), while it remained stable in Belgium (Eurostat, 2014).

There is no easy interpretation for these cross-national patterns and different national trajectories. What is clear however is that the existence of a strong Welfare State has been important in preventing the deterioration of social conditions since the 2008 crisis. As noted by project GINI (2013):

"The best performing countries in terms of economic, employment, social cohesion and equality outcomes have in common a large welfare state that invests in people, stimulating and supporting them to be active and also adequately protecting them and their children when needed".

Impacts from the crisis and fiscal retrenchment

European research suggests that both the crisis itself and the policies of austerity which many countries implemented in its aftermath led to an increase of poverty, exclusion and inequalities (also OECD, 2015). As shown by project ImPROvE this was particularly evident in Southern Europe (Matsaganis, Leventi, 2014b).

The researchers estimated the distributional impact of the Great Recession and austerity policies in seven European countries (Greece, Spain, Italy, Portugal, Latvia, Lithuania and Romania) (Matsaganis and Leventi, 2014a). According to their findings the impact of the crisis and austerity was heaviest in Greece where poverty and inequality rose to alarming levels. Overall, a deep fall in median incomes was a main characteristic of the 'Great Recession'. In real terms, this was estimated at -36% in Greece, -14% in Portugal, -11% in Spain and -6% in Italy. Highly revealing are also the estimates of the 'anchored poverty rates'¹. In 2013, in Greece, over 45% of the population were below the 'anchored poverty line'; the respective rates for Portugal, Spain and Italy were 23%, 25% and 21%.

The crisis also seems to have changed the composition of the population in poverty. Those at the bottom of the income distribution are younger than before 2008 and more likely to be unemployed (or on low pay) than retired. Nonetheless, funding cuts and other changes in health care which increase barriers to access impacted adversely the elderly as they are the ones largely depending on them.

Finally, while the impact of policies on inequality can be described as moderate this is far from saying that fiscal adjustment programmes were a success in distributional terms. On the contrary, in most of the countries examined by ImPROvE poverty increased, and the austerity policies implemented accounted for a major part of that increase (Matsaganis, Leventi, 2014a).

2.1.3. Maintaining social inclusion as a key democratic promise?

Enhancing social inclusion and fighting poverty is essential for Europe also because the EU claims an inherent democratic dimension. There is mounting scientific evidence that various forms of employment, educational and financial exclusion and inequalities are likely to lead to various kinds of political exclusion — that is, a depoliticisation of socially excluded groups (EC, 2015a). Although "what the social world did, this same social world can, armed with this very knowledge, undo" (Bourdieu, 1993), this depoliticisation can have a long lasting, deleterious effect on democratic political systems.

Furthermore, as established by project GINI, there are systematic links between increasing inequalities and weakening support for political systems in Western societies. Inequality is negatively related to social trust and attitudes towards democracy; and public opinion towards democracy tends to be more negative the more unequal a society is. Similarly, as regards civic participation GINI shows that as inequality rises, people tend to be less concerned with societal responsibilities such as politics and have less social trust—both of which are important for the extent and quality of democracy. On the other hand, the project reports evidence that people embrace or develop a hard-work ethic as inequality rises. That is,

¹ In this case the proportion of the population with incomes in 2013 below the 2009 poverty line, in real terms.

inequality may well encourage awareness that responsibility for 'the good life' rests on people themselves, affecting an orientation towards hard work. Although it would be difficult to determine the direction of causation — which could be reciprocal — the findings are overall consistent with the idea that high levels of income inequality are largely a function of limited policies on redistribution, which in turn reflects the idea that individuals should work for their living rather than receive 'hand-outs' from the government (Andersen, Burgoon, van de Werfhorst, 2014).

Importantly, inequalities also have an impact on support for supranational governance. GINI findings demonstrate that Euroscepticism is more prevalent among those under greater pressure from Globalisation, international competition and the free circulation of the factors of production (i.e. predominantly low skilled workers). During times of higher inequalities and rising mistrust, political parties which trade on xenophobia and nationalistic populism are more likely to gain political traction. In turn, such developments could have a long-lasting negative impact on the process of European integration.

Of course, the relationship between poverty and other forms of social exclusion and inequality is not straightforward (Nolan, Whelan, 2014) and poverty is not necessarily associated with a lack of support for democracy (Krishna, 2008). Nonetheless, acting to combat inequalities, to the extent that they contribute to phenomena of intense social exclusion, poverty, and political resignation does have a beneficial effect on both the political legitimacy of our democracies and economic development (OECD, 2015).

2.2. What is poverty? Defining and measuring poverty

Measuring poverty and drawing a dividing line between who is poor and who is not is a difficult exercise which poses methodological problems (Decancq et al., 2013). If it seems impossible to reach a consensus in measuring poverty, it is at least important to be aware of the limitations of the existing poverty measurement systems.

The EU has progressively developed its own comprehensive and necessarily complex system of poverty tracking. The lead indicator is the "at risk of poverty or social exclusion" indicator, called AROPE. Albeit comprehensive, AROPE has a number of weaknesses which need to be made explicit.

2.2.1. *The EU AROPE indicator*

ARPE consists of three main indicators:

- **Persons at-risk-of-poverty** after social transfers are those living in a household with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income (after social transfers). The equivalised income is calculated by dividing the total household income by its size determined after applying the following weights: 1.0 to the first adult, 0.5 to each other household members aged 14 or over and 0.3 to each household member aged less than 14 years old.
- **Severely materially deprived persons** have living conditions constrained by a lack of resources and experience at least 4 out of the 9 following deprivation items: cannot afford 1) to pay rent/mortgage or utility bills on time 2) to keep home adequately warm 3) to face unexpected expenses 4) to eat meat, fish or a protein equivalent every second day 5) a one week holiday away from home 6) a

2.2.2. Difficulties at measuring poverty in the AROPE indicator

The AROPE indicator is not without weaknesses. European research projects like COPE, GINI and ImPRovE have noted that it is not sufficiently policy relevant; it masks differences between regions; ignores the situation of specific groups and fails to include dynamic mechanisms and contexts and specific risk factors. As a result, European researchers argue that the current AROPE indicator (at least two of its dimensions) may be in need of revision or, as a minimum, in need of a series of complementary measures (Guio, Marlier 2013; Ward, Ozdemir, 2013).

At risk of poverty after social transfers

The EU at risk of poverty measure is a relative measure of poverty. It is related to the median income, i.e. set at incomes below 60% of the median income. The selection of the 60% threshold is more or less arbitrary. The OECD for instance, uses 50% of the median income as a threshold. Automatically, the higher the share of median income for the poverty line, the higher the number of people at risk of poverty. To meet such concerns Eurostat now publishes different levels of the median income as thresholds for poverty lines.

Two main problems deserve to be highlighted.

First, the recent economic crisis in Europe has revealed some limits in the methodological development of the AROPE indicator. In particular, the crisis brought down median incomes in many Member States. Lower median incomes thus resulted in more people automatically exceeding the 60% median income threshold and thus moving out of the group of the at-risk-of-poverty. However, these people have experienced no improvement in their situation and are still poor (or have actually fared worse). The ImPRovE research project thus argues in favour of at-risk-of-poverty measures where the median income in a given year will be used in the following year(s) in order to better reflect reality (Goedemé, Cantillon 2014). This more realistic approach to poverty measurement has also been adopted by Eurostat.

Second, the at-risk-of-poverty indicator does not measure consumption possibilities. For example, elderly people in Scandinavian countries who have access to free, universal healthcare and heavily subsidised, extensive eldercare presumably need less monetary income than elderly people in Member States where such services are costly. Such important differences in the availability and cost of services or goods are not captured by the current indicator. Nevertheless, these aspects are still essential, especially in times of economic crisis when governments may reduce the scope of in kind services like education, and social and health services or conversely increase user charges which affect the poor.

Severely materially deprived

Material deprivation in the at-risk-of-poverty indicator measures the extent to which people cannot afford certain items they would like to have in our developed social contexts.

The indicator on material deprivation and by extension the AROPE indicator, do not adequately reflect how the need for these items differs between socio-economic groups and over time. In order to respond to these limitations ImPRovE researchers propose the use of "reference budgets" as an alternative way of measuring the extent to which people experience material deprivation (Goedemé et al., 2015). Reference budgets are illustrative priced baskets of goods and services that

represent a given living standard. A number of EU countries have developed reference budgets which measure the cost of a list of core items required for a socially acceptable standard of living within a particular country. In practice, reference budgets are mainly used to define a decent living standard and this implies that they can be used for a variety of purposes, among which the most important are: determining additional income support, settling income maintenance levels, debt rescheduling, financial education, proposing alternative methods for calculating credit scores, and assessing the adequacy of (minimal) wages and benefits. If developed in a cross-country comparable way, reference budgets could in addition help to contextualise EU social indicators of income poverty and financial stress, monitor the adequacy of minimum income protection schemes in a range of countries and facilitate cross-national learning in order to design more effective minimum income support measures (Goedemé et al., 2015).

Reference budgets could thus be mainstreamed within the life course perspective on social investment strategy by including those items that are needed to lead a social and healthy life for different groups over the life course (see Chapter 3).

Living in households with very low work intensity

The third indicator constituting the AROPE indicator concerns jobless households. This indicator comes rather close to aspects of social investment as it partly measures the population that has not acquired the necessary skills to be employed. For instance, if the jobless household indicator in one country is high vis-à-vis other Member States, regions or municipalities in a similar economic situation, this may in part be the result of a misguided social investment strategy. Also the indicator can be used to identify families whose low work intensity is likely to be transmitted through generations.

Other useful additions to the AROPE indicator

Many of the European research projects in this Review emphasise that poverty and social exclusion must be seen as dynamic phenomena where privilege and disadvantage tend to accumulate over time, often across multiple dimensions. They therefore suggest combining the AROPE indicator with other kinds of complementary measurements which would help refine the analysis of poverty in Europe and better prepare effective policies against social exclusion.

Identifying the relevant groups and areas

The ImPRoVe and COPE European research projects demonstrate that it is fruitful to disaggregate the AROPE indicator to relevant categories of the population in order to better understand entry into and exit out of poverty and social exclusion. The relevant groups are those that are at risk of disadvantage according to income, skills, gender, age, and ethnicity. There are already some useful indicators which shed light on exclusion from the labour market and that better reflect a social investment perspective. For example, for youth the NEET indicator (Not in Employment, Education or Training) and the key targets in the EU 2020 strategy on the rate of early school leavers and tertiary education attendance are very pertinent.

Poverty often concentrates in certain neighbourhoods and regions and thus varies between regions in a country. Based on recommendations from SAMPLE (among others) Eurostat now regularly publishes AROPE statistics at the regional level (NUTS-2), although admittedly more can be done to capture spatial differences, e.g.

between urban and rural areas. Country averages may mask important differences at local and regional levels.

Understanding the dynamics of poverty

Another limitation to the AROPE indicator is that the dynamics of poverty in social and income mobility are not captured well. For instance, students may at some point in time have little income but they are not caught in a permanent low income situation. If the economy is doing well, students can expect higher lifetime earnings than other groups. For this reason students are excluded from the indicator on jobless households but are still caught by the risk of poverty measure (the first indicator on monetary poverty). Therefore, according to AROPE they count as people at risk of poverty - exactly like the homeless citizens who cannot in any way expect the same exit out of poverty.

This is why the European research projects in this Review call for the addition of comparative longitudinal surveys across the EU which can better analyse individuals' trajectories in education, family, work, and health. Especially valuable are datasets that allow the study of such trajectories for socio-economic groups according to age, gender, ethnicity and education. In this vein, the GINI and DRIVERS European research projects note that there is an abundance of panel and other longitudinal data available in individual member states (Nolan et al., 2014). However, given the cross-national variation in methodologies and collected data, there are fewer high-quality internationally comparable longitudinal datasets on poverty and inequalities in Europe. For instance, there is still a lack of reliable longitudinal cross-national data that could be used to examine gender differences with sufficient methodological accuracy.

Fortunately at the same time, there is a sizeable base of cross-sectional comparative studies on labour market and health inequalities that use pan-European datasets such as the European Social Survey, the European Labour Force Survey, Survey of Health, Ageing and Retirement (SHARE) or the EU Statistics on Income and Living Conditions (EU-SILC). Besides, the EU set up a new research infrastructure on "Inclusive Growth", called InGRID, which marshals data on poverty, life styles and work which should progressively allow European researchers to have access to and compare the usefulness of all data in the field.

Shifting
welfare policies:
The social investment
perspective



3. SHIFTING WELFARE POLICIES: THE SOCIAL INVESTMENT PERSPECTIVE

3.1. New poverty and perceptions of poverty call for new social policies

3.1.1. *Adapting the Welfare State*

European poverty relief and social insurance in the 19th and 20th centuries were to a large extent inspired by the lifecycle approach put forward by Benjamin Seebohm Rowntree, a pioneer in poverty research. Based on a study in York (United Kingdom) in 1899 and later years, Rowntree found that poverty varied over the lifecycle concentrating in periods when people were out of work or had dependent children (Rowntree, 1901). Poverty seemed to concentrate in childhood and old age and among persons of working age without work due to unemployment, illness or work injuries.

Since then social assistance and other, often means-tested and earmarked minimum income benefits like housing and heating allowances, have replaced poverty relief. Universal family allowances have supported child families. Compulsory social insurance has provided income compensation in periods of unemployment and sickness or, more permanently, in case of disability or work injuries. Finally, old age pensions have provided sufficient income for those who made it into old age. All these policies and actions transformed earlier days of poor relief into a welfare state (Alber, 1982). Of course, there are a lot of institutional and cultural differences, and therefore performances, between countries and we therefore often talk about different Welfare State models (Esping-Andersen 1990, 2009).

