Synthesis Report on the EU Peer Review on the Setting of National Poverty Targets
An EU peer review on the setting of national poverty targets was hosted by the Department of Social Protection in June 2011. The peer review provided an opportunity to reflect on the Irish experience of national poverty targets and to promote mutual learning on approaches to target setting in the context of the EU poverty target in the Europe 2020 Strategy. It was attended by representatives of ten national governments, the European Commission and national and European stakeholders. The synthesis report was prepared by Robert Walker, University of Oxford, who was the independent European expert for the review. The full set of papers from the peer review is available at: http://www.peer-review-social-inclusion.eu/peer-reviews/2011/the-setting-of-national-poverty-targets. Permission to publish the synthesis report as an appendix to the Report of the Review of the National Poverty Target is gratefully acknowledged.

The Policy Briefing on the Review of the National Poverty Target and the supporting documentation are available online at www.socialinclusion.ie and www.welfare.ie or click on individual links below:

Policy Briefing: Irish and English

Report of the Review of the National Poverty Target

Appendix A - Consultation on Review of National Poverty Target

Appendix B - Report on Public Consultation for Review of the National Poverty Target

Appendix C - Technical Paper on Poverty Indicators

Appendix D - Synthesis Report on the EU Peer Review on the Setting of National Poverty Targets
THE SETTING OF NATIONAL POVERTY TARGETS

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DUBLIN, 16 - 17 JUNE 2011

SYNTHESIS REPORT
This publication is supported for under the European Community Programme for Employment and Social Solidarity (2007–2013). This programme is managed by the Directorate-Generale for Employment, Social Affairs and Inclusion of the European Commission. It was established to financially support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields.

The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA-EEA and EU candidate and pre-candidate countries.

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For more information see:
http://ec.europa.eu/social/main.jsp?catId=327&langId=en

Further information on the Peer Reviews and the Policy Assessment as well as all relevant documents are available at: http://www.peer-review-social-inclusion.eu.

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Summary

On 17th June 2010, as part of the Europe 2020 Strategy, the EU Heads of State and Government announced a headline target to reduce poverty and social exclusion in Europe by at least 20 million by 2020. The Peer Review, comprising eight Member States (Belgium, Bulgaria, Finland, Latvia, Malta, Romania, Slovakia and the UK) as well as Croatia and Norway, was convened to learn from the successful history of applying targets in Ireland.

The European headline target is defined as the number of persons who are at risk-of-poverty and social exclusion according to three indicators (‘at risk of [income] poverty’; material deprivation; and belonging to a low work intensity, or ‘jobless’, household). The measure reflects a multi-dimensional conception of poverty but is additive in that a person is counted as being poor if s/he falls beneath the threshold on any of the three dimensions. Twenty six of the 27 Member States have now set their own national targets to contribute to the collective European poverty reduction goal. Member States were permitted to depart from the headline definition and thirteen, including Ireland, chose to do so. The Irish definition takes variants of two of the three headline components, ‘at risk of poverty’ and material deprivation, and counts the number of people suffering from both to provide a measure termed ‘consistent poverty’. The Irish method is, therefore, not additive but focuses on the intersection of, or overlap between, the two indices; it is arguably truly ‘multi-dimensional’ whereas the European headline measure simply employs multiple indicators. The Irish definition results in a much smaller number of persons being counted as poor than does the European headline measure (4.2 per cent compared to 24 per cent) and they are arguably more severely disadvantaged.

The Irish measure is the product of research, discussion between Government, academics, social partners and civil society, and iterative improvement over 14 years. Because it is designed to identify the persons who are most disadvantaged, the Irish measure is likely to suggest different policy priorities and strategies than might follow application of the European headline measure. Reflecting variation across the European Union, the Member States that participated in the Peer Review have adopted a range
of different national targets and definitions. Belgium has followed the European model, Bulgaria and Romania rely exclusively on the ‘at risk of poverty’ measure and Latvia uses the ‘at risk of poverty’ and low work intensity measures. Ireland, as noted, employs an intersection not an additive measure, Malta may do likewise using different indices and, while Finland has fixed a numerical target, it has yet to determine the precise definition to be used. The United Kingdom is retaining the child poverty target required by law but is reviewing the metrics to be used. Considering Europe in its entirety and the targets set, only five or six Member States have fixed targets of a magnitude in line with the collective European goal.

Targets need to be transparent to facilitate accountability and engagement by civil society and, hence, to drive policy reform. However, considerable uncertainties remain at state level about definitions, strategy, focus and intermediate targets; and, at European level, about incentives and sanctions to be applied to ensure equivalent policy effort by Member States. The economic crisis is generating new needs that may have to be addressed with reduced fiscal resources. It is also increasing the incentives for governments to cream and game so as to exaggerate policy success. Policy responses are hindered by poor and untimely social data and by limited analytic capacity in governments and especially within civil society organisations. There is a need for the European Commission to support improved data, to ensure that the links between the poverty and other targets are strengthened and to make sure that all European policies, including austerity measures are pro-poor.
Introduction

At a time of exceptional financial and economic turmoil, the social and political consequences of which lie unspecified in the future, it is both reassuring and instructive to take a backwards look and acknowledge the developments and achievements that serve better to protect the peoples of Europe than in times past.

In 1951, as national economies began to recover following the devastation of World War II, France, Germany, Italy and the Benelux countries initiated the European Coal and Steel Community (ECSC), initially proposed by Robert Schuman and Jean Monnet, to create a partial customs union and a common market for iron and steel products. With great prescience, the Treaty of Paris that established the Community also founded a Common Assembly, the forerunner of the European Parliament, and a Court of Justice as well as a Council of Ministers. In 1957 the ECSC was replaced by the European Economic Community as an extended customs union and this was expanded first to nine countries in 1972 and over time to the current 27 members of the, now, European Union (EU). A parliament was first elected in 1979, replacing the appointed assembly, by which time the emergence of a social agenda to complement the economic one was already apparent, evidenced by the 1975 launch of the first European Action Programme to combat poverty. By 1994, the European Commission was describing, in the White Paper on European Social Policy (CEC, 1994), a ‘European Social Model’ that explicitly combined economic and social principles; this is now embodied in, and promoted by, the Charter of Fundamental Rights of the European Union (EC, 2007) with its single list of civil, political, economic and social rights. The Lisbon European Council of 2000, and the subsequent Lisbon process, placed social issues firmly on the EU policy agenda, increasing the competence of the Commission in social policy and creating the Open Method of Coordination on Social Protection and Social Inclusion (Daly, 2010). Its legacy is clear in the Europe 2020 strategy (EC 2010) with the inclusion of the promotion of social inclusion and combating poverty among the 10 integrated guidelines, the European Platform Against Poverty as one of seven flagship initiatives, and the reduction of poverty as one of five headline targets.
These European institutions are in place to support and improve the effectiveness of the plethora of measures in Member States designed to reduce and limit the economic and social risks faced by families and individuals at times of personal vulnerability and during periods of structural economic and social change. They serve, too, to remind policy-makers of the importance of commitments to social protection, inclusion and cohesion, both as long-term goals and short-term imperatives, even when decisions are being driven by unprecedented economic uncertainties and severe fiscal constraints. Through the workings of the OMC and the efforts of Eurostat, including the development of the various generations of the ‘Laeken indicators’ of social inclusion, policymakers are also better placed to understand and monitor the implications of their decisions.

