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**Promotion and protection of all human rights, civil,
political, economic, social and cultural rights,
including the right to development**

Report of the Special Rapporteur on extreme poverty and human rights on his visit to the European Union

Comments by the State*

* The present document is being issued without formal editing.



Addendum of the European Commission to the UN Special Rapporteur on extreme poverty and human rights 2021 report following the visit to the EU Institutions

1. **The Treaty on the European Union** (TEU, article 3) states that the Union shall aim at full employment and social progress. In the EU economic considerations and social rights are both components of a highly competitive and sustainable development.
2. **The scope of action at the EU level in terms of social policies is defined in the art. 153 of the Treaty on the Functioning of the European Union**, highlighting the supportive and complementary role of the EU, while Member States retain their competence to define the fundamental principles of their social security systems.
3. **The main EU policy framework to address poverty is the European Pillar of Social Rights (Pillar) proclaimed by the European Parliament, the Council, and the European Commission in 2017¹**. It contains ambitious principles and rights essential for fair and well-functioning labour markets and welfare systems. Its 20 principles and rights are grouped under three headings - equal opportunities, fair working conditions, social protection and inclusion – and represent a compass for upward social convergence in the EU.
4. **At EU level, poverty and exclusion is considered a multidimensional phenomenon**, as regards its components, its drivers and the policy measures to tackle it. The agreed definition and related EU indicator relate to people at risk of poverty or social exclusion (AROPE). It refers to people in three conditions: in relative or monetary poverty (that measures how many people live under a certain threshold of income)², in severe material deprivation (that relates to certain items for a decent living standards) and in very low work intensity (that relates to the number of households where individuals worked less than 20% of their total work potential).
5. **This approach is very ambitious and is not limited to combatting extreme poverty. It looks at the distribution of incomes and standards of living, as it is adequate in advanced economies such as those of the EU Member States.** It has been used to underpin the Europe 2020 poverty target since 2010 and it is used to monitor progress on UN Sustainable Development Goal 1 (no poverty) at the EU level in the annual reports released by Eurostat.
6. **The Europe 2020 Strategy had supported the EU common efforts against poverty by setting an ambitious target before the 2008 financial crisis.** To ensure an inclusive growth, the goal of reducing by 20 million the number of people in AROPE by 2020 was set in comparison to the 2008 pre-crisis level. Since then, the European Semester process³ monitored the implementation of the guideline dedicated to social inclusion and poverty, to be taken into account by the Member States in their national reform programmes. The social

¹ [European Pillar of Social Rights](#).

² At EU level the larger subcomponent of the headline indicator is the number of people in relative poverty or monetary poverty or at risk of poverty (AROP). It includes people with an income (after social transfer) below the at-risk-of-poverty threshold. The poverty threshold in the EU is set for each Member States at 60 % of the national median disposable income after social transfers. This is a higher level than in many other national and international contexts (e.g. OECD refers to 50% of the median household income). For instance, the EU monetary poverty threshold is much higher than an extreme poverty threshold of 1 or 2 euro a day (similar to the UN SDG target 1.1 of USD 1.25), from around more than 20-25 times higher in some countries (such as LU, DK, BE, DE, IE, FR, NL, AT, FI or SE) to at least 4-5 times higher (in BG or RO). The poverty thresholds reflect national living standards, and are also updated annually. The EU27 AROP average is estimated around 16.5% in 2019, broadly stable since 2008, while using a rate anchored to the 2008 poverty threshold (as considered by the UNSR report), the EU27 AROP declined from 16.8% in 2008 to 14.1% in 2019 .

³ The European Semester is the EU policy framework to coordinate economic, employment and social reforms and investments in the EU. It is based on Articles 121 and 148 of the Treaty on the Functioning of the European Union (TFEU).

dimension of this process was considerably reinforced, by integrating both the European Pillar of Social Rights principles and the UN SDGs into the European Semester⁴.

