

# COMMISSION OF THE EUROPEAN COMMUNITIES

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MEDIUM-TERM ACTION PROGRAMME TO  
COMBAT EXCLUSION AND PROMOTE SOLIDARITY:  
A NEW PROGRAMME TO SUPPORT AND  
STIMULATE INNOVATION  
(1994-1999)

and

REPORT ON THE IMPLEMENTATION OF THE COMMUNITY  
PROGRAMME FOR THE SOCIAL AND ECONOMIC  
INTEGRATION OF THE LEAST-PRIVILEGED GROUPS  
(1989-1994)

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(presented by the Commission)

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## FOREWORD

In COM(92) 542, "Towards a Europe of Solidarity: intensifying the fight against social exclusion, fostering integration", the Commission reviewed the diversity and severity of the problem posed by social exclusion in the Community and put forward proposals to intensify the Community's contribution, in accordance with the principle of subsidiarity, to fighting social exclusion. This includes a proposal for a new action programme. This Communication has been discussed by the other Community institutions.

The present communication therefore proposes a new medium-term action programme to combat exclusion and promote solidarity (1994-1999) and is accompanied by a draft Council Decision to establish it. This proposal constitutes Part I of the document. It is directly linked to comprehensive assessment of progress in the implementation of the current Community programme to foster the economic and social integration of the economically and socially least-privileged groups (Poverty 3, 1989-1994). A report on this implementation constitutes Part II of the document.

# MEDIUM-TERM ACTION PROGRAMME TO COMBAT EXCLUSION AND PROMOTE SOLIDARITY

and

## REPORT ON THE IMPLEMENTATION OF THE POVERTY 3 PROGRAMME

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### EXECUTIVE SUMMARY

#### PART I

The processes of social exclusion are becoming more widespread and diverse in the European Community. It is now estimated that there are 52 million people in the Community with incomes of less than half the average income per capita in each Member State.

This proposal is for a medium-term action programme to combat exclusion and promote solidarity (1994-1999). It is accompanied by a report on the implementation of the Community programme for the social and economic integration of the least-privileged groups (Poverty 3, 1989-1994). The proposed programme implements one of the recommendations of the European Commission Communication "Towards a Europe of Solidarity: intensifying the fight against social exclusion, fostering integration" (COM(93) 542) of 23 December 1992. It pursues the approach agreed in the Council Resolution on combating social exclusion of 29 September 1989.

The perspective adopted by the Community and the Member States looks beyond the diversity of national situations to emphasize the structural nature of the phenomenon of social exclusion. Significant changes have occurred over the last 15 years in the nature and extent of exclusion. The process of exclusion affects an increasing variety of individuals, groups and geographical areas.

The fight against social exclusion is primarily the responsibility of the Member States and of their national, regional and local authorities. However, whilst respecting the principle of subsidiarity, the Community has shown its ability to provide added value with respect to the development and dissemination of innovation, to the mobilization of persons and to the stimulation of debate. Examples of such positive contributions and of their impact in Member States are given in the report of the implementation of the current Poverty 3 programme.

The proposed new programme calls for continuity and progress. Continuity is needed to test further the validity of the approach based on the principles of partnership and participation and the adoption of comprehensive strategies. Progress should derive from the main new elements which are a greater emphasis on multi-objective integrated strategies, the introduction of national-level model actions and transnational networks of projects.

The preparation and implementation of multi-objective integrated strategies will be given higher priority. This enhancement will improve the complementarity of programme activities with existing policy and practice and promote the awareness of innovations at local, national and European level.

The partnership approach will be maintained. It is a strong element of the current programme. It has resulted in the mobilization of a wider range of persons and will be pursued with particular emphasis on developing the involvement of the social partners. It has the potential to stimulate debate and influence practice in the longer term.

The relationship between the new programme and the structural Funds will be strengthened, taking account, in particular, of the place given to exclusion from the labour market in the new Social Fund regulations. Better planned cooperation should ensure that certain common objectives are translated into complementary activities.

Finally, a doubling of the funding is proposed in view of the fact that the impact will be proportionate to the number and diversity of experimental actions seeking to cover the complexity of the issues and create a new momentum. Whilst a programme aiming to stimulate innovation, experimentation and debate, operating in the framework of subsidiarity, is bound to remain modest in relation to the scale of poverty and social exclusion, it constitutes a strong political signal of the Community's commitment to combating social exclusion.

## **PART II**

The Community programme for the economic and social integration of the least-privileged groups, Poverty 3 (1989-1994) extends and expands previous Community action known as the first and second European programmes to combat poverty (1975-1980 and 1984-1989). These programmes have demonstrated the Community's intention to contribute to the fight against poverty undertaken in the Member States to the extent of its resources and competence.

Poverty 3 marks a qualitative and quantitative step forward in terms of the support given to innovation at the levels of policy and practice. It promotes a coherent multi-dimension approach to poverty and social exclusion based on partnership with public and private institutions and with the participation of the least-privileged groups. It is concentrated on 41 relatively large-scale demonstrative projects to which an average of 12 partner-organizations contribute to adopt and implement a five-year action strategy at local level.

The innovatory activities of the projects are very diverse and seek to respond to local needs and/or experiment with organizational change. They can combine, in various orders of priority, actions for local development, enterprise and job creation, education, training and work experience, counselling, health promotion, access to housing, access to social protection, development of self-help groups, associations or social centres, etc.

The first two and a half years of the programme included a phase of definition which was longer than anticipated but created as solid a base as possible for future activities. During this period, interagency decision-making structures were established and strategies were translated into action programmes in which priorities were often based on systematic surveys of local needs. However, a number of difficulties had to be overcome in relation to co-financing and administrative processes in the numerous organizations concerned. Procedures for on-going assessment were put into place and the subsequent reports play an important role in planning for further development.

The relevance of the three basic principles of partnership, multi-dimensionality and participation to combating poverty is confirmed. Overall, the opportunities and constraints of working in partnership are now well understood and the widespread commitment to cooperation has become a major strength throughout the programme. Within projects, the contents of multi-dimensional strategies and action programmes range from coherent streams of interrelated actions addressing specific needs in creative ways to series of separate activities which require further integration. More intensive efforts are also required in a majority of projects to enhance the participation of local people.

The programme's management and coordination is carried out by the Commission with the assistance of specially appointed consultants at European and national level. The complexity of the administrative and financial processes reflects the challenges inherent to broad partnership arrangements and are operating effectively, as recently confirmed by the European Court of Auditors. The technical assistance offered to the projects plays a key role in promoting the quality of individual projects, in building the internal coherence of the European programme as well as in ensuring its visibility within the relevant networks. This has been achieved through a series of carefully planned and documented workshops, seminars and exchanges of experience at local, bilateral, transnational and European level, through regular and ad hoc publications and through support for new networks and forums. A statistical and socio-economic research programme has also been launched to prepare a framework for the interpretation of results deriving from innovatory practice.

A mid-term assessment of the impact of the programme must underline its evident success in mobilizing the interest and obtaining the recognition by public and private agencies at local level, including, in a few cases, social partners. Such interest is sometimes focused on specific new methodologies with a potential for transfer to another region or field of activity. In other cases, early developments consist in the formation of new networks. This indicates the potential for a longer-term impact of the programme at local level.

By contrast, the stimulation of debate at national level remains limited. This can be explained in part by the small number of projects in each Member State and by their focus on local processes of exclusion. However, certain projects selected originally to contribute to innovatory national efforts are and will be in a better position to disseminate their findings at national level. The programme's Advisory Committee, which represents national governments, also plays an active role in introducing the principles and methods of Poverty 3 into the national debate. Several national programmes to combat exclusion now echo the principles of Poverty 3.

Relationships between the programme and other European Community actions relevant to combating exclusion are not systematic and greater encouragement is needed to develop appropriate synergies at operational level, especially with the structural Funds. It is noted, however, that the Commission has taken a number of other specific initiatives in relation to social exclusion since the start of Poverty 3.

The assessment report concludes that despite initial delays, the benefits deriving from such a modest programme are already identifiable and likely to increase. The stimulation of debate and promotion of innovation made possible by the programme clearly provide added value and it is important to permit the consolidation of these early achievements.

## COMMISSION COMMUNICATION TO THE COUNCIL

on a medium-term action programme to combat exclusion and promote solidarity:  
a new programme to support and stimulate solidarity  
(1994-1999)

### **INTRODUCTION**

The Commission proposes to undertake a medium-term action programme (July 1994-December 1999) to combat exclusion and promote solidarity.

This proposal is accompanied by the report on the implementation of the Community programme for the social and economic integration of the least-privileged groups (Poverty 3, 1989-1994). It implements one of the recommendations of the Commission Communication "Towards a Europe of Solidarity: intensifying the fight against social exclusion, fostering integration" COM(92) 542 of 23 December 1992, which has already been discussed by the other Community institutions: Council of Ministers, European Parliament and Economic and Social Committee. It also pursues the approach adopted by the Member States and the Council in a Resolution of the Council of Ministers for Social Affairs on combating social exclusion of 29 September 1989 which stated a determination to intensify efforts undertaken in common as well as those made by each Member State.

The fight against social exclusion is primarily the responsibility of the Member States and of their national, regional and local authorities. However, beyond the diversity of national situations, the processes which tend to exclude part of the population from economic and social life are often linked to the scale of economic and social change. The role of the structural Funds aiming at strengthening economic and social cohesion in the Community is not sufficient in itself to promote social integration. The intensity of the phenomenon of exclusion therefore calls for common approaches to the processes of economic and social integration.

The Community has increasingly displayed its concern. Apart from specific action concentrated on encouraging and optimizing national efforts through support for innovation and exchanges of experience, various measures have been aimed at particular groups via special budgets and funds.

Whilst respecting the principle of subsidiarity, the Community has shown its ability to provide added value with respect to the development and dissemination of innovation, to the mobilization of persons and to the stimulation of debate. Examples of such positive contributions and of their impact in Member States are given in the report of the implementation of the current Poverty 3 programme.

Through this new programme, the Community aims to contribute to the efforts already undertaken in the Member States by encouraging experimentation around innovative strategies to combat social exclusion. These are expected to complement local, regional or national policies and programmes, to enrich both expert and public debates and to promote good practice. The European nature of the programme permits exchanges, comparisons and new synergies to arise which would not necessarily emerge in purely national contexts.

#### **1. THE COMMUNITY'S APPROACH TO COMBATING EXCLUSION**

The proposed new programme forms part of the Community's approach to combating social exclusion and calls for both continuity and progress in relation to previous programmes.

In the last four years, Community action has become more coherent and wide-ranging in view of the rising public awareness of the scale of the phenomena of social exclusion. Specific initiatives have included a Council Recommendation concerning the criteria relating to sufficient resources and benefits in systems of social protection, a third anti-poverty programme concerning the economic and social integration of the economically and socially least privileged (1989-1994), as well as certain measures in the framework of the structural Funds, aimed at neighbourhoods in crisis or particularly vulnerable groups in the labour market.

The Council Resolution of 29 September 1989 on combating social exclusion stated the determination of the Community and Member States to intensify efforts undertaken in common as well as those made by each Member State. This led to the Commission Communication to the Council "Towards a Europe of Solidarity: intensifying the fight against social exclusion, fostering integration" of 23 December 1992.

The Community's approach is based on a common understanding of the phenomenon of social exclusion. It refers both to processes of exclusion and consequent situations characterized by a diversity of factors which combine to exclude certain groups, individuals or areas from ordinary social processes and rights. It is both a structural and multi-dimensional process likely to be exacerbated in future.

The current Poverty 3 programme runs for a five-year period (1989-1994) and a report on its implementation forms Part II of this Communication. It extends and expands upon previous Community action known as the first and second European programmes to combat poverty (1975-1980 and 1984-1989) which demonstrated the Community's intention to contribute to the fight against poverty undertaken in the Member States to the extent of its competence and resources.

In the light of lessons drawn from the two earlier programmes, Poverty 3 gives greater support to innovation at the levels of both policy and practice. It promotes a multi-dimensional approach to social exclusion, based on partnership between public and private institutions and with the participation for the least-privileged groups. Its resources are concentrated on some 40 local projects throughout the Member States which experiment with new strategies to combat poverty and thus contribute to identifying good practice, encouraging policy and stimulating public debate. The projects are linked by a transnational organizational structure which permits exchanges of experience and know-how, sustained by systematic evaluation and complementary research.

A first assessment of the third programme has been carried out (Part II of this Communication) and a broad consultation on its perceived strengths and weaknesses has taken place in various meetings and especially at a European Conference held in Copenhagen on 3 and 4 June 1993, airing the views of researchers, practitioners and administrators involved in the programme.

The analyses conducted of the third action programme as well as the debates arising in emerging networks of public and private agencies have revealed the desirability to pursue specific actions whilst incorporating the main lessons learned from past efforts.

These include inter alia:

- (1) the need to concentrate action both on territorial areas and on specified ranges of strategic issues over several years of operation to obtain favourable results;
- (2) the need to develop partnership with public and private bodies and associations, including the social partners, to identify and tackle the main concerns, including those of citizens most at risk of lasting economic and social exclusion;
- (3) the need to give additional support to the specification of coherent and integrated strategies containing interrelated priorities;
- (4) the need for an on-going assessment of the effectiveness of measures;
- (5) the need to coordinate projects according to their main concern and taking account of their specificity (regional, national, urban, rural, etc.) in order to facilitate the transfer of innovation and good practice;
- (6) the need to develop synergies between local, regional, and national and European level by giving greater support to innovative approaches which mobilize national-level agencies around key issues;



- (7) the need to support related statistical and other comparative analyses and studies to enrich exchanges;
- (8) the need to promote the effectiveness and efficiency of the measures through an adjustment of certain key features in the functioning of the programme, especially a gradual implementation in the early stages, improved linkages and synergy with the Community structural Funds, and a closer relationship between programme evaluation and statistical and other studies.

## 2. THE NEED FOR A NEW ACTION PROGRAMME TO COMBAT EXCLUSION

Whilst an assessment of earlier measures has proved positive, an analysis of the current situation in the Community reveals the need to step up these measures as, in most countries, the following trends are observed:

- (1) the extent and diversity of social exclusion continue to increase as a result of major changes in economic, social and demographic structures in recent years;
- (2) the increasingly explicit national policies to combat social exclusion as the drive towards economic and social cohesion exacerbates the need to modernize traditional welfare systems;
- (3) the wealth of innovations aiming to prevent or cure social exclusion arising from a variety of agencies calls for more coherence in the content and methods of cooperation between public and private sectors to combat social exclusion.

Consequently, the new programme is intended to be a more purposeful and structured forum for experimentation, exchange, stimulation and optimization of efforts and for the development of transferable organization models. It will emphasize support for the development of new skills, within the local, regional or national fabric, to devise, plan and implement multi-dimensional strategies involving a partnership between relevant public and private bodies concerned with the promotion of integration around an area focus or an issue focus.

Combating exclusion is primarily the responsibility of the Member States and of their national, regional and local authorities, therefore the added value of Community action is at several levels, notably:

- The Community can contribute to the development and transfer of methods and know-how which are relevant to the current forms of exclusion, to the identification of good practice, to the creation of and support for networks enabling them to share experience and develop concerted initiatives at European level, and to the deeper understanding of the debate.
- The Community must also, with a view to coherent action, restate the positive development of its policies and analyse their impact in relation to the fight against social exclusion.

The proposed new programme calls for continuity and progress. Continuity is needed further to test the validity of the approach based on the principles of multi-dimensionality, partnership and participation, in which experimental actions give rise to exchanges of experience and know-how, nurtured by systematic evaluation. Progress should derive from the main new elements which are:

- a greater emphasis on multi-objective integrated strategies;
- a widening of the partnership process which offers further opportunities for a significant contribution by certain types of partners, especially economic persons such as social partners, and expert organizations, such as certain national non-governmental organizations whose activities are relevant to specific aspects of social exclusion;
- experimentation with national (or regional) level issue-based actions combining innovative approaches previously developed by separate agencies and linking to local and European levels for exchanges and debates;

- a small number of transnational networks of projects, which could include some of those previously funded by a European poverty programme, to permit continued sharing of experience and know-how;
- a particular focus on processes of social exclusion affecting urban areas;
- a strengthened relationship with the European structural Funds, taking account in particular of the place given to exclusion from the labour market in the new European Social Fund regulations (see paragraph 5).

These objectives require increased resources to reflect the variety of levels and situations at which developments will take place.

### 3. BASIC PRINCIPLES OF THE ACTION PROGRAMME

The programme will strengthen the approach based on the principles of multi-dimensionality, partnership and participation, thus providing an advance on the third programme with respect to its acknowledged positive characteristics.

These common principles will be translated in practice into actions which respond to the diverse forms and intensity of the processes of social exclusion. Particular attention will be paid to various population categories (gender, age, ethnic group) and to various types of areas (urban, rural, semi-rural, peripheral).

Priority will be given to the economically and socially least-privileged individuals or groups that find themselves in situations or processes of social exclusion especially with regard to education and training, employment, housing, health, transport, social protection, free movement, access to justice and access to public services. Proposed actions will, however, avoid further stigmatization of vulnerable groups through integrated action strategies.

#### 3.1 Multi-dimensionality

From the outset, emphasis will be put on the preparation of integrated multi-dimensional strategies. These strategies will be expected to integrate multiple objectives in a coherent manner and create linkages and synergies, adapted to particular local or national (or regional) situations, to foster economic and social integration. Such multi-dimensionality is an essential characteristic of the European programme in view of the multi-dimensional character of processes of social exclusion. For example, objectives of integration into employment give rise to counselling and training initiatives linked to actions in relation to public transport, housing or childcare for the target groups. European Social Fund actions promoting the integration into the labour market of persons exposed to social exclusion will complement linked to the multi-dimensional model actions whenever possible.

Actions at local level will establish a comprehensive strategy and a multiple-objective programme of activities to supplement existing provision through interrelated measures which facilitate the integration of the least-privileged people.

Actions at national (or regional) level will provide opportunities for integrated approaches which address particular issues by combining innovatory practices.

#### 3.2 Partnership

The pursuit of a multi-dimensional approach requires the involvement of all key persons usually including public authorities or bodies, non-governmental organizations, semi-public bodies, social partners, small and medium-size enterprises, cooperatives, friendly societies and charitable trusts, and consumer or resident associations. Programme actions are expected to bring together these

persons in a partnership which develops a common agreement on a strategy and operational objectives and shares responsibility for translating them into effective action.

The programme will give priority to proposals for actions which demonstrate that significant progress has been made towards the effective functioning of a structured partnership.

Priority will also be given to partnerships which include economic operators such as social partners or organizations developing the social economy or third sector.

### 3.3 Participation

The principle of participation derives from the observation that population groups affected by social exclusion tend to be in a position of dependency with little ability - or sometimes desire - to influence actively the institutions and agencies on which they depend. Yet, the participation by the population groups most concerned is considered to be essential for effective action in the field of social and economic integration.

The partners to programme actions are therefore invited to identify means by which the views of those most concerned can be heard and to devise innovative ways of ensuring that those who have the most stake in the programme's success are able to influence its planning and management.

The application of this principle offers an opportunity for the development of solidarity and active citizenship.

## 4. GENERAL APPROACH AND METHODOLOGICAL PRINCIPLES

### 4.1 Model actions

The principal element of the programme consists in a number of model actions which have the dual purpose of combating exclusion in an innovatory way and of providing examples of experimentation with developments in policy and practice. Such demonstrative projects can indicate new ways forward which may be transferable across Member States. Exchanges of experience and know-how will therefore be supported between model action partners and other key persons at three different levels: local, national (or regional) and transnational.

Each model action constitutes a programme based on a multi-objective integrated strategy. Some of the specific initiatives gradually developed to implement the strategy can constitute small experimental projects of a shorter duration.

### 4.2 Visibility

The programme will provide an opportunity to improve the visibility of actions to promote social and economic integration and foster solidarity and active citizenship. In particular, it will offer an opportunity to redress the balance of public awareness by highlighting the capacities of a wide variety of social groups and organizations to respond jointly to new challenges in an inventive and effective manner in a spirit of solidarity. The programme actions will therefore be required to establish a systematic approach to external communication which will be coordinated at national and European level.