This synthesis reports on a Peer Review, conducted in the context of the headline target to lift 20 million Europeans out of poverty by 2020, in which the Irish Government shared its thinking about the best means of devising and setting a poverty reduction target. Given the continuing legacy of the economic and banking crisis of the late 2000s, and its potential to drive pressures towards increased and new forms of poverty, the timing of the Peer Review could hardly have been better. It demonstrated the importance of setting poverty targets with respect to indices that are scientifically apposite, sensitive to change, relevant to policy and robust against the threat of political manipulation. It illustrated, too, the pressures that many governments are already under to hold true to the poverty targets in times of fiscal austerity, and when confronted by the need to implement fiscal consolidation measures included in memoranda of understanding with the European Commission and other donors.

The remainder of this synthesis report divides into five parts. Part A outlines the structure of the European headline poverty target, while Part B explains the strategy adopted by the Irish government, and Part C describes the approaches taken by governments represented at the Peer Review and reports on the relative ambition of targets fixed by all Member States. Part D considers some of the challenges confronting Member States in meeting their targets, and some tentative conclusions are presented in Part E.
A. The European poverty reduction target

The target to reduce the number at risk of poverty and social exclusion by at least 20 million by 2020 was announced at the meeting of the EU Heads of State and Government on 17th June 2010. As already noted, this was one of five headline targets that are considered to be interrelated and mutually reinforcing. The others relate to employment (75 per cent of 20–64 year-olds to be employed), education (at least 40 per cent of 30–34-year-olds to have completed third level education and school drop-out rates to be reduced to below 10 per cent), climate change and research and development. While the poverty target is perhaps arbitrary — there is no public rationale for why it is 20 million rather than five million or 30 million — it is certainly ambitious: the European ‘at risk of poverty’ rate hardly fell at all over the decade to 2008 (Walker, 2010).

In support of the European poverty reduction target, Member States were invited to set their own national targets and to detail the supportive measures and the linkages with the other headline targets in national reform programmes; these were presented to the European Commission in April 2011. Consistent with the principle of subsidiarity, Member States were permitted to fix their targets ‘taking account of their relative starting positions and national circumstances’ (CEU, 2010, p. 3), and also to depart from definitions used by the Commission and to set their national targets ‘on the basis of the most appropriate indicators, taking into account their national circumstances and priorities’ (CEU, 2010, p. 12).

The introduction of targets arguably opens an entirely new era of EU policymaking with the move from aspirational declarations to clear statements of intent underpinned by repeated measurement of achievements (Frazer et al., 2010; Walker, 2011). Nevertheless, both the introduction of targets and the indicators used to frame them have an established European pedigree. Ireland, the focus of this Peer Review, was the first Member State to set a quantified poverty target in 1997 which has subsequently been adjusted to make it more stringent. Ireland was followed by various countries, including Belgium, France, Greece, Portugal and Spain in setting targets for the reduction of generic poverty, while the United Kingdom introduced a child
poverty target in 1999 which was then enshrined in legislation in 2010. At a European level, the experience of the Open Method of Coordination on Social Protection and Social Inclusion, the so-called Social OMC, laid the foundation for the introduction of targets (Walker, 2010). The OMC introduced Member States to the idea of needing to establish common sets of objectives and to connect these objectives to commonly defined indicators, to develop action plans that met the objectives and to be prepared to subject plans and outcomes to peer review. To translate the objectives into quantifiable targets is a natural development that permits policy performance and progress to be more precisely assessed.

The conception and definition of poverty underpinning the headline target similarly has a traceable European pedigree. The three European action programmes to combat poverty, spanning 1975 through 1989 (EC, 1989), demonstrated that poverty is not simply a shortage of income but inherently multidimensional, reflecting material and area-based deprivation, social exclusion and aspects of poor health, and social ill-being more generally. They also reinforced the view that poverty is best conceptualised in relative terms in that all personal and social needs, even seemingly immutable biological necessities, are in fact socially constructed. People eat, drink, clothe and live life according to the expectations of the society of which they are part and experience poverty to the extent that they do not have the financial and other resources necessary to do so.

The European headline target reflects this multidimensional, relative concept of poverty being expressed as the addition of three specific indicators relating to relative income poverty, material deprivation and exclusion from the labour market. Moreover, the indicators are themselves a direct consequence of the Social OMC, a product of the Laeken process triggered by the first generation of indicators agreed at the European Council in Laeken in 2001. These were designed to measure the progress of individual Member States and to encourage cross-European comparisons and hence to promote collective learning (Atkinson et al., 2002; Marlier et al., 2007).

Income poverty is defined as the percentage of people with an equivalised household disposable income below 60% of the national median household equivalised disposable income after social transfers and is a direct
descendent of the measure adopted by the European Council in 1975, although it is now termed the ‘at-risk-of poverty rate’ rather than the ‘poverty rate’ as it was originally called (Eurostat, 1990). Equivalised income comprises total income of a household (including all sources of current income available to a particular household after social transfers and direct taxes) divided by its “equivalent size” so as to adjust for variations in the size and composition of different households.

The measure of ‘severe’ material deprivation records the proportion of people who cannot afford four or more of the nine items listed in Table 1. Whereas income poverty is measured relative to incomes in the country in which a person is resident, severe material deprivation reflects national living standards and the differences in living standards across Europe. Since material deprivation is, in effect, an ‘anchored in time’ measure, it is also more readily amenable to improvements brought about by economic growth than the relative income indicator.

The final measure, the share of people living in households with very low work intensity, is defined as the proportion of people aged 0–59 who live in households characterised by ‘very low work intensity’; that is, in households in which working-age adults (18–59) have worked less than 20% of their total work-time potential during the previous 12 months.

Although the introduction of a poverty reduction target may be seen as a natural development, even a marginal change, this does not mean that it is without significance. Explicit targets can be expected to increase accountability and to stimulate public debate and engagement. Moreover, their existence should add a new dynamic to the effectiveness of policymaking processes by imposing pressure on politicians and policy-makers to deliver against the targets. Much, though, depends on the ability of civil society and Parliamentarians to hold governments to account on behalf of European citizenry. However, the EU Heads of State and Government have, by including quantifiable targets for poverty reduction, both underlined the importance of social policy goals to the future well-being of Europe and potentially given new momentum to the fight against poverty. Furthermore, having done so

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1 The usual Laeken indicator counts the lack of three or more items as deprivation, a less severe standard.
at a time of such economic uncertainty, they have taken the considerable political risk of publicly endorsing, and potentially strengthening, the European Social Model.

