



## **European National Action Plans for Social Inclusion**

**2008-2010**

An update of Transformando Dec 07 report

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## 1. Introduction

### 1.1 Background

In December 2007 EMN and Transformando published a study, the European National Action Plans for Social Inclusion and Microfinance<sup>1</sup>. The aim of the study was to get a better understanding of the way national European governments included the issue of financial exclusion and microfinance as part of their national policies to combat poverty and social exclusion. The countries covered are the ones that host at least one EMN member.

The study reviewed a number of official synthesis documents, in particular the National Strategy Reports on Social Protection and Social Inclusion, which are divided in three parts: the National Action Plans for Social Inclusion (NAP), the National Strategy on Pensions and the National Strategy on Healthcare and Long Term Care. The study also reviewed the Joint Reports on Social Inclusion, the Joint Reports on Social Protection and Social Inclusion and other reports, for EU applicants, in their 2003-2005 and 2006-2008 editions.

The study found almost no reference to financial exclusion as a cause or consequence of social exclusion, and very little mention to microfinance. In some cases, countries that had quoted microfinance in the 2003-2005 reports had taken it out of the following paper.

Meanwhile, the European Commission and the DG Employment, Social Affairs and Equal Opportunities, as well as at the European Parliament have made remarkable progress in microfinance awareness: A number of papers and reports promote microcredit, microfinance and more widely the idea of extending delivery of proper financial services to currently un-served citizens. They recognise financial exclusion as cause and consequence of social exclusion.<sup>2</sup> This new awareness at European level is in stark contrast with the near absence of microfinance and financial inclusion approach at national social policy level, as reflected in the National Action Plans. To remedy this situation, EMN set up with Freiss Ltd a “Community of Practice”, an online working group of microfinance institutions representatives from Belgium, Italy, Spain and the UK, and designed, in June 2008, a toolkit for microfinance organisations<sup>3</sup>. The aim was to help microfinance institutions influence their national authorities to include microfinance as a core tool in the next National Action Plans for Social Inclusion (2008-2010), to be submitted in September 2008.

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<sup>1</sup> **European National Action Plans for Social Inclusion and Microfinance: Participation strategies, importance and challenges.** An analysis of the Joint Reports on Social Inclusion, the Joint Reports on Social Protection and Social Inclusion and the National Action Plans of European Member States. December 2007. Prepared by Transformando. <http://www.european-microfinance.org/data/file/enap-29-jan-final.pdf>

<sup>2</sup> See **Financial Services Provision and Prevention of Financial Exclusion**, DG Employment, March 2008; [http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/financial\\_exclusion\\_study\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/financial_exclusion_study_en.pdf) **A European Initiative for the Development of Micro-Credit in Support of Growth and Employment**, Commission of the European Communities, COM(2007)708 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0708:FIN:en:PDF> **Report with Recommendations to the Commission** on the above, European Parliament, A6-0041/2009 [www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A6-2009-0041+0+DOC+XML+V0//EN](http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A6-2009-0041+0+DOC+XML+V0//EN), as a sample

<sup>3</sup> **Influencing the NAPs Inclusion, A Toolkit for Microfinance Organisations**, Freiss Ltd & EMN, June 2008 [http://www.european-microfinance.org/documents\\_en.php?piId=8960](http://www.european-microfinance.org/documents_en.php?piId=8960)

## 1.2 Objective

This paper follows up on the exercise undertaken by EMN and Transformando in 2007<sup>1</sup>: Perusing the 2008 National Strategy Report on Social Protection and Social Inclusion, the 2009 Joint Report on Social Protection and Social Inclusion and related documents, and noting if and how Microfinance, its aims, services and institutions are integrated as tools for Social Inclusion by the member countries. The Joint Report already scrutinises all NAPs, but this paper will go into more detail at country level, highlighting the evolution in Microfinance presence between 2006 and 2008 NAPs and noting the possible contradictions between actual local microfinance activity and absence from NAPs.

The aim is to make local MFIs react so that in the future, with the assistance of EMN, they can take full advantage of the opportunity for visibility, expansion, consolidation and funding that comes from consolidating microfinance as a core tool of social inclusion in the National Action Plans. To facilitate the connection, we provide the list of the national coordinators in charge of drafting the NAPs for most EU member states.

## 1.3 Methodology

This study updates the December 2007 EMN-Transformando study<sup>4</sup>. To make comparison reading easier, it follows the same basic framework of individual country and European analyses. The core documents analysed, notwithstanding examination of progress monitoring papers and summaries, are each country's National Report on Strategies for Social Protection and Social Inclusion (2008-2010), the 2008 Joint Report on Social Protection and Social Inclusion, that summarises the 2006-2008 NAPs with intermediary 2007 updates and the 2009 Joint Report on Social Protection and Social Inclusion, that summarises the 2008 National Reports.

The countries studied are the same than in Transformando report, with the exception of Croatia and Italia. Croatia, not yet an EU member, has not produced any new global report on Social Inclusion since the documents analysed by Transformando. Italy has not published its 2008-2010 National Report on Social Protection and Social Inclusion. A summary can be found attached to the 2009 Joint Report, but it is not the extended version, and therefore it made no sense to compare with the full National Report 2006-2008. This leaves us with 15 countries: Belgium, Bulgaria, Finland, France, Germany, Hungary, Ireland, the Netherlands, Poland, Portugal, Romania, Slovakia, Spain, Sweden and the United Kingdom.