### 4.3 Internal and external evaluation

All elements of the programme will be subject to a process of evaluation. In particular, once an explicit and coherent strategy has been established for each model action, the planning and management of its implementation will include provision for an internal and external evaluation. The internal evaluation (or self-evaluation) will assist in its management. The external evaluation will

assess its progress in the context of the local, national and European situation and relevant policy developments.

#### 4.4 Gradual implementation

During the action programme, the activities undertaken by model action partnerships and other networks will gradually engender a dynamic process through which early achievements form the basis of further priority-setting in the framework of the overall strategy. This will be reflected in the operational and financial plans.

#### 4.5 Human resources development

As demonstrated in previous programmes, improving the knowledge and skills of key persons and the capacities of local organizations are an important way of enhancing the programme's effectiveness. Such an investment can also play a key role in strengthening the ability of the population groups concerned to sustain the momentum generated by the programme. Various partners and participants will therefore be given an opportunity to extend their knowledge and skills in terms of organization, development and management of actions to combat exclusion.

### 5. RELATIONSHIP TO OTHER EUROPEAN COMMISSION POLICIES AND PROGRAMMES

#### 5.1 Relationship to the structural Funds

The European Community structural Funds enter a new operational phase in January 1994. At various levels in the hierarchy of plans and programmes through which structural Funds are implemented, certain objectives are identified which mutually reinforce those of the action programme activities. Operational arrangements, however, differ considerably.

A two-way information exchange will be promoted. For its part, the action programme will provide information to its partners and encourage them to act as promoters of actions eligible under the structural Funds as a means of extending the impact of model actions. Complementary structural Funds will not, however, be integrated into the action programme. Particular attention will be paid to opportunities for structural Funds support for:

- health, education and training or other essential infrastructures or basic amenities in Objective 1 areas;
- assistance to enterprise development;
- other Social Fund measures, including *inter alia* those under Objective 3, promoting integration of women, handicapped or migrants into the labour market and those promoting the integration of persons exposed to exclusion from the labour market;
- the possible new Community initiative "Employment and Human Resources" which promotes a transnational approach to:
  - underpinning innovative approaches to increasing the employment-intensity of growth (including, for example, the development of actions to combat unemployment at local level and with particular reference to small and medium-size enterprises);
  - facilitating the adaptation of the existing workforce to industrial and technological change with particular reference to the new Objective 4;
  - promoting equal opportunities for men and women in respect of the labour market;

- assisting those who for one reason or another are exposed to exclusion from the labour market (reflecting the new priority specifically identified under the new Objective 3); and
  - promoting the transfer of innovation and the development of applied research, in particular in Objective 1 regions, including through the development of new qualifications and skills.
- programmes of technical assistance under Article 6 of the Social Fund regulation.

The action programme will seek to establish management coordination with the implementation of the Community Initiative "Employment and Human Resources". Effective coordination should be established among the management structures at different levels as appropriate. Where possible, technical assistance or other forms of animation activities, information dissemination, as well as monitoring and evaluation should be planned jointly and results shared to maximize efficiency. This approach will take account of the specific objectives and eligibility rules of the structural Funds, which of course apply to the Human Resources Initiative also. Coordination will also be established with relevant activities carried out under the European Regional Development Fund.

## 5.2 Relationship to other policies and programmes

Similarly, the relationship between the programme and other European Commission policies and programmes contributing to social and economic integration will be closely monitored by the Interservice Group on Poverty and Social Exclusion in order to develop cooperation.

Indeed, many Community policies can make a relevant contribution to combating social exclusion. Of particular relevance are certain Community actions in the areas of employment and working conditions, the development of the small and medium-size enterprises, including associations, cooperatives and friendly societies, education and training, transport, energy and other infrastructure development, environment, rural development as well as equal opportunity, migration, free circulation, public health, social protection, culture and communication, research and development.

On the basis of the range of activities in the new action programme to combat exclusion, the Commission will identify and develop potential synergies. Regular exchanges of information within the Interservice Group and, when possible, working links between the management structures, will facilitate the maximization of mutual benefit and cooperation at operational level.

The Commission will also inform persons at project level of the developments in Community policies. This should facilitate, where appropriate, their involvement in the policy networks to which their activities are more directly relevant. It should also promote a greater awareness of other possible Community initiatives including those from which they could seek financial support. However, in no circumstances will the same activity be double-funded.

## EXPLANATORY MEMORANDUM

Grounds for the Articles in the proposal for a <sup>Council</sup> Decision X

### Article 1

These are several reasons for launching this programme

1. The most recent Community-wide estimate indicates that there were some 52 million<sup>(1)</sup> people living in poverty in the Member States. There are now 17 million unemployed persons, more than half of whom have been out of work for at least a year. Homeless people are estimated at around 3 million.
2. In addition, new forms of social exclusion and their increasing visibility are prompting public and private bodies including some social partners to review traditional approaches to tackle the new problems and challenges. The need for coherence in approaches across the Member States is also increasing.
3. Finally, assessments from previous Community action programmes (1985-1988) and the current specific action programme (1989-94) have shown the positive effects of measures to combat exclusion.

The need for a programme which would pursue and reinforce the earlier measures is therefore evident.

The experience of previous programmes has illustrated the accumulated benefit of sustained action over several years to obtain favourable results. Five and a half years (from July 1994 to December 1999) will therefore be required to draw maximum benefit from the new programme.

### Article 2

The proposed definition derives from that adopted by the Council in its Resolution of 29 September 1989 on combating social exclusion. The multi-faceted and relative nature of poverty is thereby highlighted.

The definition makes it possible to target more than one of the processes of exclusion which may affect an individual or groups and opens the way to cooperation with a variety of expert agencies.

### Article 3

The programme makes it possible to combine several objectives:

- (a) the two distinct forms of action referred to make it possible to tackle different categories of need, which can arise in varying sequence. High-risk groups which are the target groups of preventative strategies are mainly concentrated in areas requiring further economic development. Curative strategies require the development of new forms of solidarity between public and private bodies and groups.

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<sup>(1)</sup> Eurostat latest estimate.

- (b) For transfer of innovation and good practice it is essential to encourage the recognition of both similarity and difference and stimulate inventive adaptations of best practice models. Regular exchanges of information between practitioners are an established means of developing common and sustained understandings of complex and fast evolving processes across the Member States. The creation and development of transnational networks of projects will establish more permanent structures and prolong the impact of the programme.
- (c) The programme is intended to develop coherence in the Member States' approach to combating social exclusion. The involvement and coordination of all the agencies and persons concerned should make it possible to develop dialogue and legitimize the transferability of approaches that applies either at local, regional or national level.
- (d) The specific action programme has shown that assessments can be more effective and form the basis of further action principles and priorities if they are planned and initiated as soon as the programme is launched.
- (e) The acknowledgment of the multi-faceted and dynamic nature of the process of social exclusion has led to a reorientation of statistical and other studies to permit the monitoring, both quantitative and qualitative, of the trends affecting various individuals groups and areas. The rapidity and extent of changes as well as the development of approaches based on planned strategies have intensified the need to coordinate European-wide studies to relate the programmes impact to the contexts in which they arise.
- (f) There is a need to counterbalance alarmist accounts of processes of social exclusion through a coordinated strategy of information and communication including media communication. Such information will outline innovative action and achievements for the interest of public opinion at large as well as specialists, bodies and groups directly concerned with the objectives of the programme.

#### Article 4

The Commission uses various means to achieve these aims. Measures will consist of a number of large-scale innovatory actions known as "model actions" at both local and national (or regional) level, support for transnational networks as well as study and information activities.

##### (a) Model actions at local level

Model actions at local level make it possible to develop innovatory local approaches and initiatives which are the subject of on-going assessment and can therefore serve as places of experimentation leading to conclusions about the transferability of various aspects of such experiments. Experiments can take place at the level of a district or region. Besides applying the principles of multi-dimensionality, partnership and participation, they will exhibit the following common features.

##### Area focus

Focus on a small territorial area has proved a powerful way of identifying and tackling the interrelated effects of economic and social disadvantage and of facilitating citizen participation. Each selected area should constitute a cohesive entity, with a local identity, and with the potential to bring together in partnership the types of persons, institutions and agencies which are essential to the coordination of a local strategy.

##### Local partnership

A local partnership group will be established including all key persons, institutions and agencies which are relevant to the preparation of a local comprehensive strategy. The partnership will be responsible for the organization, development and management of the implementation of the action.

### Specified goals

The partnership group will prepare an explicit local comprehensive strategy. Having reviewed existing policies, programmes and provision, it will propose a coherent set of specific goals to be pursued through interrelated new measures.

### Specification of urban or rural character

Experience has shown that processes of integration and solidarity are generated in markedly different circumstances in areas that are primarily urban or primarily rural.

The process of social exclusion tends result in a concentration of the least-privileged groups in urban areas with relatively poor standards of amenities and equipment. The on-going process of urban change affects the vast majority of European citizens and has an impact in both positive and negative ways. Unequal urban development is at the root of the concentration of deprivation in specific urban areas and leads to segregation. This spatial segregation hampers social integration.

Urban deprivation and segregation are therefore both the result and origin of social exclusion processes. Moreover, approximately 70% of European citizens live in cities. Therefore, the majority of the model actions need to address the problem of urban deprivation through a multi-sectoral development strategy, where a commitment to the area's redevelopment is demonstrated by both public institutions and economic operators.

However, a limited number of model actions at local level will be focused on rural areas where the weakness of local labour markets combined with agricultural decline results in a high proportion of low-income households. In such areas, the programme can complement the integrated rural development policies which are required to counter population decline and a worsening of social exclusion in a longer term perspective.

### Evaluation and information

Each model action will be required to carry out an internal evaluation and to be willing to communicate progress and results to wider audiences at national and transnational level.

#### (b) Model actions at national (or regional) level

Similarly, model actions at national level make it possible to develop innovatory approaches and initiatives which are enriched by a multi-objective strategy agreed by a partnership group and are the subject of continuous assessments. They also constitute experiments in tackling a particular range of issues, aspects of which may be transferable to other regions or Member States. They will exhibit the following common features.

#### National issue focus

A number of model actions at national or regional level will stimulate innovatory multi-dimensional approaches to certain key issues identified in national debates as central to the promotion of the social and economic integration of the least-privileged groups and to the fostering of solidarity. The model actions will be coordinated at national level, or, where national circumstances are such that competency on key policy areas is primarily at subnational level, they may be coordinated at a regional or multi-regional level (e.g. new Länder). By way of example, it is envisaged that issues such as access to health care services, illiteracy or indebtedness could be tackled by a group of institutions, agencies and the population groups most concerned through the development of new types of provision and experimentation with new economic, legal or administrative arrangements.



### Multi-agency partnerships

The model actions focusing on issues at national (or regional) level need to involve in partnership appropriate public authorities, non-governmental organizations or representative residents groups and, in some cases, both sides of industry or persons in the social economy. These multi-agency partnerships would establish a common strategy of action which commits them to an innovatory approach to combating social exclusion and fostering integration within the evolving national economic and social context. They would be expected to establish a new legal entity to carry out the programme of action.

### Specified goals

The integrated strategy proposed by model actions at national (or regional) level will tackle a selected number of issues and explicitly extend current public or private provision or citizen initiatives in a manner considered innovatory in the national context.

Following an agreement reached on a common strategy, the partnership group will translate it into a programme of development of the innovatory approach. These may include a preparatory phase of awareness-raising or local pilot projects followed by internal evaluation leading to further developments.

### Evaluation and information

The evaluation of model actions at national (or regional) level will assess the roles of issue-based initiatives in the wider context of policies to combat all aspects of social exclusion. Progress and results will be communicated at regional, national and transnational levels.

Both types of model actions will be structured around priority axes taking into account the local situation; they are likely to include the following:

- employment creation and education and vocational training (where possible linked to European Social Fund actions);
- coordination of services and institutions concerned with economic and social integration;
- facilitation of access by the least privileged to existing information services and activities in accordance with rights of residence or citizenship;
- support for families and local communities to prevent them falling into situations of passive dependence;
- due account of actions for comprehensive development undertaken at the level at which the experiment takes place.

### (c) Transnational networks

The usefulness of transnational networks of projects is based on their ability to identify the specific and changing needs of particular vulnerable groups and areas and to assess, on a continuing basis, the practical effectiveness of policies, programmes and projects of the various agencies and groups concerned. This pragmatic perspective can also permit the anticipation of difficulties in pursuing a particular line of action.

Apart from the programme's model actions, there are of course other innovatory projects aimed at combating social exclusion in operation throughout the Member States. The programme will support the creation and development of new networks of existing action projects. They may include projects funded or previously funded by the European Commission. Priority will be given to supporting new networks involving the social partners. The action programme will finance exchanges of experience

and know-how and assistance will be conditional upon an initial assessment of the network's viability. In exchange, the networks will be expected to contribute to exchanges of experience and know-how relating to model actions.

(d) Statistical and other studies and transnational exchanges of experience and know-how

The usefulness of statistical and other studies and transnational exchanges of experience and know-how has been demonstrated in the three previous programmes.

Statistical and other studies

The action programme will support studies and information activities which cannot be undertaken within Member States.

With regard to research activities, the Commission's Fourth Framework Programme for Community RTD Actions (1994-1998) covers a specific axis for "Targeted socio-economic research", which includes "Research on problems related to social integration". This element of the new Framework Programme is expected to make relevant contributions to the various elements of the new action programme to combat exclusion and to the appraisal of its overall significance at European level.

In parallel, the new action programme will carry out a number of studies which will provide an evaluation of the means of innovation in the development of policies and practices employed to combat the problems analysed by the research activities. They will be closely linked to the programme's operation and include:

- the analysis, comparison and recording of approaches, progress and results of model actions in various local, regional, national and transnational contexts with a view to identifying their relevance, relative effectiveness, efficiency, impact and potential transferability;
- the development of programme-relevant monetary and non-monetary indicators of social exclusion to establish a statistical basis for comparison at European and international level, in cooperation with Eurostat.

These studies could combine some secondary research with analysis of evidence recorded through model actions and could include research grants for postgraduate students in cooperation with ERASMUS.

The coherence and efficiency of the action programme will be promoted through the organization of opportunities for exchanges of experience and know-how at transnational levels among all key persons. These exchanges will be planned and organized at local, national and transnational levels by national correspondents of the programme, coordinated by a central Management and Coordination Unit, who also have responsibility for assisting the development of partnership and promoting effectiveness in the organization and development of model actions (see Article 5).

Information activities will include the public presentation and publication of the programme's progress and results to various expert networks at local, regional, national and transnational levels and to the general public.

Article 5

The Commission will subcontract the technical functions (administration and day-to-day monitoring of experiments) while itself playing a more direct supervisory role with regard to the general organization of the programme.

The Commission will therefore be responsible for organizing the network of management, coordination and studies activity and ensuring the dissemination of the results among decision-makers, specialists and the general public.

This structure and organization will be characterized by the following features:

#### A structure adapted to objectives

The European Commission is responsible for the implementation of the programme. The action programme will rely for its action, organization and development, studies and information activities on the establishment of partnership processes between a wide range of public, private and professional persons. The Commission will therefore coordinate such activities both vertically and horizontally to facilitate effective decentralized decision-making processes within and between elements of the programme.

#### The management of model actions

Each model action will be managed by a Steering Committee composed of representatives of all partners with a stake in the development of the action programme and responsible for all decisions in relation to the general management of the model action and its relationship to the overall programme. One of the partners already existing as a legal entity will act as manager and contract-holder with responsibility for the implementation of the model action until the partners have formed a new legal entity which can itself be a contractual partner. The contract-holder will be expected to keep separate accounts for the model action project.

The Commission will carry out occasional visits to the model actions as part of the activities to support their organization and development.

The Commission will be assisted in the task of managing and coordinating the model actions by a Management and Coordination Unit. This Unit will have a permanent core staff, carry out all tasks related to the management of contracts and provide support to organizational development and management of the programme - including through the training programme - as well as provide coordination of the various parts of the programme.

Effective management of model actions also requires capacity building. The third action programme has demonstrated that aspects of model actions constitute an apprenticeship of partnership and participation whilst the day-to-day management of complex multi-objective multi-agency model actions tends to generate demand for in-service training in relevant management and development skills for the staff concerned. The action programme will ensure that an on-going training programme offers opportunities for all key persons to develop their knowledge and skills in organizational development and enhance the ability of their organizations to implement actions to combat social exclusion. Linkages with European Social Fund actions may be possible if the individuals involved wish to pursue a course of study towards a relevant qualification.

#### The management of studies, transnational networks and information

The studies, networks and exchange activities will be directed by the same Management and Coordination Unit as described above. A programme of work will be established on an annual basis. The Unit will be assisted by a team of European level experts to propose and give general guidance on the work programme in terms of studies, transnational networks and other exchanges of experience at transnational level. This programme will be administered by a core of permanent staff.

#### Coordination at national level

The Management and Coordination Unit will propose candidates as national correspondents and the Commission will make appointments in each Member State after consultation with the Advisory Committee (see below).

These correspondents will be accountable to the Management and Coordination Unit. They will ensure consistency in the European programme by providing organization and development advice to model actions, organize national exchanges based on the experience of model actions and contribute to transnational exchanges. A correspondent will be required to provide an opinion on the operational plans, including financial plans of the model actions before they can be considered by the Management and Coordination Unit.

Annex 1 shows the organizational chart.

#### Article 6

This Article determines the role of the Member States in the presentation and selection of model actions.

Between the anticipated adoption of the Council Decision in December 1993 and 1 July 1994, the Commission will call for and review the Member States' proposals for model actions. At the end of the period, the Commission will decide on the five-and-a-half-year model actions of this new action programme in accordance with the procedures defined in the attached Council Decision.

The previous programme has demonstrated the importance of devoting sufficient time to the initial phases of preparation of strategies and definition of work programmes. Contractual periods and financial arrangements will therefore be adapted to the requirement for gradual implementation.

Once model actions have been approved, negotiators will arrange for a preparatory phase to start as soon as possible and last for a maximum of nine months. During this preparatory phase, the partners will be expected to, at least, establish detailed management arrangements, define a strategy and appoint a project manager. The European Commission contribution to this phase will not exceed ECU 120 000. This period will be followed by the operational start of the project and a contractual period of the year corresponding to a phase of definition of operational priorities and the beginning of implementation of a work programme.

#### Article 7

This Article sets out the composition, operation and relationship with the Commission of the Advisory Committee on which the governments of the Member States are represented.

This body will be consulted by the Commission on any important question relating to the implementation of the programme.

#### Article 8

This Article clarifies the Commission's role with regard to the dissemination and exchange of information.

The action programme, through its various elements, will promote exchanges of experience and know-how as well as more sustained dialogue between public authorities and bodies, non-governmental organizations and both sides of industry at three levels (local, national and European) on mechanisms to combat exclusion and foster solidarity and active citizenship. It will support regular publications of results, and contribute to raising public awareness of the mechanisms to tackle the multiple aspects of social exclusion through a coordinated approach to the use of the communications media.

The action programme will have sufficient means to ensure:

- the monitoring and evaluation of model actions giving rise to annual reports;
- the evaluation of programme impact at national level giving rise to annual reports and seminars;
- the evaluation of the overall programme leading to an interim review report to be presented to the Council, the European Parliament and the Economic and Social Committee.

#### Article 9

The Community contribution considered necessary amounts to ECU 121 million for the period running from 1 July 1994 to 31 December 1999.

There is provision for the level of Community support for model actions to be increased from 50% to 60% in exceptional cases, i.e. primarily in regions of Objectives 1, 2 and 5b. Community support for transnational networks is set at a maximum of 90%. Other programme activities can be financed in full by the European Commission.

Model actions will be expected to be funded jointly by the European Commission, public authorities at national, regional or local level and also by at least one non-governmental organization.

The partners' contribution will normally be in cash. In exceptional circumstances, part of the budget not exceeding 50% of the non-European Community contribution, may be contributed in kind, provided that this has been negotiated in advance and that the elements so funded are clearly identifiable and directly linked to the implementation of the work programme.