Table 1 The EU definition of severe material deprivation

Material deprivation is severe if people cannot afford at least four of the following:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>to pay their rent or utility bills</td>
</tr>
<tr>
<td>ii</td>
<td>to keep their home adequately warm</td>
</tr>
<tr>
<td>iii</td>
<td>to face unexpected expenses</td>
</tr>
<tr>
<td>iv</td>
<td>to eat meat, fish, or a protein equivalent every second day</td>
</tr>
<tr>
<td>v</td>
<td>to enjoy a week of holiday away from home once a year</td>
</tr>
<tr>
<td>vi</td>
<td>to have a car</td>
</tr>
<tr>
<td>vii</td>
<td>to have a washing machine</td>
</tr>
<tr>
<td>viii</td>
<td>to have a colour television, or</td>
</tr>
<tr>
<td>ix</td>
<td>to have a telephone</td>
</tr>
</tbody>
</table>
B. The Irish approach to defining poverty and setting targets

The Irish government is one of 13\(^2\) that have chosen to make use of the provision to depart from the Headline poverty target and definition. Instead, it has determined to continue using the measure that has underpinned the National Anti-Poverty programme that it first adopted in 1997 (IDSP, 2011). This decision should not be seen as an example of policy inertia, rather it reflects a principled rejection of the European approach which is seen as being inconsistent with the Irish conception of poverty. That said, the Irish government is, in the light of the ongoing economic and fiscal crisis, conducting a review of its national poverty targets which is to be informed by the Peer Review and the European experience more generally (ÖSB, 2011; IDSP, 2011).

While the approaches of the Irish government and the European Commission to poverty measurement and targeting might appear similar, with the thinking of the latter undoubtedly influenced by the experience of the former, this masks fundamentally different conceptions of the nature of poverty and arguably contrasting approaches to the setting of targets. These differences, in turn, have important implications for the kind of anti-poverty programmes that might be developed and their targeting.

Definitions

While both the Irish government and the European Commission would agree that poverty is a relative and multi-dimensional phenomenon, they differ radically with respect to what this means and how it should be operationalised. Both include measures of income poverty and material deprivation but the Irish government excludes any measure of labour market participation because ‘its added value in terms of the measurement of poverty is unproven’ (IDSP, 2011, p.7). This omission is significant not least because Ireland has the highest rate of low work intensity in Europe; at 20

\(^2\) In addition, Luxembourg, the European country with the highest per capita GDP, has chosen not to set a target
per cent it is twice the European average (ÖSB, 2011). It should also be noted
that the European measure of joblessness is arguably a measure of the
effectiveness of employment policies rather than a measure of poverty; 70
per cent of persons living in jobless households are neither income poor nor
deprived (Nolan, 2010).

More important than this omission, the prime measure of poverty used by
the Irish government, ‘consistent poverty’, is defined as the overlap between
the population that is income poor and that which is materially deprived.
Expressed more simply, for a person to count as poor under the consistent
poverty definition he or she would have to be both income poor and materially
deprived. This approach is in strict opposition to that promoted by the
European Commission under which rubric a person counts as poor if he or
she has low income or is materially deprived or lives in a low work intensity
household. The European approach is additive with the result that the
measured poverty rate increases with each of the three criteria considered
whereas the opposite is true under the Irish system which focuses on the
intersection or overlap between criteria. While in Ireland in 2008, 14.4 per
cent of the population were income poor (‘at risk of poverty’) and 13.8 per
cent were materially deprived, just 4.2 per cent were poor according to the
consistent poverty definition (Walsh, 2010). The corresponding Irish poverty
rate using the three indices of European headline measure would be 24 per
cent.

It could be argued that the Irish conceptualisation of poverty is truly
multidimensional whereas the European approach simply uses multiple
indicators (Walker, 2010). Certainly the Irish government contends that
the ‘consistent’ measure of poverty identifies ‘that segment of the poverty
population that has the greatest needs’ and would justify this on the basis
of extensive research. The research shows consistent poverty to be both ‘a
powerful indicator of the likelihood of a range of economic pressures such
as coping with unanticipated expenses, debt problems and arrears, housing
costs and general difficulty in making ends meet’ and to identify people who
‘differ sharply from the rest of the population in terms of a range of life-style
items’ (IDSP, 2011, p. 7; Whelan et al., 2007).
The Irish approach also departs from the European model with respect to the definition of income and the measure of material deprivation. The former differences are comparatively minor, relating to constitutes of income and the specification of equivalence scales\(^3\), but the latter are substantive. A comparison of the two measures of material deprivation is included at Annex A. The Irish measure requires that persons experience two or more of the eleven deprivations whereas the EU headline definition requires four or more from a different set of nine deprivations to be evident. Compared to the EU measure, the Irish one seems to prioritise indices of social participation over financial stress and lack of household durables, while the overall index records more deprivation (in 2008, 13.8 per cent compared to just 5.5 per cent using the EU index).

The Irish government has interpreted its contribution to the Eurotarget in terms of a 186,000 person reduction in consistent poverty. This represents no substantive change in policy but a restatement of the existing national target included in the *National Action Plan for Social Inclusion 2007–2016* (OSI, 2007) to reduce the rate of consistent poverty to between two and four per cent by 2012 and to eliminate it by 2016. By political good-fortune and judgement, the elimination of consistent poverty translates into a fall in the overall rate of 17.5 per cent, marginally above the 17 per cent proportional fall in poverty implied by the headline reduction of a 20 million reduction across the Europe as a whole.

### Setting of targets

The development of national policies to tackle poverty and social exclusion by the Irish government since 1997 has been undertaken with the active involvement of national and local stakeholders, including community and voluntary groups and people suffering poverty. It has been set within an integrated framework of economic and social development and complemented by engagement within the Social OMC. The establishment of targets within fixed time frames has been an important feature of the system. These targets have been informed by extensive research and subject to ongoing monitoring including annual reports on trends prepared

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\(^3\) See Walker (2011) and CSO (2010) for details.
by the Irish Central Statistics Office and to in-depth analysis of specific issues. Moreover, the ambition of the targets has repeatedly been increased as policies and economic growth have reduced the level of recorded poverty.