7. Within the **previous EU multiannual financial framework 2014-2020**, a thematic concentration was ensured on social inclusion policies in the EU budget: a minimum of 20% of the European Social Fund (ESF) was earmarked to social inclusion measures. The ESF support to social inclusion reached an estimated 6.2 million participations⁵ by the end of December 2018. ESF operations successfully generated a range of immediate and longer-term results in terms of engagement in job search, participation in education and training, as well as accessing employment including self-employment, enhanced access to public services, greater transition to community-based services, and cross-sectoral collaborations to promote innovative approaches, through more diverse set of operations influencing attitudes and systems⁶.

8. **After an increase following the 2008 crisis, the risk of poverty or social exclusion was declining steadily in the EU for the seventh consecutive year before the pandemic hit.** In 2019, almost 12 million fewer people were at risk of poverty or social exclusion compared to the 2008 level, and around 17 million less than at the peak in 2012. Upward social convergence among EU Member States was sustained, as larger improvements of this indicator were observed in countries with highest levels.

9. **While the impact of the COVID-19 crisis on incomes cannot be fully measured yet, the current crisis is likely to affect people in vulnerable situations more than the general population in terms of job losses, reductions in working time and labour income, limited access to digital tools and health risks.** As recognised in the USRP report, all EU Member States took immediate and effective measures to preserve employment and incomes, in many cases with particular attention to low incomes, supported by EU tools and unprecedented financial package. First available studies⁷ show that social policy responses adopted in the EU have been fundamental to the management of this crisis and that rapid action helped to cushion and its impact.

10. The Commission adopted the **Temporary Framework for state aid measures**⁸ to give Member States the maximum flexibility allowed under state aid rules to support the economy, and **triggered the 'escape clause' of the Stability and Growth Pact**⁹ so granting Member States fiscal room for manoeuvre to support healthcare systems, workers and businesses. The new EU instrument for temporary support to mitigate unemployment risks in an emergency (**SURE**)¹⁰ supported Member States to finance short-term work schemes to keep people in employment during the crisis while supporting their incomes. Moreover, the Coronavirus Response Investment Initiatives (**CRII and CRII+**) allowed maximum flexibility in the use of the cohesion funds and the Fund for European Aid to the Most Deprived (**FEAD**)¹¹.

⁴ Since 2011, for all Member States, the Council issued a total of 196 CSR sub-parts on Active Labour Market Policies (ALMPs) and 333 CSR sub-parts on incentives to work, job creation and labour market participation; but also 218 CSR sub-parts on poverty reduction and social inclusion; 94 CSR sub-parts on wage growth; and 97 CSR sub-parts on reducing the tax burden on labour.

⁵ This figure was affected by a delayed or under-reporting of outputs, in particular for operations that focused on health care services, where data cannot be collected on patients to protect their personal information.

⁶ Study supporting the 2020 evaluation of promoting social inclusion, combatting poverty and any discrimination by the European Social Fund (Thematic Objective 09) Final Report.

⁷ See Almeida et al. (2020), Households' income and the cushioning effect of fiscal policy measures during the Great Lockdown, JRC Working Papers on Taxation and Structural Reforms No 06/2020. Available at: <https://europa.eu/!Vj39hX> and the accompanying policy brief at <https://europa.eu/!JU66Gc>.

⁸ See [State aids Temporary Framework](#).

⁹ COM(2020) 123 final.

¹⁰ Council Regulation (EU) 2020/672 of 19 May 2020 on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak.

¹¹ See [Cohesion policy action against coronavirus](#).

11. Most significantly, **the EU put in place an unprecedented recovery plan for the EU worth €750 billion, Next Generation EU, complementing the EU multiannual financial framework 2021-2027.** Within the overall plan, the Recovery and Resilience Facility (**RRF**) represents the main financial instrument¹² to mitigate the economic and social impact of the pandemic and make European economies and societies more sustainable, socially resilient and better prepared for future shocks. Contribution to social resilience and cohesion, as well as to gender equality and equal opportunities to all, are included in the assessment criteria, and Member States will report on social expenditure, including on children and the youth.