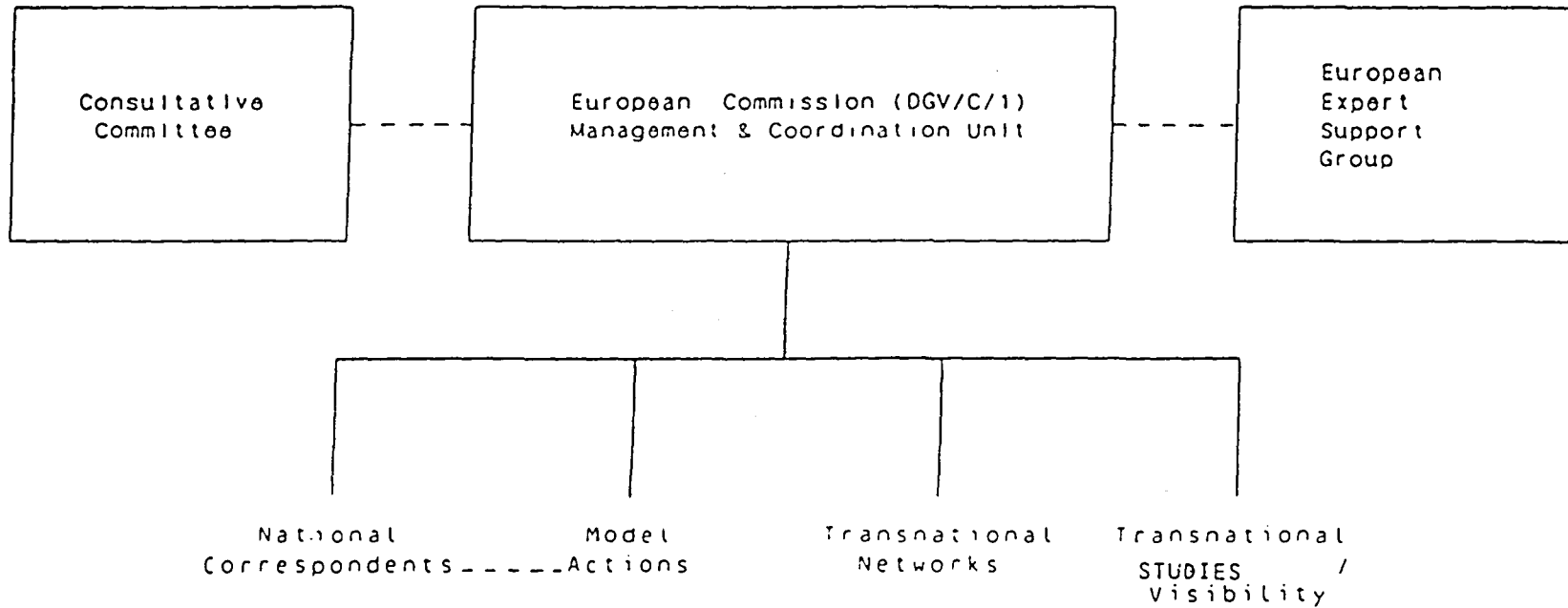
The contribution of non-European Commission partners must be directly relevant to the specified goals of the model action.

Annual audits of model actions' implementation will be provided to the Commission by the contractual partners. Similarly, an annual audit of the Management and Coordination Unit will cover other programme activities. All financial records must be available for inspection by the European Commission's Financial Control services which may carry out inspection visits.

#### Articles 10 and 11

The customary final provisions.

**ORGANISATIONAL CHART:**



22

— Management/Accountability links  
- - - Advisory/Consultative links

Proposal for a  
COUNCIL DECISION

establishing a medium-term action programme to combat exclusion and promote solidarity:  
a new programme to support and stimulate innovation  
(1994-1999)  
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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposal of the Commission <sup>(1)</sup>,

Having regard to the opinion of the European Parliament<sup>(2)</sup>,

Having regard to the opinion of the Economic and Social Committee<sup>(3)</sup>,

Whereas the task of the Community is to provide throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the States belonging to it;

Whereas the encouragement of solidarity with regard to the least-privileged and most vulnerable people forms an integral part of economic and social cohesion;

Whereas, nevertheless, structural Fund assisted measures are not in themselves sufficient to promote such a solidarity, and whereas it is expedient to develop specific measures to that effect;

Whereas respect for human dignity is one of the fundamental rights underlying Community law, as recognized in the constitutions and laws of the Member States, in the European Convention for the Protection of Human Rights and Fundamental Freedoms and in the European Social Charter as recalled in the preamble to the Single European Act, and in Council Recommendation 92/441/EEC of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems<sup>(4)</sup>;

Whereas experience, particularly at Community level, has shown that the objective of preventing and combating social exclusion is better achieved through partnership between all relevant persons, particularly public and private bodies and including non-governmental organizations and the social partners;

Whereas the issue of social exclusion is a major and growing challenge to European society which calls for continuing and increasing the efforts undertaken at all levels in order to prevent and to combat social exclusion, in accordance with the principle of subsidiarity and taking into account the diversity of national situations;

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(1)

(2)

(3)

(4) OJ No L 245, 26.8.1992, p. 46.

Whereas on 29 September 1989 the Council and the Ministers for Social Affairs meeting within the Council adopted a resolution<sup>(5)</sup> on combating social exclusion which stressed that combating social exclusion may be regarded as an important part of the social dimension of the internal market, and which expressed their commitment to continue and as necessary to step up the efforts undertaken in this respect in common, as well as those made by each Member State;

Whereas on 23 December 1992, the Council received a Communication from the Commission entitled "Towards a Europe of Solidarity: intensifying the fight against social exclusion, fostering integration"<sup>(6)</sup> which provides an account of initiatives developed by the Commission in recent years and illustrates the contribution which the Community could make, respecting the principle of subsidiarity, to the combined effort needed to combat social exclusion;

Whereas, the Commission was authorized, by Council Decision 89/457/EEC<sup>(7)</sup>, to implement a specific action programme concerning the economic and social integration of the economically and socially least-privileged groups, and whereas that action programme will come to an end on 30 June 1994 and should be pursued and broadened;

Whereas it is necessary to promote a comprehensive strategy to combat exclusion, with the participation of all the persons including the people concerned;

Whereas it is necessary to encourage preventive measures vis-à-vis the risks of social exclusion as well as curative measures to integrate excluded people in social and economic life;

Whereas a Community programme permits a contribution to the identification and stimulation of good practices and policies, to the encouragement of innovation and to exchanges of experience in this matter;

Whereas it is important to promote measures aimed at the development of synergy between local, national or regional, and Community level;

Whereas exchanges of information, comparison of experience and consultation between the Member States and the Commission on action to combat the exclusion of the least-privileged members of society contribute to their economic and social integration;

Whereas this Community added value as well as the incidence and scale of situations and processes of exclusion necessitate a more ambitious programme, requiring financial resources representing approximately double the contribution allocated to the preceding programme;

Whereas the Treaty does not provide specific powers of action for the adoption of this Decision other than those contained in Article 235,

HAS DECIDED AS FOLLOWS:

#### Article 1

A medium-term action programme to combat exclusion and promote solidarity is hereby established for the period from 1 July 1994 to 31 December 1999.

The purpose of the programme is to contribute to the effective participation of the least-privileged people in economic and social life.

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<sup>(5)</sup> OJ No C 277, 31.10.1989, p. 1.

<sup>(6)</sup> Communication COM(92) 542 of 23 December 1992.

<sup>(7)</sup> OJ No L 224, 2.8.1989, p. 10.



## Article 2

For the purposes of the action programme, actions to combat exclusion and promote solidarity shall be specifically aimed at the economic and social integration of the economically and socially least-privileged groups and persons that are exposed to social exclusion especially in urban areas. Such integration shall be ensured through multi-dimensional action covering all relevant fields in society, an indicative list of which is contained in the Annex.

## Article 3

The aims of the programme shall be to:

- (a) contribute to the development of preventive and curative measures at local and national (or regional) levels through model actions;
- (b) support the creation and development of transnational networks of partnership projects;
- (c) conduct information, coordination, assessment and exchange of experience operations at Community level;
- (d) stimulate experiment and analysis, and identify the best innovatory models of action, in terms of both their content and organization;
- (e) study the mechanisms of social exclusion;
- (f) provide information on the programme and disseminate results.

## Article 4

The measures designed to attain the aims referred to in Article 3 shall be as follows:

- (a) the carrying-out of model actions at local level, in both rural and urban settings, undertaken in partnership between the public and private sectors - especially the social partners and professional and voluntary organizations, and the pursuit of economic and social integration of the least-privileged groups through a multi-dimensional strategy;
- (b) the carrying-out of model actions at national (or regional) level which support actions undertaken by public or private bodies in the framework of a partnership and a comprehensive strategy;
- (c) assistance for the creation and development of transnational networks of projects, in particular through support for studies, publication, exchanges of experience and know-how;
- (d) the compilation of statistics, data collection, and the conduct of comparative studies aimed at developing comparison of the phenomena of social exclusion and methods of tackling them.

## Article 5

1. The Commission shall be responsible for the implementation of the action programme.

It shall also ensure the necessary complementarity and synergy with other Community actions, especially those involving the structural Funds and research and development programmes.

2. Guidelines concerning the definition and selection of model actions and transnational networks are set out in the Annex.

## Article 6

1. Model actions shall be presented to the Commission by the Member States.
2. After consulting the Committee provided for in Article 7, the Commission shall take a decision on the selection and content of model actions.
3. The Commission shall also consult the Committee provided for in Article 7 on the other activities undertaken under this programme.

## Article 7

The Commission shall be assisted by a committee of an advisory nature, hereinafter referred to as "the Committee", composed of two representatives of the Member States and chaired by the representative of the Commission.

The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft, within a time-limit which the chairman may lay down according to the urgency of the matter, if necessary by taking a vote.

The opinion shall be recorded in the minutes; in addition, each Member State shall have the right to ask to have its position recorded in the minutes.

The Commission shall take the utmost account of the opinion delivered by the Committee. It shall inform the Committee of the manner in which its opinion has been taken into account.

## Article 8

1. The dissemination and exchange of information and knowledge concerning the programme shall be organized under the responsibility of the Commission.
2. The Commission shall disseminate the results of operations systematically and widely.

## Article 9

1. Community financial support shall be granted in the framework of the appropriations entered annually in the general budget of the European Communities for that purpose and in line with the financial perspectives, at the following rates:
  - (a) for model actions for which responsibility is borne by the public authorities of the Member State concerned, the maximum rate shall be 50% of actual expenditure within the limits of the assistance approved by the Commission; however, in exceptional cases in the regions covered by Objectives 1, 2 and 5b of the structural Funds, this ceiling may be raised to 60%;
  - (b) for direct subsidies to transnational networks for which responsibility is not borne by the public authorities of the Member States concerned, the maximum rate shall be 90% of actual expenditure within the limits of the assistance approved by the Commission.
2. The budgetary provision necessary to finance the Community contribution to the programme shall be determined in accordance with normal budgetary procedures.

Article 10

1. Before 1 July 1997 the Commission shall present to the Council and the European Parliament an interim report on the implementation and results of the programme.
2. Before 1 January 2001 the Commission shall present to the Council and the European Parliament a final report on the implementation and results of the programme.

Article 11

This Decision shall be published in the Official Journal of the European Communities.

Done at Brussels,

For the Council  
The President

Guidelines regarding the fields of action, definition and selection of model actions  
and transnational networks

**FIELDS OF ACTION**

Model actions and transnational networks should be multi-dimensional, i.e. they should relate to several aspects of the processes of social exclusion and social integration. This includes income, education, training, employment, accommodation, social and consumer protection, health, transport, local development, freedom of movement, personal security, access to justice, access to public services, culture and leisure.

**DEFINITION**

**(1) Model actions at local level**

1. Each model action at local level should be implemented within one specific area, defined in terms of its size, social, cultural and economic characteristics, administrative boundaries and local identity.
2. The area selected should lend itself to action in depth and, in particular, should enable all interested parties to work together.
3. Model actions at local level should imply the commitment and involvement of partners concerned including private participants (employers, trade unions, voluntary organizations, residents groups, local development partnerships, organizations representing small and medium-size enterprises, associations, cooperatives, friendly societies and foundations) and public authorities (local, regional, national) and/or mixed public/private agencies.
4. Model actions at local level should take steps to improve the participation of the population of the selected area in the preparation of a local strategy, in the implementation of the model action and in the programme as a whole.
5. Model actions should contain aspects that are innovatory compared to what is being done in the Member State, experimental in nature, testing the relevance and effectiveness of a particular approach to the broader debate on social exclusion; they should include arrangements for continuous assessment and for participation in the European programme as a whole.
6. Model actions at local level should be aimed in the first place at those who are experiencing greatest economic and social difficulty.

**(2) Model actions at national (or regional) level**

7. Model actions at national (or in appropriate cases at regional) level should focus on a specific issue faced by economically and socially disadvantaged people in relation to which innovation requires the cooperation of national (or regional) authorities.
8. In this programme, model actions at regional level should operate in a geographical area corresponding to the first manageable tier below national level (Autonomias, Belgian regions, Länder etc...) or a cross-regional group of such areas.

9. Model actions at national (or regional) level should contain aspects that are innovatory compared to what is being done in the Member State or in the Community as a whole.
10. Model actions at national (or regional) level should focus more on specific issues or situations than on area-based projects.
11. The issues or situations selected should lend themselves to innovatory approaches that can demonstrably be tested and/or developed during the period of the programme.
12. Model actions at national (or regional) level should aim to bring together partners with national (or regional) spheres of interest who have not previously tackled this particular issue jointly. The resulting partnership could include public agencies (national, regional, cross-regional authorities or associations of same) and private agencies (non-governmental organizations, associations and networks, employers associations, organizations representing small and medium-size enterprises, associations, friendly societies and charitable trusts and trade unions) as well as mixed public/private agencies at national or regional level.
13. Model actions at national (or regional) level should promote the participation of the population groups most concerned in the preparation, development and evaluation of the innovatory actions.

### (3) Transnational networks

14. Proposals for the establishment of new transnational networks of action projects should involve existing projects in at least half of the Member States.
15. The existing projects proposed as members of the newly formalized network should have identifiable common objectives (for example reduction of overindebtedness, collaboration of trade unions with other agents of local development, work with children at risk of alienation from family and community, involvement of residents in environmental improvements, etc.).
16. Proposals for new networks should demonstrate the potential learning process resulting from the structuring of exchanges.

### SELECTION

17. In selecting model actions, account should be taken of the following criteria:
  - they should be innovative, in terms of content and/or organization;
  - they should be carried out by participants with appropriate qualifications and/or experience;
  - they should devise effective ways of channelling aid to the population most concerned;
  - they should encourage the independence and self-confidence of the persons concerned, including measures to promote self-sufficiency;
  - they should enhance employment possibilities (e.g. improvement of vocational skills, employment counselling, promotion of self-employment);
  - they should concentrate on socially and economically disadvantaged areas or key issues affecting the extent of economic and social exclusion.

## FINANCIAL IMPLICATIONS

### 1. TITLE OF THE OPERATION

Community action to combat exclusion and promote solidarity (1994-99)

### 2. BUDGET HEADING CONCERNED

B3-4103: Actions to combat poverty

### 3. LEGAL BASIS

Application of Article 235 of EEC Treaty. The Commission will introduce a proposition in September 1993 which is expected to be followed by a new decision by the Council at the end of 1993.

### 4. DESCRIPTION

4.1 The aims of the action programme are to foster the economic and social integration of the least-privileged groups, promote solidarity and active citizenship.

Its objectives are:

1. to contribute to the development of preventative and curative strategies to meet the needs of the least-privileged groups through a series of innovatory model actions at local level;
2. to contribute to the development of preventive and curative strategies to meet the needs of the least-privileged groups through a series of innovatory model actions at national (or regional) level;
3. to contribute to the development of transnational networks of live projects acting to foster economic and social integration and solidarity;
4. to identify and publicize the scope and characteristics of processes and situations of social exclusion and generate specialized and public debates on the issues arising;
5. to ensure the overall coherence of the programme and its beneficial relationship to other European Community policies and programmes through overall coordination and management arrangements including organization and development support and assessment.

4.2 The duration of the action is five and a half years from 1 July 1994 to 31 December 1999.

### 5. CLASSIFICATION OF EXPENDITURE

5.1. Non-compulsory expenditure

5.2. Dissociated credits

5.3 Types of revenue: none

## 6. NATURE OF EXPENDITURE OR REVENUE

- 6.1 100% expenditure: for activities connected with contracts for the provision of services (expenditure relative to studies, experts meetings, conferences and seminars, training, information and publications coordination, advice and support directly linked to the achievement of the action's objective of which they are an integral part, to the exclusion of expenditure relative to the management of these actions or to general administration). These are part of the Commission's management of the programme.
- 6.2 Subsidies for co-financing with other public and/or private sector sources
- For model actions in operational phase, Community co-financing representing 50% of expenditure (60% in regions of Objectives 1 or 2 and 5b of the structural Funds) to complement public and/or private financing. Transnational networks will be financed up to 90% of eligible expenditure.
- 6.3 Interest subsidies: none
- 6.4 Other types of expenditure: none
- 6.5. In case of economic success of the action, is a partial or total reimbursement of the Community's financial contribution envisaged? No "economic success" possible. However, payment recovery will be demanded if necessary, should the action fail to meet the contract's objectives.

## 7. FINANCIAL IMPACT ON FINANCIAL APPROPRIATIONS

### 7.1. Indicate the way in which the total cost has been calculated

The total cost of the action over five and a half years is ECU 121 million as compared with ECU 55 million for five years of the third programme. These figures reflect the intention to double the resources available since a five-year programme would amount to ECU 110 million and a five-and-a-half-year programme, permitting a financial planning to coincide with calendar year, will require an additional one-tenth of the ECU 110 million to cover the extra six months.

The increase in total cost arises from the need to consolidate achievements and extend the number of experiments to cover the increasing complexity of the phenomena under study and better to integrate the outcome of experiments into the activities of Member States at local, regional and national level.

### 1994

The first six months of the programme occur in 1994 and are therefore planned with reference to the APB 1994 for Part B.

The APB 1994 indicates that ECU 16 million for line B3-4103 of which ECU 4 million are outside any programme and cover exchange and support networks of NGOs whilst ECU 12 million are expected to cover this phase of the new programme as well as consolidation of the achievements of Poverty 3.

It is envisaged that expenditure on the new programme in 1994 will relate to the following:

- (a) Subsidies for model actions and transnational networks of up to a maximum of ECU 120 000 each (for 44 local projects, 19 national projects and 7 transnational networks) or a total of approximately ECU 8 million.

This is to ensure the partnership agreement is turned into effective cooperation, that administrative, financial and evaluation mechanisms are established, that needs assessment studies are carried out, that a medium-term strategy is elaborated and staff recruitment is initiated. The experience in Poverty 3 was that this phase could last up to 16 months, especially where co-financing arrangements were particularly complex. On the basis of this experience, a period of six to nine months is considered essential to establish structures, roles and responsibilities effectively.

The volume of subsidies to the new programme's actions therefore grows from ECU 8 million (for six months at 90% subsidy) to ECU 18 million for a year's co-financing in 1995.

- (b) ECU 1 million in subsidies for coordination, advice/support studies, meetings of experts, conferences and information and publications related to the actions or networks (N.B. 8 +1= ECU 9 million leaving ECU 3 million for studies, evaluation reports, etc. relating to Poverty 3 in 1994 in Part B).

Total Part B expenditure for the new programme in 1994 therefore amounts to ECU 9 million.

### 1995-1999

The total cost will be distributed as follows:

Local model actions	ECU 70 million
National model actions	ECU 28.3 million
Transnational networks	ECU 4.2 million
Coordination as well as advice/support to the organization, development and evaluation of actions and networks	ECU 3.7 million
Data collection, studies, exchanges of experience	ECU 4.8 million
	<hr/>
Total 1995-99	ECU 112.0 million

The expenditure related to the development of model actions and networks was calculated as follows:

#### Implementation of multi-dimensional strategy

Local level	:	44 projects at average cost of ECU 250 000 per year
National level	:	19 projects at average cost of ECU 245 000 per year
Transnational level:		7 networks at average cost of ECU 125 000 per year

Expenditure on studies, expert meetings, conferences and congresses, information and publications directly linked to the achievement of the objectives of the measures of which they form an integral part with the exception of those arising from the management of these measures or from general administration (see the commentary on the budget line for the maximum amount applicable in the current year).