The National Reports on Strategies for Social Protection and Social Inclusion, following a common framework as reminded in the Guidance note for NAPS preparation<sup>5</sup>, are always divided under three reports:

- National Action Plan for Social Inclusion (NAP)
- National Strategy for Pensions
- National Strategy for Healthcare and Long-Term Care

The EMN-Transformando analysis looked at all three, for each reporting country as well as at the European level. All three are the pillars of social protection and inclusion, but the place for inclusive

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<sup>4</sup> **European National Action Plans for Social Inclusion and Microfinance: Participation strategies, importance and challenges.** An analysis of the Joint Reports on Social Inclusion, the Joint Reports on Social Protection and Social Inclusion and the National Action Plans of European Member States. December 2007. Prepared by Transformando <http://www.european-microfinance.org/data/file/enap-29-jan-final.pdf>.

<sup>5</sup> **Guidance note for preparing National Strategy Reports on Social Protection and Social Inclusion 2008-2010.** European Commission, 2008. [http://ec.europa.eu/employment\\_social/spsi/strategy\\_reports\\_en.htm](http://ec.europa.eu/employment_social/spsi/strategy_reports_en.htm)

finance, if any, will come solely under the NAP. To make this paper more focused, we propose to concentrate on NAPs, yet quoting any microfinance related information that may come under Pensions or Healthcare headers.

We use the following grid for country-level analysis:

1. *Situation and key trends* provide the local economic and social context and trends. A short table summarises the key indicators. The indicator definitions are given in Annex 2.
2. *Priority objectives of the National Strategy for Social Protection and Social Inclusion*, highlighting any changes from previous years
3. *Build up and methodology*, looking at and qualifying the National Strategy preparation procedure, with particular attention on how participative the process is.
4. *Financial Inclusion or Microfinance mention*, to check if and how much the concept appears at national policy level. We'll also look for mention of related concepts such as financial exclusion, financial literacy, over-indebtedness, social credits or loans and social economy.
5. *Comments*, with a focus on a comparison between the actual Microfinance activity in a country and its mention in the NAP

For graphic impact we used, with slight modifications, the 2006-2008 NAPs inclusion scorecards found in the EMN-Freiss Ltd toolkit<sup>6</sup>. The scorecards give five marks, from 0 to 5, to qualify the presence of microfinance in the NAP under four different approaches or strands:

- **A: MF for inclusion through self-employment**
- **B: MF to support services to self-employed and adapt legal environment**
- **C: MF for improving personal financial capacity and fighting over-indebtedness**
- **D: MF for inclusion through personal microcredit, housing or consumer loans**

As done in EMN-Freiss Toolkit, the marks are given by personal appreciation of the presence of microfinance for each strand. We look at actual mention of “microfinance” and related terms (microcredit, financial literacy, over-indebtedness, social credits or loans, financial inclusion...). We also appreciate the relevance of the mention made. This is a partly subjective exercise, so to minimise ambiguity we discussed with the authors of the Toolkit on their criteria and tried to stick to them. Only in a very few cases we corrected Toolkit marks, after thorough verification of the documents they had used, an exercise authorised by the toolkit authors.

We summarised both sets of marks to give a graphic overview of the changes in the degree of microfinance inclusion in the NAPs over time. We present a scorecard for each country and a European summary.

For the rest of the report we use the short expression 2006 NAP to refer to the 2006-2008 NAP, and 2008 NAP to refer to the 2008-2010 NAP.

## 2. Overall Analysis

### 2.1 “Microfinance visibility” marks

We summarise the marks found for each country in five different graphs. Firstly, the average overall marks, then the marks for each strand:

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<sup>6</sup> **Influencing the NAPs Inclusion, A Toolkit for Microfinance Organisations**, Freiss Ltd & EMN, June 2008  
[http://www.european-microfinance.org/documents\\_en.php?piId=8960](http://www.european-microfinance.org/documents_en.php?piId=8960)