The last decades have seen a number of important changes in the way that poverty and social exclusion are understood. As mentioned above (Table 1) today poverty among people of working age is higher than among the elderly in all Member States, except six, i.e. the Baltic states, Bulgaria, Croatia and Slovenia. This trend seems to render the Rowntree lifecycle approach to understanding poverty less relevant today than in the Golden age of the Welfare State. The elderly are doing better today, but many children are still brought up in poverty.

Furthermore, many analysts have, for some time now, observed a mistrust vis-a-vis the Welfare State expressed by an increasing proportion of citizens, notably among the voting middle classes. The Welfare State, it is said, costs too much and should be downsized to more sustainable levels for taxpayers. Linked to this fiscal revolt is the ideological influence of individualism and liberalism prevalent in European societies. This ideology encourages individual responsibilities and performances and, as analysed by the GUSTO European research project, could be (in some of its versions) less amenable to the collective systems of assurance and guarantees classically offered by the Welfare State (Crouch, 2015; Ehrenberg, 2012).

Underpinning these are structural economic, technological and social changes which have deeply impacted the modern Welfare State and the way risks are experienced and conceptualised (Beblavy, Maselli, Veselkova, 2014). As noted by project WWWForEUrope (Leoni, 2015), intensified economic globalisation and technological innovations changed the rules of the game for domestic labour and product markets; exerting strong influence on the constraints for social policy and altering the parameters of skill demand and supply. In parallel, endogenous social changes like increased life expectancy and declining birth rates, changing gender roles, a

surge in female labour force participation and the break-up of traditional household structures accentuated the emergence of new social risks (Esping-Andersen, Gallie, Hemerijk, Myles, 2002; Bonoli, 2006).

As a result, old risks associated with industrial society like unemployment, sickness and old age are now complemented with a set of new risks associated with modern and post-industrial societies. Generally speaking, these "new risks" (Bonoli, 2006; Taylor-Gooby, 2004) can be subsumed under two broad categories: a) significant segments of the workforce have been facing increasing difficulties to compete on the labour market due to their skillset or other personal characteristics; b) new social risks related to difficulties in combining paid employment with non-work life, particularly for those with dependents (Nelson, 2012).

Strictly speaking, these risks were present in the past too. The novelty associated with this shift in risk structures can be summarised in the following points: a) Long-term socio-economic transformations have increased the size of social groups at risk as well as the likelihood of given social groups to be affected by social risks; b) social risks have become more heterogeneous and therefore fundamentally less predictable and more difficult to insure (Hemerijk, 2012); and c) new social risks have introduced a different type of social stratification with respect to old social risks, because they are more directly related to lifecourse events and to (current) employment (Leoni, 2015).

3.1.2. The limits of the life cycle perspective on poverty

It has thus become increasingly apparent that the lifecycle approach to poverty needs to be revised. Old age poverty is markedly down but childhood poverty persists and poverty rates among the working population between 18 and 64 years old are relatively high in some Member States. Synthesising one could argue that there are at least three fundamental problems with the lifecycle perspective.

- First, the lifecycle perspective wrongly assumes uniformity in our paths through life. Due to social and structural changes, lifecycles have become more complex. Within age classes (cohorts) there is growing diversity in life trajectories in education, family, work and health between different socio-economic groups (and as a result of individuals' agency).
- Second, the lifecycle perspective underestimates the fact that poverty and social policies' impact evolve over time. The significance of a life event or policy intervention in one life stage depends in part on what happened in the previous stage(s) and can also have consequences at later ones.
- Third, the lifecycle perspective fails to connect sufficiently the various dimensions of individual lives. Developments in one dimension often interact with developments in other dimensions. Improved individual health, for example, may not only increase well-being and longevity but also improve work careers and family life and thus curb poverty and social exclusion.

The lifecycle approach and its emphasis on social protection cannot alone inform policy-making against poverty and social exclusion in the 21st century. Today, social protection over the lifecycle is increasingly complemented by policies and perspectives with a dynamic and multidimensional understanding of poverty and related social phenomena. This is what the Social Investment Strategy put forward by the European Commission sought to provide.

3.2. Comparing social protection and social investment strategies

In a life course perspective social investments can be defined as policies that aim to form, strengthen, maintain, re-establish and use individuals' functions to better meet life events and transitions and thereby maximise all people's life chances to get good health, education, work and family life.

Table 2. Comparing social protection and social investments

	Social protection	Social investments
View of life, age and cohorts	Life cycle consists of distinct stages anchored to biological age: from childhood and youth over prime aged to elderly	Life course consists of stages that are flexible and that vary across socio-economic groups and individuals
Dominant family model	Male bread-winner model	Diverse family types
Dominant labor market model	Fordist economy with life-long employment and stable skill demands	Post-fordist economy with unstable jobs and changing skill demands
Poverty and social exclusion is fought by....	... social insurance that compensate workers loss of income. ... social assistance and other minimum income benefits, notably housing and child family benefits, that provide a minimum income	... social investments that aim to: - equip people with more skills and cognitive capacities to avoid or get out of poverty. - build a context for individuals to enhance their capacities for autonomy. - Develop tools to identify individual capacities to get out of poverty.
Link between policy and effect	Short-term effect of policy Persons facing social contingencies like unemployment, illness, work incapacity, old age or family receive benefits	Long term effect of policy. Persons at earlier stages of life are targeted with policies that at later stages will lead to better and mutually reinforcing life chances in establishing families, getting education and work and improve health

The European research projects considered in this Review show an emerging consensus that there are important benefits from viewing both social policies and social phenomena as dynamic and multi-dimensional. A series of definitions are thus in order.

3.2.1. Trajectories

Social investments are made by different actors, including most notably families, firms, communities and various public services. Public policies promoting social investments can thus be directed not only at the individual but also at the family, firms and employers.

The social investment strategy consists of investments in people against the backdrop of fundamental social and structural change where especially family,

education and work trajectories change and where individuals are called to exercise agency. Trajectories are thus a way to relate individuals to their complex social environment in a more subtle way.

Table 3. Trajectories

Trajectories are long-term patterns of stability and change in a person's life and usually involve multiple transitions. There are different kind of trajectories, most notably educational trajectories, work trajectories, family trajectories and health trajectories. Trajectories are thus multiple and intersect with each other.

3.2.2. Increasing functional capacities

The purpose of social investment policies is to increase the functional capacities of individuals so that they are either prevented from entering periods of poverty or empowered to exit them.

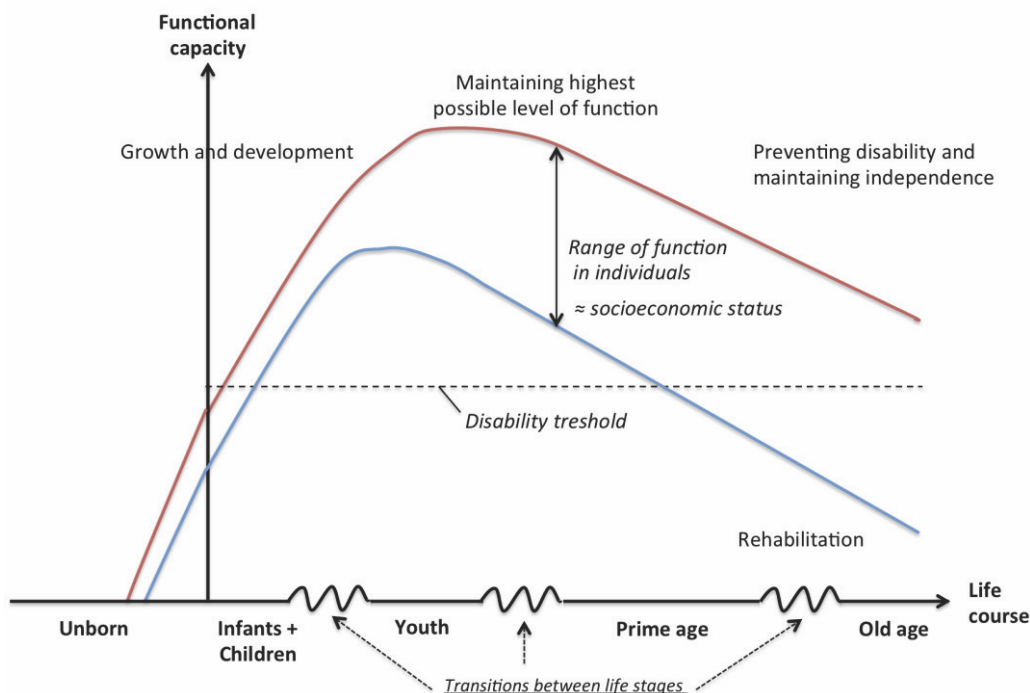
Individuals' functional capacities determine in part how much they can achieve on their own. In this sense, there is a disability threshold under which people need help in order to manage their lives.

Table 4. The "Six Domains of Functioning"

1. Cognition: understanding and communicating
2. Mobility: moving and getting around
3. Self-care: Hygiene, dressing, eating and staying alone
4. Getting along: Interacting with other people
5. Life activities: Domestic responsibilities, leisure, work and school
6. Participation: joining in community services

Source: WHO (2015).

Figure 2. Social investments over the life course aim to increase functional capacities



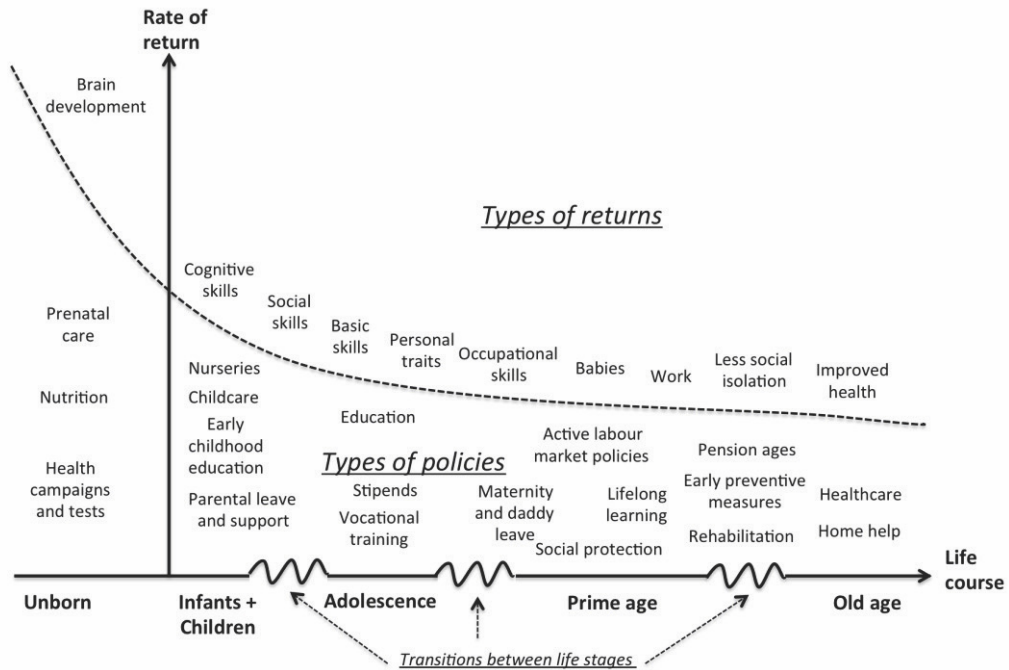
Source: Adapted from WHO (2000) and Kvist (2014).

Figure 2 shows four essential issues for policies addressing poverty. First, the level of functionality increases exponentially in early life from pre-birth until young adult life and then declines gradually as people enter into old age. Second, there are large differences between those with the highest and lowest levels of functionality: those at the highest levels keep above the "disability threshold" during most of their life whereas those at the lowest level have several and/or longer periods below that threshold. Third, the use of technology may sometimes markedly lift the level of functionality, e.g. anti-depressive medicine for life activities or ICTs for active ageing (Hilbert et al., 2013). Fourth, the aims of social investments vary over the life course. In early life the focus is on improving the conditions for personal growth and development. In adult life the aim is to reach and maintain the highest possible levels of functionality. In older age, policies aim to prevent disability and maintain autonomy.

3.2.3. Policies and returns

The social investment strategy contains a broad range of policies and returns from the start to the end of life, as illustrated in Figure 3 below. The strategy encompasses health, social, labour market and long-term care policies, to mention only a few. Returns likewise vary over the life course and occur in many different dimensions, often materializing long after policy interventions.

Figure 3. Social investments over the life course



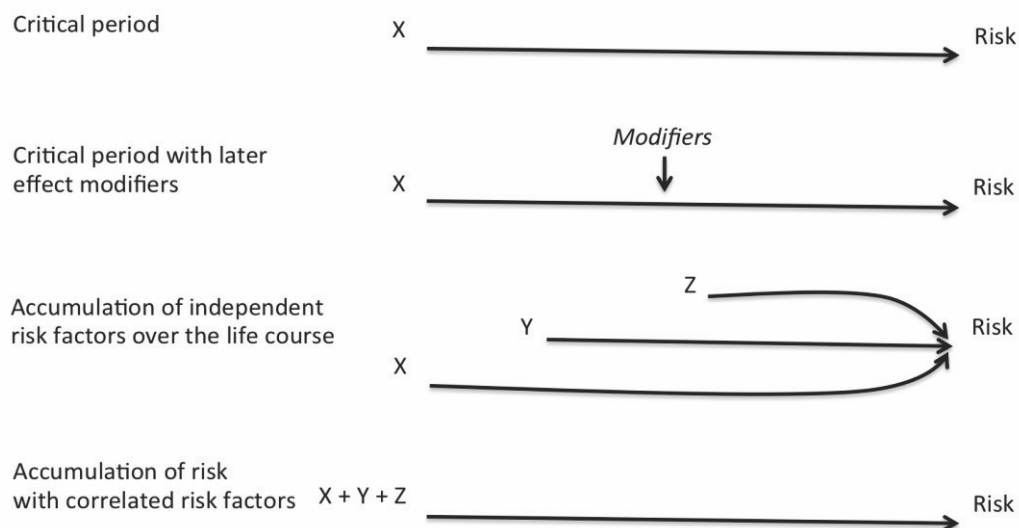
Source: J. Kvist (2014).