7.2 The Commitment appropriation requested includes:

	At current prices						TOTAL
	1994*	1995	1996	1997	1998	1999	
Model Action-Local level	5.0	12.1	13.2	14.3	14.9	15.5	75
Model Action-National level	2.2	5.0	5.3	5.8	6.0	6.2	30.5
Transnational network	0.8	0.9	1.0	1.1	1.1	1.1	6.0
Coordination and support development and evaluation	0.8	0.7	0.7	0.7	0.8	0.8	4.5
Data collection, studies, exchanges of experience	0.2	0.8	0.9	1.0	1.0	1.1	5.0
<b>TOTAL PROGRAMME</b>	<b>9.0</b>	<b>19.5</b>	<b>21.1</b>	<b>22.9</b>	<b>23.8</b>	<b>24.7</b>	<b>121.0</b>

\* six months 1.7.94 to 31.12.94

7.3 Indicate timetable of commitment appropriations and payment appropriations

Primary concerns in phasing the budget have been:

- to demonstrate the continuity in the Community's commitment to combating social exclusion and, thus, the prevention of any gaps in funding between the two programmes for local projects which may be extended into the new programme (in particular, "projects in the New Länder that did not start until 1992 and are highly likely to be carried over into the new programme);
- to give support to the functioning of medium-term multi-dimensional strategies by providing for a progressive annual increase which permits the growth of new innovative activities in line with the lessons learned at earlier stages.

Besides these principles, the timetable and distribution of commitments follow the following structure:

- in each financial year, expenditure relating to model actions and transnational networks represents 92%;
- in each financial year, expenditure relating to coordination, advice/support studies, information, training, seminars, meetings of experts, publications and information represents about 8% of Part B expenditure.

The year-on-year increases follow a simple logic. It is expected that model actions will increase gradually for the first two full years at 9% a year, and, in the last year, cost increases will level out. These rates of increase will lead to a doubling of programme expenditure whilst minimizing the risk of co-financers being unable to follow suit. Other expenditure is not proportionate to the volume of activities but to the number of actions undertaken.

New programme on Social Exclusion (ECU million)

Likely schedule of payments compared with commitments

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APPROPRIATIONS	COMMITMENTS	PAYMENTS					Following years
		1995	1996	1997	1998	1999	
1995 appropriations	19.5	11.7	3.9	1.95	1.95		
1996	21.1		12.66	4.22	2.11	2.11	
1997	22.9			13.74	4.58	2.29	2.29
1998	23.8				14.28	4.76	4.76
1999	24.7					14.82	9.88

## 8. WHAT ANTI-FRAUD PROVISIONS ARE INCLUDED IN THE PROPOSAL?

On-going monitoring by technical assistance team coordinated at European level. This includes interim and final financial reports to each contractual period of one year maximum. The second payment is dependent upon receipt of a satisfactory interim report. Systematic and random on-the-spot checks carried out by the Commission services (DGV and DGXX).

## 9. COST EFFECTIVENESS

### 9.1 Specific aims

The action includes five specific aims as outlined in paragraph 4.

The targeted population is the least-privileged groups experiencing processes of social exclusion who are the final beneficiaries. The intermediate beneficiaries are the partnership groups managing the model actions or transnational networks.

### 9.2 Justification of the measure

According to the most recent estimates, there are over 52 million people in the Community living in poverty, over 3 million homeless people and 17 million unemployed persons of which half have been unemployed for more than a year. The current period of slow-down in economic growth has further diversified the processes of social exclusion, endangering in particular the traditional practices of concertation, solidarity and responsible citizenship. New forms of social exclusion and their increasing visibility are prompting public and private agencies as well as the social partners to reshape traditional approaches to the new challenges, to improve existing know-how and experiment with innovative practices.

In this context, cross-fertilization by means of a European action programme and research work has proved its effectiveness and needs further development. The specific added value of such a European programme results from its derived effects. Moreover, a number of multiplier effects have been shown to add to the programme's cost-effectiveness.

The new programme will be expected to build upon the work already carried out in the current Poverty 3 programme as part of the Community's broader approach to social exclusion developed over the last five years. Its derived effects should be of the same nature as those achieved in the current programme, which have been described in the Report on its implementation. They include:

- the stimulation of debate on the question of social exclusion at local, regional, national and at Community level;
- the development by many projects of methodological instruments and good practices which have proved useful to practitioners in other localities and other Member States;
- the benefits of new exchange networks between local authorities, non-governmental organizations and social partners which go beyond the pooling of knowledge or awareness-raising activities to permit the formation of new solidarities and the establishment of new practices in combating exclusion.

Moreover, the assessment of the strengths and weaknesses of the Poverty 3 programme led to the conclusion that:

- the noted contribution of the programme's ideas and experiences to the reflections of decision-makers in several Member States where national policies on combating exclusion have become more explicit over the period and where a number of expected synergies are emerging;

- the contribution of the programme's ideas and projects' experiences to reflections at Community level especially with reference to enriching other Community initiatives: such an experimental programme was able to explore and assess the relevance of methods and approaches which could be effective as part of other Community initiatives including the structural Funds;
- the opportunities created for synergies to develop, in the context of the programme's multi-dimensional approach, between the growing number of Community-supported networks involving non-governmental organizations and social partners.

Based on experience to date, the new programme proposes to double the amount of Community contributions. It seeks support for a level of activities which can create a genuine momentum of policy and practice development and it embodies a timely and important political commitment for the Community.

In view of the competencies and resources of the European Community, an action programme to stimulate innovation and experimentation is bound to remain modest in relation to the scale of poverty and social exclusion. Its scope should therefore be defined primarily according to the impact and specific added value which can be expected from such a coherent programme of support and stimulation of innovation.

The impact of the programme depends in part on its size. The current Poverty 3 programme has shown that impact is proportionate to the number of ambitious local projects making specific efforts to carry out experiments relevant to national policies and debates. In particular, it is acknowledged that a programme consisting of 40 projects, i.e. 3 or 4 per Member State, can hardly create the momentum and have the multiplier effects that could be expected from a more significant number of projects.

Finally, the programme constitutes a political signal of the Community which responds to the wishes and expectations expressed by the participants in the current programme. Such wishes and expectations were made explicit most recently at a conference on Combating Social Exclusion held in Copenhagen in June 1993 and the European Parliament representatives have recommended a new programme of ECU 200 million over five years.

The proposed costs reflect the continued rise in the scale of the problem of social exclusion, have preventive as well as remedial effects, allow for the necessary extension of experimentation to compare and contrast effectiveness in different types of areas (urban/rural), for different action targets (areas/categories of people/new issues), at various administrative levels (local, national or cross-regional) and with more active participation from the social partners than in the third programme. In particular, the introduction of "national level" projects requires stronger linkages to be established between local, national and transnational innovations and debates.

#### Factor of uncertainty

It is important to remember that the actual content of project strategies and the behaviour of key persons in the programme will be conditioned by the evolution of the debate on exclusion. In this respect, attention must be drawn to the general economic conditions and their consequences in the Member States' employment and social policies, especially as they relate to combating social exclusion.

### 9.3 Monitoring and evaluation

#### 9.3.1 Selected performance indicators

In relation to the first two objectives of the programme (paragraph 4: "contribute to the development of ... strategies ... through a series of innovative model actions at local level" ... and *ibidem* " ... at national or regional level"), monitoring and evaluation will take place at local level and will be both internal and external. The performance indicators will be appropriate to the very specific nature of

each project strategy - constructed by the partnership - and will make use of previous research with regard to assessing the effectiveness of the multi-dimensional integrated strategy in context.

Each project will carry out an internal evaluation (self)-evaluation: on-going monitoring commissioned by each project Steering Committee will establish (i) a position statement of the context of each project in terms of assessed needs, policies and practices, (ii) a set of operational objectives explicitly related to expected outcomes, if possible quantified, (iii) a number of organizational principles including a plan for record-keeping and a communication strategy, (iv) an annual assessment of effectiveness and efficiency in relation to the agreed objectives and principles and in view of the resources of the project.

In addition, an external evaluation will extract the relevant findings of the project and draw out any implications for regional, national or Community policy development, with special attention being geared to the impact of the programme's key principles.

In relation to the third objective of the programme (transnational networks of projects) performance indicators will include fulfilment of the originally agreed programme of work, notably number and quality of new membership, the number and quality of events or publications based in part on the opinions of participants and key decision-makers in the policy field concerned.

The fourth objective (identify characteristics of social exclusion and generate specialized and public debates) will be the object of evaluation at national and at Community level. Performance criteria will be the amount and relevance of genuine new knowledge to the development of debates at national and Community level (about both policy and practice), the extent to which new thinking penetrates other national and Community debates as evidenced by official documents or specialist journals.

The fifth objective (programme coherence, programme coordination with other Community policies and programmes) covers aspects of organizational development internal as well as external to the programme. With respect to programme coherence, evaluators will review the impact of the project selection criteria and procedures and a major performance indicator will be the quality of the transnational linkages and exchanges within the programme and their ability to lead to a refining of models and paradigms, to better comparability or transferability of experimental arrangements and theoretical constructs. With respect to coordination, a major evaluation criteria will be the development of a real synergy with other policies of the Community (especially structural policies) either through practical cooperation or through cross-fertilization of methods and practice. The evaluation will, in particular, highlight any relevant links established with other Community policy areas (e.g. education, social protection, equality, consumer protection).

### 9.3.2 Procedures and frequency of evaluation

Monitoring and evaluation will be responsibilities at all three levels of the programme: project level, national level, Community level and its execution will be shared between the model actions, the networks, the national correspondents, the Management and Coordination Unit and additional European-level experts as required. A detailed framework will be elaborated by technical assistance staff to facilitate the dovetailing of various aspects of evaluation and the comparability of results.

Each model action and each transnational network of projects will prepare an annual report on its implementation based on its internal evaluation.

National correspondents will prepare annual reports in relation to all programme objectives with respect to the elements of the programme in their Member State (including the external evaluations of model actions).

At European level, the Management Coordination Unit and other European-level experts as appropriate will be called upon to prepare an annual synthetic progress report based on the above reports, an assessment of the impact in relation to the fourth and fifth objectives of the programme, as well as an assessment of the impact of the programme overall. Their major reports will carry a limited number of recommendations for any necessary adjustment of priorities.

Before 1 July 1997, the Commission shall present to the Council and the European Parliament an interim report on the implementation and progress of the programme as a whole.

Before 1 July 2000, the Commission shall present to the Council and the European Parliament a final report on the implementation and progress of the programme.

#### 9.4 Coherence with financial planning

The action is included in the financial programming of the DG.

The more general aim in the DG's financial planning which corresponds to the aim of the proposed action is Chapter B3-41: Social Protection and Free Circulation.

### 10. ADMINISTRATIVE EXPENDITURE (PART A)

#### 1. DOES THE ACTION REQUIRE AN INCREASE IN COMMISSION PERSONNEL. IF SO, HOW MANY?

For line B3-4103 as a whole, the following additional staff is required in 1994: 1A, 1C.

Additional posts will come from resource programming for the year in question or by internal redeployment.

#### 2. INDICATE THE AMOUNT OF PERSONNEL AND ADMINISTRATIVE EXPENDITURE GENERATED BY THE ACTION PROPOSAL. EXPLAIN MODE OF CALCULATION.

##### Personnel

Estimated annual cost for 1A and 1C

ECU 108 000

##### Administrative expenditure

In the Draft Preliminary Budget for 1994, the Commission already presented a budget for administrative expenditure for line B3-4103.

For 1994 and subsequent years, Part A administrative expenditure will remain at the same level.

**REPORT ON THE IMPLEMENTATION OF THE COMMUNITY  
PROGRAMME FOR THE SOCIAL AND ECONOMIC  
INTEGRATION OF THE LEAST-PRIVILEGED GROUPS**

**"Poverty 3" (1989-94)**

**Council Decision 89/457/EEC of 18 July 1989  
(OJ No L 224, 2.8.1989)**

## INTRODUCTION

The Commission is implementing a "Community programme for the economic and social integration of the least-privileged groups in society" as provided for by Council Decision of 18 July 1989<sup>(1)</sup>.

The programme is to run for a five-year period (1989-94) and extends and expands previous Community action, known as the first and second European programmes to combat poverty (1975-80 and 1984-89)<sup>(2)</sup> which demonstrated the Community's intent to contribute, to the limits of its powers and its resources, to the fight against poverty undertaken in the Member States.

The Poverty 3 programme forms part of the same approach. However, it is more ambitious than earlier programmes: first in respect of the resources, which, although still modest, have been increased to give a provisional budget totalling ECU 55 million for the five years of the programme, compared with ECU 20 million and ECU 29 million for the first and second programmes respectively, but more importantly it is more ambitious in respect of its contents: it was designed in the light of the lessons drawn from the two earlier programmes and aims to give greater support to innovation in the methods and policies implemented. It is intended to promote a multi-dimensional approach to social exclusion and also gives pride of place to strategies which are aimed at both economic and social integration of the least-privileged groups in society, based on a partnership between public and private institutions and conducted with the participation of the groups concerned.

Obviously, Poverty 3 is neither intended nor able to tackle all aspects of poverty in the Community, as the activities and policies to be pursued in this field are the responsibility of the Member States and their national, regional and local authorities. Its aim is to promote experimentation with new strategies for fighting poverty, and thus to contribute to identifying good practice, encouraging policy and stimulating public debate in this field. With this aim in view, it concentrates its resources on some forty local projects throughout the Member States which are linked by means of a transnational organizational structure created specifically for this purpose to form a dynamic European network. A very small percentage of its budget is also set aside for research work and statistical studies to improve our grasp of the processes underlying social exclusion.

The local projects were selected by the Commission at the end of 1989 on the basis of proposals submitted by the Member States. They will receive financial aid from the Community during the five years of the programme on condition that co-funding from public authorities or private associations at national, regional and/or local level is available. They will attend national and transnational meetings regularly to pool experience and compare notes and they will be supported by technical assistance teams whose job it is to provide them with suitable help for project development and assessment.

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<sup>(1)</sup> Council Decision 89/457/EEC of 18 July 1989 establishing a "medium-term Community action programme concerning the economic and social integration of the least-privileged groups in society" (OJ No L 224, 2.8.1989).

<sup>(2)</sup> Council Decisions 75/458/EEC of 22 July 1975 (OJ No L 199, 30.7.1975) and 85/8/EEC (OJ No L 2, 3.1.1985).



The practical experience acquired in these projects, the support activities and the various programme publications will contribute to establishing the profile of Poverty 3 and the synergy between its activities and those conducted elsewhere at national and Community level.

The thirty "pilot projects" are sizeable projects, bringing together the public and private partners at local level who are resolved to implement jointly a coherent and coordinated strategy to fight poverty. Each will receive from the Community an annual grant averaging between ECU 250 000 and ECU 300 000, i.e. almost ECU 1.5 million for the duration of the programme. A dozen projects called "innovatory measures" are on a more modest scale: they are micro-projects which will explore appropriate responses to the specific situations that isolated groups are in and each will receive an annual grant of ECU 50 000, on average, i.e. around ECU 250 000 for the duration of the programme.

Clearly these projects are very diverse. Nevertheless, what they have in common is that they reflect the key principles of the programme - the multi-dimensional approach to social exclusion, partnership anchored in the process of local development, and the participation of the most-disadvantaged groups - and that they seek to translate them into practical and lasting action at local level. They also share a common European profile, particularly as they are involved in the dynamics of transnational exchanges implemented through the programme's organizational structure. They thus illustrate the vital aim of the programme, which is to encourage debate and national and Community policies on poverty and, in turn, to reinforce solidarity with the most disadvantaged groups by providing support in the search for innovatory responses to social exclusion.

Poverty 3 actually began on 1 March 1990. In its Decision of 18 July 1989, the Council asked the Commission to submit by 1 July 1993 at the latest, a report on the implementation and results of the programme (Article 10). This is the purpose of this document, which reports on three years of action under the programme and can be seen as an initial assessment of the programme. It falls into five parts: the first reiterating what the programme sets out to do, the second describing its implementation, the third describing the projects and what action they involve, the fourth analysing the programme's dynamics and its strengths and weaknesses and the fifth identifying the lessons to be learned and the impact made so far at the halfway stage.

## **PART I - What the Poverty 3 programme sets out to do**

With over 50 million poor people, some three million homeless, and 17 million without jobs, half of them for more than a year<sup>(3)</sup>, social exclusion and poverty represent a major challenge for the Member States and for their national, regional and local authorities. They are also a challenge for the Community as a whole: the Community can not disregard situations which testify by their existence and scale to the need to build a socially equitable Europe (paragraph 1).

Meeting this challenge will require increased solidarity. The Member States and their regional and local authorities have strengthened various aspects of their policy to this end. The Community can make a contribution within the constraints of its powers and its resources but this contribution will be modest: in line with the principle of subsidiarity, Community action in this field is mainly intended to support and supplement Member States' own measures (paragraph 2).

Implementing specific programmes is one of the ways in which the Community can take action. Programmes of this type have limited scope and obviously cannot replace national policy: they are intended to encourage innovation, mainly through the pooling of experience, and to promote the widest possible public debate (paragraph 3).

The specific objectives of the Poverty 3 programme are a practical illustration of how this role of support and encouragement, which is a feature of the specific programmes, can be used in the fight against poverty. They represent the fruits of experience with previous Community programmes but are also based on common features of a number of national policies in this field which emphasise the overall coherence of an approach to economic and social integration of the least-privileged groups (paragraph 4).

### **1. The challenge of poverty and social exclusion**

1.1 Poverty is nothing new and has long given rise to a great deal of scientific and political discussion and many public and private initiatives. However, public opinion and debate on these questions have undergone a profound transformation over the last 15 years in most of the Member States as the nature of poverty has changed and, in turn, the challenge facing European society.

Urban crisis, the resurgence of homelessness, inter-racial tension and the increase of long-term unemployment, marginalization of young people who have never been able to gain access to the employment market, the persistence of poverty in certain rural areas and the slide into poverty of households in debt are new phenomena which are more visible and numerous than in the past and have contributed to this transformation of the debate on poverty and social exclusion.

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<sup>(3)</sup> "Towards a Europe of solidarity - intensifying the fight against social exclusion and fostering integration" (COM(92) 542 final of 23 December 1992).

Poverty can today no longer be regarded as a residual state of affairs, a mere heritage of the past which will disappear with economic progress and growth. Moreover, it can no longer be regarded as merely an absence or insufficiency of financial resources affecting individuals. On the contrary, we must acknowledge the structural character of poverty and the mechanisms which lead to it and the multi-dimensional character of the processes by which persons, groups and sometimes urban or rural areas are excluded from the social exchanges, practices and rights which are an intrinsic part of social and economic integration.

This explains the increasing use of the concept of social exclusion which, in the majority of the Member States and at Community level<sup>(4)</sup>, is gradually replacing the concept of poverty. When we talk about social exclusion we are acknowledging that the problem is no longer simply one of inequity between the top and the bottom of the social scale (up/down), but also one of the distance within society between those who are active members and those who are forced towards the fringes (in/out). We are also highlighting the effects of the way society is developing and the concomitant risk of social disintegration and, finally, we are affirming that, for both the persons concerned and society itself, this is a process of change and not a set of fixed and static situations.

- 1.2 On 23 December 1992 the Commission adopted a Communication which set out the challenge that social exclusion represented for the Member States and the Community<sup>(5)</sup>. This Communication underlines the fact that the situations and processes involved in social exclusion are largely the result of structural change in European economies and societies (technological change, changes in the labour market, increasing fragility of family structures, trends towards social fragmentation, development of migratory phenomena and changes in value systems). It draws attention to the increasing vulnerability of a large percentage of the population exposed to social exclusion, mainly due to changes in employment and family and social structures and explains that there is not only one group - and a small one at that - of people living in permanent poverty and exclusion but a variety of - increasingly large - groups whose economic and social integration is insecure, who experience periods of sporadic or recurrent poverty and who are threatened by the loss of the social ties which accompanies the process of social exclusion.

These observations confirm the practical experience of the people most closely engaged in the fight against social exclusion - governments, local authorities, and NGOs in particular - who also stress the risk that the situation and the processes involved might deteriorate further. This is sufficient evidence - even taking into account the diversity of local and national situations - to convince us of the scale of the challenge throughout Europe and the echo it strikes in public opinion.

## 2. **Community action**

The fight against social exclusion is mainly the responsibility of the Member States and their national, regional and local authorities. However, the Community has repeatedly expressed its desire to contribute, within the constraints of its powers and resources, to what the

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<sup>(4)</sup> Resolution of the Council and the Social Affairs Ministers on combating social exclusion on 29 September 1989 (OJ No C 277, 31.10.1989).