12. **The national recovery and resilience plans** are also assessed, *inter alia*, against their capacity to address effectively challenges identified by the Country-Specific Recommendations (**CSRs**) adopted within the **European Semester**, with more than 40% of those issued in 2019 and 2020 being in the employment and social domain. After the start of the crisis, in June 2020 all 27 Member States received CSRs specifically aimed at reinforcing the healthcare and social protection systems. Therefore, while using well-known policy levers, EU Member States are also implementing a series of innovative emergency measures to support vulnerable groups not previously covered.

13. **In the Multiannual Financial Framework 2021-2027 the focus on social inclusion is reinforced.** In the current programming period 2021-2027, the thematic concentration to support anti-poverty measures is higher, as Member States have to allocate at least 25% of their ESF Plus resources to social inclusion and additional 3% for the most deprived¹³. Member States with child poverty rates above the EU average will invest at least 5% of their ESF Plus funds to tackle child poverty, while all others have to allocate appropriate amounts for this purpose.

14. **EU funding is guided by policy action: in March 2021, the Commission adopted the European Pillar of Social Rights Action Plan¹⁴** (Pillar Action Plan) to further advance with the implementation of the Pillar principles, taking into account the current crisis, as well as longer term perspective. Its preparation spread over more than one year, with a wide consultation undertaken by the Commission through written input¹⁵, dedicated consultation events in the Member States and with key stakeholders at EU level¹⁶. The consultation was complemented by the strategic resolution of the European Parliament and the opinions of the European Economic and Social Committee and the Committee of the Regions.¹⁷

15. **The Pillar Action Plan is bold and ambitious**, as it presents more than 60 concrete **actions** on the EU level to further support the implementation of the Pillar principles, and it

¹² As part of the 'Next Generation EU' recovery scheme the Recovery Assistance for Cohesion and the Territories of Europe (**REACT-EU**) came into force in December 2020. REACT-EU provides additional resources to current cohesion policy programmes, while also allowing Member States to inject further resources to the FEAD. To ensure a quick delivery, Member States will receive a substantial pre-financing payment (11%) on the additional resources and are again not required to contribute national co-financing.

¹³ See [European Social Fund](#).

¹⁴ COM/2021/102 final.

¹⁵ In particular, via a dedicated web page, stakeholders and citizens were invited to submit written contributions. The Commission received 1 041 unique written contributions. 67.5% of submissions came from individual citizens.

¹⁶ The Commission organised 23 high-level webinars in EU Member States, in cooperation with Commission Representations in these countries. The webinars were targeted at leading representatives of national, regional and local authorities, social partners, civil society organisations and think-tanks/academia. On 8 June 2020, the Commission organised a high-level hearing of EU social partners with Executive Vice-President Dombrovskis and Commissioner Schmit. Existing regular meetings with EU social partners allowed for further exchanges. This concerns notably the Tripartite Social Summit (TSS), the Social Dialogue Committee (with EU and national cross-industry social partners), the Liaison Forum (with EU cross-industry and sectoral social partners) and the Sectoral Social Dialogue Committees. On 21 October 2020, the Commission held a dedicated strategic dialogue meeting with representatives of EU civil society organisations.

¹⁷ The consultation process is largely reported in the staff working document that accompanied the Pillar Action Plan, where the main contributions are quoted.

includes a **new EU poverty reduction target**: at least 15 million fewer people at risk of poverty or social exclusion by 2030.

16. **The new poverty reduction target**, endorsed by EU Leaders at the Porto Social Summit¹⁸, adds up to the progress achieved over the last decade in the EU27 (almost 12 million fewer people at risk of poverty or social exclusion in 2019, compared to 2008) and would lead altogether to a decline of at least 27 million people by 2030 compared to 2008. The new target is accompanied by a **complementary target on child poverty** (out of the 15 million people to be lifted out of poverty or social exclusion, at least 5 million should be children).

17. **While the EU poverty reduction target sets a common ambition for the EU as a whole, national developments in the Member States will be essential.**

18. The implementation of the Pillar will be supported and monitored by the revision of the **Social Scoreboard**¹⁹, allowing an objective monitoring of Member States' trends and performances via a large number of quality indicators. A specific focus on child poverty, as well as on housing cost overburden or on the disability employment gap was ensured. A much larger set of detailed indicators, such as the poverty gap that monitors the depth of poverty, are also currently used in the context of annual monitoring exercises, such as the Annual Report of the Social Protection Committee²⁰ and the Joint Employment Report within the European Semester²¹.