In turn the returns on social investment reduce poverty and improve social inclusion. As shall be seen in chapter 3, higher skills – cognitive, social, basic and occupational – are all associated with less poverty.

3.2.4. *A dynamic framework which allows for many types of policy interventions against poverty*

The social investment strategy is dynamic because it acknowledges that personal development in one stage often depends on what went on in the previous one and has consequences for the ones that follow. Figure 4 tries to portray such potential developments.

Figure 4. Four models of risks in a life course perspective



Seen from a life course perspective social investments can thus be directed at both the causes, modifiers and effects of poverty. The best known example is early investments in children. Ensuring proper nutrition and high quality childcare and schools is more likely to result in better social and cognitive skills and health and, in turn, in better educational outcomes and by extension better future labour market outcomes, higher tax revenues and less public expenditures on health and social policies in later ages.

3.2.5. Cohorts and transitions

The life course perspective on social investments also pays attention to the interplay between history and biographies. The design of social investments should take into account contextual factors that change over time, most notably the family and the labour market. For example young people today experience very different conditions than many cohorts of young people decades ago. For the last few years, youth in many parts of Europe have shared significantly worse work prospects than previous youth cohorts. Research indicates that this is likely to affect them for the rest of their lives (O'Reilly et al., 2015).

Table 5. Cohorts and Transitions

A cohort is a group of persons born around the same time that experience the same social and economic change in the same sequence and at the same age.

We all go through various transitions in roles and status over the life course. Transitions relate to different dimensions of life. Transitions in family life include births, marriages or partner formation, divorce or partnership dissolution, re-partnering and deaths. Transitions often involve entries in and exits out of different dimensions. Transitions in work and education, for example, include entries and exits in and out of the labour market or the educational system. Transitions in health concern the occurrence of bad health or cure and rehabilitation.

Cohorts' size and composition vary between countries. The size of cohorts affects individuals' opportunities for education and work at the micro level. Smaller cohorts mean less competition for educational places and jobs. However, at the macro-level, smaller cohorts relative to other older cohorts may mean fewer people caring for the elderly. This is in essence the challenge of population ageing in Europe today as analysed by the European projects NEUJOBS, MOPACT and FamiliesandSocieties.

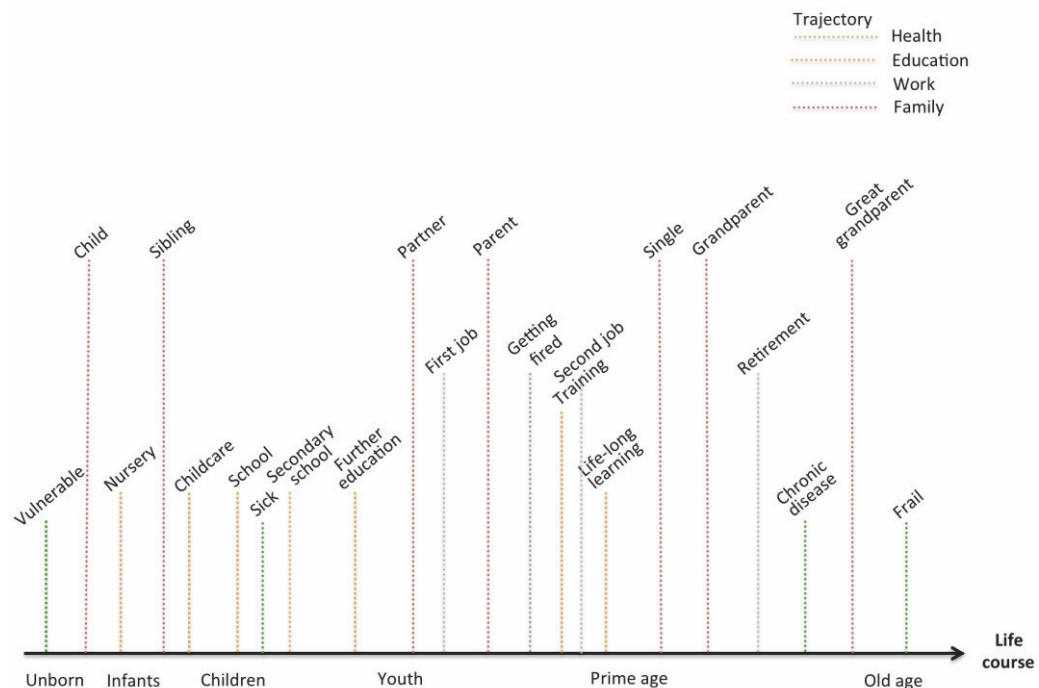
When looking at life course transitions, research is interested in their prevalence, duration, timing and sequencing. What are the antecedents and consequences of life course transitions? Transitions in life have become less uniform and will become even more diversified in the future.

3.2.6. *Life events and turning points*

A life event is a significant occurrence involving a relative abrupt change that may produce long-lasting effects in individuals' lives. Life events may be anticipated or unexpected, desirable or not, minor or larger, manageable and controllable or not. Turning points are special life events that produce a lasting change in a persons' life course. Some turning points may get life trajectories off-track and others back on-track.

Life course perspectives on social investments insist that from whom, where and when you are born matters for your life chances. The life course perspective can help identify the life event and turning points when given social investment policies may be of particular importance.

Figure 5. Life events in different life trajectories



3.2.7. The interdisciplinary approach of the life course perspective

To inform policy-making in social investment there is a need for evidence from a broad range of scientific disciplines. The life course perspective offers a multi-disciplinary framework that can cover scientific disciplines as diverse as medicine, sociology, political science, economics, psychology and psychoanalysis, as well as anthropology.

This is clearly illustrated by the actual scientific practices in the EU research projects examined here. Public health specialists and medical science experts in DRIVERS examine health inequalities, their causes, and what can be done to reduce inequalities. In GINI economists and sociologists examine causes to social and economic inequalities. In ImPRoVe and LOCALISE, social scientists analyse individual experiences of poverty and the impacts of transitions and life events. In FamiliesandSocieties, demographers cooperate with anthropologists, clinical psychologists and psychoanalysts in order to assess new family types and the impact of modern assisted reproduction techniques on families, maternity and paternity.

The ambition of this interdisciplinarity is to collect all data and theories under the umbrella of social investment and to support policy initiatives that can help inform, improve or implement such policies or adapt the context to best take advantage of their returns.

3.3. Towards an EU Social Investment Strategy

The EU has addressed social exclusion/inclusion since the mid-1990s and adopted relevant poverty programmes. The Belgian EU presidency in 2002 supported a study that came to inform the current EU 2020 indicators on poverty and social exclusion. Its main message was that poverty is multidimensional and that a corresponding battery of primary and secondary indicators is needed to capture it (Atkinson et al., 2002). As a result the EU adopted a series of social indicators proposed by the report and in 2010 adopted the EU Platform against Poverty which includes the at-risk-of-poverty-or-social-exclusion (AROPE) indicator (Jessoula, 2015).

The Belgian EU Presidency also called for a study on how to reform the welfare state. This study argued that we need to put the emphasis on new risks because families and labour markets have changed since the golden age of welfare (Esping-Andersen, Gallie, Hemerijk, Myles, 2002). A few years later, the Stiglitz-Fitoussi-Sen report of 2009 stressed how we 'mismeasure' our lives when using gross domestic product per capita (GDP) or similar indicators (Stiglitz, 2009). The report recommended a switch from input measures like GDP to multidimensional wellbeing measures, as well as paying more attention to distributional aspects. Since then, the EU has worked on better wellbeing measures under the "Beyond GDP" rubric, with important research being done by the Social Sciences and Humanities research Programme of the Commission².

² Projects PASHMINA – Paradigm shifts modelling and innovative approaches; European framework for measuring progress (E-FRAME); and WWForEurope.

Table 6. The European Platform Against Poverty

<p>The European platform against poverty and social exclusion is one of seven flagship initiatives of the Europe 2020 strategy for smart, sustainable and inclusive growth. It was designed to assist EU countries reach the headline target of lifting 20 million people out of poverty and social exclusion. The platform was launched in 2010 and will remain active until 2020. It is based on the following five areas for action:</p>
<ul style="list-style-type: none"> • Delivering actions across the whole policy spectrum such as the labour market, minimum income support, healthcare, education, housing and access to basic banking accounts.
<ul style="list-style-type: none"> • Better use of EU funds to support social inclusion. The Commission has proposed that 20% of the European Social Fund be earmarked for fighting poverty and social exclusion.
<ul style="list-style-type: none"> • Promoting robust evidence of what does and does not work in social policy innovations before implementing them more widely.
<ul style="list-style-type: none"> • Working in partnership with civil society to support more effectively the implementation of social policy reforms. The participation of people experiencing poverty is now acknowledged as a catalyst for inclusion strategies.
<ul style="list-style-type: none"> • Enhanced policy coordination among EU countries has been established through the use of the open method of coordination for social protection and social inclusion (Social OMC) and the Social Protection Committee in particular.

In March 2013 the European Commission launched the Social Investment Communication together with a Recommendation to invest in children in order to break the negative cycle of intergenerational risk transmission (and a series of working papers on policies for childcare, education and health care) (EC 2013a; 2013b). This Social Investment Strategy aimed at guiding national social policies which, in the name of subsidiarity, are the exclusive remit of the Member States. With its emphasis on intergenerational risk transmission and the wide range of policies addressing education, health, and work, the Social Investment Strategy took both dynamic and multiple dimensions into account with a view to complement the more traditional lifecycle perspective (EC, 2013c; 2013d; 2013e).

The social investment approach also influences the European Commission's recent proposal for a European Pillar of Social Rights. According to the EC's Communication (COM(2016) 127) *Launching a Consultation on a European Pillar of Social Rights*, the purpose of the Pillar is to express a number of essential principles to support well-functioning and fair labour markets and welfare systems (initially within the Euro area). The target is for the Pillar to become a reference framework to screen the employment and social performance of participating Member States, to drive reforms at national level and, more specifically, to serve as a compass for renewed convergence within the euro area.

The initiative is structured around three main headings which cover both "old" and "new" risks. These are underpinned by an effort to equip European societies with those institutional tools that will enable citizens to better manage life transitions and develop their coping functions. In detail the three main axes covered:

- Equal opportunities and access to the labour market, including skills development and life-long learning and active support for employment, to increase employment opportunities, facilitate transitions between different statuses and improve the employability of individuals.
- Fair working conditions, to set an adequate and reliable balance of rights and obligations between workers and employers, as well as between flexibility and security elements, to facilitate job creation, job take-up and the adaptability of firms, and promoting social dialogue.
- Adequate and sustainable social protection, as well as access to high quality essential services, including childcare, healthcare and long-term care, to ensure dignified living and protection against risks, and to enable individuals to participate fully in employment and more generally in society.

3.4. Critically assessing Social Investment

Needless to say Social Investment is not a panacea against exclusion and poverty. On the contrary, it has attracted a considerable amount of criticism, as both an analytical concept and a policy paradigm. As noted by authors like Hemerijk (2015) and Cantillon (2014) criticism has largely revolved around the following issues:

- *The weight of inherited disadvantage.* Social Investment runs the risk of creating exaggerated expectations with regard to the possibilities of combating social inequalities through a policy of equal opportunities. Historical, sociological, economic and psychological research leaves little doubt as regards the impact of social, economic, and cultural contextual factors on one's life chances. The effects of social stratification call for moderation of expectations in respect to the gains from social investment (Cantillon, 2014).
- *The Matthew effect of social investment.* There is empirical evidence showing that social investment interventions aiming at helping disadvantaged people gain a better position in society are de facto taken up more by middle-class individuals and families. Child-care services, for instance, are used more frequently by higher-income, dual-earning parents than non-working single mothers (Cantillon, 2014).
- *Pro-labour market bias.* There is a widely shared concern that social investment advocates, by narrowly defending social policy as a 'productive factor', are likely to do 'collateral damage' to traditional social policy interventions based on the normative grounds of social justice, fairness, need, equality and social citizenship. Similarly, in areas, such as unemployment, disability and old age, the focus of Social Investment has more often than not been on activation in a narrow sense (re-entering the labour market), with stronger emphasis on re-commodification and incentives rather than on investment in skills and human capital.
- *Methodological criticism.* The precise effectiveness of the policies relating to the "social investment" strategy and to equality of opportunities is difficult to determine. In part because the concepts can be difficult to disentangle from

outcomes and more traditional social protection policies, but also because potential gains from the “investments” may not be realised in the short run.

- *The crisis's effects on employment.* The return of mass unemployment since the onset of the economic crisis has broken down the dichotomy of ‘new’ and ‘old’ social risks (Crouch, Keune, 2012). The combined prevalence of both ‘new’ and ‘old’ social risks therefore needs to be tackled both from within the labour market and the family life course nexus and from without, including minimum wages, collective bargaining, macroeconomic policy, progressive taxation, fiscal policy, and even financial regulation, as all these policies critically impact on the viability of inclusive labour markets, good quality skill formation, universal care provision, and adequate minimum income protection. As a supply-side strategy, social investment cannot substitute for effective macro-economic management in times of depressed demand (Hemerijk, 2015).