<sup>(5)</sup> Towards a Europe of solidarity - intensifying the fight against social exclusion and fostering integration" (COM(92) 542 final of 23 December 1992).

Member States are doing: its activities are thus limited but are indicative of its growing concern and the way they have evolved shows how the types of Community action, which have gradually been identified and accepted in conformity with the principle of subsidiarity, are best designed to make a specific additional contribution.

- 2.1 The Community has been concerned specifically with social exclusion since the mid-seventies. Its activities do not constitute so much a policy as a limited contribution, testifying to the concern for solidarity with the deprived in the process of building Europe. Its most favoured, and for a long time only, instrument has been the implementing of specific programmes with limited resources intended to support innovation and the pooling of experience.

In 1975 the Community launched its first programme to combat poverty (1979-1980) which supported pilot projects throughout the nine Member States of the Community of that time. This programme, which was conceived in a period of growth and implemented during the crisis at the end of the seventies, prompted an administrative and political rethink in most Member States on the new aspects of the problem of poverty engendered by this new situation. This programme was followed by a second one (1985-1989), closely geared to the principle of transnational pooling of practices implemented in almost 100 local micro-projects. The Poverty 3 programme (1989-1994) is an extension of this but its resources are concentrated on a smaller number of more ambitious projects, the aim of which is to make the transition from the previous exploratory phase to a phase of selective development, i.e. "full-scale experimentation" with the principles of action identified in previous programmes.

- 2.2 Community action was gradually stepped up and diversified, especially towards the end of the eighties. This process contributed towards growing public awareness of the scale of the problem, partly because it stirred many people to action as poverty assumed ever greater proportions.

The Commission has sought to devise a set of more ambitious and more coherent initiatives. Within the context of implementing the Charter of the Fundamental Social Rights of Workers, it proposed a recommendation on the right to sufficient resources and benefits in social protection systems which was adopted by the Council on 24 June 1992<sup>(6)</sup>. This recommendation not only affirms the right to sufficient resources to live in human dignity but also emphasizes the need to incorporate it in an overall approach to fighting social exclusion and thus to back it up with suitable measures to ensure integration in the fields of health, housing, education and training etc.<sup>(7)</sup> in line with the Resolution of the Council and the Social Affairs Ministers meeting within the Council of 29 September 1989.

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<sup>(6)</sup> Council Recommendation 92/441/EEC on common criteria concerning sufficient resources and assistance in social protection systems (OJ No L 245, 24.6.1992, pp. 46 to 48).

<sup>(7)</sup> Resolution of the Council and the Social Affairs ministers meeting within the Council on 29 September 1993 concerning social exclusion (OJ No C 277, 31.10.1989).

In parallel with implementation of the Poverty 3 programme, the Commission has intensified its support of NGOs, particularly with a view to uniting them in a European network<sup>(8)</sup>. More recently, it has made arrangements for successful collaboration with management and labour, local authorities and their European organizations and town and housing organizations' networks.

The Commission's structural policy has also included moves to examine the situation in crisis areas (ERDF) and within particularly vulnerable groups (Horizon and Now initiatives within the framework of the ESF).

The Commission has also ensured that synergy develops between various networks involved in the fight against social exclusion in the Community, mainly by organizing a series of brainstorming seminars. It has formed an interdepartmental group responsible for coherence in Community policies which have an impact on social exclusion. It has also lent its support to studies and assessment work, creating an Observatory of policies for combating social exclusion, a move which reflects the Resolution of the Council and the Social Affairs Ministers meeting within the Council of 29 September 1989 referred to above. It has also backed work on urban social development.

Finally, in its proposals for revision of the Treaties, the Commission stressed the need to intensify efforts to combat social exclusion, reference to which the Council then incorporated in the agreement on social policy attached to the Maastricht Treaty.

- 2.3 The Communication from the Commission of 23 December 1992 (COM(92) 542 final) takes account of the progressive diversification of Community initiatives and proposes that moves to tackle social exclusion should figure more prominently in the Community's general and structural policies. It recalls that the value of Community action resides largely in its contribution to the pooling and transfer of experience. It underlines the fact that identifying this contribution is certainly one of the positive aspects of the Community's activities which will help to strengthen a pan-European approach to fighting social exclusion and to motivate all the players to make an active contribution. Henceforth, specific programmes such as the Poverty 3 programme will fit into this framework of diversification and will be at their most effective there.

### 3. The part played by specific programmes

- 3.1 The effects of implementing specific programmes are threefold.

These programmes are first of all valuable in their own right, as they signal the Community's concern for the problem and thus promote indirectly other Community and national initiatives in this field (which is why the Commission is keen for these programmes to have a high profile both on the national and European stage, as this is one of the conditions of their acting as models).

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<sup>(8)</sup> EAPN, European Anti-Poverty Network, European network of NGOs and voluntary groups engaged in the fight against poverty.

The programmes are also valuable on account of their experimental character: their main objective is not to subsidize isolated activities, however useful these may be, but to contribute to identifying and validating suitable methods and policies for fighting current forms of social exclusion and, in particular, its multi-dimensional character (which explains why the Commission attaches such importance to the fact that the projects should serve as models and be assessed).

Finally, these programmes are also intended to contribute to the transfer of know-how and good practice and the building up of networks of players engaged in transnational exchanges on the basis of relatively comparable tangible experience (which accounts for the importance the Commission attaches to the coherence of the programme as a whole and its European organizational structure).

- 3.2 These functions set specific programmes quite clearly apart from funds. They require the Commission's active presence at grass roots level as partners to demonstrate the Community's commitment, to stress the coherence which is sought and to help reap the benefits of the experience of all.

They also require that specific support and technical assistance structures be set up, especially to accentuate the projects' exemplary nature, the quality of their management, the rigour of their assessment and the relevance of their transnational exchanges. They involve sustained cooperation with the Member States, not only to ensure that the projects are run as efficiently as possible but also to maximize the impact of the projects and programmes in providing impetus for policies and in the transfer of good practice. The value of these programmes can thus not be measured by the yardstick of the resources, which are very modest and do not compare with those of the structural Funds, but by their contribution in terms of methodology and policy, which is why the people who participate in such programmes share a willingness to accept joint obligations and a scrupulous concern for the quality of the programme.

#### 4. **The specific objectives of Poverty 3**

- 4.1 The two first Community programmes to combat poverty were mainly of an exploratory nature: they comprised essentially a set of local micro-projects which were extremely diverse and uneven even when they were integrated in a national-level organizational structure (first programme) or a transnational one (second programme).

Poverty 3 is built around the assumption that it is possible to make the transition from this exploratory phase to a phase of selective development, i.e. validation of the effectiveness of the principles based on previous experience. These principles are the multi-dimensional approach to poverty, partnership between institutions at local level and participation of the groups concerned. The challenge of the programme is to implement these locally by anchoring them in the dynamic development process of an area. Poverty 3 is thus made up of a limited number of pilot projects which are of a fair size, conducted on the initiative of local organizations and unified by a common set of principles for action. The contribution of Poverty 3 to defining suitable methods and policies assumes that the effectiveness of these principles of action will be demonstrated, i.e. that the success of Poverty 3 largely resides in the demonstrative value of the projects selected.

In line with this basic approach, Poverty 3 concentrates its resources on a limited number of projects. This option ties in well with the decision to take Community action in a phase of selective development. It also means that the Community is betting on local initiative and particularly on the capacity of local players to build an effective partnership, to work out a coherent strategy, maintain tight control of a relatively large budget and to serve as a valuable example on a national scale.

The fact that the Community is taking this gamble illustrates its desire to enter into partnership with local and national authorities. And it clearly assumes that the players do not regard the programme as a simple means of financing local activities but that, on the contrary, they seek to use their experience to contribute to intensifying the national and Community debate on the subject and exploring the principles of the programme more deeply.

4.2 The three key principles of the Poverty 3 programme are as follows:

- the multi-dimensional approach: this principle is based on the observation that poverty and exclusion are multi-faceted phenomena which are not just a result of insufficient financial resources and which are evident in the fields of housing, training, employment, education, health, access to services, etc. This approach requires coherent strategy and synergism tailored to specific national and local situations and not a simple juxtaposition of isolated activities which have nothing in common or which are jumbled together in random groupings;
- partnership: this principle is the institutional expression of the multi-dimensional approach and constitutes its practical tool: this is viable only if all the key players in the various areas mentioned above share a common approach. Partnership involves collective responsibility for the success of the entire project and assumes that the players are in a position to define a joint strategy based on a consensus which transcends their respective interests or differences;
- participation: this is based on the observation that social exclusion is also a condition of dependence or passivity vis-à-vis institutions and, in general, decisions taken by others. Accordingly, the active involvement of the groups concerned in the integration process is, at the same time, a prerequisite for, and a symbol of its success. In more general terms, it forms part of an approach which promotes citizenship and democracy and which wants the groups involved to be active partners in the policies being conducted.

These three principles can be seen in various forms and to varying degrees in some of the innovatory social policies implemented in the Member States. Their relevance is pointed out in the Resolution of the Council and the Social Affairs Ministers meeting within the Council of 29 September 1989. The Poverty 3 programme does not have a monopoly on these principles but it does aim to apply them systematically at local level, without, however, underestimating the problems. It is for this reason that the programme allocates not only financial aid but envisages also technical assistance and support for conducting activities and for continuous assessment. For this reason too, the programme intends to enable good practice to be identified, i.e. practical procedures by which these principles can be implemented permanently and effectively. Finally, it explains the programme's aim, which is to promote the transfer of know-how both at national and European level.

## **Part II - Implementation of the Poverty 3 programme**

Responsibility for implementing the Poverty 3 programme lies with the Commission which has set up appropriate decision-making, management and support structures to coordinate as efficiently as possible the local, national and Community aspects of the programme (paragraph 1).

Implementation of Poverty 3 commenced as soon as the Council Decision was adopted so that the projects could be selected and the programme and the structures set up in accordance with a schedule which had maximum provision for continuity between the end of the second programme (November 1989) and launching of the third programme (March 1990) (paragraph 2). The Commission strove to ensure that the programme activities were implemented gradually within the limit of the administrative and financial constraints resulting from the fact that the budgetary commitments for the programme are made annually (paragraph 3).

### **1. Decision-making, management and organizational structures for the programme**

- 1.1 The Commission is responsible for the programme. As provided for by the Council Decision, the Commission is assisted by an Advisory Committee, comprising a representative of each Member State (most of whom are representatives of the national Social Affairs Ministries), for monitoring the programme.

The Commission has elicited the help of an international team of consultants which it has instructed to provide technical assistance in the management and organization of the programme. Under the direction of the Commission, this team deals with all the technical details associated with the administrative and financial management of the funds allocated under the terms of the programme. It is also responsible for European coordination of organizational aspects of the programme, particularly with respect to transnational exchanges, assessment, publications and research. Its management is based in Lille (France) and its members, who work part-time for the team, are based in Germany, France, Ireland and Portugal. Together they form the programme's Central Unit.

This unit coordinates a network of national consultants responsible for providing the projects with technical assistance, helping to maintain the national impetus of the programme and contributing to the programme's organization at Community level. On average, there are two part-time national consultants per Member State, the number being determined by the size of the country and the number of projects. These consultants make up the programme's Research and Development Units<sup>(9)</sup>.

The Commission and the Central Unit hold very frequent working meetings, and bilateral meetings between Commission departments and some members of the Central Unit are held occasionally as the need arises. The Commission, the Central Unit and the Research and Development Units hold two-day workshops three times a year. Various meetings connected with the organization of the programme also ensure that the players remain in contact.

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<sup>(9)</sup> The members of the research and development units are appointed by the Commission in consultation with the Member States concerned. In some cases they work in the same institute; in other cases they belong to different institutions.



1.2 These structures reflect the way the Commission intends to develop its cooperation with the Member States in the decision-making process and, as regards implementation of the Poverty 3 programme, they mirror the specific objectives of the organizational structure which are to ensure that:

- the projects serve as models in terms of the quality of their management, by demonstrating the relevance of the programme's key principles and by contributing to the drawing up of political and methodological proposals;
- the programme itself and the European aspects of the programme form a coherent whole;
- it has a high profile on the national and European stage.

1.3 The strategy underlying the organizational structure is based on two principles:

- the first is to acknowledge the need to provide the project with solid technical support which includes help in self-assessment, definition of strategy, planning and management of activities and support for information and communication in order to maintain the national profile of the projects and the programme.

This is the Research and Development Units' main task and their success will determine whether the political or methodological proposals expected from the programme can be drawn up on an empirical basis. In order to provide the projects with multi-disciplinary technical assistance, the Research and Development Units are designed as units combining theoretical and practical skills and experience.

- The second principle is to ensure that the programme's European dimension is seen as a key factor by all the parties involved.

The European dimension is not confined to the arranging of transnational exchanges between projects: it is also evident in publications and activities intended to give the programme a high European profile, in bilateral exchanges between projects and direct communication between all the players and, finally, in the provisions for the internal cohesion of the programme, i.e. structuring the Research and Development Unit as a European network and structuring the programme itself as a network of initiatives, experiments and individual players.

It is up to the Central Unit to coordinate organizational aspects at European level. The Research and Development Units are actively involved, especially since the second programme showed it to be necessary to promote the national and European profile of the programme in tandem.

1.4 It should be emphasized that the programme implementation structures are highly decentralized in terms of resources, although from the point of view of decision-making at the Commission they are centralized. The programme funds are in fact distributed as follows (provisional budget):

Global projects	ECU 41.05 million
Studies and research	ECU 4.95 million
Management, support and publications (ECU 3.5 million of which for the Research and Development Unit)	ECU 9.00 million
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Total	ECU 55.00 million

## 2. The programme implementation schedule

One of the concerns of the Commission and the Member States in 1989 was to avoid any interruption between the end of the second programme and the launching of the third. This was not just because they wished to prevent an interruption of Community financing for those projects from the second programme which had been selected for Poverty 3 (there were, after all, few of these, given the difference between the two programmes) but also because there was a desire to display continuity in the Community's activities on behalf of the deprived. It should be noted in this respect that four years lay between the end of the first programme and the start of the second and this was seen as more of a retreat by the Community than the result of technical constraints.

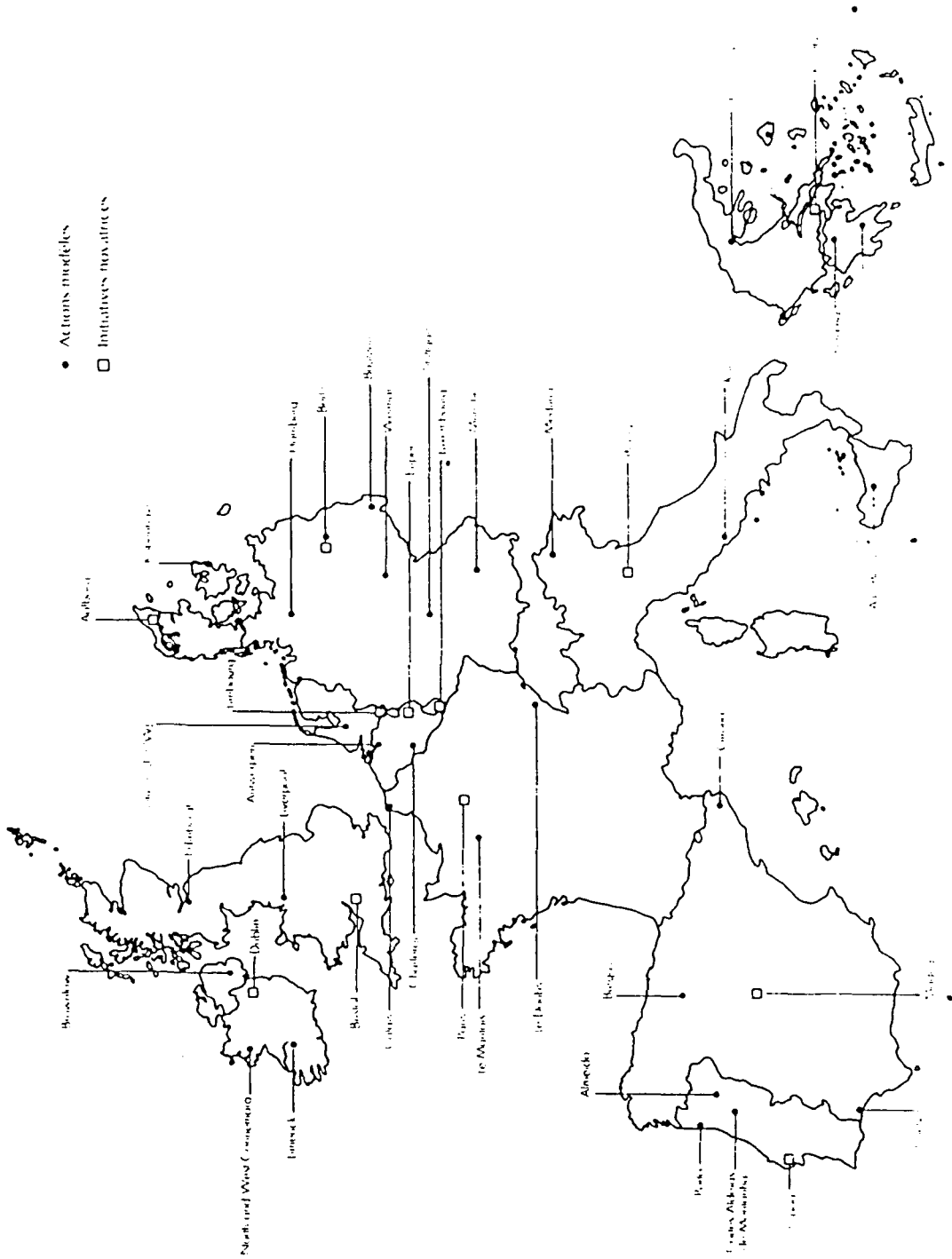
In parallel with the discussion process within the Council, the Commission had started practical preparations for the programme. As soon as the Council had adopted the decision, the Commission was able to start selecting projects and setting up the programme management structures at the same time.

2.1 The Council Decision stipulated that the project applications were to be submitted to the Commission by the Member States and that they should be drawn up in close cooperation between the Member State concerned and the relevant public or private bodies designated by that Member State (Article 5). To this end, the Commission thus placed at the disposal of Member States in July 1989 a detailed document setting out the guidelines of the programme and as a guide for projects being considered for proposal an indication of the information that applications should contain. It was decided that each Member State would preselect projects in accordance with its own procedures and would submit to the Commission no more than 6 to 8 projects.

As a result of the date of the Decision and the time taken by selection and internal cooperation procedures within the Member States, the Commission received the Member States' proposals in the course of October 1989. It examined them with the help of independent experts in November 1989. After consultation with the Member States at the beginning of December 1989 it made its final selection. At the end of December 1989 it contacted the projects which had been selected and advised them that the contracts covering Community aid would be drawn up with effect from the beginning of March 1990 and provided all the necessary information relating to the financial aspects of Community aid. The final selection comprised 39 projects representing total provisional aid of ECU 41 million distributed as follows:

Country	B	DK	D	EL	ES	FR	IRL	IT	LUX	NL	P	UK	TOTAL
Pilot projects	2	1	3	3	3	3	2	3	-	1	3	3	27
Innovatory measures	1	1	1	1	1	1	1	1	1	1	1	1	12

The map below shows where the projects are located. (Following the unification of Germany, the programme accepted three projects from the new Länder in 1992 which are also included on the map).



It should be stressed that distribution of the projects between the Member States takes account both of their size and the need to step up the Community's efforts on behalf of less developed countries. Moreover, for projects in disadvantaged regions, the Commission agreed to contribute 55% of expenditure for the projects and not 50% as is the general rule in the programme.

It should also be stressed that the Commission had proposed that the Member States take account, when selecting, of the possible interaction between these projects and national policy. In several countries, the national selection also reflected the approach followed in certain national programmes to fight poverty and social exclusion, for example in Denmark, Spain, France, the Netherlands or Portugal.