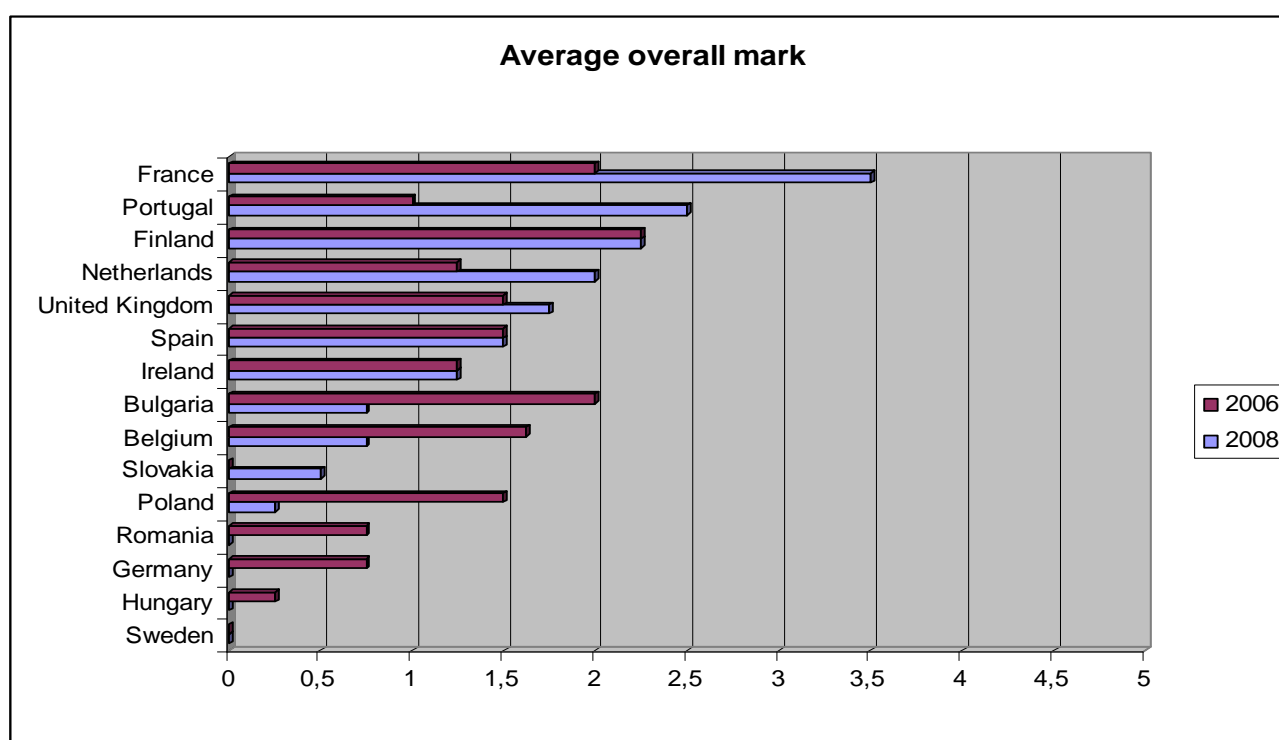
- A: MF for inclusion through self-employment
- B: MF to support services to self-employed and adapt legal environment
- C: MF for improving personal financial capacity and fighting over-indebtedness
- D: MF for inclusion through personal microcredit, housing or consumer loans

### 2.1.1 Average overall marks

On a range from 0 to 5, the average score on all strands goes from a low 1.18 in 2006 to an even lower 1.13 in 2008. Ten out of fifteen countries show equal or lower marks in 2008 than in 2006. There are wide differences between countries, with some ranking persistently high at least in certain areas, and other having no presence at all.

Average rate 2006: 1.18

Average rate 2008: 1.13



Part of the explanation probably lies in a misunderstanding of NAPs (see 2.1 General Observations). Remarkably, Eastern European countries with a strong presence of SME oriented microfinance institutions like Romania or Bulgaria give little notice of this activity in the 2008 NAPs. Countries with a focus on personal financial inclusion, mainly in Western Europe, rank much higher and see most improvement, as inclusive finance is getting higher on the social agenda.

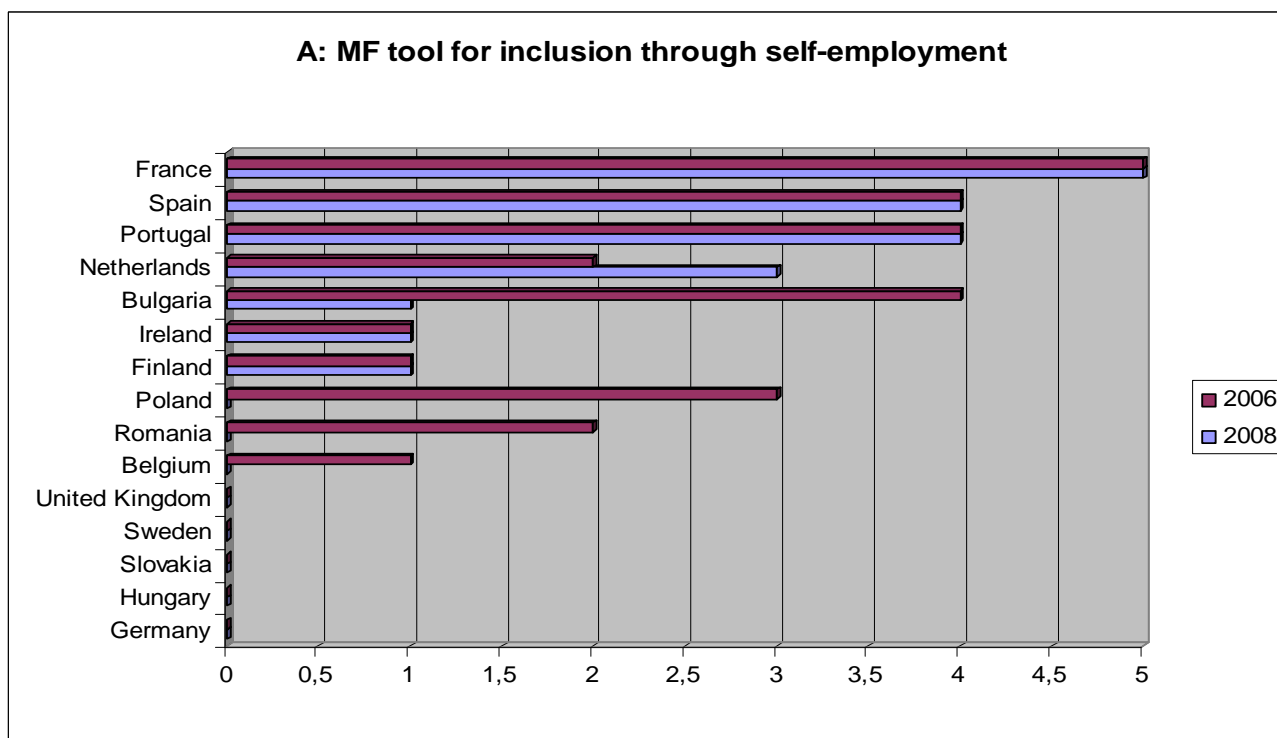
The average overall mark can only give a broad image. The detailed analysis by strand gives a clearer view of the microfinance visibility. We must keep in mind, however, that this visibility does not reflect the actual microfinance activity, notably in Romania, Germany, Hungary and Sweden.