On the whole, European research (e.g. projects Neujobs and WWForEurope) demonstrates that the turn to Social Investment has been incremental and very often haphazard, its scope depending on prior pathways and institutions and varying from country to country (Kvist, 2013; Vaalavuo, 2013). It comes thus as no surprise to learn that social investment in its more strict sense (i.e. as a policy aiming to invest on human capital and capabilities vis-à-vis more narrow workfare interpretations) is more easily traced in Scandinavian countries and to a lesser extent in English-speaking ones. Continental European countries such as Belgium, France and the Netherlands still seem to be characterised by a predominance of compensatory-related expenditure, although they rank high on both compensatory and investment spending. Southern Europe countries on the other hand are still characterised by high levels of spending on compensatory programmes (and given the impact of the crisis there one would imagine that these trends will not be overturned soon) (Leoni, 2015).

Furthermore, the contribution of SI policies to tackling poverty is not straightforward. For example, in a comparative study of fifteen European countries for the period 1997-2007 Van Vliet and Wang (2015) provide some evidence that shifts in resources from traditional welfare state policies (old risks) to new social investment policies (new risks)³ were not associated with lower poverty rates.

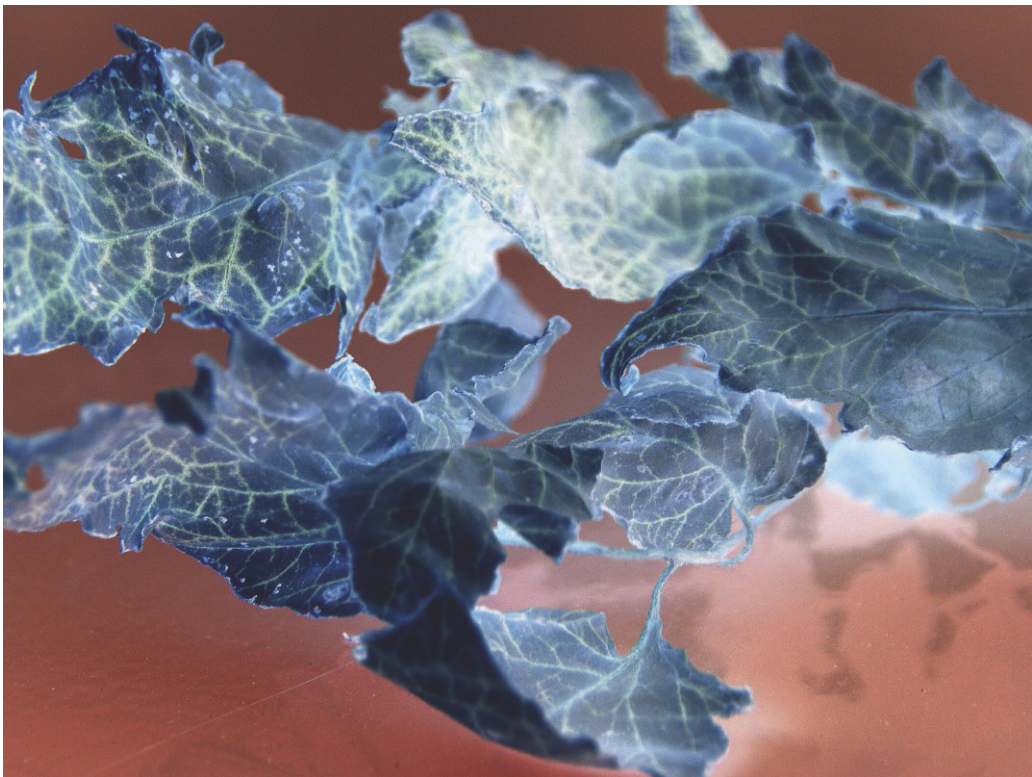
Overall, what European research makes clear is that any further shift towards policies targeting “new risks” must be accompanied by strong minimum income protections if EU Member States are to alleviate poverty and exclusion (especially during tough economic times). Social investment cannot be a substitute for social protection. Instead, the two must be viewed as twin pillars of the modern welfare state. In the same vein, Social Investment strategies need to strike a better balance between activation and labour market integration and human capital investment (Berthet, Bourgeois, 2014; Graziano, 2012). In fact, in the recent past the emphasis

³ New social expenditures consist of spending on parental leave (maternity and paternity leave), elderly care (residential care and home-help services), child care (day-care and home-help services, and pre-primary education), ALMPs (employment services and administration, training, job-rotation and job sharing, employment incentives, supported employment and rehabilitation, and direct job creation) and primary and secondary education. Old social expenditures include public health expenditures, retirement pensions (‘old age’, including ‘early retirement’, and ‘survivor’ cash benefits) and other social transfers (family benefits, incapacity-related benefits, unemployment benefits, income maintenance, and other cash benefits)

has often been on workfare and labour market flexibility at the expense of education, training and employment security. The EU's disappointing poverty figures prior to the crisis (where employment gains were made) attest to the failure of such approaches.

The EU has played a decisive role in the articulation of the social investment paradigm, including its basic functional, normative and institutional underpinnings (Hemerijk et al., 2013). Hence, presently the EU has a role to play in coordinating and promoting social policies that are both sustainable and forward looking. Indeed as noted by the Communication on a European Pillar of Social Rights "*economic development should result in greater social progress and cohesion and ... social policy should also be conceived as a productive factor, which reduces inequality, maximises job creation and allows Europe's human capital to thrive*". The role of European social research in steering such pathways towards equitable growth is therefore paramount.

Which policies against poverty and social exclusion?



4. WHICH POLICIES AGAINST POVERTY AND SOCIAL EXCLUSION?

This chapter attempts to present some of the main policy developments on exclusion and poverty as analysed by the different European research projects under review. It stresses the contribution of the social investment perspective whilst recognising that there cannot be a "one size fits all" approach to the great variety of social policies and welfare situations in the EU. In fact, there have been heated debates in Europe on what has worked better or less well on the social exclusion front. This is why the persistence of poverty and exclusion in Europe continues to call for a solid "Social Pillar" that at last helps curb these phenomena significantly and durably.

4.1. Early life

Growing up in poverty has adverse consequences for children. Therefore, preventing or lessening the effects of poverty are central policy concerns. (EC/EACEA/Eurydice/Eurostat, 2014). Children are at greater risk of poverty or social exclusion than any other age group in 20 of the EU 28 Member States. In 2013, the AROPE poverty rate was 27.6% in EU 28 for children (0-17 years) compared to 24.5% for the total population, 25.3% for adults (18-64 years) and 18.3% for elderly (65+ years).

Member States with low children poverty rates include Finland (13.0%), Denmark (15.5%), Sweden (16.2%), the Czech Republic (16.4%) and the Netherlands (17.5%). Member States with high poverty rates are Malta (32.0%), Spain (32.6%), the United Kingdom (32.6%), Ireland (33.1%), Lithuania (35.4%), Greece (38.1%), Latvia (38.4%), Hungary (43.0%), Romania 48.5% and Bulgaria (51.5%).

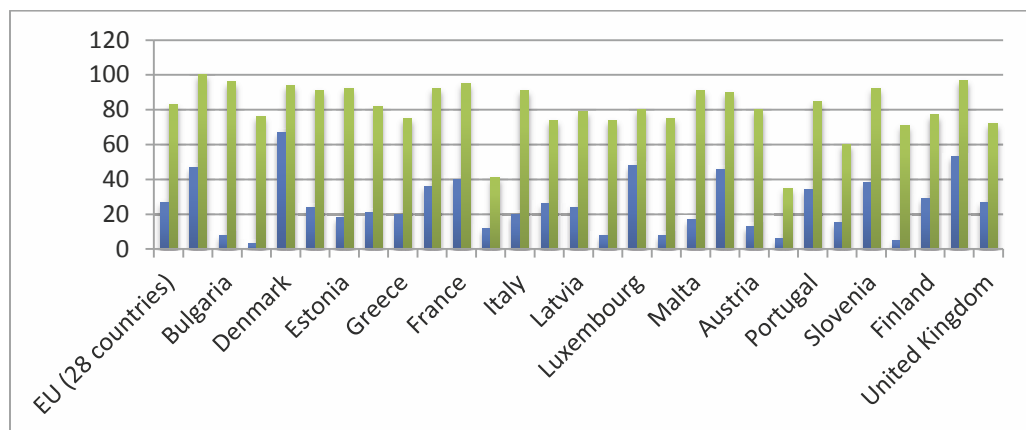
Investments in early life can thus be directed at the foetus or the child, or else they are very likely to pass through the family. Family investments in children can be underpinned by leave schemes and counselling that improve the amount and quality of child-parent interaction. Maternity and paternity leave schemes give parents more time with their children in order to improve the quality of their relationship. In general in the EU, only 61.7% of mothers (aged 25-49) with children below six years are employed, compared to 76.9% of women without children (EC, 2016b). One of the key issues in increasing the labour force participation of women is therefore the compatibility of childrearing and employment. Family policies, especially high-quality childcare services accessible to all children and availability of part-time work are particularly useful in this regard. Child care availability in particular affords working women better quality of life chances but also as shown by FamiliesAndSocieties plays a positive role in helping children's development (cognitive capacities) (Ruiz et al. 2015; Balbo, Billari, Mills 2013; Olah, Richter, Kotowska, 2014).

Furthermore, the DRIVERS project has shown that high-quality early childhood programmes improve health and reduce inequalities (DRIVERS, 2015). Early and high quality childcare before the age of three is key for social investments in children (especially from disadvantaged families) and proves to have positive long-run consequences on health, school and work outcomes (Morrison et al., 2014; Goldblatt et al., 2015; Pillas et al., 2014).

Nonetheless, as shown in Figure 6 the fact remains that most Member States do not provide sufficient early childcare. Childcare coverage is markedly lower for the youngest children than for the older pre-school ones. Across the EU, informal

childcare covers 83% of the children population between 3 years and school age but only 27% of the children population below 3 years. Childcare coverage for children under 3 years old varies from 3% in the Czech Republic to 67% in Denmark. Childcare coverage for children between 3 years and school age varies from 35% in Poland to 100% in Belgium.

Figure 6. Children in formal care according to age, 2012



Source: Eurostat (2014, tps00185). Blue columns are for children under 3 years old and green ones for children between 3 years and compulsory school age. (Sample of EU MS).

Good quality childcare constitutes an investment and thereby can reduce poverty in the medium term. But childcare also helps combat poverty in the short term. Examining how local welfare provision affects the labour market effects of women, the FLOWS and FamiliesAndSocieties European research projects find that care for children (and the elderly) together with human capital investments are the most important local welfare policies which allow for greater female labour market participation (Brilli, Del Boca, Pronzato, 2015; FLOWS, 2014; Kuronen et al., 2015).

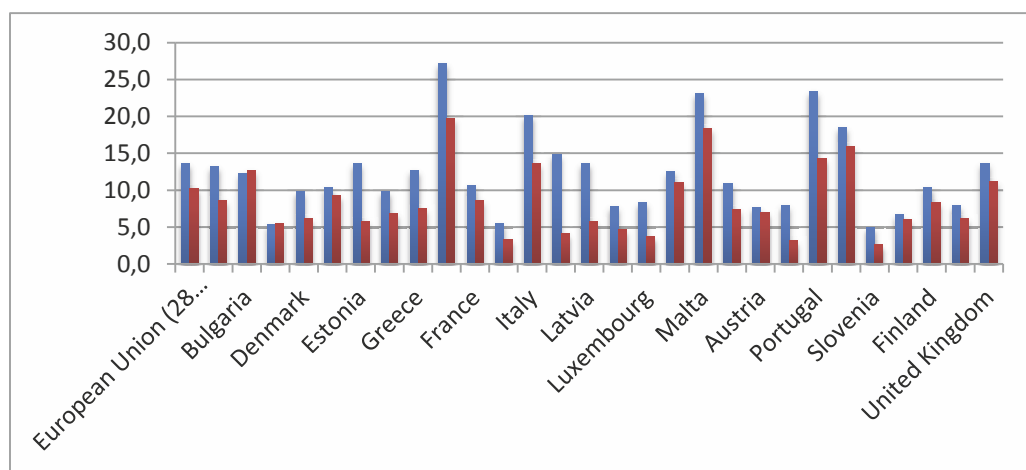
4.2. Adolescence and early adulthood

Adolescents build on what they have learned in childhood and prepare themselves for early adulthood. But they also engage in risky behaviour and may start unhealthy life styles linked to smoking, drinking and other addictions or develop mental health problems. European research has shown that it is essential to understand personal traits in childhood and youth in relation to family contexts (EC, 2015b). In this regard, the contribution of clinical psychology and psychoanalysis based on sound clinical evidence is crucial.

This research opens up the potential for more nuanced policy measures that aim at instilling assertiveness, persistence and other personal traits that are helpful for successfully managing life transitions. Such measures include psychological support and family counselling, combatting drug misuse and promoting good physical and dietary habits. As research shows poor families are more likely to be affected by such disorders given their more limited access to information and public services (Morrison et al., 2014) and lower economic and social capital.

Social investments during adolescence should also support teenagers in the educational system. Education is positively associated with work and health which in turn are associated with lower levels of poverty. The EU2020 strategy operates with a headline target of maximum 10% of early school leavers (EC, 2010), with however no gender specific targets despite marked gender differences. In 2013, 12% of youth from 18 to 24 years left school early in EU28 whilst the share of males was 13.6 and 10.2 for females (Eurostat, 2014 edat_lfse_14). This reflects a positive development over the last decade as the share of early leavers was 16.4% in total, 18.5% for males and 14.3% for females.