- 2.2 The programme's organizational structures were set up during the second half of 1989 in two complementary phases. First, the Commission published in the Official Journal a call for tenders for the general task of technical assistance associated with implementing the programme at European level; recruitment of the Central Unit started December 1989 and it took charge of the ground work for the practical launch of the programme (administrative and contractual procedures, organization of a launch conference with the selected projects etc.). Second, the Commission, in close cooperation with each of the Member States, chose the consultants for the Research and Development Units which started work in March 1990, i.e. at the same time as project support activities got under way.
- 2.3 Poverty 3 is mainly an action programme but also has a "research" component, with a modest budget (not exceeding 9% of the total budget) which works to a separate schedule. The Commission has undertaken a definition of a programme of statistical work which has been discussed with the national statistical institutes and has also prepared a programme of transnational research, the guidelines for which have been discussed with the Member States and the national research councils in order to prepare a call for tenders covering the research priorities identified.
- 2.4 The programme was launched officially at a major seminar in Brussels at the end of March 1990 to which project representatives, the Research and Development Units, the Central Unit, the Advisory Committee and the Commission were invited.

### 3. The stages and critical junctures of the programme

Poverty 3 is ambitious both in terms of the quality of the projects and the coherence of the programme. It was thus advisable for it to be implemented gradually. This is what the Commission has tried to do within the framework of the administrative procedures and by taking account of certain time constraints it was obliged to respect.

- 3.1 No matter how careful the Member States and the Commission were in ensuring the quality of the projects selected, the latter could clearly not be expected to be fully operational right from the start, i.e. to have sound partnership structures, appropriate and innovatory strategies, qualified teams and permanent financial agreements, etc. in place in March 1990.

Initially it was agreed with the Member States that the first year of the programme would take the form of a project definition phase lasting a year. Owing to administrative constraints associated with the schedule for budgetary commitments, the first contract offered to the projects was for seven months and the second for nine months. The definition phase in fact lasted 16 months for the majority of the projects, in particular for those whose co-funding arrangements were least secure.

At the same time close attention was paid to the structuring of each of these projects at local level during this initial phase. The Research and Development Units were called upon to provide vital support here, in particular to ensure that suitable decision-making, management and assessment structures were set up and that project activity planning was as realistic as possible. The Commission adjusted the administrative and financial management procedures of the programme to the circumstances and difficulties encountered as far as possible in close cooperation with the Central Unit. It also visited each project to help solve any administrative or financial problems occurring but also to explain the objectives of the programme and to assist in its implementation on a European scale.

- decision-making in each project, especially for pilot projects, lies in the hands of the partnership built up at local level; programme applicants were obliged to submit a memorandum of agreement between the project partners in advance; however, as this was drawn up within a very short period of time, it was important to have confirmation of the terms of the agreement and, above all, to convert it into effective procedures for cooperation between local players;
- in the administrative and financial management of the projects, Community rules, which were scarcely known or familiar to the players, despite the information campaigns undertaken, had to be adhered to. Several projects had clearly underestimated the problems involved in obtaining necessary co-funding in good time, and this slowed their progress considerably. Moreover, some project leaders did not have any previous experience of managing budgets as large as those for pilot projects and it was necessary to recruit somebody with better qualifications in this respect and, sometimes, to make arrangements for stricter management of expenditure or for more transparent financial procedures particularly with regard to co-funding requirements;
- assessment is a key component of the programme explicitly mentioned in the Council Decision. It was agreed that the projects would arrange their own self-assessment, if necessary with the assistance of the Research and Development Units, this being a condition for taking part in the programme. It was thus important to make practical arrangements for self-assessment and also to determine the procedures for cooperation with the Research and Development Units which were also involved in assessing the programme;
- given the programme's principles of experimentation, it is vital for the project activities to be planned realistically. A coherent strategy must be defined, priorities identified to reflect the project's requirements and measures which are possibly at risk of drifting apart, duplicating one another or competing with each other or which are simply introduced alongside one another must be coordinated synergetically. The members of the Research and Development Units are often called upon to help here, particularly to ensure that the general objectives are set out in practical and precise terms and the players negotiate on their priorities.

3.2 The launch seminar in March 1990 was a key moment in affirming the identity of the Poverty 3 programme. It was then agreed that there should be a major annual meeting between the projects, the Advisory Committee, the Research and Development Units, the Central Unit and the Commission to examine certain key issues of the programme. The themes for discussion selected were local development (1991), involvement of labour and management (1992), and partnership and multi-dimensionality (1993).

Apart from the organization for these large annual meetings, each of which were attended by between 150 and 250 participants, and a specific meeting on innovatory measures, the following practical arrangements have been made with regard to the organization of the programme:

- an internal bulletin (in two languages) and a magazine for large-scale distribution have been published (five languages) with regular increases in the circulation and the number of countries (the bulletin now has a circulation of 2 000 and the magazine a circulation of 5 000) and various other publications (project directory (in three languages), annual reports on developments in the programme (in two languages), documents for the annual meetings and documents on specific themes) and a programme presentation film;
- more technical meetings have been organized, especially transnational meetings for projects targeting a specific theme (housing, rural poverty, participation, economic integration, etc.) either associated with the bilateral visits between projects or not;
- national meetings have been organized on the initiative of the projects, the Research and Development Unit members and sometimes the member of the Advisory Committee concerned to build up progressively the national dimension and profile of the programme.

These various aspects of Poverty 3 are implemented under the responsibility of the Commission by the Central Unit and by the members of the Research and Development Units. The projects, especially some of them, have gradually assumed an increasingly large role, not only in arranging certain meetings or events but also in launching certain initiatives. In this respect it is significant that all the parties involved in Poverty 3 lent their active support to ensure that the projects of the new Länder, which joined in 1992, were given the best possible reception.

### **PART III - The projects**

The projects are the programme's basic components. Naturally, they are different from one another (paragraph 1). They were built up step-by-step (paragraph 2), not without encountering some difficulties, but these were mostly overcome gradually (paragraph 3).

#### **1. Overview of the projects**

1.1 The Poverty 3 programme now comprises 41 local projects, 29 of which are pilot projects and 12 innovatory measures.

- (a) In each pilot project a group of players and institutions team up to define and implement jointly, in a fairly well-defined area, a coherent strategy for economic and social integration of all the disadvantaged groups living in this area.

The practical operations of a pilot project are in the hands of a "steering committee" made up of representatives of one or more local or regional authorities, one or more public or quasi-public organizations active in areas such as training, housing health, etc. and one or more NGOs; occasionally, trade union and employers' organizations are also partners in local activities. An operating team of between 12 and 15 persons, sometimes more, is responsible for implementing the project's strategy under the auspices of the steering committee.

Partnership here is not merely an abstract principle: the on-going assessment of the project's activities shows that some 300 local partners, i.e. an average of 12 per project, were represented in the steering committees. 100 representatives of local and regional authorities and 100 representatives of NGOs (see Annex 1) are thus involved in overseeing the projects.

- (b) Innovatory measures are generally implemented by a public institution or an individual private organization with activities frequently targeting a specific social problem or population group. Nevertheless, several of them model themselves on the partnership principle - one of the key principles of the programme - and have much in common with the pilot project, albeit on a smaller scale and with a more modest budget.

1.2 More than three quarters of the projects are located in urban areas. However, one project in five is in a rural area (or, perhaps, operates both in the country and in small rural towns).

Most of the projects operate in a clearly defined area such as a district, municipality or adjacent districts, i.e. with a population of between 20 000 and 50 000 or, sometimes more (see Annex 1). In a few rare cases, the projects operate in two or three separate locations a fair distance apart.

Virtually all the areas where the projects are located are facing great problems and have been hit by unemployment and a deteriorating economic and social environment, even if they are in a region or an urban area which is relatively well off.



In urban areas, the projects cover one (or more) disadvantaged districts where the unemployment rate is between 2 and 4 times higher than the average for the town or country, due mainly to a crisis in traditional industrial activity and a decline in small undertakings (Charleroi, Girona, Limerick, Hamburg, Antwerp, etc.). The level of qualification of the population is low. The surroundings are shabby, decrepit or in a state of decay (Calais, Liverpool and Oporto) or infrastructure and facilities are inadequate (Rome). Several of these districts or municipalities also have a high proportion of immigrants or ethnic minorities (Selonika and Liverpool) or an influx of asylum-seekers and refugees (Perama and Berlin). Many are facing problems with crime, drugs, alcoholism and prostitution (Copenhagen, Edinburgh, Porto, Huelva and Lisbon).

In rural areas, the projects target localities where, generally, the outlook for local development is bleak. Traditional activities and production structures generate low incomes and too few jobs (Connemara). Migration, especially of young people and skilled workers, leads to a progressive ageing of the population (Burgos, Maniagua and Connemara). The drift from the land, isolation, retarded development or a decline in traditional activities are reflected in poor housing, infrastructure and communications and a lack of or inadequate social, health, educational and cultural services (Almeida and Palermo).

- 1.3 The majority of the projects conduct diversified activities - in line with the multi-dimensional approach of the programme - combining, for example, vocational training, help in starting up businesses or in local development, the improvement of housing or health conditions and the development of social services. Nevertheless, the respective priorities of these facets of the projects and the way in which the activities are combined vary greatly from one project to another. Several projects are thus implemented by one or more players who have considerable experience and influence in a specific field (such as housing or training) and who are trying to expand their activities by joining forces with other persons to enter other fields of activity (in the light of local requirements but also as dictated by the real scope for cooperation offered by the local situation). Other projects start off as teams of varying degrees of cohesion, comprising players and institutions, which all have their strengths which such teams seek to develop in preference to exploring new areas of activity.

Vocational training, getting people back to work, creating jobs or local development constitute the areas of activity common to most of the pilot projects (including the innovatory measures, too). The scale of the operations in these key areas of economic integration is sometimes modest but their intensity is remarkable in most cases. Housing, education and health represent three other major fields of activity and approximately one project in two devotes much of its energy to at least one of these.

These activities are combined in very different ways and, in some cases, they are still not geared very closely to one another. Sometimes they are conceived with a view to establishing an overall arrangement, scaled to the area concerned and its population. In other cases, the idea is to respond to the needs of specific population groups: the long-term unemployed, young people in difficult situations, lone-parent families, etc.

The "territorial" approach targeting a specific area is more frequently seen in pilot projects which are planned around a specific locality even if they do take into account the special needs of various groups of inhabitants. The "target-group" approach is more frequent in innovatory measures which are devised in response to specific problems. However, they also reflect the various national traditions in social policy, especially in their degree of decentralization, their concern to target specific groups and their principles of territorial coordination.

## 2. A gradual build-up in coherent activity

The programme has been supporting projects since March 1990. For the vast majority, the beginning of the programme was the start of a step-by-step build-up. The projects which existed already were few and far between and the majority were created from nothing (one in three) or were extensions of an existing partnership (approximately one case in two) to cover new activities (see Annex 1).

In this build-up phase, the first principle to be implemented was the principle of partnership. This is the basis upon which the projects gradually defined and implemented overarching, coherent, i.e. multi-dimensional, strategies. The third key principle of the programme, participation, only really started to develop after the projects had been stabilized and the partnership and strategy firmly established.

### 2.1 Establishing of partnerships

Right from the start, partnership at local level was put forward as one of the fundamental principles of Poverty 3, as it was seen as the most appropriate instrument for mounting a suitable response to the complex process of social exclusion. Applicants to the programme, in particular pilot projects, were required to devise and implement their project within the framework of a joint undertaking with both public and private partners.

Making partnership the organizational model for local activities was no easy matter. In some countries, the word itself meant little or nothing to most of those involved and the idea of making all the public and private players work together constituted a major departure from traditional practice - a novelty and a challenge to administrative and regulatory arrangements.

All the same, even in countries which already had the concept of partnership in their social policies, various problems such as institutional rivalry or administrative inflexibility at times caused practical difficulties.

In some instances, partnership was regarded at first as a simple contractual obligation (to convene formally the partners in the steering committee in order to obtain or share Community financing) and not as a principle of institutional, financial and operational cooperation. Pedagogical skills were required to convince the decision-makers and implementing bodies of the value of a partnership embracing the whole project and not merely its financial aspects. Imagination was also needed to devise suitable forms of cooperation at local and national level and obtain the agreement of the parties concerned. The Research and Development Units frequently played a vital part in preparing the ground for local partnerships and overcoming initial reluctance.

The process of establishing partnerships intensified appreciably from 1991 onwards. The Commission and the Central Unit organized a series of visits to the projects, in conjunction with the Research and Development Units, to forge direct links with the local partners and to step up cooperation between them to achieve the programme's goals. Many projects immediately reorganized their partnership procedures, institutionalized their decision-making systems and at the same time, opened up new - sometimes unofficial - avenues for participation of associations, and, to a lesser extent, management and labour.

## 2.2 Multi-dimensionality

The principle of multi-dimensionality is based on the observation that social exclusion and poverty are complex and take many forms, and are the result of both of economic and social factors. Any action taken must seek to encourage comprehensive and coherent moves towards integration taking into consideration all aspects of the lives of the populations concerned.

For the projects, this principle represented a real challenge, too: it meant that they had to aim for coherence and synergism in their activities rather than a proliferation of isolated activities conducted in parallel with each other.

Here again, the principle was only gradually, and not always fully, understood and implemented. Initially, accumulating activities outweighed the integrated approach, and the profusion of activities in many of the projects sometimes gave the impression that the promoters were afraid of not doing enough in areas relevant to deprived populations or of not launching enough activities to justify the budgets allocated them.

There were several reasons for this: the programme start-up conditions, the constraints attendant upon co-funding and difficulties encountered in partnerships.

First of all, the majority of the projects started up their activities before having defined clearly their overall strategy. Firstly, this took time, in particular when it required a preliminary study or difficult negotiations between partners. Secondly, the availability of funds meant that many activities could be launched immediately and some of the partners were clearly ready to expand a number of their existing activities.

Subsequently, the co-funding procedures led, initially at least, to inflexibility in setting priorities: the co-funding available to some projects was dedicated to specific action by the authorities granting it (e.g. training) or was sometimes partly in non-monetary form (such as making available personnel from a joint facility), and the projects thus had to make adjustments for human, material and financial resources which did not necessarily fit in with an integrated strategy.

Finally, initial weaknesses in the partnership also made it difficult for some projects to define a coherent approach: this was particularly true when the initial partnership was confined to sharing the additional resources of the programme merely to fund traditional activities of the partner institutions, or when the institutions involved in the initial partnership were not effective in implementing a strategy matching local needs.

Nevertheless, and mainly as a result of progress in the partnership, the projects improved both their grasp of their concept of multi-dimensionality and their procedures for putting it into practice. Moreover, it should be stressed that this principle does not mean that projects are necessarily active in all the fields at the same time: every project has its strengths, which are inherent in the structure of the partnership and the skills of its operating team, and some activities need human resources or political back-up which some projects find difficult to obtain.

Various approaches were pursued to increase the coherence of the projects' activities. In certain cases, particularly for innovatory measures, the projects concentrated their energy on sufficiently small groups to enable them to work in depth to seek solutions to the problems

they encountered (Berlin, Dublin, Lisbon and Valkenbourg). A similar approach was adopted by some pilot projects which relocated their activities (Almeida) or pinpointed the priority areas within the original zone of activities (Calais and Hamburg). In other cases the projects were mainly concerned with modifying traditional practices of all or some of the organizations active in the area so that the persons concerned could access services which were capable of mounting an overall response to their integration problems (Rome, Charleroi, Eindhoven, Hengelo, etc.).

This process was made easier by the effort the project put into ascertaining more precisely the needs of the areas and groups on whose behalf they were working and assessing the possible impact of their activities. The contractual studies carried out at the beginning of the programme and constant self-assessment by the projects thus proved very useful, at least when they produced in-depth discussion with the players and decision-makers with a view to adjusting or reshaping strategy.

### 2.3 Participation

Participation of the disadvantaged groups in the activities and decisions relevant to them constitutes the third key principle of the programme and one which was a major concern right from the start. Nevertheless, in the majority of the projects this principle was implemented later, as the projects' energy was initially concentrated on stabilizing their decision-making and management structures and defining their strategies.

It should also be emphasized that the principle of participation can be interpreted in different ways, depending on cultural tradition and national policy and the ideas pursued by the projects' promoters. This results in a mixed bag of practices and levels of participation: apart from the "passive" forms of participation, i.e. being the target of an activity or the user of a service, several projects devised ways of co-opting the groups concerned and their representatives in the decision-making procedures (creating associations with a direct-voice or counterbalancing role; participating in the steering committee; involvement in action to reinforce solidarity within the groups concerned, etc.).

Several projects reported that they had had problems implementing the principle of participation. Whilst the level of participation is largely a measure of the potential of the persons concerned, it also depends on the capacity of the institutions to share power and to make a real effort to help the groups break with the passivity and dependency induced by being targets for assistance.

### 2.4 On-going adjustment of strategy

A project is made up of a group of various players, decision-making instances of varying degrees of stability, activities with a varying degree of coordination and a local context with a varying degree of promise. In short, it is a complex and shifting entity and for this reason it is important to stress that each project builds up its activities gradually throughout its duration and adapts constantly to the situations it encounters.

There are two components which are central to this process of constant adjustment: first of all, skilled operating teams must be created which are sufficiently stable to ensure continuity in the activities conducted and secondly, the players themselves must adopt analysis and assessment procedures which can lead to a consensus, allow operating aims to be formulated and perhaps a change in strategy to be made in the light of experience or local developments.

- (a) It took time to stabilize the operating teams. During the first three years of the programme, approximately half of the projects changed their project leaders (two or three times in some cases), and the operating teams were changed radically, inter alia to make them more professional and technically skilled both from the point of view of overall management and effective implementation of specific activities. These changes mostly came within the first 18 months, reflecting a gradual awareness on the part of the players and decision-makers of the need to increase their operational capacity.

Amongst the operating teams this also engendered a keen desire for training and skills enhancement. The Central Unit thus arranged a training and exchange programme starting from 1992, for the project leaders and the members of their teams. Almost all of the projects took part regularly. It is certainly a pity that lack of funds delayed its introduction, even though the fluctuations in personnel would have reduced its impact had it been introduced at the start, and even though the success of the action was largely explained by a gradual development in the demand for training amongst people facing problems in the field.

At any rate there is no doubt that one of the programme's achievements has been to define a curriculum and method which meet the operating teams' expectations and are designed to prepare them for transnational exchanges.

- (b) One of the prerequisites for the success of the programme is that situations are analysed and activities assessed continuously and, as a result, assessment was a contractual obligation for the projects right from the start. The option taken here was to encourage self-assessment on the initiative of the players themselves, it being understood that the Research and Development Unit could provide technical assistance in implementing it, if necessary (moreover, the Research and Development Units and the Central Unit contributed to external assessment of the projects activities and the programme as a whole). The approach that the project actually adopted varied. Either an external researcher was recruited with whom regular meetings were held (in two out of five cases), or a person was recruited from within the operating team specifically for the task of self-assessment (in one out of two cases) or the two options were combined. These arrangements were supplemented in the majority of the pilot projects by commissioning local studies, mostly by universities, to highlight the options that were open. Whatever arrangements were made, their effectiveness largely depends on the intensity with which the operating team and the decision-makers are involved in assessment. The members of the operating teams made the most active contribution to self-assessment and this confirms the keen desire of the teams to do a professional job. The members of the Steering Committees and the co-funding organizations largely remained in the background during the assessment procedure even though they did not contest its value. At any rate it should be stressed that for many projects, the strategies adopted evolved as the direct result of local studies and self-assessment: local studies revealed hidden needs of certain groups in certain areas (Connemara, Liverpool, Selonica, Alto Belic, and Calais) and self-assessment developed into a planning and monitoring tool closely integrated in the activities themselves (Doubs).

### 3. Problems encountered and responses to them

The achievements of the projects and the programme should not blind us to the difficulties encountered, of which many were resolved but some still give cause for concern.

- (a) Launching such a programme as Poverty 3 inevitably requires a delicate touch. It is important to secure the commitment of local projects, which are at very different stages of development and the impetus of the programme must be built up, striking a balance between each project's desire for maximum autonomy and the dictates of consistency within the programme. The difficulties attendant on the launch phase were often exacerbated in the case of the present programme by the fact that the implementation schedule was very tight.

The appropriations for the programme were allotted on an annual basis. The date of the Council Decision (18 July 1989) and procedures for releasing the necessary appropriations for the first year of activity in the 1989 budget left very little time for the programme to be launched. Applications were prepared and projects selected within six months and the management and technical assistance procedures were established in the same period. The shortage of time meant that the first contractual period for the project had to be reduced to seven months which proved insufficient for the definition and organization phase - originally planned to last one year.

