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THE EUROPEAN UNION**

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COVER NOTE

from: Presidency

to: Permanent Representatives Committee (Part I) / Council (EPSCO)

Subject: Contribution to the European Council of 17 June 2010: Europe 2020 - A new Strategy for Jobs and Growth:

- EU target on social inclusion, in particular through the reduction of poverty

Delegations will find attached a Presidency note with a view to reach an agreement at the Council (EPSCO) on 7-8 June 2010.

At the meeting of COREPER on 28 May a majority of delegations supported the proposal.

Sweden presented a proposal to complement the text on the indicators.

Denmark raised some issues and entered a reservation.

Also Lithuania and Malta maintained their reservations.

PRESIDENCY PAPER

Introduction

The March 2010 European Council agreed on the EU headline targets, which constitute shared objectives guiding the action of the Member States and the Union. For the **target promoting social inclusion, in particular through the reduction of poverty**, EU leaders have called for further work on appropriate indicators. The June European Council will revert to this issue in order to set the appropriate indicators to underpin this EU headline target.

The Social Protection Committee (SPC) provided an overall contribution on the Europe 2020 Strategy. It includes a report on the appropriate indicators for the social inclusion target based on the following elements:

a) *EU target formulated in numerical terms*

The EU target will be expressed with an absolute number in the following way: **lifting xx million people out of poverty or exclusion by 2020.**

b) *EU target defined on the basis of three indicators*

The EU target entails the **definition of a reference aggregate at EU level**, i.e. the measurement of the population at risk of poverty or exclusion. This population is defined as the number of persons who are at risk-of-poverty or of exclusion according to the three following indicators:

- at-risk-of poverty (i.e. people living with less than 60% of the national median income);
- material deprivation (i.e. people who experience at least 4 out of 9 defined deprivation situations);
- people living in a jobless household (i.e. population defined in relation to zero or very low work-intensity over a whole year to properly reflect a dynamic perspective of poverty linked to situations of prolonged exclusion from the labour market)^{1, 2}

¹ The definition of "jobless households" will be based on the EU harmonised survey on Income and Living Conditions (EU-SILC).

² SE maintains its reservation as has presented a proposal.

Combining the three situations reflects more properly the multi-dimensional nature of poverty and the diversity of the situation in Member States. The EU level reference aggregate would include different situations of risk of exclusion that were not entirely concerned by the initially proposed "at-risk-of-poverty" rate. The widening of the EU level reference aggregate underpinned by the three indicators (about 120 million of people at risk of poverty or exclusion) compared to the Commission proposal would allow Member States to better focus on their priorities and concerns.

c) Formulation of the EU target

The setting of the numerical rate shall reflect the Council's assessment of an ambitious and realistic level of commitment for this target over ten years. For instance, it could be considered at least a 20 million target that would aim at lifting 1 out of 6 people (or 16%) out of poverty or exclusion.

d) Setting of national targets

As agreed at the 2010 Spring European Council, Member States will set their national target **in the light of the EU headline target and taking account of their relative starting positions and national circumstances**. In this case, their choice will be made on the basis of the most appropriate indicator(s), while they should **clarify how meeting their national target will contribute to the achievement of the EU level target**. This work will be conducted in a dialogue with the Commission, and where necessary with the support of the SPC.

e) Mid-term review.

It is suggested to analyse the possibility of using the year **2009 as reference year** for the relevant data. A **mid-term review of the EU headline target could be envisaged**, taking into account continued work and update by Member States and the Commission, within the SPC, for the development of indicators to fully reflect the multidimensional nature of poverty and social exclusion.

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Questionnaire

Ministers are invited to reply to the following questions in order to prepare the EPSCO contribution to the June European Council for the setting of the appropriate indicators for the EU headline target:

Can you support the formulation of the EU target and the related indicators as presented by the SPC?

Do you consider that lifting at least 20 million people out of poverty or exclusion by 2020 would be both ambitious and realistic?