The definition of poverty adopted by the Irish government has also evolved over time, partly to take account of the availability of new data sets, notably the Survey of Income and Living Conditions (SILC) replacing the Living in Ireland Survey, and partly to reflect changing social and economic conditions. The current definition, based on extensive independent analysis of SILC, was designed better to reflect current living standards and, in particular, to focus to a greater degree on items reflecting social inclusion and participation in society (OSI, 2011; Whelan et al, 2007). The analysts argued that the consistent poverty measure sharply differentiated groups in terms of the nature and degree of basic deprivation and in terms of their subjective assessment of the economic pressures that they faced (Maitre et al, 2006). Hence consistent poverty provides a good qualitative assessment of the nature of poverty, consistent with the understanding of the Irish public of what poverty is, as well as providing a robust quantitative tool by means of which to assess poverty rates.

It could be argued that this approach to developing poverty targets, embedded long-term in the political process, inclusive in its engagement with interests groups, informed by careful empirical analysis and sensitive to the social norms and values of a particular society, contrasts markedly with specification of the European headline target. The latter needs to function equivalently in the 27 Member States, must prioritise a degree of standardisation over cultural appropriateness, and is necessarily designed to accommodate national differences rather than accurately to reflect them. Moreover, the definition of poverty and the ambition of the target, while informed by statistical analysis that has accumulated over the last decade, could not have been determined by it. The abundance of the number 20, a 20 million poverty reduction and the Europe 2020 strategy, points to a degree of arbitrariness in the policy specification. Moreover, it is widely accepted that the definition is a political compromise that has subsequently been retrospectively justified in terms of the dimensions included, although no
reasoning has been offered for the dimensions of poverty that were omitted (Frazer and Marlier, 2010; ÖSB, 2011).

Policy implications

The two conceptualisations of poverty found in the European and Irish targets are likely to suggest different policy responses. Ireland is to target policies on the most disadvantaged: those empirically demonstrated to be multiply disadvantaged with at least two specific disadvantages (lack of income and material deprivation). Policy necessarily has to address the inherent complexity of these persons’ circumstances and may require cross-agency and cross-disciplinary working. The evidence is that lifting the most severely disadvantaged out of poverty is very difficult and resource intensive even if the rewards to the individuals affected are great. The additive European approach means, in contrast, that governments could adopt the simpler strategy of tackling single disadvantages and perhaps additionally benefit from reaching a proportion of individuals who happen simultaneously to be experiencing other forms of disadvantage. Furthermore, governments could chose to target the dimension that is easiest to address, one with individuals clustered just below the respective poverty line, and hence achieve a ‘quick win’. They could even achieve an apparent reduction in poverty by increasing employment among groups that are not income poor or materially deprived, for example by increasing the retirement age.

The anti-poverty policies that Ireland has prioritised have changed as the nature of the problem has altered. The first five year planning period (1997–2002) saw a focus on employment, area based initiatives and improvements to welfare benefits (IDSP, 2011). The emphasis on rising benefits was continued in the second planning period (2002–2007) with the addition of special measures for vulnerable groups. During these two periods the value of social assistance benefits was increased by 74 per cent and child benefit by 88 per cent, doubling the impact of transfer payments on the post-transfer, ‘at risk of’, poverty rate. The policy emphasis shifted with the 2007 National Action Plan for Social Inclusion (OSI, 2007) to services and to activation policies targeted on particular life cycle groups; it was further nuanced in the National Reform Programme 2010 (DOT, 2011) with a focus
on access to the labour market, education and training. Analysis of the incidence of consistent poverty suggests that, although lone parent families are at the greatest risk (with a poverty rate of 17.8 per cent, more than four times the national average), they comprise only a 29 per cent share of the poor population whereas jobless families account for 69 per cent.

To summarise, although the Irish government has found a way of accommodating the national poverty reduction target within the overall European framework, the multidimensional measure of consistent poverty is radically different from the multiple indicator approach adopted for the European headline target. As a consequence of focusing on the multiply disadvantaged, the Irish government have set themselves a greater policy challenge than most Member States.
C. Setting national targets

All Member States but one, Luxembourg, have established numerical poverty reductions but only thirteen Member States adopted the EU headline poverty criteria in fixing their targets (Table 2). Two governments in addition to Ireland, the United Kingdom and France, have continued to pursue targets that were already in place. Bulgaria, Estonia and Romania have decided to focus solely on the at-risk-of-income-poverty rate while Latvia has added low work intensity to this measure but omitted material deprivation. Given the high level of material deprivation associated with the relatively low GDP that characterises these countries, this would seem to be a pragmatic choice, although some other countries that might have been expected to follow suit (such as Hungary, Lithuania and Slovakia) have not done but instead have adopted the full headline criteria. Denmark, Germany and Sweden have each expressed their targets in terms of employment criteria, Germany focussing solely on long term unemployment. At the time of the Peer Review, the criteria to be used by the Netherlands, Finland and Malta remained unclear although it was thought that Finland might include an anchored in time measure, while Malta seemed to be considering a measure analogous to that adopted in Ireland with different criteria (ÖSB, 2011).

Participants from the Member States attending the Peer Review completed a questionnaire that explored the process by means of which poverty reduction targets were set and the kind of policies that might be employed in meeting the targets. Their responses are precised below.

Belgium: Belgium has specified a target based on the three European headline criteria. These were chosen both as a sign of engagement with the EU-target and to facilitate agreement between federal and regional governments. Time constraints prohibited wide consultation on the choice of indicators but stakeholder groups were engaged in confirming the choice and in preparation of the National Reform Programme. Setting the level, a 380,000 reduction, proved challenging because of the difficulty of establishing the counterfactual, the trend that would be expected without any policy change. Assumptions of stability were made in absence of evidence to the contrary; there is particular difficulty in predicting the impact
Table 2 Poverty reduction targets of Member States

