

Poverty and social exclusion

Ministry of Social Affairs and Employment

This paper is written because of the Peer Review on poverty and social inclusion which will be held in Paris on the 3rd and 4th of December. This paper first gives an overview of the governance of poverty policy in the Netherlands and the role of indicators. Secondly, some comments are given on the French scoreboard from the Dutch perspective and practice.

The Dutch situation

Governance

The responsibility for poverty and participation policy in the Netherlands is largely implemented locally. The National government is responsible for income policy. On the National level, the height of all kind of social securities is determined. The municipalities have a growing freedom of policy to fulfil their tasks. The budget for combating poverty in the Municipalities Fund has not been earmarked because municipalities have included other instruments apart from special subsistence benefit in their local poverty policy which they also finance from the Municipalities Fund. Examples include remission of local charges for households with low income, debt counselling and participation-encouraging measures such as local discount passes.

Because of its short distance to citizens, the municipality is the authority to identify the problems of individual people. Municipalities have the duty of care to improve the living situation and future prospects of vulnerable people. Because of their freedom of policy, municipalities are able to provide tailored solutions in the local poverty and participation policy.

Dutch Municipalities are represented by the Association of Dutch Municipalities. The national government has made an administrative agreement with this association about co-operation and coordination between the national government, the provinces and the municipalities, for instance with regard to promoting participation and in the field of youth care. In this agreement also several arrangements have been made about debt counselling in order to cut back the number of households with over-indebtedness and improve the effectiveness of debt counselling. On a website (www.waarstaatjegemeente.nl) (where does your municipality stand) of the Quality Institute of Dutch Municipalities (KING), the administrative agreement is used as the justification to report on a wide range of statistics about social facilities in the Dutch municipalities.

The coordination on national level of poverty policy is the responsibility of the Ministry of Social Affairs and Employment. The topic of social exclusion is more distributed between a number of departments. The national government makes nation wide policy and takes the necessary steps to support municipalities in their duties and powers.

Involvement of social organisations

At local level more and more municipalities work together with social organisations to combat poverty and social exclusion. In the National Action Plan 2008 the Groningen Poverty Pact is mentioned as a good practice: a joint offensive of the municipality and (currently) 41 social organisations. Examples of affiliated organisations are the Salvation Army, the Federation of Netherlands Trade Unions ('FNV'), Addiction Care, the Council of Churches, a Mosque and primary schools. Arrangements were made on the following five themes:

- Combating silent poverty and the non-take-up of schemes.
- Improving the provision of information to social organisations.
- Preventing debts and extra support with regard to debt problems.
- Stimulating social participation by vulnerable groups.
- Organising activities for vulnerable groups.

At national level there is also a lot of co-operation with other players. In particular the consultations with the social partners are important in this respect. For example during the Participation Summit 2007 the Cabinet, the social partners and municipalities made arrangements to help more people to find work, such as young people, women, older people, immigrants and those partially fit for work. Further on there are yearly meetings between the Minister and/or Secretary of State and the Social Alliance (a joint organisation of about 40 NGO's like Humanitas, the Council of Churches, Cordaid, etc.) and with the National Clients Council, who has an important role to involve clients in the policy areas of work and income.

Use of indicators and the evaluation of policy

Indicators are used within the Ministry of Social Affairs and Employment to assess the success of policy objectives and the corresponding budgets. The objectives should have at least one indicator. Each year, the minister reports about the scores to the Parliament. One of the objectives is to realize a justified development of the disposable incomes with special consideration for households with low income. This objective is evaluated with data of the purchase power development of a set of example-households.

The parliament also receives regularly performance reports in the field of the regulation on labour and income (WWB) and from the Centre for Work and Income (CWI), the Social Insurance Bank (SVB), the municipalities, and others. In addition a quarterly Labour Market memorandum is drawn up for Parliament which reports on the developments in the number of persons in unemployment and social security schemes, labour participation, participation in reintegration and the like.

The arrangements with municipalities made in the Administrative Agreement of 2007 are also monitored and reported to the Parliament. This involves a few qualitative studies and for the remainder existing statistics are used. The arrangements made at national level with the social partners are reflected in the Spring and Autumn Reports to the Parliament. These reports review the extent to which the national arrangements are incorporated into (sectoral) agreements on labour conditions (CAO).

Besides in Parliament, evaluation of policy is done by other actors. The court of audit or “algemene rekenkamer” as it is called in the Netherlands, considers whether the government provides the parliament with sufficient information on policy in a number of fields and publishes each year a State of Policy Information. In 2009 the implementation of the poverty policy has also been evaluated by this court. Their general recommendations are:

- Ministers should better explain the problems that are being addressed and how they think their policies will help.
- Policy decisions should ideally be backed up by measures that have been proven to work.
- Ministers should also formulate their policy goals in specific and measurable terms wherever possible and relate the goals, performance and expenditure to each other more specifically.

The reaction of the Cabinet is the following: The two main tracks to increase policy efficiency are to improve policy considerations in advance and to systematically evaluate the progress made. It was noted that the reliance on third parties in the policy preparation and implementation phases makes it difficult for the Cabinet to follow the recommendations of the Court in full.

The Court also made recommendations on the progress of national policy efforts to implement the Lisbon Strategy. The main recommendation was to agree a limited number of specific and measurable goals and a more compact reporting method.

Monitoring involves a large administrative burden. It was explicitly agreed in the Coalition Agreement of 7 February 2007 to reduce the administrative burden for the implementing bodies and citizens. The Cabinet formulated the objective to reduce the number of policy monitors by 25%. Where possible, existing statistics will be used so that insight into the targets and indicators remains possible. If different data are required for monitoring new policies, careful weighing up must take place whether this leads necessarily to new data requests and if so whether instead of this other data request can be deleted.