### 2.1.2 Marks for A: MF for inclusion through self-employment

The marks refer to the presence of microcredit as a tool for inclusion through business start-up or expansion, for the general public or targeted at specific social groups.

Average rate 2006: 1.80

Average rate 2008: 1.27



Microfinance to support self-employment through business development has lost overall presence in the NAPs. While it stays visible in a few Western European Countries –France, Spain, Portugal and the Netherlands- it almost totally loses presence in Eastern European countries. In the previous NAPs, microfinance for professional purpose was highly quoted for on Romania, Bulgaria and Poland. This reflected the great presence and development of the microfinance sector, through MFIs or banks. The sector still thrives in those countries, with programs and institutions aimed at general and specific targets (the Roma), but has almost disappeared from the NAPs. The explanation for this may be that in Eastern Europe, professional microfinance is now considered as a mainstream financial activity, thus not needing a place in a Social Policy report.

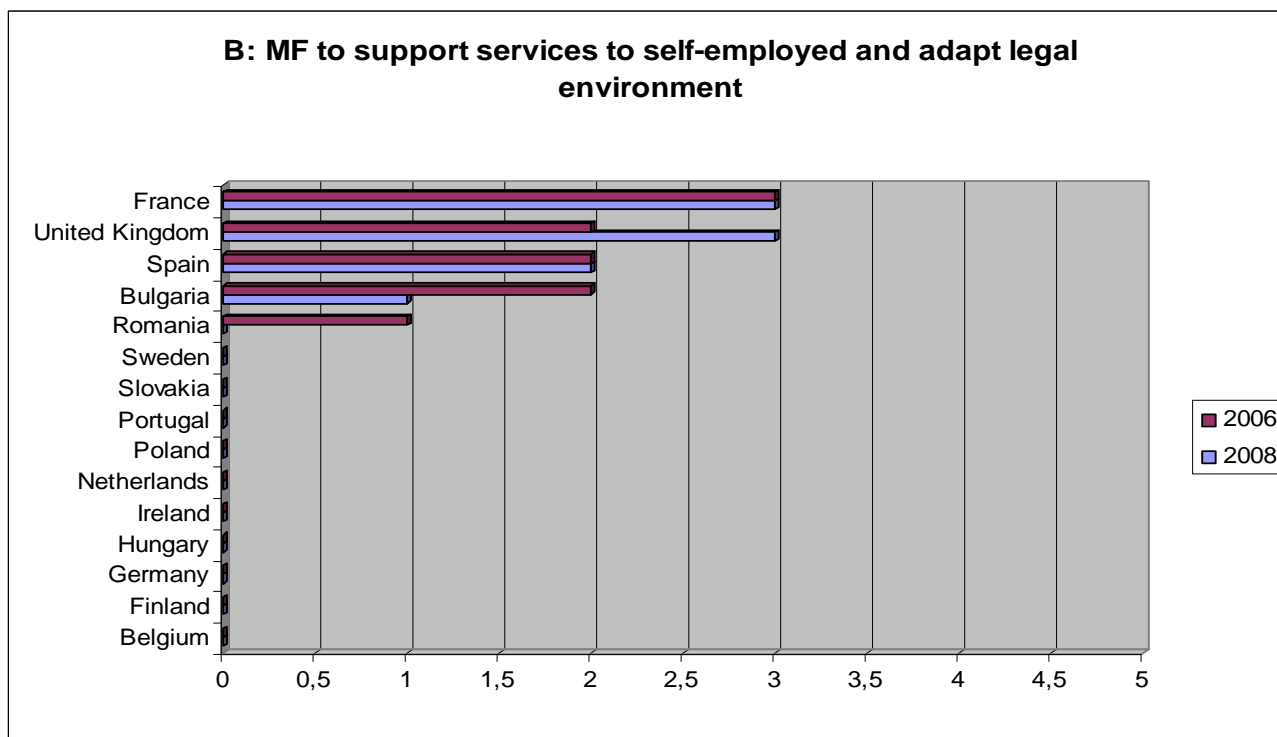
On the contrary, this strand of microfinance is well represented in France, Spain, Portugal and the Netherlands, even though it remains a marginal activity often limited to specific geographical areas (the Azores in Portugal) or social groups (migrants in Spain).