<table>
<thead>
<tr>
<th>European headline poverty measures</th>
<th>At risk of poverty</th>
<th>Other specified criteria</th>
<th>Other non-specified criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>235,000</td>
<td>260,000</td>
<td>Germany</td>
</tr>
<tr>
<td></td>
<td>15.3%</td>
<td>7.6%</td>
<td>330,000</td>
</tr>
<tr>
<td>Italy</td>
<td>2.2 million</td>
<td></td>
<td>long term unemployed</td>
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<tr>
<td></td>
<td>14.6%</td>
<td></td>
<td>2.0%</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>260,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>330,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>No target</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>380,000</td>
<td></td>
<td>Denmark</td>
</tr>
<tr>
<td></td>
<td>17.4%</td>
<td></td>
<td>22,000</td>
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<tr>
<td>Lithuania</td>
<td>170,000</td>
<td></td>
<td>households with low work intensity</td>
</tr>
<tr>
<td></td>
<td>17.3%</td>
<td></td>
<td>2.5%</td>
</tr>
<tr>
<td>Estonia</td>
<td>From 17.5% to 15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>after social transfers</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>49,500</td>
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<tr>
<td></td>
<td>17.1%</td>
<td></td>
<td></td>
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<tr>
<td>Denmark</td>
<td>22,000</td>
<td></td>
<td></td>
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<tr>
<td>Malta</td>
<td>6,560</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Overlap between material deprivation and ‘at risk of poverty’ indices</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8.3%</td>
</tr>
<tr>
<td>Austria</td>
<td>27,000</td>
<td>Romania</td>
<td>France</td>
</tr>
<tr>
<td></td>
<td>15.5%</td>
<td>580,000</td>
<td>1.6 million</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Static (2008 level) or 30,000</td>
<td>6.2%</td>
<td>anchored ‘at risk of poverty’ rate</td>
</tr>
<tr>
<td></td>
<td>1.9%</td>
<td></td>
<td>14.2%</td>
</tr>
<tr>
<td>Cyprus</td>
<td>27,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>150,000</td>
<td>Poland</td>
<td>Ireland</td>
</tr>
<tr>
<td></td>
<td>16.5%</td>
<td>1.5 million</td>
<td>186,000</td>
</tr>
<tr>
<td></td>
<td>13.0%</td>
<td></td>
<td>consistently poor by 2016</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>17.7%</td>
</tr>
<tr>
<td>Greece</td>
<td>450,000</td>
<td>Portugal</td>
<td>Latvia</td>
</tr>
<tr>
<td></td>
<td>14.8%</td>
<td>200,000</td>
<td>121,000</td>
</tr>
<tr>
<td></td>
<td>7.2%</td>
<td></td>
<td>‘at risk of poverty’ and low work households</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>17.3%</td>
</tr>
<tr>
<td>Spain</td>
<td>1.4 to 1.5 million</td>
<td>Slovenia</td>
<td>The Netherlands</td>
</tr>
<tr>
<td></td>
<td>14.5%</td>
<td>40,000</td>
<td>100,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11.1%</td>
<td>households with low work intensity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4.1%</td>
</tr>
<tr>
<td>Hungary</td>
<td>450,000</td>
<td>Slovakia</td>
<td>Sweden reduction of men and women not in labour force, long term unemployed and long term sick to well under 14%</td>
</tr>
<tr>
<td></td>
<td>16.1%</td>
<td>170,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 From CEU [2011]

Source: Adapted from CEU [2011] and EC [2011]
of low work households reaching retirement age. Achieving improvements in the index of material deprivation would likely be very difficult because deprivation is already at low levels. No sub-group targets have been agreed. The 17 per cent reduction target is at the European average. Policy measures anticipated at federal level are primarily increases in social security and social assistance payments and, at regional level, measures to increase the labour market participation of vulnerable groups including education and training and, especially in Wallonia, enhanced care provisions.

**Bulgaria:** The Bulgarian target was fixed solely with respect to the ‘at risk of poverty’ measure because it is easy to calculate and monitor and offers a base for European wide comparison. There are four separate sub-targets relating to groups that are particularly at risk of poverty although no specific target is set for persons with disabilities (Table 3). The targets were set with the involvement of the National Council on Social Inclusion which includes ministers and representatives of the social partners, relevant NGOs and academics. A number of initiatives involving people living in poverty or social exclusion were run under the banner of EY-2010. The National Reform Programme includes a wide ranging selection of policies with connections made to the European headline targets for employment and education.

**Table 3 Poverty reduction targets for Bulgaria (‘At risk of poverty’ rate, income)**

<table>
<thead>
<tr>
<th>Target group in poverty</th>
<th>Number</th>
<th>Contribution to national goal (%)</th>
<th>Number as % of group poor in 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children aged 0–18</td>
<td>78,000</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>Persons aged 65 and over</td>
<td>52,000</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Unemployed persons aged 18–64</td>
<td>78,000</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>Employed persons 18–64</td>
<td>52,000</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>260,000</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
Finland: At the time of the Peer Review, final decisions on the poverty targets were still pending on account of the election of a new government in April and public expenditure decisions planned for the autumn. It is anticipated that the target may be expressed in terms of the three European Headline criteria together with an anchored in time ‘at risk of poverty’ measure. In terms of policy initiatives, it is anticipated that measures will be focused on increasing the employment rate, raising skill levels and employability, improving employment conditions and developing public services. Many of the initiatives are likely to be targeted on specific risk groups.

Latvia: The Latvian government has determined to set its poverty target with respect to two of the European headline criteria, ‘at risk of poverty’ and low work households. The decision to omit the index of material deprivation reflected the close association between this measure and level of economic development. In the Latvian case it was considered that this imposed an impossible challenge to raise consumption levels to the extent required, especially given the expectation that the economic recovery will be slow and require further consolidation of public expenditures that in turn will prevent any increase in the generosity of benefits. In addition, in Latvia the relationship between material deprivation and low income is distorted by the existence of an informal economy. The poverty targets were developed by staff in the Department of Welfare in consultation with external experts. Other stakeholders were engaged in the development of policy strategies that include the reduction of income inequalities, enhanced social protection for families with children, encouraging increased labour market participation and measures to reduce discrimination.

Malta: The Maltese government appears to have adopted an approach that is very similar to that of Ireland. Like Ireland, the intention is to target the overlap or intersection between material deprivation and persons ‘at risk of poverty’. Whereas the total number of persons who are poor according to the three EU criteria is 79,289 or 19.5 per cent of the population, just 6,560 persons are both ‘at risk of poverty’ and materially deprived, that is 8.3 per cent of the total number at risk of poverty and social exclusion. Had Malta chosen to target the intersection of all three of the EU criteria this would have reduced the target number still further to 4,185, i.e. 5.3 per cent of all those
at risk of poverty and social exclusion or 1.0 per cent of the total population. Malta intends to prioritise three ‘key vulnerable groups’: children, elderly people and persons living in jobless households.

**Romania:** In Romania in 2009, 32 per cent of the population was affected by material deprivation, about eight per cent lived in low work intensity households and the ‘at risk of poverty’ rate was 18.5 per cent. The Romanian government set a poverty reduction target of 580,000 based on the ‘at risk of poverty’ indicator alone but is to report on the other two criteria. There seems to have been no participation by stakeholders outside government in decisions concerning the target. New policy measures are likely to involve reform of social assistance, increased activation policies and reforms to the health system and to the social infrastructure.

**Slovakia:** The Slovak government has chosen to adopt the three EU target criteria which are seen as consistent with its policy goal to reduce poverty and social exclusion through increasing employment and reducing long-term unemployment. The target reduction of 170,000 was largely devised by government statisticians with other stakeholders invited to participate in discussions. The principal policy strategy is to increase work incentives and improve activation policies for people receiving social assistance, together with policies aimed at marginal groups and the introduction of a new housing allowance for persons with low income.