The projects selected were at very different stages of readiness. Some applications had been drawn up without any real prior negotiation between the local partners or their differences having been settled. Several project promoters (or some of their local partners) had, moreover, seen in their application a means of obtaining a Community subsidy rather than an expression of a genuine involvement in a European programme with a totally new approach. And most of the pilot projects had underestimated the complexity of the administrative and financial management involved in administering large annual appropriations (between ECU 250 000 and ECU 300 000) and the obligation undertaken to obtain co-funding on a corresponding scale.

The curtailed duration of the first contractual period meant that some projects did not use all the appropriations allotted. This was particularly true of projects which recruited their operating team late or had not obtained actual payment of the co-funding promised them within the allotted period, or again those whose budgetary planning was not realistic. Generally speaking, the Community rules on using the appropriations allotted, such as the strict limits imposed on investment, were seen by several projects as being a major or excessive constraint. In the first phase of the programme this led to frustration or incomprehension. However, the situation was eased gradually, by making some of the management procedures more flexible and endeavouring to explain the rules being applied. The projects also improved their management, mainly by recruiting qualified personnel.

- (b) Although the teething troubles have been overcome, problems still remain with co-funding, which is one of the conditions of obtaining Community aid. In compliance with the Council Decision on implementing the programme, Community aid is subject to the projects obtaining co-funding from national, regional or local authorities and/or from private sources, the total sum of which is normally equivalent to Community aid (the contribution by the Community can be raised from 50 to 55%

in certain regions). As the rule is that appropriations are allocated annually for the programme and hence the project, the co-funding required must actually be paid to the project in the course of each of the successive contractual periods. In practical terms this means that the annual contracts for the project are drawn up after promises of co-funding have been received, authorizing payment of the first instalment of Community aid on the understanding that the other instalment will be paid upon receipt of confirmation that co-funding has actually been received. Co-funding is normally in the form of cash to be paid into an account opened specifically by the project for its activities. Under certain strict conditions the Commission will accept part of the co-funding being made up of contributions in kind, such as the making available of premises or staff actually used in the project to pursue its strategy.

These provisions hardly pose a problem in projects where co-funding is granted by an authority which can actually transfer the promised funds to the projects within the period stipulated, especially projects whose co-funding is granted by national authorities under the terms of specific support programmes (Ireland, Portugal and Spain subject to certain procedural terms). The situation is more complex for projects whose co-funding comes from several different authorities whose decisions are not always taken in good time, and particularly for projects whose co-funding comes from authorities who are very late in actually paying the sums promised (or who do not confirm their promise of co-funding, as a result, for example, of conflict between local partners). This situation not only causes problems for the project's treasurers but also causes uncertainty as to the amount of appropriations which can actually be used and delays in implementing planned action. It brings about a reduction in Community aid and thus constitutes the main cause of underutilization of the appropriations allocated by the programme.

The Commission has frequently drawn the Member States' attention to the problems of co-funding. It has sought to find administrative solutions where possible to prevent penalizing the projects concerned. The fact remains that the activity of several projects has been and sometimes still is impeded by recurring difficulties in this respect.

#### 4. **Conclusion**

The projects are certainly on the right road: partnerships have been built up, the operating teams have been stabilized, a large number of activities have been launched and a great effort has been made to improve financial management and the planning of activities and to enhance the operating teams' skills. The programme's teething troubles have been resolved, which is reflected in the atmosphere of mutual trust which has gradually grown up between the projects, the Research and Development Units, the Central Unit and the Commission. The Member States have, through their representative on the Advisory Committee, often helped to find solutions to the problems which have cropped up. The problems with co-funding are still worrying, at least for certain projects.

The projects do, of course, have some weaknesses. Local activities sometimes lack coherence, the active participation of the target populations must be secured to a greater extent and the self-assessment procedures are still not all up to the same standard. However, a certain amount of momentum has been achieved and the activities offer fair prospects of success.

## **PART IV - Progress made in the programme**

After its first tentative steps, Poverty 3 is now displaying a certain amount of vitality. The project organizers have built up cooperation at local level and have also mobilized the decision-makers, the workers in the field and the target populations themselves. They are also committed to national and transnational exchanges as well as to their local activities. In so doing they are contributing to defining and consolidating the identity of the programme as such.

It has taken some time for the programme to achieve this progress which means that the decision for the programme to run for five years was sound. The effects are already discernible at local (paragraph 1), national (paragraph 2) and European (paragraph 3) level.

### **1. Local level**

As the projects have consolidated and organized their activities, they have both attracted and mobilized local players and local resources.

Generally speaking - and the majority of the projects have reported as much - the aims of the programme attract a certain amount of interest at local level and the European label acts as a magnet, easing recognition of its activities. The name normally given to the programme, which proclaims the notion of poverty, is a problem for some projects, at least in countries where the concept has negative associations. Clearly, the reference to a European programme has less of an effect in countries where public opinion thinks it has little to learn from Europe in matters of social policy. Nevertheless, and in general terms, identifying with the programme is a powerful incentive: local partnerships are more convincing, researchers are intrigued by the programme, public authorities open their doors, the operating teams feel they are getting more recognition, the media provide more publicity and many projects gain a higher profile, etc.

Some illustrations of the programme's attraction suggest that the projects' local action could be expanded to take in other organizations and contribute to the debate or innovations on a larger scale. In the Mantois-Val-de-Seine project, in France, for example, six municipalities have joined forces in an education programme which offers an alternative to mainstream education and which is attracting a great deal of interest; in Ireland the Limerick project has carried out a local study which has encouraged public authorities to re-examine the problem of school fees as an obstacle for deprived persons. In the Netherlands, the Valkenbourg project has set up a promising cooperation agreement with the regional office for aid for handicapped persons and the latter has decided to inform all its beneficiaries of the services and activities offered by the project with effect from the beginning of 1993.

As regards the two sides of industry, there are two experiments which merit a closer look. In Antwerp, the project succeeded in launching a debate with the Flemish Employers Organization on the employers' responsibility for their social environment and, at the same time, persuaded the local employers to take an interest in the programme's organizational set-up. In Spain the projects, the Research and Development Units and the Member of the Advisory Committee joined the employers and trade union organizations and NGOs to lay the foundations of a dialogue, discussion and pressure forum to consider the main issues involved in the fight against social exclusion.



These are only a few of many examples but they show that the projects can gain recognition for their ability to prompt debate and deeds in the fight against social exclusion which exceeds by far their immediate impact or the services which they can actually offer to the populations on behalf of whom and with whom they are working.

## 2. National level

This programme stakes its success on local initiative. This success largely lies in the ability of local players to devise projects which can serve as an example or a model. However, the programme also aims to enhance national policy and it is vital for proven "good practice" for the projects to be relayed and transferred to the central players and decision-makers in each country involved in the effort to combat exclusion.

When the programme was being prepared, the Commission invited the Member States to submit projects whose aims reflected innovatory national activities or, possibly, dovetailed with the national programmes for combating poverty. In several countries at least there was potential for this type of interaction - with the national programmes in Ireland, Spain and Portugal; with urban policy and the minimum integration income in France; with the social renewal policy; and with national measures for supporting innovation and local partnerships, etc. in Denmark. Such interaction has doubtlessly helped to involve national authorities more directly in the monitoring of the programme and to raise the profile of the projects at national level. However, it has not always been enough, at least at this stage, to trigger the knock-on effect hoped for.

There are several reasons for this. First of all, some projects inevitably had internal problems which held back or interfered with what were initially promising activities. Secondly, the scale of some national policies meant that some projects only figured as a set of local activities like any others, which did not merit any particular effort, particularly as they were few in number (three or four in each country, sometimes fewer).

Finally, the projects were sometimes forced to devote less attention to their national impact because of the other priorities that they had: they were concerned first to consolidate their organization and then their local image and subsequently to enter into transnational cooperation and thus accorded less priority to active participation in discussion at national level. Or, again, if they were mainly concerned with remedying their weak points to be better equipped to meet the demands of multi-dimensionality, they were not able to maintain the profile warranted by their strengths with resultant considerable national impact.

However, several projects achieved encouraging results. In France, the activities of the project on "Economic initiative development aid" resulted in aid to unemployed persons were creating or restarting a business being extended to include the beneficiaries of minimum integration income; in Greece, the Kallithea project influenced new legislation drugs and on the creation of rehabilitation centres for addicts; in Greece, too, the pro helped to reveal the sort of legal obstacles encountered in creating partnerships public authorities and private organizations and a bill was submitted to the Greek Pa as a result. In Germany, the projects sought to activate public debate on poverty. Denmark, the programme influenced governmental commissions' work. In Belgium, ic proposals from the Antwerp and Charleroi project were adopted by the public authorities their respective municipalities. In Italy, the national heads of three large trade

organizations will henceforth cooperate on the promotion of regional projects built around the programme's principles. In the United Kingdom, where the problem of poverty is controversial, local projects took an active part in the discussion, etc. Where the projects have attained local, and in some cases national, recognition it was primarily due to the quality of their work. But it is also a result of their efforts to publicize their activities, inter alia by producing information bulletins or video cassettes and films and through participation in or organization of information activities. Furthermore, the Research and Development Units and the national representatives in the Advisory Committee played an important part in concerting activities at national level but these are still too isolated or disparate for us to be able to state that the programme has yet made an appreciable impact on the national stage in all the Member States.

### 3. European level

By supporting local experiments, the programme intends to contribute to the transfer of good practice at national and also at European level and to promote Community discussion on the fight against social exclusion. Transnational exchanges between the projects, research work and the programme's publications are the main elements in this process.

#### 3.1 Activities and exchanges with the programme

Several networks of exchanges have grown up between the projects, their partners, the Research and Development Units, the Central Unit and the Commission. Some have expanded to take in players outside the programme, in particular with a view to creating synergism with local initiatives or Community initiatives. They have now become key factors in providing the impetus of Poverty 3.

These exchanges can take several forms. Annual conferences are the main forums for motivating players to address major themes for discussion and action which would benefit from being brought into the focus of the programme. Local development was the theme chosen for the conference in Edinburgh in 1991, demonstrating the importance the programme attached to the economic dimension of integration. Involving management and labour was the subject of the Ålborg conference in 1992 and expressed the programme's desire to extend local cooperation to the business community. The theme of interplay between partnership and multi-dimensionality chosen for the Huelva conference in 1993 was aimed at capitalizing upon the programme's achievements in terms of these two key principles.

These conferences, whose contents and contribution are key elements in consolidating the programme's identity, are complemented by a set of other exchanges. The programme has set up several transnational groups, each bringing together seven or eight projects and representing genuine think-tanks. Each group concentrates on the experience the projects have acquired in specific areas to see what methodological and political lessons have been learned ("housing and poverty", "poverty in a rural environment", "participation" and "integration by economic means"). Two transnational conferences were also organized in Calais in November 1992, one on what self-assessment can contribute to strategy and another on local research. More recently the training programme for project leaders has intensified the process of pooling experience and finally, a large number of exchanges are carried out bilaterally in the form of visits between projects.

Meetings on specific themes and annual seminars take place on the project sites. They provide the host projects with an opportunity to demonstrate their participation in a European programme and to involve all the partners and the members of their operating teams in the European aspects of the programme. Both for the projects and the programme these are key events, the impact of which can be felt subsequently at local, regional, national and European level.

European support for the programme is based on motivating the parties involved in the projects but also on the quality of the technical assistance provided. Although the members of the Research and Development Units are mainly concerned with helping the projects to flourish locally and contributing to the impact of the programme at national level, they are, together with the Central Unit, part of the European-level organizational structure of Poverty 3.

Several members of the Research and Development Units are, for example, actively involved in the work of thematic groups formed in association with the projects and, of course, in the preparation of annual conferences. The Research and Development Units generally meet the Central Unit and the Commission regularly to discuss the management and support of the programme, especially at the three annual workshops organized specifically for this purpose.

### 3.2 Research work

Research work forms another component of the European approach of the programme. As Poverty 3 is an action programme, the research work has deliberately been limited. Apart from the local studies conducted on the initiative of the projects, the research component was made up of two sections, one statistical and the other economic and sociological.

The statistical work was conducted in cooperation with Eurostat. The main idea was to devise a system for analysing national surveys on family budgets, mainly to update and refine measurement of poverty in terms of income. This has led to real progress, especially as microdata from national surveys have been used. However, it has also confirmed the methodological problems in measuring poverty and, in particular, the unreliability of comparing or aggregating data based on definitions which are not yet sufficiently harmonized. Subject to these constraints, the work confirmed that there were an estimated 50 million persons on low income, i.e. poor in accordance with the commonly used definition<sup>(10)</sup> (Annex 2) in the Community at the end of the 80s. The methodology used in the research will produce more accurate analysis of recent trends in poverty, the results of which ought to be available by the end of the programme. Exploratory work on the non-monetary aspects of poverty has also been started.

Economic and sociological research was also undertaken, concentrating on purely transnational aspects. The themes were determined in consultation with the representatives of the national research committees and the members of the Advisory Committee and the research teams, each covering between six and eight countries, were selected after two successive calls for tender. As this work is still in progress it is too early to make any

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<sup>(10)</sup> Persons living in a household whose average disposable income per consumer unit (calculated on the basis of the expenditure declared in the survey) is less than half the average disposable income per consumer unit in the Member State in which the household lives.

advance judgment on the results. However, it ought to shed more light on the situation, as it involves some international comparisons focusing on the following themes: the process of disengagement from the labour market, the role of regional development policy in the fight against poverty, the links between poverty and migration, the involvement of management and labour in the fight against exclusion, moves to bring poverty within the province of social policy, and the effects of active employment policy in the fight against social exclusion. The reports on this research will be available in mid-1994.

### 3.3 Raising the profile of the programme and its results

The way the programme's profile is raised is based partly on its publications policy and partly on its communications strategy.

Considerable energy was devoted to publications. What should be emphasized first is that the quarterly magazine (5 000 copies) and the monthly bulletin (2 000 copies) now have a readership extending well beyond the parties involved in the programme. The same is true of other publications which offer information to a wide public on work currently in progress (the Central Unit's annual activity report, minutes of transnational seminars, descriptive directory of the projects, etc.).

The following activities have figured prominently in the communications strategy:

- an electronic mailing service was instituted, a rapid and functional tool which speeds up interaction between the programme's various partners (projects, Central Unit, Research and Development Units and Commission). Every week 61 sites establish 250 connections. The system is now also being used to create SPES, a bibliographical and statistical data base covering Poverty 3;
- public awareness has been raised through specific events such as the competition organized for students at schools of journalism, with the best report on social exclusion and poverty being published in 12 major European dailies (the report described the Perama project);
- a European network was set up comprising journalists interested in the problems connected with poverty and social exclusion and two-monthly press bulletins are issued. The regular contact with these journalists improved media coverage of the annual conferences and generally helped to publicize the programme's results.

## 4. Coordination between the participants and the various levels of intervention

As the Commission indicated in its Communication of 23 December 1992<sup>(11)</sup>, social exclusion can not be combated without the active participation of everybody with political, institutional, vocational, associative and civic responsibility and, as far as possible, that of the target groups themselves.

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<sup>(11)</sup> COM(92) 542 final, p. 25.

Whilst the programme stakes its success on local initiative it also intends to contribute to national and European-level discussion. Although it is based on a small number of projects, the intention is to mobilize directly and indirectly as many people as possible. It is thus one of the vital components of the Community's activities for combating social exclusion.

Its contribution is, admittedly, modest but it does represent a major effort to secure proper coordination - both vertical and horizontal - between the competent organizations, within the scope of their own responsibilities, in the promotion of values and policies which engender solidarity: public authorities (local, regional, national and Community) and private bodies (associations, voluntary groups, management and labour, etc.). The aim was to create with them and between them a synergy which would allow each and every one of them to devise and implement the principles and means of preventing and combating social exclusion in a spirit of partnership, all the while respecting the identity of each body.

The programme thus combines the Commission's efforts to promote cooperation between all the players involved in social exclusion. Noteworthy, too, is the fact that the Commission lends its support, in parallel with Poverty 3, to European NGO networks, some of which are also directly associated with the programme as partners or operators of local projects.

It is also worth mentioning that the Commission has encouraged Poverty 3 programme projects to participate in other Community activities, particularly the programmes run by the European Social Fund (especially Now and Horizon). This will certainly boost the synergy between the programme and these other initiatives, even though the objectives and rules of the programme are separate from those applicable to the structural Funds. The experience of Poverty 3 certainly confirms that the programmes can, as a result of their experimental nature and their highly organized structure, provide a powerful stimulus here.

## **PART V - The lessons drawn from the programme and its impact**

In preparing this report, the Commission conducted extensive discussions with all the people involved in the programme. The projects, the Research and Development Units and the Central Unit made an active contribution to assessing progress, in particular through their respective annual reports and by attending the Huelva conference. The members of the Advisory Committee were invited to express the Member States' views on the strengths and weaknesses of the programme. The preparations for the Copenhagen conference and the workshop on the possible thrust of a new programme also contributed to assessing Poverty 3 in more general terms.

A broad consensus has emerged from these exchanges and discussions on the main lessons which can already be drawn from Poverty 3. These relate to the validity of the principles of the programme (paragraph 1), the efficiency of the management and organization procedures (paragraph 2), and finally the impact of the programme, i.e. the specific added value of a programme of this type (paragraph 3).

### **1. The validity of the programme's key principles**

The projects share an approach to fighting poverty based on the principles of partnership, multi-dimensionality and participation. In the first place, these principles were implemented in the pilot projects but many of the innovatory measures have also incorporated them. The programme as a whole can already be regarded as an experiment for the validity of these principles and the possibility of applying them in the light of specific local and national contexts.

Partnership is one of the programme's strengths. It is certainly the aspect which has attracted most attention, even if this was sometimes to the detriment of the other two key principles. The projects have built up new organizational structures and forms of intervention which in themselves are an inducement for the institutions and associations involved in combating social exclusion to propagate them (national and local authorities, NGOs, management and labour organizations, etc.).

Partnership has proved to be an instrument with fair prospects of ensuring that the programme will have an impact which outlasts the five years of its duration. It had already been adopted in other national programmes, sometimes well in advance of Poverty 3, and has attracted a great deal of interest in countries where it was not a familiar concept. It is, of course, important for the full scope of the principle to apply and its demotion to a mere slogan the aim of which is simply to give a new look to traditional organizational procedures must be eschewed. But it is precisely the Poverty 3 programme which has enabled the relevance of this principle in decision-making and implementation processes to be enhanced progressively through experience.

There is no doubt that, in the course of the programme, attention has been focused increasingly on the multi-dimensionality of social exclusion and poverty, albeit to varying degrees. Whilst all the projects aim to encourage the social and economic integration of deprived persons and whilst they are aware of the various dimensions of social exclusion, they are not always able to define or implement activities with the desired coherence or scope. Here, it should be stressed that a coherent approach can only be devised for sufficiently well-defined entities: projects operating in a large area with a disparate social

structure and/or without an administrative unit are more exposed to the risk of their efforts being scattered and their activities becoming too fragmented. Although there is agreement on the validity of the principle of multi-dimensional action, more thought should be given, in the light of the experience gleaned from the projects, to its practical application, in particular to make greater allowance for specific local (rural or urban environment) and national (northern or southern countries) conditions.

Participation - i.e. breaking with the "assistance" mentality and policies and making the deprived participate fully in the programme - is as much a challenge for the projects and the programme as a principle of action. That it is difficult to put into practice is hardly surprising. It is certainly easier to create facilities or services than to strengthen disadvantaged groups' capacity for self-organization. The people engaged in the project are inevitably tempted to regard it as "their" project, and run the risk of forgetting the people to which it is addressed and whose expectations never coincide precisely with their own.

Although participation is still restricted in practice in many of the projects, considerable progress has been made, in particular when the projects have been working with small groups, and have been able to motivate the target groups to pursue practical and tangible aims. These has been the case more frequently where there are national traditions which are conducive to self-organization and where institutions have set aside their rivalry and power struggles. Besides, more appreciable progress has been made in projects which acknowledge in their own organization (i.e. in the operating teams and in the relations between the teams and the partner institutions) that participation is a key factor in determining the quality of their work.