### 2.1.3 Marks for B: MF to support services to self-employed and adapt legal environment

The marks refer to the provision of support to self-employed through business development support and training, and to the efforts to improve the legal and regulatory environment.

Average rate 2006: 0.67

Average rate 2008: 0.60



This strand is important for microfinance development but indirectly related. It represents the efforts made to develop the microfinance environment, both on the support services sector and on the regulatory and legal environment. Very little shows in this area, probably because it is seen as too far from direct social inclusion action. The countries with good scores understand the importance of an adequate regulatory background (with modifications to credit delivery conditions in France, for instance) and the importance of providing development support on top of credit for new entrepreneurs (as with the intervention of specialised NGOs in Spain)

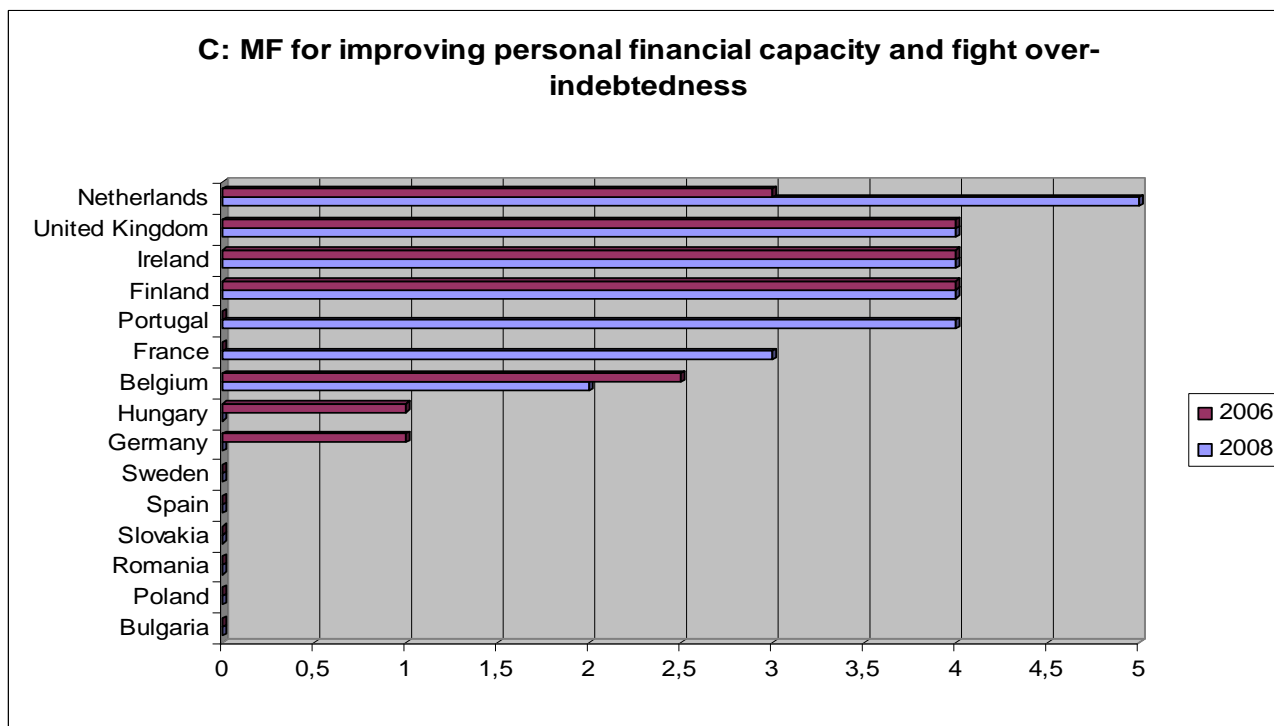


#### 2.1.4 Marks for C: MF for improving personal financial capacity and fighting over-indebtedness

The marks refer to the provision of financial literacy training, of support and capacity-building of the public in their financial dealings, on family budget management, debt advice and of prevention and counselling on over-indebtedness.