**United Kingdom:** As previously noted, the United Kingdom first instigated a child poverty reduction target in 1999 and the government has determined not to set a new target in response to the 2020 goals of the European Union nor, unlike Ireland, to propose an alternative formulation that can be easily accommodated within the rubric of the Commission’s expectations. Instead, it proposes to continue to pursue the child poverty target enshrined within the Child Poverty Act 2010. The Act prescribes that, by 2020/21, the proportion of children living in relative poverty should be less than 10 per cent, the proportion in absolute poverty (an anchored measure fixed in 2010/11) should be less than five per cent, the proportion in persistent poverty (in poverty in three years in four) should hit a target to be set by 2015, and the proportion living below 70 per cent of median income and experiencing material deprivation (a two index, intersection measure) should be less than
The policy emphasis of the current coalition government differs from that of the previous Labour government and focuses on strengthening families, encouraging responsibility, promoting work, guaranteeing fairness and providing support to the most vulnerable.

**Croatia**: Croatia, not yet a full Member State of the European Union, uses the ‘at risk of poverty’ measure to monitor poverty rates but the Joint Inclusion Memorandum (JIM), which was prepared on the basis of broad consultations with stakeholders, adopts a multidimensional and comprehensive approach to tackling poverty and social exclusion. The 18 per cent of persons with incomes below the ‘at risk of poverty’ line (26,703 kuna [€3,658] for a single person household in 2009) are not all considered to necessarily live in deprivation. In the context of the economic crisis of the last two years, great efforts are being made to preserve previously attained social rights and to better direct policy measures to ensure a minimum standard of life for the most vulnerable.

**Norway**: Although Norway is not a Member State of the European Union, its Action Plan against Poverty is argued to be consistent with the European headline poverty targets, addressing income poverty and exclusion from the labour market. It is considered that in a prosperous country such as Norway some people will, despite high levels of income redistribution, suffer relative material deprivation even though they might have a living standard that might be acceptable in other countries. Norway’s policy strategy has a strong focus on labour market participation, skill enhancement and activation. It does not have an overall poverty target as such.

It is evident that the vast majority of Member states have actively responded to the requirement to set numerical poverty reduction targets with only Luxembourg not doing so and the United Kingdom and Sweden not translating its target into a meaningfully comparable form. However, on the basis of information made available for the Peer Review (see Annex 2), only five or six Member States appear to have set targets that are broadly consistent with European Council’s commitment to lift at least 20 million people out of poverty; nine Member States appear to be intending to contribute less than half of the reduction required. Moreover, while firm numerical targets have been set, there is not always precision about the definitions used, even
in the National Reforms Programmes (Ginnell, 2011). Moreover, it generally remains unclear what was the basis of decisions to follow or not to follow the headline criteria and how Member States went about determining the numerical target. To be both attainable and effective in stimulating an energetic policy response, decisions about setting the targets should have been informed by careful and complex policy analysis. This would have included studies of recent trends and policy outcomes, analysis of the policy problem and resource constraints, knowledge of the potential of relevant institutions, an appreciation of implementation logic unpinning policies under consideration and meaningful assessments of the likely effectiveness of the new policies that would be required (Walker, 2009). Whether time allowed for setting targets permitted this depth of analysis is doubtful.
D. On meeting targets

Ireland, having made effective use of poverty reduction targets for nearly 15 years, provides an instructive model when other Member States are having to consider how best to exploit the potential of policy targets to effect positive policy change.

Clarity and transparency

As explained above, the Irish government has adjusted its targets and policies to accommodate changing circumstances and has generally been transparent in doing so. A key part of their strategy has been engagement with civil society and the involvement of independent researchers. The Irish government established the Combat Poverty Agency (CPA) as early as 1986 as a quasi independent agency to offer policy advice, project support and innovation, research and public education on reducing poverty⁴. It played an integral role in the National Anti-Poverty Strategy that led to the introduction of targets, while the current generation of measures and targets was heavily informed by the work at the Economic and Social Research Institute, Dublin with the detailed rationale being widely debated. This transparency helped consolidate continuing support for the policy by enhancing both understanding and accountability. While, to date, targets have not had to be revised downwards in Ireland, in the United Kingdom where targets have been missed, governments were able to retain the support of civil society organisations because, having been actively engaged in debating the targets, they were able to appreciate the reasons why the targets had been missed (Walker, 2009).

There is not yet comparable transparency concerning the European headline targets or many of the national ones (Ginnell, 2011). Their rationale is seldom explained in detail and there is often little analysis of either their feasibility or their ambition. The Irish government has made clear that, through adopting the consistent poverty definition, it is targeting the most seriously disadvantaged. However, in many instances it is not apparent if and, if so,

⁴ In 2009 CAP was integrated into the Office for Social Inclusion in the Department of Social and Family Affairs which has oversight of the social inclusion agenda
how governments intend to prioritise between the three headline criteria. Very few Member States have yet set intermediate targets; the implication is, therefore, one of linear decline whereas the empirical evidence suggests that marginal improvements become increasingly difficult to achieve as poverty rates fall. Likewise, it is rare for governments yet to have set separate targets for the particular subgroups that they have prioritised; the implicit assumption, therefore, is that policy is likely to be equally effective irrespective of the different level and kind of disadvantage faced by persons in the various target groups.

There is similar lack of clarity about aspects of the implementation logic at European level. As noted above, only a minority of Member States have set targets compatible with the global goal of at least 20 million fewer people in or at risk of poverty and social exclusion. Also, less than half of Member States have chosen to adopt the three target criteria although, as is discussed below, this could increase, not reduce, the risk that they will miss their national targets. Even so, it is far from clear that all Member States are shouldering an equal share of the effort required if the collective target is to be met. Not unnaturally, therefore, questions are being asked about fairness and about the most appropriate action for the European Commission to take in response. Questions have long been asked about what sanctions would be imposed were targets to be missed and some are similarly now asking what sanctions are to be imposed on Member States who set targets that are too low. If incentives are thought to be more effective than sanctions, there remains uncertainty as to what incentives are to be put in place in support of the headline targets.

Despite much approval for the policy of introducing targets, there continues to be debate about the appropriateness of the European headline indicators as well as about the rationale and justification for fixing the overall 20 million poverty reduction target. There is still concern that increasing the criterion for material deprivation from three to four out of nine elements of deprivation was both arbitrary and detrimental, and concern that the index of deprivation fails as a cross-national comparator and policy tool, with three of the least prosperous Member States rejecting it. The ‘at risk of poverty’ indicator is known to move perversely in times of recession and falling incomes and
there are even fears that some governments might seek to exploit this phenomenon claiming credit when none is due (Ginnell, 2011). While the lack of availability of work is recognised to be a key cause of poverty, the index of low work intensity is also widely criticised both for being an unproven and inappropriate measure of poverty, as in the Host Country Report (IDSP, 2011), and because it ignores in-work poverty. Furthermore, treating the three indicators as additive creates a large and very heterogeneous target population which, while it adheres to subsidiarity principles in giving maximum freedom to Member States to determine priorities, nevertheless sets governments on divergent policy trajectories. The approach also fails to prioritise multiple disadvantage which some civil society organisations argue should be the case as in Ireland (Ginnell, 2011; Tomalak and Barnett, 2011). There is some additional concern that the European poverty criteria do not encourage governments to think about life cycle groups, the duration of poverty or the possibility of intergeneration transmission of poverty (Tomalak and Barnett, 2011).