Figure 7. Early school leave rates percentage 18-24 years by gender, 2013



Source: Eurostat (2014, edat_lfse_14). Blue columns are for men and red ones for women. (Sample of EU MS).

Table 7. Urban Youth and Inequality

Youth have very different life chances in Europe depending on where they were born and live. Against the backdrop of the disproportionate impact of the crisis on youth, CITISPYCE examines inequalities faced by young people in European urban areas and tests whether local models can be developed into new policy approaches (CITISPYCE 2016a; 2016b). Evidence from the project shows that:

- *Fiscal retrenchment across Europe significantly limited access to good quality education and training opportunities for young people.*
- *Policies and interventions to reduce the level of un-employment amongst young people have been – and to a great extent continue to be – focused on moving them into jobs that are low skilled, temporary and poorly paid. These rarely offer opportunities to learn on the job.*
- *There is a lack of alternative pathways (including signposting towards support) for those young people not in training or employment who wish to 'go-it-alone' outside the formal job creation/welfare support services.*
- *Deprived neighbourhoods tend to become containers of deprivation severely impacting and limiting the life-worlds of young people (as well as other inhabitants) who reside in them. This also leads to a significant reduction in the possibilities for integration, connection and inclusion in the broader life of the city and nation.*

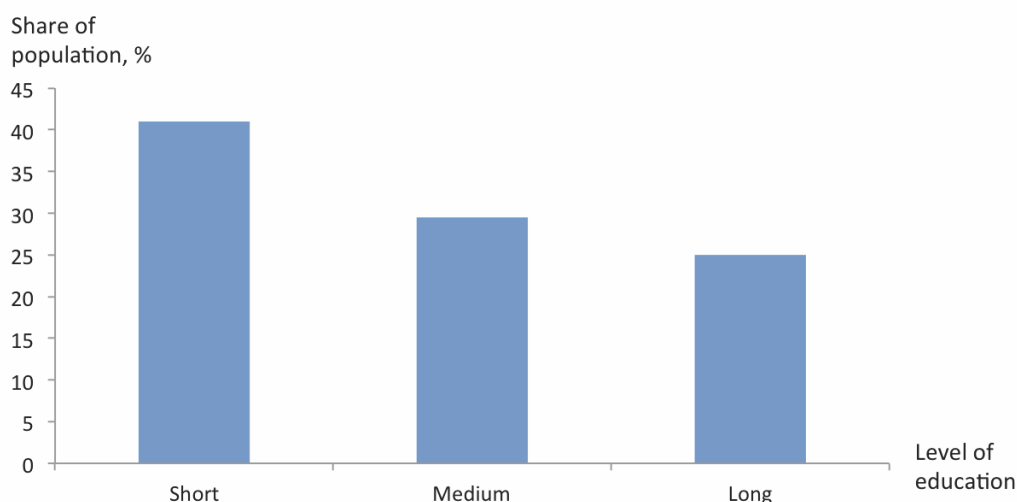
Another crucial life event with potential links to poverty is becoming a parent. As studies in FamiliesAndSocieties have found economic uncertainty and a lack of public policies supporting families have adverse impacts on both fertility rates and the age of leaving the parental home (Esping-Andresen, 2002; Oláh et al. 2014; Tanturri et al., 2015; Miettinen et al, 2015). Looking at recent data one finds that the average age of leaving the parental home was 26.2 years in EU 28 in 2012 (Eurostat, 2014 yth_demo_030). The average age varies a lot between Member States. Swedes are on average 19.9 years old when they leave their home but Croats are 32.7 years old. Also women in general leave the parental home earlier than men, with an average age of 25.1 and 27.3 years respectively. One can easily understand that one of the reactions of youth facing poverty is to stay longer at home with their parents. This, in turn, has adverse consequences on the overall family living standards, the capacity of young people to have access to a more independent and active life and the ability to start their own families.

4.3. From education to work

The transition from education to work is an important life event and a litmus test for social investment policies. However, the economic crisis has had a dramatic impact on youth as they have become more excluded from society. Cohorts facing the labour market in the last few years risk becoming a 'lost generation'. At the end of 2014 youth unemployment stood at 21.4% in EU 28 compared to 15.2 in 2008 prior to the crisis. Long-term unemployment (more than 12 months) was 7.1% for youth aged 15-29 years in 2013. (Eurostat, 2016 yth_empl_120)

Figure 8 also shows that education is positively related to good health, i.e. the longer one stays in education, the fewer health problems he/she will have. Consequently, poor people have fewer chances to attend education and thus are more likely to have health problems which, in turn, are likely to severely affect their capacities to get out of poverty.

Figure 8. Longer education results in fewer health problems



Source: Eurostat (2015) People having a long-standing illness or health problem, EU 28, 2013, by educational attainment level (%) (hlth_silc_05).

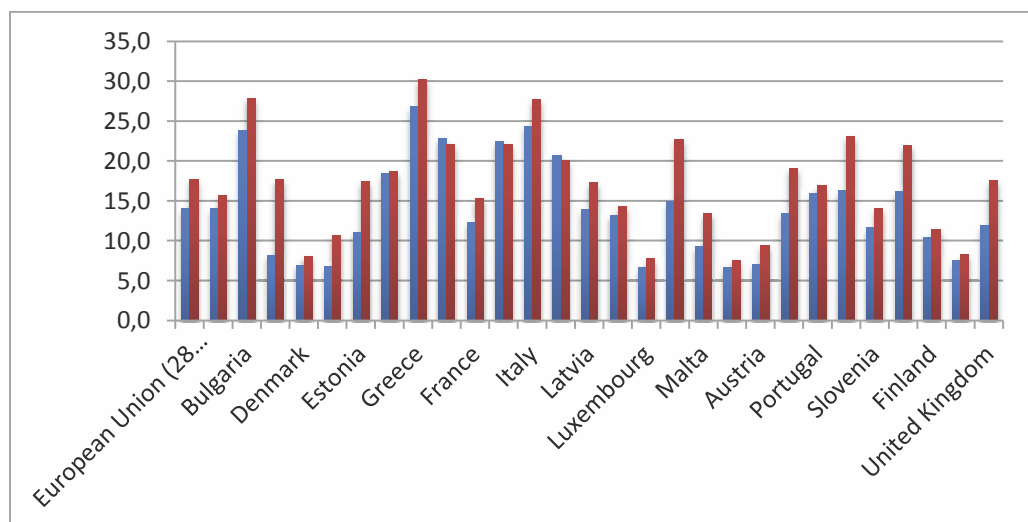
Note: Short education is pre-primary, primary and lower secondary education (ISCED levels 0-2), medium education is upper secondary and post-secondary non-tertiary education (levels 3 and 4) and long education is first and second stage of tertiary education (levels 5 and 6).

Furthermore, European research projects STYLE and CUPESSE show that the transition from school to work is arguably the most important transition in our working lives since a bad start – either in terms of late start or in a bad job – tends to have lasting effects (Ellison, 2014; Hörisch et al., 2014). Bad job prospects translate into poverty. In 2013 the rate of youth aged 15-29 years who were at risk of poverty or social exclusion was 30.0%.

In particular, STYLE research shows that young people’s unemployment experience increases the likelihood of them being unemployed later in adult life (Gonzalez Carreras, Kirchner Sala, Speckesser, 2015). These “scarring” effects (especially of long-term youth joblessness) leave a legacy that reduces lifetime earnings, increases the risk of future periods of unemployment, augments the likelihood of precarious employment, and results in poorer health, well-being and reduced job satisfaction more than 20 years later (O’Reilly et al., 2015). What is more, such developments could lead to social division as both within countries and across the EU young people will become more sceptical of the capacity of those who govern to meet their needs. Long-time unemployment or low labour market progress and prospects impact heavily and negatively on the values, aspirations, and attitudes of the young (EC, 2012).

The NEET rate (*Not in employment, education or training*) is another particularly good indicator since it measures whether youth are using skills or acquiring new ones. The NEET aged 15-24 in the EU 28 rose to 13.0% in 2013 from 10.9% in 2008 (EU 27) prior to the crisis. There were 9.5% of youth aged 15-19 years in 2012 (EU 27) who were living in households with very low work intensity (Eurostat, 2013 yth_incl_100). A Eurofound study has shown that the estimated cost of young people who are not in employment, education or training (NEETs) in 26 Member States was around €156 billion (representing 1.51% of the EU’s Gross Domestic Product) (Eurofound, 2012). Unfortunately very few Member States meet the EU 2020 target of reducing the NEET rate below 10% - namely Netherlands, Sweden, Luxembourg, Austria and Denmark.

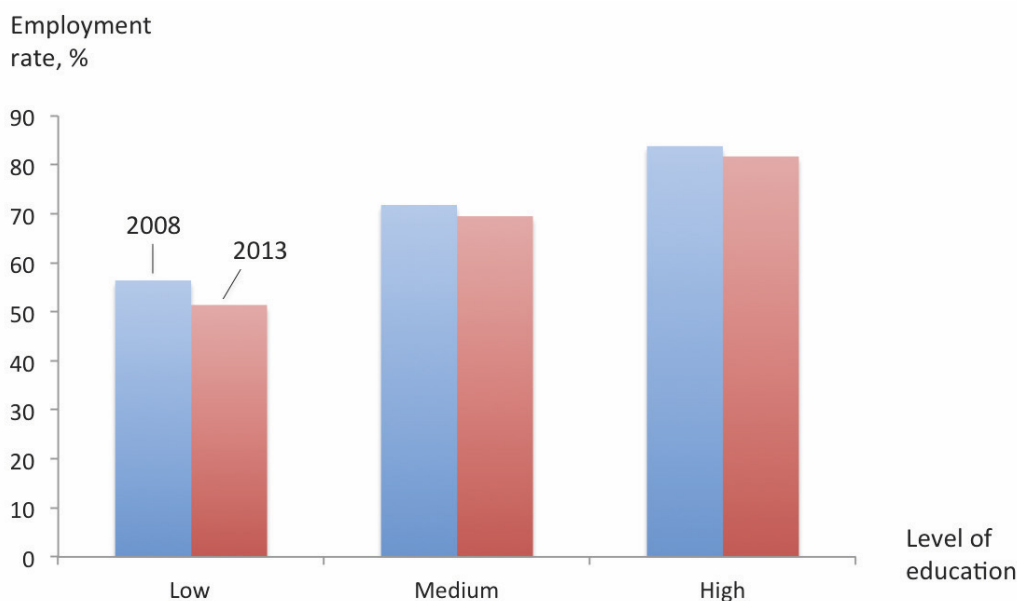
Figure 9. Young people from 15 to 29 years not in employment and not in any education and training by gender, 2013, percent of age group



Source: Eurostat (2014, yth_empl_150). Blue columns for men and red ones for women. (Sample of EU MS)

These observations are very important since it is well established that a significant determinant of employment is education. In 2013, the employment rate of people with low education was 51.4% whereas for people with high education it was 81.7%. As shown by Figure 10, the education gap in employment between the low and the highly educated has increased from 27.4 percentage points in 2008 to 30.3 percentage points in 2013.

Figure 10. Employment rates by educational attainment in EU 28, 2008 and 2013

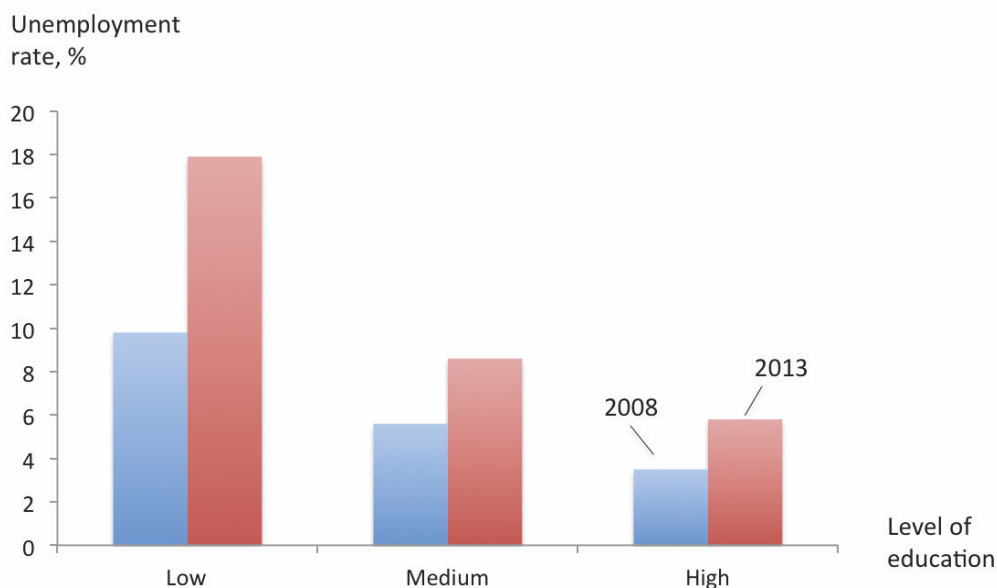


Source: (Eurostat, 2014 tsdec430).

Note: Low denotes less than secondary level (ISCED 0-2), medium is upper secondary and post-secondary and post-tertiary levels (ISCED 3-4), and high is short-cycle tertiary level and above (ISCED 5-8).

The economic crisis has also increased the unemployment rate of people with low educational attainment; rising from 9.8% in 2008 to 17.9% in 2013 (Figure 11). The figures for people with high educational attainment were respectively 3.5% and 5.8%. This confirms the observation made by European research that poor people, already affected during the years of economic growth, suffer even more during economic downturns. The GINI European research project, for instance, shows that household joblessness is a key driver of poverty and deprivation. Hence, active labour market policies and other measures that can target the poor and provide them with job opportunities are essential.