Average rate 2006: 1.30

Average rate 2008: 1.73



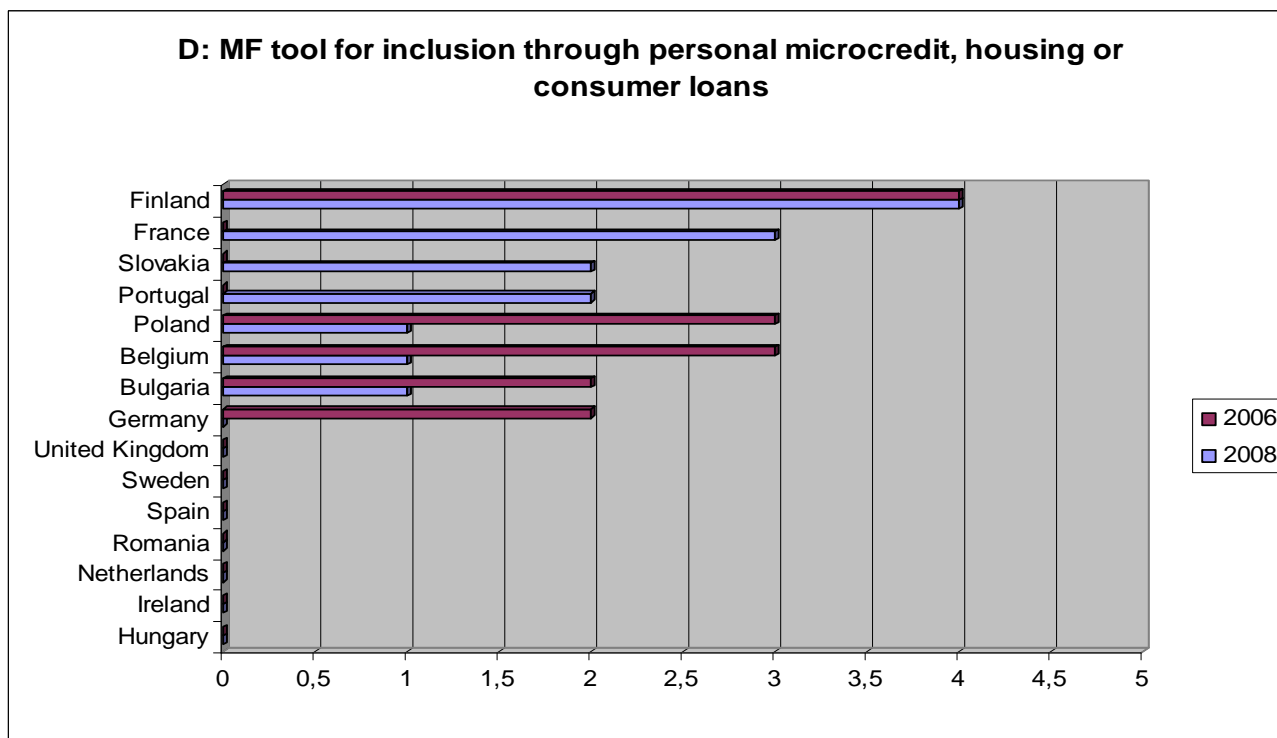
Microfinance as an individual “educational” tool is the fastest growing and has become the most visible strand of microfinance in the NAPs. It has become central in most countries with a long-established highly-developed financial sector to deal with the issue of over-indebtedness and to improve the financial capacity of consumers in an increasingly complex environment. Unsurprisingly, it ranks at the top in the Netherlands, where a whole chapter of the NAPs is dedicated to personal financial capacity building and over-indebtedness prevention. Ireland has an effective network of dedicated debt counselling outlets all over the country. Remarkably, France and Portugal have started their own actions in this field in the 2008 NAP, realising the growth of over-indebtedness and the lack of financial literacy of a general public faced to increasingly risky financial products.

### 2.1.5 Marks for D: MF for inclusion through personal microcredit, housing or consumer loans

The marks refer to the provision of personal microfinance for social inclusion purposes. It is mainly consumer microcredit for personal needs such as training or health, and public supported housing loans.

Average rate 2006: 0.93

Average rate 2008: 0.93



Microfinance for non-business purposes, meaning consumer or housing microloans, is an area of fast expansion in the EU. It is a still small but growing expression of microfinance. The existing mainstream consumer or housing lending is not yet available to all, and when it is available it is often at a high cost in terms of interest rate and overexposure, often leading to over-indebtedness and more exclusion. This observation has led to the development of socially-oriented supported credit, combining access to consumer goods or housing and budget management training.

This personal microcredit provides an access a type of consumer credit geared at active inclusion. In the French example, the “social microcredit” is used for financing qualifying training, driving licences or cars, aimed at facilitating access to work.

This strand of microfinance is still experimental, and that shows in the fact that it is rarely a permanent feature in the NAPs, appearing when a project is set up but disappearing in the following NAP –even though the project is still alive, as in Belgium.

## 2.2 Observations

### *Microfinance is losing visibility in the NAPs*

The overall score in 2008 (1.13) is lower than the already low score of 2006 (1.18 out of 5). This low score can be explained by various factors:

Firstly, a methodological problem, concerning the lack of understanding of NAPs' workings: NAPs highlight the main actions taken for social inclusion and provide a follow-up over the successive reports. Some reports do not give a continuous evaluation of specific microfinance actions over the successive NAPs, with the result of a great volatility in microfinance presence that does not reflect the actual field reality. This has been the case in particular with Bulgaria and Romania, where microfinance is prevalent but almost absent from 2008 NAP. The reasons may be that the 2008 NAP was the first one since accession, and that social inclusion takes already so many shapes that microfinance is put in the shade.

Secondly, a more fundamental problem: Microfinance is not seen as a social inclusion tool. The link is lost between microfinance and financial inclusion, and between financial inclusion and social inclusion. In particular, support for entrepreneurship is not seen as playing a role in terms of social inclusion. This may be due to the microfinance actors, in particular the large MFIs that see themselves as financial institutions first and tend to neglect their visibility as social players. But this is mostly due to the lack of recognition of microfinance as a tool for social improvement by too many NAP stakeholders. The lack of recognition is due to:

- An enduring mental gap between social sector and financial sector players. This gap, which varies with local culture, is narrowing thanks to the information efforts made by the microfinance community and by the realities of the present crisis.
- A lack of scale of microfinance players in Europe. There are many small and very small actors in all strands of microfinance, with the effect of having poor visibility with the authorities. Small microfinance institutions have no time and no skills for lobbying. This situation is slowly improving thanks to the consolidation of activities through partnerships and the efforts by national and European networks, but there needs to be more effort on lobbying at national level.