**Targets and the economic crisis**

The challenges of successfully achieving the policy targets are formidable and made more so by the economic and monetary crisis currently afflicting Europe and the global economy. However, there is little support for the idea of revising the targets downwards although there is real fear that this might happen. The targets are both aspirational, a pointer to the kind of society to which Europe aspires, and a constant reminder that the rights of the most disadvantaged and least politically powerful must be protected when harsh economic decisions are being taken.

The financial crisis has affected some national economies more than others. For example, to date the impact has been very limited in Malta but in Latvia the number of persons receiving the State guaranteed minimum income benefit tripled during 2009. In the latter, there are accounts of residents of long-term institutions for the old and infirm being removed by relatives so as to boost the benefit income of families on means-tested assistance. Simultaneously, the Latvian government is under considerable external pressure to implement financial consolidation and to reduce social
spending. In Romania, there are reports of foster children being returned to institutions as foster families find that they do not have the resources with which to feed them. A new social services law is being debated, the third in ten years and each has resulted in a reduction in benefits. In Croatia, the crisis is putting at risk the ability of the government to attain the targets set out in the social welfare development strategy for 2011–2016. Ireland’s ongoing comprehensive review of the national poverty target has been triggered in part by the fiscal crisis and the recognition that, while much of the success in reducing poverty has been achieved by higher social transfers, the crisis ‘has curtailed any scope for further welfare payments’ (IDSP, 2011, p. 15).

The impact of the recession on poverty rates is still uncertain. The latest Eurostat figures show stability or even improvement in the ‘at risk of poverty rate’ for the 27 Member States with an overall poverty rate of 16.4 per cent of the total population in 2009 compared to 16.4 per cent in 2008 and 16.6 per cent in 2007; recorded poverty only increased in 13 of the 27 Member States between 2008 and 2009 (Eurostat, 2011). However, this may be due to some of the inadequacies in the measure as discussed above. Moreover, there is anecdotal evidence of new forms of poverty becoming apparent. As an example, one of the biggest problems in Ireland is increased personal debt, largely because of high mortgages, which, combined with unemployment, is putting an entirely new group of people at risk of poverty. While the at-risk-of-poverty did not increase in Ireland between 2008 and 2009, material deprivation rose dramatically as did consistent poverty.

There are additional technical considerations that limit governments’ ability to respond quickly to changing economic circumstances. Whereas economic indicators are often available monthly, there is a general absence of timely social data. Moreover, the indices relate to traditional forms of hardship and may be insensitive to new forms of deprivation generated by the ongoing economic crisis. Such data as there are, for example cases handled by advice agencies, come from secondary sources. These could be collated more systematically and there is a role here for the Commission to create a framework for, and to advise on, the use of local data. Some of the poverty indices act in a counterintuitive fashion as already noted. An illustration is provided by Latvia where, when mean disposable income fell between 2008
and 2009, poverty according to the ‘at risk of poverty’ measure also declined. This is difficult to explain to the public and points also to the need to equip civil society with the analytic skills necessary to hold governments to account if the targets are to succeed in driving policy forward. Again this could be a role for the European Commission, especially as government austerity measures are likely to reduce funding for civil society organisations as is reported already to be beginning to happen in Ireland.

If the economic crisis continues to put upward pressures on poverty, the incentive for governments to manipulate statistics is likely to become intense. The current structure of the headline targets facilitates both creaming, the process of targeting individuals and resources explicitly to maximise measured outcomes, and gaming, the adoption of practices that deliberately serve to overstate actual success. For example, it would be possible to focus assistance on people just beneath the ‘at risk of poverty’ threshold who can be lifted out of poverty with minimal expenditure — creaming. However, this strategy is likely to achieve little by way of social benefit compared to one that focussed resources on persons suffering severe and lasting poverty.

The material deprivation component of the EU measure resembles an anchored in time poverty measure such that governments might choose to ‘float’ persons out of poverty on the back of economic growth, when it returns, without the need for active policy engagement.

Gaming is also facilitated because the headline target is based on the use of additive multiple indicators that are each implicitly assigned equal weight. The greatest apparent reduction in poverty can readily be achieved with the least policy effort by targeting the largest subgroups of people that are poor according to one criterion only (since marginal reductions of poverty are most difficult to achieve for small groups of people facing multiple disadvantages). While this is not to deny the appropriateness of targeting policy measures (and, indeed, in some cases creaming) decisions should seek to maximise social benefit rather than to bolster political popularity by means of hitting simple targets. The European Commission has been advised to guard against the risks of creaming and gaming by continuing to monitor the performance of Member States across a wide range of social and economic indicators (Frazer and Marlier, 2010).
With the additional pressures imposed on governments by the ongoing economic and fiscal crisis, manifest in some cases by conditional demands for deficit reductions and structural reform, it is critical that the 2020 strategy continues to give priority to social as well as to economic goals and especially to reductions in poverty and social exclusion. There is deep concern that the Commission may increasingly be referring to ‘poverty or social exclusion’ rather than ‘poverty and social exclusion’, an approach that could suggest reduced ambition and additionally ignores the scientific evidence that the two are causally interconnected [Ginnell, 2011]. In addition to ensuring that poverty reduction is prioritised in the next planning period, it is vital proactively to strengthen the links between poverty and the other targets, and to ensure that growth is pro rather than anti-poor, that work intensity truly increases household incomes and that enhanced participation in tertiary education is designed to help to reduce social inequality. Similarly, it is important, if poverty targets are to be met, that the Structural Funds and their allocation should be explicitly designed to support the poverty reduction goals of the 2020 strategy. The target to reduce poverty by at least 20 million is a collective one and it is unlikely that all Member States will be able to attain their national targets without the collective support that can only be delivered through the European Commission and other cross-national institutions.
E. Conclusions

The introduction of the European headline poverty target as part of the Europe 2020 Strategy was a uniquely important policy initiative, the significance of which cannot be overstated in the context of the continuing global economic crisis. The targets are reminders of the European Social Model as politicians and policy-makers seek a return of economic stability, a model that stresses the dual importance of economic and social policies and the mutually supportive linkages between them.