Figure 11. Unemployment rates of the population aged 26-64 by level of education in EU 28, 2008 and 2013



Source: (Eurostat, 2014 tsdec430).

Note: Low denotes less than secondary level (ISCED 0-2), medium is upper secondary and post-secondary and post-tertiary levels (ISCED 3-4), and high is short-cycle tertiary level and above (ISCED 5-8).

Table 8. Skills and Lifelong-Learning

Project LLLight'in'Europe (2015) shows that:

1. Persons who are more exposed to complexity, and have more capacity to solve this complexity, experience higher incomes. This is not a coincidence. The skill to solve complexity is critical for being more innovative, for increasing productivity, and for strengthening value creation. Individuals profit from this skill with higher income potential, companies achieve higher profitability, and regions increase the welfare of their residents. Using and strengthening complexity resolution skills should therefore be a vital component of any innovation and growth strategy.

2. There are strong links between employability, lifelong learning and social cohesion. Participation in lifelong learning in form of training is highly relevant directly for improved employability, as well as indirectly via contribution to skills upgrade. Research findings demonstrate that most of the outcomes of non-formal trainings are recognized by the participants to have had positive effects on employability. Participants report in most cases that the non-formal education activities have resulted in finding a job or a new job or in improving their salary.

What can be done to get the young out of the trap of no or low education, unemployment, poor pay and poverty? It is obvious that EU countries follow different institutional and policy paths with more or less success (EC, 2012; EC,

2015a). The GINI European research project actually reports that those with the weakest skills, experience and aptitudes cannot always benefit from jobs (Nolan et al. 2014). What is more since the beginning of the 2008 crisis, the adequacy of social assistance has declined while poverty has increased (Nelson, 2013). It is therefore necessary to reinforce social assistance and other means-tested benefits which provide a social safety net. To put it differently, policymakers must remember that social investment policies cannot replace social assistance and social insurance but supplement them. This is what the crisis has clearly showed. Member States with a strong welfare state have fared much better in fighting poverty. Conversely, cutting welfare state assistance to the poor in times of economic crisis (as a result of austerity) leads to rising levels of poverty (Matsagani, Leventis, 2014a).

4.4. The role of public services

Another crucial policy lesson is the importance of integrating the various services dealing with people at risk of poverty and social exclusion. Bureaucratic fragmentation between State services or between State and local services is a recipe for more poverty. European research projects INSPIRES, COPE and LOCALISE emphasise that integrated social and labour market policies at the local level are key to successfully reducing risks connected to social exclusion. Policy programmes directed to different spheres of people's lives – education, health, work, and family - should ideally work together (LOCALISE, 2012; Zimmerman et al., 2014; Heidenreich, Rice, 2016; Heidenreich, Aurich-Beerheide 2014; Minas, 2014).

Through comparative case studies, the projects make the case for greater service integration as a response to the multiple problems faced by socially excluded and poor people (addiction, poor health, divorce, unemployment etc.) (LOCALISE 2014; Halvorsen, Hvinden 2014; Halvorsen, Hvinden 2016). In particular according to project COPE this would involve the following:

- Inter-organisational coordination among public, private and third-sector actors driven by different logics (rule-driven, profit-driven and solidarity-driven) and modes of operation (hierarchy, market, network).
- Inter-organisational coordination among service agencies operating in different policy fields through national coordination, (decentralised) organisational integration in one-stop shops, or decentralised, network-based forms of collaboration.
- Inter-organisational coordination among different political and administrative levels and their respective resources and competencies.

In this context, a good deal of academic debate has focused on the question of social innovation. For many, the stagnation or even the acute decrease in public funds has meant that social services should do more with less. Funding services has thus been replaced with smart and efficient processes of cooperation and cutting red tape. Nonetheless, the overall result of social innovation deserves to be analysed with caution (EC, 2013f) since social innovations may not be the answer to all problems. Studying local welfare innovations for greater cohesion, the WILCO European research project found a marked gap between realities and the public view. Effectively, social innovations are often portrayed as a solution to both social problems and economic growth but according to WILCO their success and sustainability are more often the exception rather than the rule. Many social innovations are limited in time and scope and short-lived. They often do not complement or connect sufficiently to economic growth strategies, and cannot easily

gain recognition and sustainability if authorities do not adopt an open governance style (WILCO, 2014; Evers, Ewert, 2012; Brandsen, 2014).

4.5. From work to retirement

Increased longevity in the 20th and 21st centuries has contributed to old age becoming a distinct phase of the life course. However, there are big differences in the population of senior Europeans. These differences show themselves between socio-economic groups within Member States. The DRIVERS European research project shows how more educated and socially advantaged groups are more likely to experience less morbidity and disability than less educated and socially disadvantaged groups (see Figure 8).

Active ageing aims to postpone and make more sustainable the transition from work to retirement and to boost active, independent and healthy living and thus increase wellbeing and reduce care needs and their associated costs. In this regard on-going reforms purporting to rise retirement ages in most Member States seem to be a logical solution. Nevertheless, as project MOPACT shows the mechanistic increase of retirement ages cannot become a solution without other important accompanying measures aiming to improve the well-being of senior citizens. What is more, such measures need to be put in place from an early age in order to allow people to reach old age in good mental and physical conditions. Again, people who are poor at the start of their lives are less likely to benefit from such measures. The DRIVERS European research project shows precisely that early preventive measures can delay the onset of age-related mental and physical disabilities (Marmot et al., 2012). Similarly research in MOPACT shows that early detection and quality care can help prevent or delay the development of chronic disease and minimise their consequences.

4.6. Redistributive policies against poverty. What works?

The role of tax and benefit systems in tackling social exclusion and poverty is paramount. Efficient and effective policies of redistribution reinforce solidarity and are the best long-term guarantee for equitable and sustainable growth. As shown in this Review the effectiveness of redistribution can also have a beneficial effect on the legitimacy of our political systems. Evidence based research is thus crucial in identifying the policies that would deliver those kinds of social benefits.

The ImPRovE project systematically examined the relative effectiveness of different types of tax and benefits instruments in reducing risk of poverty (or limiting its increase). In particular, utilising simulation techniques⁴ project researchers have measured the implications of increasing or reducing the size of different instruments in seven EU countries (chosen for their diversity of tax-benefit system, geographic location and economic situation). The instruments chosen in light of their potential impacts on household income were: child benefits, minimum income components of social assistance, income tax lower thresholds and minimum wages, as well as one more general aspect of policy-making: the regular indexation of benefit levels and tax thresholds (Leventi, Sutherland and Valentinova-Tasseva, 2016).

⁴ EUROMOD tax-benefit microsimulation model.

The researchers have found that the most cost effective⁵ instrument of the five considered was different across the seven countries and that the assessment depended on whether the poverty headcount or poverty gap was used as the outcome indicator.

Based on the poverty headcount, increasing social assistance appears to be the most cost-effective approach in Belgium and the UK. However, this would require corresponding increases in the minimum wage (or similar) to ensure that there are still sufficient incentives to work⁶ (Collado et al., 2016). Additionally, child benefits are the most effective of the available policies in reducing the population headcount in poverty in Greece, Italy, Bulgaria and Hungary. On the other hand, increasing the income tax threshold scores particularly badly in terms of value-for money in the UK, Greece and Belgium.

Looking at the poverty gap is equally important for obtaining a more sound understanding of the cost effectiveness of the different instruments. As noted by the researchers the effect of social assistance in Estonia provides a good illustration of this. The change makes no difference to the headcount unless it is scaled up to be almost double its current value. However, it scores very highly in cost effectiveness terms when the effect on the poverty gap is measured. This is because the existing level of social assistance is very low relative to the poverty threshold. Thus, the starting point matters.

The starting point also matters in another way. In countries without one of the different instruments as part of its system, the relative effectiveness of the remaining instruments may be inflated. For example, if Greece had a minimum income social assistance scheme in place then its child benefit might look less effective than shown by the results.

What transpires from the findings, perhaps unsurprisingly, is the absence of universal solutions to what might appear as identical problems. Local contexts and institutions, the availability or not of policy instruments and the social and economic processes for putting them into place are of great importance. The irrelevance of one-size-fits-all approaches is a major lesson coming out of European research. The failure of policies that bank on implementing universal solutions to local problems cannot therefore be considered an accident. The EU in the aftermath of the debt crisis has a role to play in supporting policies that are evidence based, better cognizant of local realities and sensitive to complexity. This is particularly relevant in the case of redistributive policies, which are underpinned by notions of social justice, fairness and solidarity.

⁵ Cost effectiveness was calculated as the ratio of the percentage point change in poverty (headcount or gap) to the net cost to the public budget (or employers in the case of the minimum wage) expressed as a proportion of GDP. The focus was on the changes in the scale of the instrument rather than its design; second order effects were not captured.

⁶ Collado et al. (2016) estimate that the cost of raising social assistance to the level needed to bring people out of poverty without damaging work incentives would be roughly double that required without considering the damage to work incentives.

Policy recommendations



5. POLICY RECOMMENDATIONS

In spite of large redistributive efforts of welfare states, the reduction of poverty and social exclusion remains a huge challenge in Europe. Exclusion and disparities remain persistently high in many EU countries and the EU2020 targets seem unattainable. In 2008, before the launch of the Europe 2020 initiative, there were 116.6 million people at-risk of poverty or social exclusion, equal to 23.8% of the population in EU27. Six years later, in 2014 there were 122.3 million people at risk of poverty or social exclusion or 24.4% of the population in EU 28 (Eurostat, 2015). Of course, as has been made clear in this Review this number includes a wide variety of social groups (across all EU countries) which do not necessarily face the same challenges or have the same needs. Women, youth, migrants, single parents, the unemployed and the disabled are amongst the most vulnerable. Better calibrating our indicators, methodological instruments and ultimately policies for targeting those in need would improve our capacity to effectively tackle social problems. In this the role of socio-economic research is crucial and Framework Programme projects have indeed produced significant methodological innovations, policy evaluations and evidence based recommendations which should inform our future campaigns against exclusion(s) and poverty.

This Review has shown that bolstering European welfare states is a cardinal precondition for greater social cohesion and economic development. And successful welfare states need a well-designed complementarity between social investment and protection. Developing human capital, innovation and productivity via education, training, family-policies and activation and 'protecting human capital' by means of the traditional instruments of social protection (cash benefits, healthcare) and protection of employment conditions (notably minimum wages) are two sides of the same coin (Vandenbroucke, 2015). What is presently at stake, as highlighted by President Juncker, is a process of upward social convergence in EU member states. Insights from European research offer the following lessons as regards the attainment of this goal.

Adopt a life course perspective on social investments to fight poverty

A life course perspective on social investment can help prevent poverty from occurring, dampen its consequences, and get people back on track with their lives.

Social investment strategies look at how policies in one stage in life can help meet later events such as parenthood, illness, unemployment and ageing; and how policies can support transitions such as from school to work and from work into retirement. Social investments can help individuals cope with increasingly dynamic and complex life courses in a rapidly changing world.

This policy review illustrates five types of benefits that a life course perspective on social investments brings to policy-making:

First, the perspective allows studies from multiple scientific disciplines to inform each other and policy-making. As illustrated by this review research in medicine, psychology, economics and sociology provides important pieces of the puzzle on how to further personal development and thereby reduce poverty.

Second, the life course perspective is sensitive to social and structural changes in our rapidly changing global societies. Many research projects study how profound changes in family structures and labour markets have made previous policies less effective or even counterproductive.

Third, the life course perspective addresses population diversity as individuals' life trajectories in education, family, work and health vary a lot depending in part on their choices and opportunities.

Fourth, the perspective allows acknowledging the dynamic and multidimensional nature of social phenomena.

Fifth, the perspective has high policy relevance because it informs policy-makers about what policies work in which ways for various socio-economic groups at different stages of their lives.

Use social investment policies against poverty and social exclusion in key areas

Early investments in children are recommended by GINI to further reduce social, economic and health inequalities, and associated expenditures. DRIVERS contends that action to reduce health inequalities must start even before birth and should be followed throughout the life of the child.

Based on project findings the following policies addressing life events and transitions in families, education, work and health should be recommended:

- Families: Accessible, good quality childcare and early childhood education combined with family support measures like leave schemes (both for fathers and mothers), child allowances, family counselling and rehabilitation for parents in need.
- Education: parenthood support for the disadvantaged, health campaigns and outreach projects for vulnerable pregnant women and new mothers, affordable high quality early childhood education and schools, more opportunities for vocational training and tertiary education, and life-long learning, especially for vulnerable groups (youth, women, migrants, long-term unemployed, disabled).
- Work: improved work environments, lifelong learning opportunities, social protection and wage subsidies, better and later transitions into retirement. Past employment growth in Europe did not deliver the hoped-for declines in poverty and exclusion. In many instances, growth in employment was achieved at the expense of job security and quality while income support through social insurance and social assistance was eroded. Active labour market policies can help ensure the poor benefit more when new job opportunities arise, but for those with the weakest profiles in terms of skills, experience and aptitudes such policies have their limits. Declining minimum-income protection levels would thus be problematic. Low poverty does not automatically arise out of well-functioning labour markets
- Health: prenatal care, nutrition and early physical and social measures for children and elderly segments of the labour force.

Target and tailor policies to different socioeconomic groups

There are wide differences in the range of individuals' functionalities according to socioeconomic dimensions.