### *Microfinance is extending its field of action.*

The four strands defined in 2.2 can be regrouped as follows:

A and B refer mostly to professional microfinance. They express action taken to support self-employment through business start-up, financial and non-financial, as well as any supportive policy reform. "A" reflects microcredit as a tool for inclusion through business start-up or expansion, in general or targeted at specific groups (migrants, Roma...). "B" reflects the provision of support to self-employed in the business-creation process and the efforts to improve the legal and regulatory environment to facilitate self-employment.

C and D refer mostly to personal microfinance. They reflect action taken to support financially fragile individuals, both through preventive action such as financial literacy training and through curative action such as supported consumer microcredit. "C" shows the provision of financial literacy training, support and capacity-building of the public in their financial dealings, debt advice, prevention of and counselling on over-indebtedness. "D" shows a presence of microfinance for other uses than business development, such as access to housing and consumer microcredit for personal needs such as training or health.

The trend is that personal microfinance is growing in visibility while professional microfinance is

stagnating. Personal microfinance is growing essentially in Western Europe, as a toolbox to face growing problems of over-indebtedness and bank usage. The link to social problems is more easily made, and thus, the presence in the NAPs.

## 2.4 Recommendations

The recommendations provided in the Transformando report remain topical (Annex 1)<sup>7</sup>. We would add two more:

### *Provide a wide and accepted definition of microfinance*

There needs to be a clearer and wider definition of microfinance, to take into consideration the different strands. Microfinance is defined as the provision of financial services to those excluded from mainstream access. Mainstream financial service providers offer personal and professional tools –credit, investment, means of payment, insurance...- and personal and professional advice for financial dealings. When provided to those excluded from mainstream access, all those services should come under the heading of microfinance. The extension of the definition is not arbitrary; it just takes into account the reality of the intertwining of personal and business finance and of finance and support service for very small entrepreneurs.

The new framework for micro-credit and microfinance activities is a priority of EU institutions, as demonstrated by the recent work undertaken by the Commission and the Parliament<sup>8</sup>. JASMINE initiative (Joint Action to Support Microfinance Institutions in Europe) is defining its scope and priorities at this moment. It is important to have clear definitions of the different strands of microfinance to be able to focus and target JASMINE actions.

The European networks dealing with microfinance in all its strands must come together to provide a widely accepted definition that will explicitly incorporate the idea of microfinance as a tool for financial inclusion. The networks and concerned stakeholders must then make efforts to have the definition accepted by European and national authorities.

### *Firmly root the link between financial exclusion and social exclusion*

A clear link between financial and social exclusion will root microfinance in NAPs. For that, all stakeholders must work at demonstrating the double-sided cause and effect link between financial and social exclusion. Microfinance practitioners and networks will extend their collaboration with practitioners and networks of the social field, extending their field and visibility, in particular in the field of lobbying at national and European levels.

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<sup>7</sup> European National Action Plans for Social Inclusion and Microfinance: Participation Strategies, Importance and Challenges, p.83 – 92. <http://www.european-microfinance.org/data/file/enap-29-jan-final.pdf>

<sup>8</sup> Report with recommendations to the Commission on a European initiative for the development of micro-credits in support of growth and employment. [www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A6-2009-0041+0+DOC+XML+V0//EN](http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A6-2009-0041+0+DOC+XML+V0//EN)

Communication from the Commission... on a European initiative for the development of micro-credit... <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0708:FIN:en:PDF>

Financial Services Provision and the Prevention of Financial Exclusion.

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/financial\\_exclusion\\_study\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/financial_exclusion_study_en.pdf)

## 2. Joint Report Analysis

Link to Joint Report on Social Protection and Social Inclusion

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2009/supporting\\_document\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2009/supporting_document_en.pdf)

The Joint Report on Social Protection and Social Inclusion 2009 summarises the National Strategy Reports provided by the EU members. The report gives an overview of the national policies for each of the three reports included in the Strategy, the National Action Plan on Social Inclusion, the Pension Strategy and the Health and Long Term Care Strategy.

The NAPs are summarised under Chapter 3: Fighting Poverty and Social Exclusion. The chapter has an introduction, annexes and five sub-chapters. Under sub-chapter 3.5 “Access to services to enable social inclusion”, there is a whole point 3.5.4 “Access to financial services / fighting financial exclusion and over-indebtedness”. Other than in this chapter, microcredit for business start-up and self-employment is quoted twice (3.4 Active Inclusion, Supporting the Demand Side, p.45), with the examples of the Netherlands and Portugal.