Almost all Member States have responded to the European poverty reduction target by instigating national targets. However, over half of Member States have not implemented replications of the three index measure proposed by the European Commission but have chosen to set national targets using different indicators. While in doing so governments may have taken account of national circumstances and priorities as they are at liberty to do, the situation creates several difficulties for the European Commission. The above analysis of the Irish model, that in some respects reflects a profoundly different conceptualisation of the nature of poverty from that adopted by the Commission, demonstrates many of the implications of adopting varying definitions of poverty. Different definitions lead to different poverty rates; different socio-demographic distributions; different levels of hardship, disadvantage and severity; different policy responses; and policy objectives that represent different levels of ambition. Not only does this inhibit direct comparison of policy outcomes, it means that governments are likely to adopt divergent policy strategies that reflect the dimensions of poverty that happen to be fore-grounded by the definition of poverty that is employed.

The variety of definitions used by Member States to frame their national poverty targets also complicates the aggregation logic that is to be used to determine whether Europe as a whole is on course to meet the 2020 goal of lifting at least 20 million individuals out of poverty; it confounds attempts to determine whether all Member States are contributing equally to this global poverty reduction target. Moreover, insofar that the data appertaining to the ambition of national targets available to the Peer Review is accurate, the vast majority of Member States are planning to contribute less to the European
target than is required, some to the point where questions might be raised as to their commitment to the collective enterprise.

The focus on the Irish experience has proved instructive. It triggers reflection on the appropriateness of the definitions used for the European poverty targets and on whether the truly multidimensional conception of poverty that the Irish have adopted is indeed preferable to the multiple indicator approach represented by the headline indicators. The Irish would also argue that maximum gains to social welfare are likely to be achieved by focussing policy attention on the most severely disadvantaged, something that is not encouraged by the European target. It is further worth noting, in passing, that much European policy discussion focuses on lifting people out of poverty rather than stopping them from entering poverty or preventing their circumstances from deteriorating further. What the Irish example does not offer is a model that can simply be adopted as the European model without revisiting the assumptions underpinning the headline criteria.

The Irish experience is important as a case study of policymaking, demonstrating that a commitment to chasing poverty reduction targets can be sustained in the body politic over a considerable period. It would appear that the inclusiveness of the process of agreeing definitions and setting targets underpinned by independent empirical analysis has been important in maintaining this commitment. The speed with which Member States were required to determine their poverty reduction targets seems in many cases to have precluded both transparency and inclusiveness which, on the Irish evidence, may make continuing commitment to the targets difficult to sustain. It might also encourage policy-makers to view the targets as ‘foreign’ and imposed, something to be used tactically in bi-lateral negotiations with the Commission rather than strategically as an important tool in domestic policy development. This could, in turn, increase the likelihood that governments will engage in gaming and creaming to achieve political advantage.

The successful implementation of poverty targets by successive Irish governments coincided with a period of sustained economic growth and it may be instructive that the targets are currently the subject of a comprehensive review with the possibility that the Government will specify ‘different levels of ambition for poverty reduction having regard to economic
circumstances’ (IDSP, 2011, p.13). It remains to be seen whether support for the specific targets, as opposed to the concept itself, will be sufficiently strong to resist a reduction in ambition. If it is not, this does not bode well for the long term effectiveness of the European strategy of target-driven, positive policy development. Certainly, a continuing economic crisis may well generate new needs and increased levels of poverty that have to be addressed by proactive policymaking rather than by relying passively on the benefits of economic growth. It is to be hoped that the targets remain as goals to be attained rather than becoming rhetorical policy windowdressing or numerical indices that mark a lack of political courage. It is vital, therefore, that European institutions combine to support national governments by ensuring that policy guidelines, the Structural Funds and all other resources support pro-poor economic growth, pro-poor restructuring and, if need be, pro-poor austerity measures.
**Annexes**

**Annex 1: The Irish definition of material deprivation**

**Comparison of Irish and European definitions of material deprivation**

<table>
<thead>
<tr>
<th>Deprivation is the lack of two or more of the following 11 items</th>
<th>Comparison with EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Two pairs of strong shoes</td>
<td></td>
</tr>
<tr>
<td>2 A warm waterproof coat</td>
<td></td>
</tr>
<tr>
<td>3 Buy new rather than second-hand clothes</td>
<td></td>
</tr>
<tr>
<td>4 <em>Eat meals with meat, chicken, fish (or vegetarian equivalent)</em></td>
<td>Items retained from before introduction of EU-SILC</td>
</tr>
<tr>
<td>5 Have a roast joint (or its equivalent) once a week</td>
<td></td>
</tr>
<tr>
<td>6 Have a roast joint (or its equivalent) once a week Go without heating during the last 12 months through lack of money</td>
<td></td>
</tr>
<tr>
<td>7 <em>Keep the home adequately warm</em></td>
<td></td>
</tr>
<tr>
<td>8 Buy presents for family or friends at least once a year</td>
<td></td>
</tr>
<tr>
<td>9 Replace any worn out furniture</td>
<td></td>
</tr>
<tr>
<td>10 Have family or friends for a drink or meal once a month</td>
<td>Items added after EU-SILC</td>
</tr>
<tr>
<td>11 Have a morning, afternoon or evening out in the last fortnight, for entertainment</td>
<td></td>
</tr>
</tbody>
</table>

Going without a substantial meal due to lack of money
Going into debt to meet ordinary living expenses

*To pay rent or utility bills*
*Face unexpected expenses*
*A week holiday away from home*
*A car*
*A washing machine*
*A colour TV*
*A telephone*
Annex 2: National poverty targets as a percentage of people at risk of poverty or social exclusion — 2008

Adapted from CEU (2011) and EC (2011)
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Walsh, J. [2010] *The Irish approach to poverty targets*, Presentation at the ESRI Research seminar on the use of indicators and targets in social inclusion policy: national and European perspectives, Dublin, 3rd November.

The setting of national poverty targets

Host country: Ireland

Peer countries: Belgium, Bulgaria, Croatia, Finland, Latvia, Malta, Norway, Romania, Slovakia, United Kingdom

Stakeholders: EAPN, ESN

One of the main targets in the Europe 2020 Strategy is to lift 20 million people out of poverty and reduce those living below the poverty line by 25%; as part of achieving this target Member States are asked to set national targets based on appropriate indicators.

This Peer Review provides the context for examining the process by which different countries choose the components of their indicators, how these relate to EU indicators, the logistics of monitoring and integrating them with other policies and so on. The overall aim is to improve understanding of the multiple causes of poverty, improve techniques for identifying those who are most at-risk and finding more effective ways to combat poverty, which is particularly of concern in the context of tight constraints on public finances as a result of the crisis. In addition to supporting national level reform, this Peer Review will assist with on-going work at EU level on poverty indicators and targets.

Ireland’s national poverty strategy provides examples of good practice as regards the setting of poverty targets. In particular, Ireland merged two separate indicators to create an innovative measure of poverty for those most in need in 1997 and disaggregated the target group, setting individual targets for vulnerable groups over the lifecycle in 2002 and 2007.