19. The action plan puts forward an **integrated approach** to address needs at all stages of life and target the root causes and manifestations of poverty and social exclusion. This includes in particular the Council Recommendation establishing the **European Child Guarantee**²² that aims at ensuring that children in need have free and effective access to key services such as healthcare and education. A proposal for a Council Recommendation on **minimum income** in 2022 is also announced in the Action Plan, to effectively support Member States to ensure last resort safety nets and life in dignity, along with services for further opportunities to help people in vulnerable situations. In addition, the Pillar Action Plan envisages in 2022 guidance by the Commission to enhance Member States' use of **ex-ante distributional impact assessments**, which will aim at ensuring more transparency on the impact that new budgetary measures or reforms have on the income of various groups. A broader reliance on these tools by Member States would allow to account for the social impacts of policies, such as those related to the green and digital transitions. Furthermore, the **European Platform on Combating Homelessness**, launched in June 2021, will contribute to strengthening the fight against homelessness.

20. These initiatives will complement a **wider set of EU measures**, that will contribute to addressing poverty and exclusion over the next decade, such as the **Council Recommendation on access to social protection**²³, which aims to support the access to social protection of non-standard workers and self-employed, thus avoiding a race to the bottom in the labour market, the **EU Strategy for the Rights of Persons with Disabilities 2021-2030**²⁴ aiming to improve the lives of persons with disabilities in the EU and beyond, the Action plan on Integration and Inclusion 2021-2027 of people with a migrant background²⁵, the Council Recommendation on **Roma equality, inclusion and participation**²⁶ to effectively prevent and combat the Roma social and economic exclusion, as well as their

¹⁸ [The European Pillar of Social Rights Action Plan | Porto Social Summit](#).

¹⁹ SWD(2021) 46 final accompanying the Communication COM(2021) 102 final.

²⁰ [Annual Report of the Social Protection Committee](#).

²¹ [Joint Employment Report 2021 - European Commission](#).

²² See [Child guarantee for vulnerable children - Employment, Social Affairs & Inclusion - European Commission](#).

²³ Council Recommendation of 8 November 2019 on access to social protection for workers and the self-employed 2019/C 387/01.

²⁴ COM/2021/101 final.

²⁵ COM(2020) 758 final.

²⁶ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ%3AJOC_2021_093_R_0001&qid=1616142185824.

root causes, the **Youth Guarantee**²⁷, with a reinforced focus on vulnerable young people, and the **Council recommendation on the long-term unemployment**²⁸. The **Gender Equality Strategy 2020-2025**²⁹ and its proposed actions are a route to equality between men and women, including in closing the gaps in poverty particularly in older age. Furthermore, the proposal for a **Directive on adequate minimum wages** in the EU³⁰ aims at establishing a framework to improve the adequacy of minimum wages and the access of workers to minimum wage protection in the EU, while fully respecting the specificities of national systems, national competencies, and social partners' autonomy.

21. **The Porto Social Commitment and the Porto Declaration by EU Heads of State and Government adopted at the Social Summit in May 2021 will drive the implementation of the Pillar and its Action Plan in the coming months and years.** In particular, the Declaration states that *“We are committed to reducing inequalities, defending fair wages, fighting social exclusion and tackling poverty, taking on the objective of fighting child poverty and addressing the risks of exclusion for particularly vulnerable social groups such as the long-term unemployed, the elderly, persons with disabilities and the homeless.”*³¹

²⁷ See [The reinforced Youth Guarantee - Employment, Social Affairs & Inclusion - European Commission](#).

²⁸ Council recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market.

²⁹ COM/2020/152 final.

³⁰ COM(2020) 682 final 2020/0310 (COD).

³¹ [The European Pillar of Social Rights Action Plan | Porto Social Summit](#).