Vary social investment policies at different life stages and transitions

- Use policies that support individuals' growth and development in their early life phases.
- Use policies that maintain and improve individuals' functionalities in their prime age.
- Use policies that rehabilitate individuals' functions when they are entering retirement or have previously experienced a drop in functionality.

Equitable and effective welfare systems are the best policy against social exclusion and poverty

The best performing countries in terms of economic, employment, social cohesion and equality outcomes have in common a large welfare state that invests in people, stimulating and supporting them to be active and also adequately protecting them and their children when needed.

In-kind provision of services, all the way from early childcare and education through housing, healthcare and personal social services, matter greatly if societies are to be more cohesive and productive. As well as the cost, access, availability and quality of these services also substantially influence social gradients in utilisation and benefits.

Put increased emphasis on social protection

Importantly projects like GINI, COPE and IMPROVE emphasise that social investments may complement social protection and other traditional poverty alleviation measures, but that they cannot replace them. Social insurance compensates income loss and social assistance and other minimum income schemes are important for poverty alleviation. What is more social protection helps people retain and increase their skills and increases their chances of succeeding in transitions. The role of unemployment insurance is particularly important in this regard, assisting people with re-entering labour markets and re/upskilling.

Promote the variety of social innovations

Social innovations can help advance social investments.

Projects CITYSPYCE, INSPIRES, LOCALISE, and WILCO recommend supporting cross-sectoral cooperation, involving stakeholders, allowing for local and regional adaptation and provision of social investment measures, stimulating a learning culture, promoting best practices and innovative projects and experiments.

The official EU poverty and exclusion indicators should be improved

According to the current official poverty indicators almost one in four EU citizens is at risk of poverty or social exclusion (AROPE).

Nonetheless, FP7 funded research has shown that AROPE suffers from a series of problems:

- It cannot cope with rapid shifts in income levels caused by the economic crisis
- It includes some persons who are not poor while excluding others who are, and
- It masks differences in the prevalence of poverty between and within socio-economic groups.

Establish a list of risk factors and protective factors

Risk factors and protective factors mediate the occurrence, intensity and consequences of poverty and exclusion. Risk factors and protective factors vary across the life course. Indicators on risk factors and protective factors for poverty and exclusion can inform policy-making and interventionist strategies.

Introduce reference budgets to capture the nature and extent of social exclusion and poverty

There are people living at risk of poverty or social exclusion – according to AROPE - that do not lack material goods. For example many financially poor Nordic old age pensioners have access to universal, often free, health and long-term care. Also there are people in jobs with incomes above 60% of the median that, nevertheless, face difficulties making ends meet for them and their families.

To better capture the nature of poverty project ImPRovE studied how reference budgets can be used to better understand the situation of poor people in various groups over the life course and in different countries.

Use social gradients more

Project DRIVERS showed how social gradients determine a lot of health inequalities. Social gradients – on income, mothers' education, gender, ethnicity, or place of residence - point to the importance of reducing poverty (also for health reasons) of especially the poorest. Social gradients give more precise and informative knowledge on whom to target.

AROPE could be supplemented with measures commonly used in public health studies, e.g. social and educational gradients, to better explain and understand the consequences of poverty.

Make more longitudinal data available

European research projects show the value of data over time - longitudinal data sets - for the analysis of social investment policies and returns. Such dynamic data are quintessential for better studying the dynamic process of exclusion and poverty and the lagged effects of earlier policies.

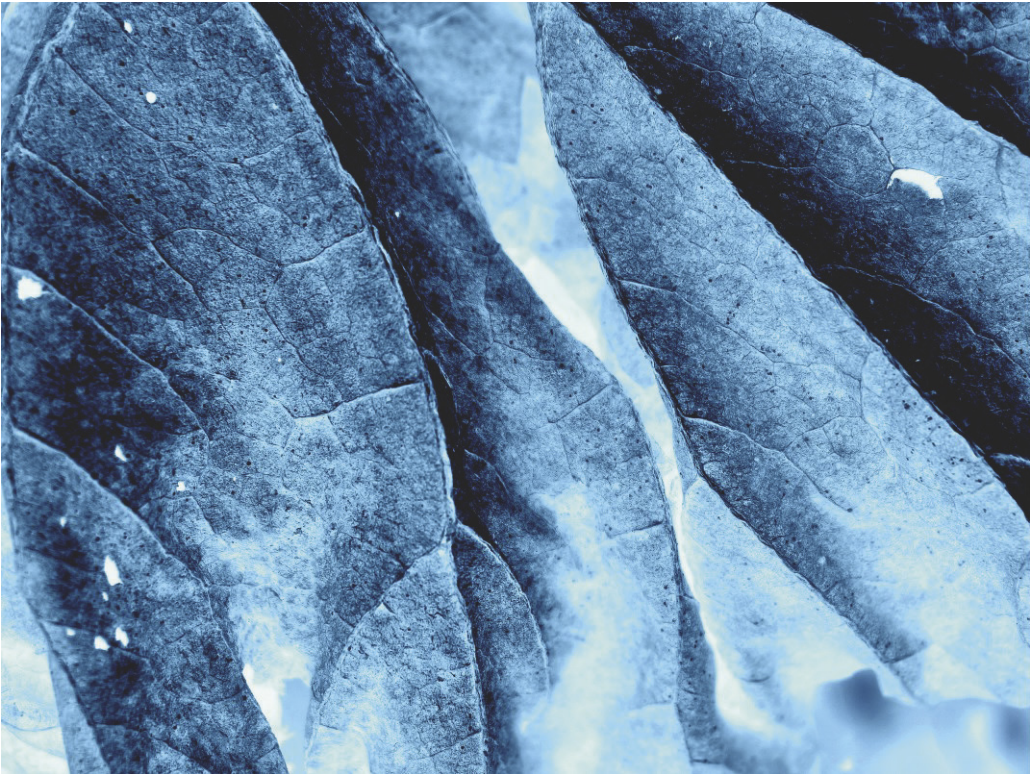
Local contexts matter

European research calls for greater attention to local contexts in the design and implementation of policies against exclusion and poverty. One-size-fits-all approaches are rarely a recipe for success. Even more so when the objective is to enhance peoples' capacities to successfully cope with multiple, complex life transitions and challenges. The role of evidence in influencing the logic and scope of relevant policies is thus of great importance.

Feed evidence from systematic reviews into the European Semester process

European research projects undertook literature reviews identifying the state-of-the-art in their fields. Reviews may also help focus the organisation and assessment of local innovation projects. Systematic reviews could help inform the country specific recommendations on social investments that are part of the European Semester. European research can play a crucial role in developing tailor made indicators which would allow stock-taking of implementation and impact.

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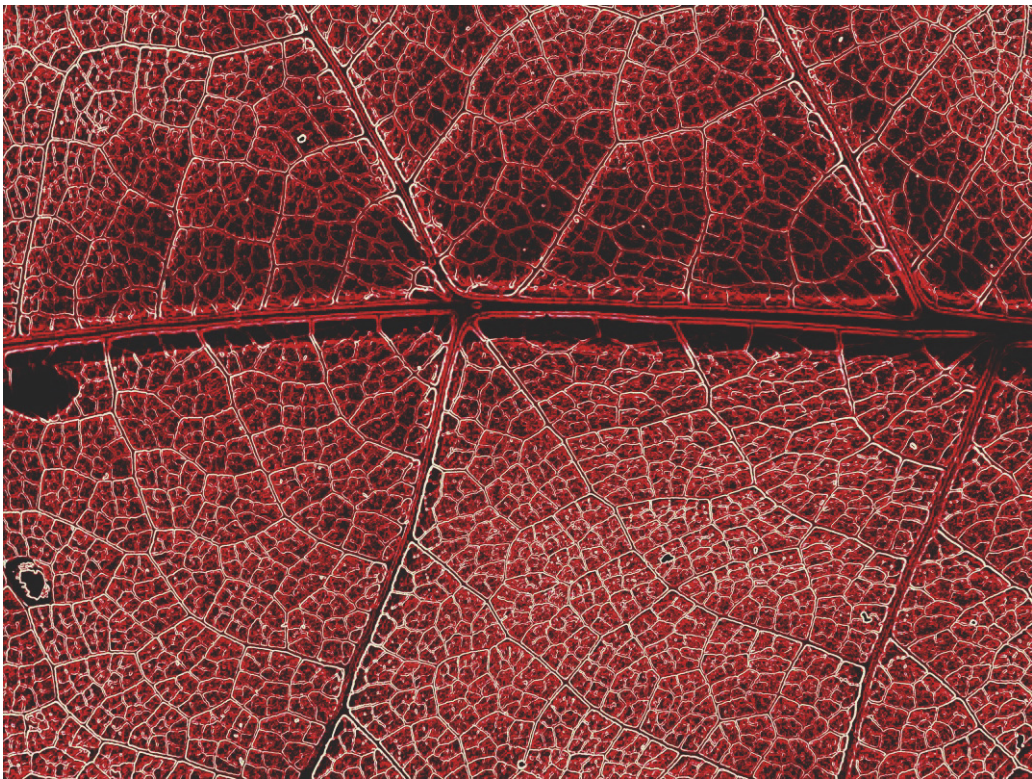
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Annex: Reviewed Projects



ANNEX: REVIEWED PROJECTS

CITISPYCE - Combating inequalities through innovative social practices of, and for, young people in cities across Europe

CITISPYCE aims to examine the current state of social innovation against inequalities faced by young people, particularly those disadvantaged by ethnic origin, cultural background, area of living, family and educational and economic situation. CITISPYCE explore socially innovative practices being developed by, and for, young people in urban areas to improve their ability to participate in economic activity and to engage in civil society. CITISPYCE test the transferability of local models of such innovative practices.

Partners: Aston University (coordinator) (UK), Birmingham City Council (UK), Universitat de Barcelona (ES), Hamburg University of Applied Sciences (DE), Malmö University (SE), City of Malmö (SE), Masaryk University (CZ), Krakow University of Economics (PL), Krakow City (PL), PlusConfidence (NL), International Centre for Minority Studies and Intercultural Relations (BG), Kendro Merimnas Oikoyenias Kai Pediou (GR), and Università ca'Foscari Venezia (IT).

Webpage: <http://www.citispce.eu/>

COPE – Combating Poverty in Europe

COPE aims to picture poverty and social exclusion in Europe, to examine the complex governance structure of European, national and local policies of minimum income schemes and to assess their impact on the beneficiaries.

Partners: University of Oldenburg (coordinator) (DE), University of Edinburgh (UK), Norwegian Social Research, NOVA (NO), Lund University (SE), University of Warsaw (PL), and University of Milan (IT).

Webpage: <http://cope-research.eu>

CUPESSE – Cultural pathways to economic self-sufficiency and entrepreneurship

COPE aims to obtain a comprehensive picture of the causes and consequences of unemployment among young people as well as to formulate policy strategies and recommendations for addressing this ever-growing issue.

Partners: University of Mannheim (coordinator) (DE), University of Vienna (AU), University of Economics Prague (CZ), Aarhus University (DK), Central European University (HU), University of Catania (IT), University of Granada (ES), Pompeu Fabra University of Barcelona (ES), University of Bern (CH), Koç University of Istanbul (TUR), Newcastle University upon Tyne (UK), European Research and Project Office GmbH (DE).

Webpage: www.cupesse.eu

DRIVERS – Addressing the strategic Determinants to Reduce health Inequity Via Early childhood, Realising fair employment, and Social protection

DRIVERS aims to promote health equity through policy and practice in early childhood development, employment & working conditions, and income & social protection.

Partners: EuroHealthNet (coordinator) (EU), University College London (UK), Universität Düsseldorf (DE), Center for Health Equity Studies (SE), Business in the Community (UK), European Anti-Poverty Network (EU), and Eurochild (EU).

Webpage: <http://health-gradient.eu>.

FamiliesAndSocieties

FamiliesAndSocieties aims to investigate the diversity of family forms, relationships, and life courses in Europe; assess the compatibility of existing policies with family changes, and to contribute to evidence-based policy-making.

Partners: Stockholm University (coordinator) (SE), University of Antwerp (NL), Institut national d'études démographiques (INED, FR), University of Vienna (AU), Warsaw School of Economics (PL), University of Oxford (UK), University of Padova (IT), European University Institute (IT), University of Turin (IT), Collegio Carlo Alberto (IT), Erasmus University Rotterdam (NL), University of Liverpool (UK), Consejo Superior de Investigaciones Científicas (ES), Vienna Institute of Demography (AU), Max Planck Institute for Demographic Research (DE),

Webpage: <http://www.familiesandsocieties.eu/>

FLAWS – Impact of local welfare systems on female labour force participation and social cohesion

FLAWS aims to analyse how local welfare provision affects the labour market participation of women, and how female employment in turn affects the life-course (of women and men), structures of inequality, social cohesion and hence the sustainability of the European social model.

Partners: Aalborg Universitet (coordinator) (DK), Universität Hamburg (DE), Universitat Autònoma de Barcelona (ES), Jyväskylän Yliopisto (FI), Trinity College Dublin (IRL), Masarykova Univerzita (CZ), Central European University (HU), Politecnico di Milano (IT), Tartu Ülikool (EST), University of Leeds (UK), Maison des Sciences de L'Homme Ange-Guépin (FR), Danish Red Cross (DK).

Webpage: www.flaws-eu.eu

GINI – Growing Inequalities Impacts

The GINI Project studies the economic and educational drivers and the social, cultural and political impacts of increasing inequality with novel contributions on the measurement of income, wealth and education inequality.

Partners: Amsterdam Institute for Advanced Labour Studies (coordinator) (NL), Amsterdam Institute for Inequality Studies (NL), London School of Economics, CASE (UK), University College Dublin (IRL), University of Milan (IT), TÁRKI (HU), and Antwerp University, CBS (BE) plus 25 individual associates on specific issues and 20 country teams.