The fact that the programme's principles have, on the whole, confirmed their validity is partly due to the fact that the programme's own approach has gradually been accepted by all the parties involved. In other words, it is due to the fact that the parties have accepted a commitment to a joint dynamic process which requires the will to innovate and experiment, a concern for quality in designing and planning activities and close attention to assessment and transfer of experience.

This was of course not an immediate or universal process and needs to be consolidated constantly. Most of the projects applied to participate in the programme mainly because they were seeking financial support, which is a legitimate reason and not all the parties were involved were initially prepared to commit themselves to the programme's dynamic concept. This explains to a certain extent the difficulties projects encountered in building up partnerships, obtaining co-funding or carrying out effective self-assessment. It also accounts for the enormous amount of explanation, persuasion and support which the project leaders, technical assistance units and the Commission had to invest in persuading some of the institutional partners. These problems should not be under-estimated: some projects are still shaky, some have suspended or greatly scaled down their activities for several months and one of them had to be discontinued. However, we should not exaggerate their importance either: the overall quality of the projects is very widely acknowledged and there is great commitment to the programme's dynamic concept, as is demonstrated by the contributions to European-level activities and the Community debate on the fight against social exclusion.

## 2. Management and support procedures

The Commission set up technical assistance units at national level (Research and Development Units) and at European level (Central Unit), in order to implement the programme. Their tasks were mainly the administrative and financial management of the subsidies allocated, support in the development of the projects and self-assessment, general organization of the programme and coordination of its components and activities (assessment, transnational exchanges, research and publications). Taking into account the constraints which the schedule, management and cost imposed on the programme, these tasks have, in the main, been carried out satisfactorily. Nevertheless, improvements could be made to streamline procedures.

The technical support activities are highly varied and require great flexibility, a variety of skills and a wealth of experience on the part of the technical assistance teams. Moreover, the work evolves as the programme continues. In the start-up phase attention was largely focused on resolving administrative and financial management problems which were hindering the projects' organization and on establishing the coherence and the image of the programme. In the consolidation phase, which is now in progress; transnational exchanges have been intensified and the need to examine the programme's principles in more depth has been felt more keenly. In the final phase of the programme, the question of extending the projects and producing a rigorous assessment of them will no doubt figure more prominently.

The arrangements made for the administrative and financial management of the programme have enabled the Commission to stay abreast of the progress of projects and any difficulties which they encounter, in particular with co-funding. Apart from these problems, and as a result of the effort the projects and the Commission and Central Unit have put into it, the quality of the management has been greatly improved in the projects and has emerged as one of the keys to and hallmarks of the quality of the work the projects are doing.

The members of the Research and Development Units provided a great deal of direct support which in several countries led to remarkable progress in self-assessment and coordination between the projects and national initiatives. Support was not always as effective in the case of projects facing major internal problems or chronic co-funding problems and it would have been useful if the members of the Research and Development Units could have been involved more actively in their solution.

The strength of the programme's European-level organizational structure are mainly that it endorsed the coherence of the programme and focused attention on its achievements. The success of the annual conferences and the quality of the publications are a good illustration of this. Moreover, substantial progress was made in preparing and monitoring transnational exchanges and the training programme for project leaders was a promising initiative. By contrast, assessment of the programme as a whole suffered from the fact that priority was given to self-assessment by the projects, as did the job of summarizing the self-assessments, which is currently under way, mainly to explore the programme's principles and concepts in more depth. More must also be done to make research an active component of the programme. It was limited deliberately as a result of the priorities established by the Council but everybody involved in the programme sees a need for it to be stepped up.



The above tasks involved both the Central Unit and the members of the Research and Development Units. The geographical dispersion of the units' members and the fact that they were mostly recruited to work part-time sometimes detracted from the cohesion and the efficiency of the Technical Assistance Units and it might be useful to look at alternatives for a further programme, even if they are more expensive, in particular as regards the Central Unit. Apart from this, the diversity of the projects and the complexity of the programme itself sometimes put the technical assistance teams in a position where expectations or requirements were difficult to reconcile with one another. Nevertheless, the cooperation between all the players enabled the problems to be overcome. The Commission helped to strengthen this cooperation, particularly by its active role in the management and support of the programme.

### 3. **Conclusion: the programme's impact**

This report has highlighted several aspects of the programme's impact and, in particular, the benefits of the specific programmes, through which the Community supports social innovation, have been confirmed.

Generally speaking, the programme has stimulated the debate on social exclusion in the Member States and in the Community. The extent varies from one Member State to another, at least for the moment, but the programme has received wide recognition. Some projects have devised methodological instruments of use to workers in other fields. Several have contributed to creating exchange networks linking local authorities, NGOs and management and labour organizations. Others have contributed to the debate in government in favour of reforming certain aspects of social policy. Generally speaking, the principles of the programme are being echoed in the approaches adopted in the national policies of several Member States and there are promising instances of synergy, at least in the countries where the programme's aims have been introduced or transferred to the national stage by the government organizations or by the steering committees of the projects themselves. This is all encouraging. We should bear in mind that the scale of the programme is modest with what were initially fairly tenuous or random links with discussion or policy moves at national level.

For the Community, the programme is also a practical illustration of what it can do in fight against social exclusion. The experience accruing from the projects has certainly nurtured several Community moves in this field, in particular the preparation of communication adopted by the Commission on 23 December 1992 which also figures in discussion surrounding the contribution of the structural Funds to the fight against exclusion. In many ways this combines the concerns expressed in the permanent which the Commission is cultivating with NGOs and, more recently, management and organizations.

As things stand, the benefits of the programme are likely to increase. When Poverty 3 was conceived, it was practically the only Community initiative specifically covering poverty and social exclusion<sup>(12)</sup> and, as it followed immediately on the heels of the second European programme, its very existence constituted a political symbol of the Community's desire to make a modest but continuous contribution to the Member States' own measures. Today, the programme forms part of a compendium of initiatives and it is expected to make a greater contribution in terms of building up know-how and good practice which can be transferred elsewhere. It is important for the many people involved in the programme to focus their attention on conceptual and methodological refinements to these practices. In the same vein, the way that the programme can best contribute to fostering the prospects of solidarity in Europe is for it to consolidate its achievements.

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Except for food aid granted during winter.

### Statistical synopsis of the Poverty 3 programme projects

The Poverty 3 publications, particularly the Central Unit's reports and working documents, contain a good deal of information on the scale and quality of the projects. A descriptive directory of the projects is also published and updated regularly. The tables shown below merely illustrate some of their main features.

#### Main features of the fields of activity of the pilot projects

Number of inhabitants	Fewer than 20 000 inhabitants	Between 20 000 and 50 000 inhabitants	50 000 inhabitants and more	Total
Rural area	4	2	-	6
Urban area	8	10	8	26
Region combining rural and urban areas	1	-	3	4
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Total	13	12	11	36

Source: Poverty 3 programme Central Unit

N.B.: The total number of pilot projects (36 not 29) takes account of the fact that three pilot projects are active in several areas.

**Figures to indicate the scale of social exclusion encountered in the fields  
of activities of the projects**

<b>Problem encountered</b>	<b>Number of projects where this problem is particularly severe</b>	<b>Number of projects where activity is focused on this problem</b>
Youth unemployment	37	23
Long-term unemployment	37	27
Inner-city crisis	19	12
Poor and ill-equipped urban environments and housing	25	17
Rural underdevelopment	8	8
Emigration	12	4
Immigration	19	9
Racial discrimination	20	13
Industrial decline, economic redevelopment	26	17

Source: Poverty 3 programme Central Unit

N.B.: The data cover all the projects, i.e. 48 areas and take account of the projects which are active in several separate areas. Some innovatory measures do not pursue their activities with reference to a specific area.

### Nature and origin of the Poverty 3 programme projects

On-going activities dating from 1990, involving the same (or almost the same) partners	5
Development of new activities by the same (or almost the same) partners	5
Extension of an existing partnership, with participation of new partners and launching of new activities	18
Creation of a totally new partnership to develop new activities	16
No reply	1
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Total	45

Source: Poverty 3 programme Central Unit

N.B.: The total of 45 projects takes account of the fact that some projects pursue their activities in two or three separate areas.

### Partners with a seat on the project steering committees

Local and regional activities		116
National activities and government organizations		35
NGOs		108
(of which community organizations and local groups)	(53)	
Management and labour organizations		31
(of which employers' organizations)	(21)	
(of which trade union organizations)	(10)	
Miscellaneous		48
(of which universities, research bodies, etc.)	(21)	
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Total		338

Source: Poverty 3 programme Central Unit

N.B.: This table was drawn up from information on all the projects. However, not all the innovatory measures have formed a steering committee with several partners.

### Statistical work conducted under the terms of the Poverty 3 programme

1. One of the objectives of Poverty 3 is to help to find out more about poverty, in particular by regularly producing comparable data on its scale, main features and trends in the Member States. To this end and within the constraints of the limited resources granted by the Council, the programme thus provides aid for research on poverty and social exclusion.

The Commission lent its support to statistical research with a provisional budget of ECU 2.75 million for the total duration of the programme (1989 to 1994).

2. This research work pursues two essential aims: first, to help analyse poverty from the point of view of financial resources in order to establish comparable data for all the Member States and to shed some light on trends responsible for recent and current developments; second, to help analyse poverty from a multi-dimensional point of view, mainly to overcome the limitations inherent in the approach which considers only its financial aspects.
3. To a large extent this research aims to improve the methodology used in the statistical analysis of poverty, especially with respect to the harmonization required to make data comparable, the significance and implications of various conventions and definitions for units of measurements and quantitative indicators of poverty, the benefits of bringing statistical and administrative sources closer together and the possibilities of devising econometric models of the developments observed.
4. This research work forms part of a medium-term programme and cannot be regarded as complete. Apart from the methodological work as such, it has also produced some results but these are still subject to shortcomings and uncertainties which are now being worked on. The strictly methodological proposals also need some refinement, especially to determine the respective advantages of alternatives to the sources of information, statistical indicators and data processing procedures.
5. In the period between 1989 and 1993, priority was given to analysing poverty in terms of financial resources. In compliance with the conclusions of earlier research and, in particular, the work of an international conference on this issue in 1989 at Noordwijk, in the Netherlands, the researchers concentrated on enhancing analysis of the household budget surveys carried out periodically by the national statistical institutes. These surveys, which were devised to provide more information on price indices, were not designed specifically for analysing poverty and have considerable failings in this respect. Moreover, they are carried out at varying intervals, usually every five years. However, at present, they represent the least unreliable of the sources of comparable data available.
6. The researchers and statisticians engaged in this work have had access to the surveys' microdata. This is a great advantage and represents real progress in terms of analysis: earlier comparative work was based on aggregated data, combined at statistical distribution decile level, which involved some hazardous approximations. What is more, surveys carried out in the same year (1988) or almost the same year (1987, 1989 or 1990), were available and this obviated the need for unreliable extrapolations. Nevertheless, it should be stressed that the quality of national household budget surveys is very uneven, especially as regards the size

and representativeness of their samples and that the definitions used in these surveys, especially for expenditure on or linked with housing, are not sufficiently harmonized to ensure that data are comparable or congruent with those used in administrative surveys and national accounts statistics.

7. Apart from data production operations, the period 1989-1993 also saw completion of:
  - (a) a study on poverty in the Member States around 1988 with regard to "objective" relative poverty thresholds, i.e. derived from the statistical distribution based on analysis of household budget survey microdata;
  - (b) a study on the methodological advantages of "subjective" approaches to poverty, i.e. those which take account of the opinion of the households on what constitutes a decent standard of living;
  - (c) an exploratory study on matching data from statistical and administrative surveys;
  - (d) a feasibility study on direct measurement of poverty in terms of consumption of certain goods and services which represents an initial consumption-based contribution to defining non-monetary poverty indicators.
8. The scope of these studies is largely (in the case of the first one) or exclusively (in the case of the three others) methodological. Their results are being discussed with independent experts, governmental experts and representatives of the national statistical institutes in order to determine how the proposals made might be applied and disseminated. However, the first study also produced figures on the scale of poverty in the Community in 1988. These are given here even though they are still provisional.
9. This study was conducted by a research team at the Erasmus University of Rotterdam (Netherlands). Its aims were:
  - (a) to establish, on the basis of the national household budget surveys and after discussing the relevance of various methodological conventions, an estimate of the extent of poverty in each of the Member States and in the Community for as recent a year as possible;
  - b) to examine, using the same methodological options, poverty trends in the 80s;
  - (c) to examine the possibility of econometric modelling of these developments to devise a simulation method which would enable reliable estimates to be made on a permanent basis, of the scale of poverty in years in which household budget surveys were not conducted.
10. Not all these aims have yet been achieved, mainly because the microdata from the national surveys were made accessible for research later than planned. National provisions on the confidentiality of the surveys called for highly complex negotiations with some of the national statistical institutes, particularly in Germany. All 12 series of national microdata for the years around 1998 were not made available until the beginning of 1993. Series of microdata for national surveys before 1988 - which are indispensable for trend analysis and econometric simulation - are now available for some Member States only.

As the researchers had access to microdata they could carry out various checks on the quality of the information and, in certain cases, adjust it to correct for sampling distortions or disparities in the definitions used. It should, however, be stressed that it was not always possible to make adjustments and that there are still considerable uncertainties as to the reliability of some of the data on which the research was based. Moreover, Denmark reported that it had reservations about the quality of its national household budget survey for the year in question. The Commission is pursuing its consultations with the national statistical institutes to ensure that the results of the analyses are as reliable as possible.

The results presented below are provisional and are the sole responsibility of the researchers. Moreover, they cannot be compared with those produced earlier by another research team for the year 1985. Earlier estimates were made on the basis of aggregated data and not microdata, which could not be and therefore were not adjusted; besides, for some countries, the researchers based their work on extrapolations from data from the earlier 80s as more recent surveys were not available. The results for the year 1988 are incontestably more reliable than earlier results - and demonstrate their limitations and shortcomings - but some uncertainty persists.

The table shows the extent of poverty in the Member States around the year 1988 in accordance with the following methodological conventions:

- (a) poverty is seen here as a relative insufficiency of financial resources, with reference to the national context at a given moment (see paragraph 14);
- (b) as poverty is defined in terms of unequal distribution of financial resources, several poverty thresholds can be envisaged (40%, 50% and 60% of average income). In accordance with this approach, households are considered poor whose average disposable income per adult equivalent is lower by a specific fraction (usually 50%) than the average figure for all households in the same Member State (see paragraph 15);
- (c) poverty is measured at household level; however, the statistical definitions of a household are not entirely harmonized and several conventions can be adopted to take into account the size and structure of the household (scales of equivalence) (see paragraph 16). The data for households are subsequently calculated per person, regarding poor persons as persons living in poor households (internal inequities in households are ignored and the method adopted assumes implicitly that each person in the household has access to a fraction of the household resources corresponding to the scale of equivalence);
- (d) For the requirements of the study, resources are calculated from available information in national surveys on the expenditure of households, which is assumed to be more reliable (see paragraph 17).

Without entering into a detailed discussion on these methodological conventions, it should be stressed that they all need refining. There is no need to reiterate the limitations of an approach to poverty based on the sole criterion of financial resources. However, we should bear in mind that the standard of living of a household does not depend solely on the level of its income but also - when the average income remains unchanged - on its regularity, reliability and nature. Besides, the effects of inadequate income vary, depending on whether it is regular or not, or sporadic or recurrent. These distinctions cannot, of course, be taken into consideration here.



15. The choice of thresholds derived from one of the central values of statistical distribution (here a fraction of average income) is inevitably arbitrary: at most, its arbitrary nature can be reduced by putting forward several thresholds (here 40%, 50% and 60%), which emphasizes the relative nature of the poverty as it is viewed here. Nevertheless, what we need is information indicating precisely what standards of living and consumption are reflected in the thresholds used; it would also be useful to discuss to what extent a given threshold - i.e. 50% - has the same meaning in all the Member States, as there are varying degrees of unevenness in the distribution of income. Finally, the extreme sensitivity of the thresholds should not be underestimated: it is sufficient to add or subtract one ecu a month per person to increase or reduce by several tens of thousands the number of persons affected.
16. The purpose of the scales of equivalence is to enable households of various size and composition to be compared. The need for a scale of equivalence is universally acknowledged but the one it should be is the subject of much debate in all the countries. Besides, the same scale of equivalence can have different implications in countries where the population structures and cultural practices differ. The empirical results given in the table were arrived at with a scale of equivalence used by the OECD, i.e. one for the head of household, 0.74 each of the other adults (14 and over) 0.5 for each of the children (under 14).
17. The research team carried out a series of exercises to examine the sensitivity of the results to various methodological options. Apart from the discussion on the choice of the scales of equivalence, these also included a study of the effects of alternative use of the survey data on the declared resources for households or information on the declared expenditure for these households. The problem here is mainly that of the reliability of the declarations collected for this purpose by the surveys, especially in some categories of the population (e.g. farmers). Whereas the researchers used the sum of expenditure as an indicator, the sensitivity analyses did not confirm this indicator to be the most reliable, illustrating once again the need for an in-depth discussion on the quality of the survey data used. The of one particular indicator in preference to another can, after all, affect the results to the characteristics of poor households: using the "expenditure" indicator, for example probably tends to overestimate slightly the property of elderly persons who use less of income.
18. The number of poor persons in the Community as a whole is most often quoted as some 50 million in the 80s. Subject to the methodological uncertainty mentioned above, figure is confirmed by the results in the table which postulates a total of 52 million persons and 17.6 poor households in the period around 1988 (with a threshold of 50%). It should be stressed that this information was prepared before the unification of Germany for years in which there was economic growth and jobs were being created. Since this poverty has certainly increased and figures quoted are minimum estimates.
19. As explained above, it was not possible to analyse the trends in poverty during the 80s there were no series of microdata for earlier years and the results prepared in the past on basis of aggregated data (particularly for some countries) are subject to reservations. The fragmentary information available for some countries suggest that the is towards a slight increase in poverty but confirmation is needed.

Estimates of poverty in the Member States around the year 1988.

Percentages and absolute figures (thousands) of poor households and person in accordance with the conventions used with thresholds of 40%, 50% and 60% of average income (OECD scale of equivalence)

COUNTRY	YEAR	AVERAGE INCOME 100% (1)	HOUSEHOLDS						PERSONS					
			THRESHOLD 40%		THRESHOLD 50%		THRESHOLD 60%		THRESHOLD 40%		THRESHOLD 50%		THRESHOLD 60%	
			%	abs (1000)	%	abs (1000)	%	abs (1000)	%	abs (1000)	%	abs (1000)	%	abs (1000)
B	88	327.058	2.6	103	6.7	265	15.3	605	3.8	375	9.4	928	19.6	1932
DK (2)	87	82.570	1.3	30	3.6	84	10.1	235	1.5	77	4.3	220	12.0	615
D (3)	88	22.782	4.7	1278	10.8	2938	19.7	5358	5.0	3062	11.9	7287	21.3	13044
EL	88	832.188	13.0	445	20.6	706	29.7	1017	12.8	1279	20.5	2048	30.1	3007
ES	88	674.331	8.6	944	16.7	1833	26.2	2875	9.2	3564	17.7	6856	27.7	10730
F	89	73.084	6.5	1412	14.0	3042	23.1	5019	7.7	4313	16.5	9243	26.7	14937
IRL	88	5.130	8.4	85	16.9	171	27.0	273	10.1	358	19.4	687	30.3	1073
IT	88	11.548.338	11.2	2288	20.6	4208	30.4	6209	12.0	6888	22.0	12628	32.3	18540
LUX	87	516.846	3.5	4	8.8	11	17.2	22	5.4	20	11.5	42	21.1	78
NL	88	20.736	1.1	64	4.3	232	12.1	709	1.3	191	4.8	706	13.8	2031
P	90	556.118	15.7	498	25.2	799	34.4	1091	15.5	1602	25.1	2594	34.6	3576
UK	88	5.683	5.8	1307	14.2	3289	25.2	5677	6.7	3819	15.3	8721	26.7	15218
EUR 12				8459		17596		29092		25547		51960		84800

Source: Erasmus University Rotterdam "Living conditions of the least privileged in the European Community; research on poverty statistics based on micro-data for the Member States of the European Community", research report submitted to the Commission, April 1993

- (1) Annual average expenditure per adult equivalent in national currency for the survey year (consumption units in accordance with the OECD scale of equivalence)
- (2) Subject to uncertainty as to the quality of the data
- (3) Data for 1988, i.e. before the unification of Germany

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