Monitoring and reporting is also done in the National Strategic Report social protection and inclusion. This report includes tables with the Laeken indicators. For a report on the progress with regard to the Lisbon Objectives reference is made to this report. The national targets and associated indicators and core figures are reported in the annual report of the Ministry of Social Affairs and Employment .

Indicators are also used to monitor the performance of municipalities. This is done with a Work and Benefits Core Card (kernkaart). This card provides an orderly presentation of local statistics. (Extensive information on this card is included in the National Action Plan 2006). This Core Card gives yearly information about the number of households who receive a benefit, take part in a re-integration course and information on budgets spend by the local government in relation to money reserved for the benefits. This card can be used by municipalities to improve and develop their policies. The card also makes it possible to compare scores on indicators with other municipalities.

The French scoreboard, comments and discussion on indicators

The relevance of the French scoreboard

The relevance of a discussion on the French scoreboard is to explore the large number of different and multidimensional aspects of poverty. This provides more insight into the causes of poverty and helps with the selection of good indicators. It ideally helps to find indicators that are least subject to subjective interpretation and to find indicators that really reflect the seriousness of the problem or its cause(s).

Role of indicators in politics

In general, the problem of indicators is that it is very difficult to claim the success of a policy based only on indicators. The problem is that the score on indicators is influenced by a lot of external factors. The recession, for example, will increase the number of unemployed people and hence the number of households living in poverty. This means that even when a policy is effective, it is possibly not reflected in the score of an indicator. Indicators on their own never answer the question if policy is successful. Therefore, the interpretation of the score on indicators is subjective and a matter of politics. However, indicators are helpful in assessing the success of a policy by making an objective measurable. Furthermore, indicators are helpful to develop a feeling on the seriousness of a problem.

The French approach

The French approach is appealing because of the clear, measurable target that is set. We are very interested which measures are planned to reach this target. It is also very important to think in advance how these measures will influence the indicators of the Scoreboard. In the discussion paper three elements of good practice are mentioned: the establishment of a national partnership between administrative authorities, including local communities and associations, collectively to tackle poverty. It would be interesting from our perspective to know how this partnership is established and organised, who has which role(s) and responsibilities. Because of the decentralised poverty policy in the Netherlands we would like to learn more about this element of good practice.

The Dutch perspective on poverty and the French scoreboard

In the vision of the Dutch government, poverty is especially a lack of opportunities, not being able to participate in society. Therefore, poverty is more than a lack of money; poverty is especially a lack of future prospects. The policy therefore focuses on achieving a higher level of participation under the motto: "living together, working together". In order to achieve a higher level of participation, the objective is to realise a participation in work of 80% in 2016. Participation in work is an important aspect of social inclusion. Work gives people the opportunity to develop their talents and provides social participation. However, social exclusion is more than only exclusion from work. It also involves exclusion from other types of social activities. Participation in social activities and especially work is the best way to escape poverty.

The French scoreboard mainly focuses on financial indicators including access to education, housing and care. Indicators about social inclusion are limited to indicators about employment. In the Netherlands the following general indicator on social inclusion is used:

- Percentage of the working population that does paid or unpaid work/is employed.

This indicator adds unpaid work to the definition. Unpaid work can also be seen as way of participation in society.

Social inclusion of children

To continue on the subject of inclusion, a key aspect in Dutch policy is poverty among children. In 2005 30% of the children above the age of five who live in families with a low income (less than 130% of guaranteed minimum income) were unable to take part in activities in their leisure time because of financial reasons. Social exclusion of children is therefore an important issue in the Netherlands.

Children should have equal rights and chances to participate. Poverty should not be a reason for children not to participate in social activities. To make additional efforts to eradicate social exclusion with children, municipalities in the Netherlands have received 80 million euros for 2008 and 2009. The objective is to reduce the number of children that do not participate in sports, cultural activities or other spare-time activities with 50%. In order to determine the success of the policy and the achievement of the objective, there has been a so called "zero-measurement"¹.

In the "zero-measurement" also the following indicators are used. These indicators focus more in particular on social inclusion.

- a. Share of children that do not participate in sports, scouting, cultural activity or hobbyclub.
- b. Share of children that do not participate in activities mentioned under a nor in activities organised by district, municipality or out of school activities.
- c. Share of children that do not participate in activities mentioned under a + b nor in activities organised by church or mosque.
- d. **Share of children that do not participate in activities mentioned under a, b and c because of financial reasons.**

Another possible and used indicator measuring participation of children in the Netherlands:

- Share of children that do not have access to the internet at home.

A general indicator that is used:

- Child poverty rate = share of children living in households with an income of less than 120% of social minimum.

¹ SCP, 2009, can all children participate?/ kunnen alle kinderen meedoen?

Other possible indicators for the scoreboard

Finally, we give some suggestions for other indicators that can be used in the scoreboard. The indicators below are reported in the Dutch National Action Plan 2008 on poverty and social inclusion and these indicators are not mentioned in the French scoreboard.

- Employment rate of 25-54 (or 25-65) year olds.
- Employment rate among ethnic minorities.
- Number of long-term unemployed (i.e. persons who have been out of work for more than a year, according to the Statistics Netherlands and EU definition)
- Percentage of young people (aged 15-22) who are unemployed. In the scoreboard is an indicator that is more or less the same: share of persons aged 15-25 in employment or training.

A final remark: In the scoreboard the following indicator is mentioned: "average number of paid weeks per year". This indicator is remarkable. In the Netherlands, a lot of people work part-time and most of them choose to work part-time. The question is why this indicator reflects the seriousness of poverty in work? This could be subject of debate.