Webpage: <http://www.qini-research.org/articles/home>

GUSTO – Uncertainty Coping

Meeting the challenges of economic uncertainty and sustainability – through employment, industrial relations, social and environmental policies in Europe

GUSTO aims to examine how the process of coping with economic uncertainty while seeking security - a central dilemma of public policy in a globalising economy - affects European countries and to consider policy options for the future.

Partners: University of Warwick (coordinator) (UK), University of Tilburg (NL), Universitat Autònoma de Barcelona (ES), Centre National de la Recherche Scientifique (CNRS, FR), Central European University (HU), Aalborg University (CARMA, DK), University of Amsterdam/Hugo Sinzheimer Institute (HIS, NL), The Department of Sciences of Communication of the University of Teramo (IT), University of Duisburg-Essen (DE), The London School of Economics and Political Science (UK), Masaryk University, Brno (CZ), The ETUI-REHS and its research department (BE), and McGill University (CAN).

Webpage: www.gusto-project.eu

ImPRoVe – Poverty Reduction in Europe: Social Policy and Innovation

ImPRoVe aims to improve the basis for evidence-based policy making in Europe on how social cohesion can be achieved and how social innovation can complement, reinforce and modify macro-level policies and vice versa.

Partners: Herman Deleeck Centre for Social Policy (coordinator) (BE), Centre on Inequality, Poverty, Social Exclusion and the City (BE), Athens University Of Economics And Business (HL), TÁRKI Social Research Institute (HU), Centre for Analysis of Social Exclusion (UK), Institute for Social and Economic Research (UK), Institute for Multilevel Governance and Development/WU Wien (AU), Università degli Studi di Urbino Carlo Bo (IT), University of Turku (FI), Research Group of Social Pedagogy and Information and Communication Technologies (ES).

Webpage: <http://improve-research.eu/>

INGRID – Integrating Expertise in Inclusive Growth

INGRID aims to integrate and to innovate existing European social sciences research infrastructures on 'Poverty and living conditions' and 'Working conditions and vulnerability'.

Partners: KU Leuven (coordinator) (BE), TARKI Social Research Institute (HU), AIAS - Universiteit van Amsterdam (NL), SOFI - Stockholm Universitet (SE), Università di Pisa (IT), Universitaet Trier (DE), Centre d'Etudis Demographics (ES), CEPS INSTEAD (LU), Luxembourg Income Study (LU), Universitat Autònoma de

Barcelona, Universiteit Antwerpen (BE), University of Essex (UK), The University of Manchester (UK), University of Southampton (UK), Universitaet Bremen (DE), WageIndicator Foundation (NL), and Centre d'etudes de l'emploi (FR).

Webpage: <http://inclusivegrowth.be/>.

INSPIRES - Innovative Social Policies for Inclusive and Resilient Labour Markets in Europe

INSPIRES aims to contribute to the resilience and active inclusion of labour markets in European countries by identifying innovative policies that contribute to resilience and inclusiveness and by analyzing strategies of policy learning that facilitate the development and transfer of these innovations within and across European countries.

Partners: Erasmus University Rotterdam (coordinator) (NL), KU Leuven - University of Leuven (BE), Queen Margaret University (UK), University of Valencia (ES), The Swiss Graduate School of Public Administration (IDHEAP, CH), Corvinus University of Budapest (HU), Stockholm University (SE), University of Kent (UK), University of Duisburg-Essen (DE), Utrecht University School of Governance (NL), Panteion University (HL), University of Urbino (IT), European Centre Maribor (SLV).

Webpage: <http://www.inspires-research.eu/>

LLLight'in'Europe - Lifelong Learning Innovation Growth & Human Capital Tracks in Europe

LLLight'in'Europe provides answers to primarily the following questions: 1. How much of which skills do European adults actually have? 2. What are the actual learning mechanisms in adult life that lead to these skills? 3. What are the causal effects of these skills on growth, competitiveness and social cohesion?

Partners: Zeppelin University (DE), Innovation and Growth Academy (NL), University of Nottingham (UK), Aarhus University (DK), IFO Institut (DE), Wageningen University (NL), University of Luxembourg (LU), University of Economics Bratislava (SK) China Center for Human Capital and Labour Market Research (CH)

Webpage: <http://www.lllightineurope.com/home/>

LOCALISE – Local Worlds of Social Cohesion

LOCALISE aims to study the radical changes in the local governance of social cohesion focusing on institutional contexts, local actors and policy impact.

Partners: University of Oldenburg (coordinator) (DE), Centre Emile Durkheim, Bordeaux (FR), Employment Research Institute of Napier University (UK), Department of Policy Analysis and Public Management, Bocconi University (IT), Stockholm Centre for Organizational Research (SE), and University of Warsaw (PL).

Webpage: <http://www.localise-research.eu>

MOPACT – Mobilising the potential of active ageing in Europe.

MOPACT aims to provide the research and practical evidence upon which Europe can begin to make longevity an asset for social and economic development.

Partners: University of Sheffield (coordinator) (UK), Paris-Lodron-Universität Salzburg (AU), University of Innsbruck (AU), European Centre for Social Welfare Policy and Research(AU), Centre for European Policy Studies (BE), Praxis Centre for Policy Studies (EE), Age Platform Europe, ETLA-Research Institute of the Finnish Economy (FI), Ruhr-Universität Bochum (DE), Julius-Maximilians-Universität Würzburg (DE), Institute of Gerontology at TU Dortmund University (DE), IAT – Institute for Work and Technology at the University of Applied Sciences Gelsenkirchen (DE), University of Technology Braunschweig (DE), TÁRKI Social Research Institute (HU), Institute for Sociology, Research Centre for Social Sciences, Hungarian Academy of Sciences (HU), Università degli Studi di Brescia (IT), INRCA- National Institute on Health and Science of Aging (IT), CCA, Centre for Research on Pensions and Welfare Policies (CeRP) (IT), CSEF – Centre for Studies in Economics and Finance, University of Naples Federico II (ITA), VUmc Amsterdam (NL), NETSPAR – Network for Studies on Pensions, Ageing and Retirement at Tilburg University (NL), Ministerie van Economische Zaken, Landbouw en Innovatie (NL), University of Oslo (NO), Centre for Social and Economic Research (PL), Institute of Social Sciences, University of Lisbon (PT), National Research Institute for Labour and Social Protection (RO), Anglia Ruskin University (UK), University of Southampton (UK), The University of Kent (UK), National Institute of Economic and Social Research (UK), Cranfield University (UK).

Webpage: <http://mopact.group.shef.ac.uk/>

NEUJOBS – Employment 2025: Creating & Adapting Jobs in the context of the Socio-ecological Transition

NEUJOBS aim to analyse future possible developments of the European labour market(s) under the main assumption that European societies are now facing or preparing to face four main transitions – socio-ecological, demographic, territorial dynamics, and skills - that will have a major impact on employment, in particular for some groups in the labour force or sectors of the economy.

Partners: Centre for European Policy Studies (coordinator) (BE), University of Birmingham (UK), Center for Social and Economic Research (PL), Central European University (HU), Delft University of Technology (NL), German Institute for Economic Research (DE), Société Européenne d'Économie (FR), European Trade Union Institute (BE), Europrism Research Centre (CY), Institute for Structural Research (PL), University of Klagenfurt (AU), Institute für Höheren Studien (AU), Institute for Human Sciences (AU), Slovak Governance Institute (SK), The Conferenc Board Europe (BE), Luiss University (IT), University of Amsterdam (NL), Netherlands Interdisciplinary Demographic Institute (NL), Roskilde University (DK), Leiden University (NL), University of the West of Scotland (UK), Masaryk University (HU), Institute for the Study of Labour (DE), Institute of Economy Research (SK), Transport and Mobility Leuven (BE), London School of Economics and Political Science (UK), Observatoire Social Européen (BE), and Mannheim University (DE).

Webpage: <http://www.neujobs.eu/>

SAMPLE – Small Area Methods for Poverty and Living Condition Estimates

SAMPLE aims to identify and develop new indicators and models for inequality and poverty with attention to social exclusion and deprivation for small area estimation. Partners: University of Pisa (IT), University of Siena (IT), University of Carlos III Madrid (ES), University of Manchester (UK), University of Miguel Hernandez of Elche (ES), Warsaw School of Economics (PL), Province of Pisa (IT), Simurg Ricerche (IT) and Central Statistical Office (PL).

Webpage: www.sample-project.eu.

STYLE – Strategic Transition for Youth Labour in Europe

STYLE aims to examine the obstacles and opportunities affecting youth employment in Europe. STYLE aims to provide a comprehensive understanding of the causes of very high unemployment among young people and to assess the effectiveness of labour market policies designed to mitigate this phenomenon.

Partners: University of Brighton (coordinator) (UK), Institute for Employment Studies (UK), Institute for the Study of Labor (DE), Centre for European Policy Studies (BE), TARKI Social Research Institute (HU), University of Trento (IT), National University of Ireland Galway (IRL), Democritus University of Thrace (HL), University of Oxford (UK), Economic and Social Research Institute (IRL), University of Salerno (IT), University of Oviedo (ES), University of Tartu (EST), Cracow University of Economics (PL), Slovak Governance Institute (SK), Metropolitan University Prague (CZ), Grenoble School of Management (FR), University of Tilburg (NL), University of Graz (AU), Copenhagen Business School (DK), Norwegian Social Research (NO), Swedish Institute for Social Research (SE), Koç University Social Policy Center (TUR), University of Turin (IT), and more than 60 stakeholder organisations and dissemination through the media agent EurActiv (BE).

Webpage: <http://www.style-research.eu/>

WALQING – Work and life quality in new and growing jobs

WALQING investigated the linkages between new and expanding jobs, the conditions of work and employment in these jobs, and the more or less favourable outcomes for employees' quality of work and life.

Partners: FORBA (coordinator) (AT), Research Institute for Work and Society (HIVA) (BE), Institute for the Study of Societies and Knowledge (ISSK) - Bulgarian Academy of Science (BG), NRCWE (DK), Roskilde University (DK), Duisburg-Essen University (DE), Centre for Social Sciences - Hungarian Academy of Sciences (HU), Center for Employment Studies - Collegio Carlo Alberto (IT), Vytautas Magnus University (LT), Autonomous University Barcelona (ES), SINTEF Technology and Society (NO), University of Manchester (UK).

Webpage: <http://www.walqing.eu/>

WILCO – Welfare Innovations at the local level in favour of Social Cohesion

WILCO aims to examine how social cohesion can be enhanced (or hindered) via local welfare systems by focusing on identifying good practices and on working with policy makers and practitioners to describe the most relevant initiatives and share lessons based on practical experiences.

Partners: Radboud University Nijmegen (coordinator) (NL), Westfälische Wilhelms-Universität Münster (DE), Politecnico di Milano (IT), Université de Genève (CH), Universitat de Barcelona (ES), University of Zagreb (CR), Centre de Recherche et d'Information sur la Démocratie et l'Autonomie (FR), Warsaw University (PL), Ersta Sköndal University College (SE), University of Kent (UK), Justus-Liebig University (DE) plus two cross-national networks, i.e. EMES network and NISPAcee, and a consultant company, European Research Services gmbh (DE).

Webpage: <http://www.wilcoproject.eu>

WWWForEurope – Welfare, Wealth, Work for Europe

The WWWforEurope project set out to find answers to many questions, central among them: What kind of development strategy should Europe opt for in the face of the financial crisis and the big challenges ahead: globalisation, demographic shifts, climate change and new technologies? What kind of strategy will guarantee Welfare, Wealth and Work for Europe in the long term?

Partners: Austrian Institute of Economic Research (coordinator) (AT), Budapest Institute (HU), Nice Sophia Antipolis University (FRA), Ecologic Institute (DE), University of Applied Sciences Jenna (DE), Free University of Bolzen/Bolzano (IT), Institute for Financial and Regional Analyses (DE), Goethe University Frankfurt (DE), ICLEI Local Governments for Sustainability (EU), Institute of Economic Research Slovak Academy of Sciences (SK), Kiel Institute for the World Economy (DE), Institute of World Economics of the Hungarian Academy of Sciences (HU), KU Leuven (BE), Mendel University in Brno (CZ), Austrian Institute for Regional Studies and Spatial Planning (AT), Policy Network (UK), Ratio (SE), University of Surrey (UK), Vienna University of Technology (AT), Universitat Autònoma de Barcelona (ES), Humboldt University Berlin (DE), University of Economics Bratislava (SK), Hasselt University (DE), Alpen-Adria University Klagenfurt (AU), University of Dundee (UK), Polytechnic University Marche (IT), University of Birmingham (UK), University of Pannonia (IT), Utrecht University (NL), Vienna University of Economics and Business (AT), Centre for European Economic Research (DE), Coventry University (UK), Ivory Tower (SE), Aston University (UK).

Webpage: <http://www.foreurope.eu/>

All projects are under the SSH FP7 Socio-economic research portfolio, except DRIVERS which is a project under FP7-Health.

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The fight against poverty and social exclusion is at the heart of the Europe 2020 strategy for smart, sustainable and inclusive growth. With more than 120 million people in the EU at risk of poverty or social exclusion, EU leaders have pledged to bring at least 20 million people out of poverty and social exclusion by 2020. In the aftermath of the crisis welfare states are called to address multi-level social risks while securing their financial sustainability. This Review presents evidence from Framework Programme research projects with a view to address the challenges of poverty and social exclusion. It puts forward policy recommendations that put the emphasis on social investment and protection and pave the way for upward convergence in employment and social issues.

Studies and reports