**The fact that one whole chapter of the Joint Report is dedicated to the access to financial services demonstrates the high attention given to this issue by the Commission.** There was no dedicated chapter in previous Joint Reports. The chapter starts with a reminder of the findings from the EC study: “Financial Services Provision and Prevention of Financial Exclusion”: proper access to, and use of financial services is to be recognised as a dimension of the broader social inclusion objectives. Also, financial inclusion covers several areas: Effective, adequate and affordable access to basic banking services; Prevention and rehabilitation of over-indebtedness; Promotion of professional and personal microcredit and development of financial information and education for vulnerable consumers.

The Joint Report states that inclusive financial services are not a priority of NAPs. Out of the 27 members, eleven do not mention the issue at all, and only five claim to have a comprehensive policy on financial inclusion. Out of these, only one, the Netherlands, has a specific NAP objective related to financial inclusion (namely addressing over-indebtedness).

The Joint Report unsurprisingly reaches the same conclusion as this report on the very low visibility of microfinance in NAPs. It also shows that the Commission expects financial inclusion to be a permanent feature of NAPs, setting a standard that only very few countries attain to this day.

### 3. Country Analyses

#### 3.1 Belgium

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/belgium\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/belgium_en.pdf)

##### 1. Situation and key trends:

	2006	2007	2008
GDP growth	3.0	2.8	1.4
Employment rate – global	61.0	62.0	
Employment rate – 55 to 64	32.0	34.4	
Unemployment rate - global	8.3	7.5	7.1
Unemployment rate – under 25	20.5	18.8	18.2
“at risk of poverty” rate	15	15	
Life expectancy at birth	76.6		
Fertility rate			
Old-age dependency ratio	26.2	25.9	25.8

Source: Eurostat April 2009. Definitions in Annex 2

##### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

On **inclusion**, evaluation and monitoring of the policies show the need to keep concentrating on a few crucial issues:

- Activation and Diversity, meaning support to bring the people farthest from the labour market towards employment, working on diversity and social-cultural integration.
- Making housing affordable, and in particular guaranteeing access to energy for all.
- The fight against child poverty with improved family allowances and incentives for schooling.

On **pensions**, the challenge is to provide an increasingly ageing population with decent pensions, by reducing public debt, constituting a special fund for the elderly and reinforcing social security financing.

On **health**, the focus is on improving the cost-efficiency ratio while ensuring access to care for vulnerable groups. On long-term care the focus is on maintaining elderly people at home.

The overall focus is the same as in the previous NAP, with the same holistic understanding of social issues and the concentration of efforts on a few strategic points.

##### 3. Build up and methodology

Compared to the previous plan drafting there is progress, in terms of building awareness with participants and lessons learning from the previous exercise, although the consultation of social partners is still sub-optimal. One problem of the consultative process is inclusion of all actors and timing. Both seemed problematic in this case.

#### 4. Financial inclusion or microfinance mention

There is no mention of financial inclusion as such, or of microfinance institutions.

Loans or credit are indicated as tools for access to housing ownership (2-4-1-2 *Encouraging access to ownership*, p. 23) and energy saving improvements (2-4-1-6 *Energy policy and the cost of utilities*, p. 24).

Over indebtedness is dealt with as a cause of child poverty (2-4-3-1 *Purchasing power of families*, p.27) questioning the present legal framework, stating the need to finance the 2003 Fund for treating over indebtedness sustainably and to reinforce preventive instruments. There is also mention of debt mediation as a preventive tool for over indebtedness (2-4-2-4 *Income*, p.25)

Social economy projects are quoted as good supports for energy consumption reduction (2-4-1-6 *Energy policy and the cost of utilities*, p. 24).

#### 5. Comments and scorecard

Microfinance is nowhere to be seen. No institutions are quoted, although Belgium has very interesting examples, both in the public and private sector such as CREDAL and the Fonds de Participation. No tools, such as microloans or public education for financial literacy are quoted either. No change in that respect since the last NAP (2006-2008)

Over indebtedness's presence is similar to what it was in previous reports, although microcredits are no more quoted as preventive tools.

Social economy was more central in the last batch of reports. The 2008 NAP shows progress in that area, a fulfilment of the actions planned in the 2006-2008 NAP: A Social Economy platform was set up; Social Economy Business Centres are in the process of realisation.

The evolution is not favourable, microfinance losing ground in NAP representativeness.

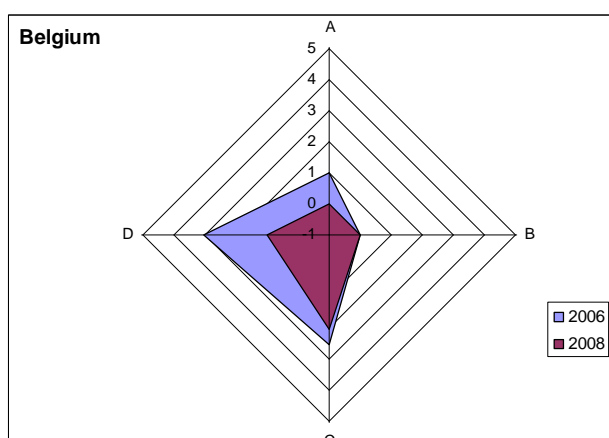
*Scorecard:*

*A: Tool for inclusion through self-employment*

*B: Means to support services to self-employed and adapt legal environment*

*C: Tool for improving personal financial capacity and fighting over-indebtedness*

*D: Tool for inclusion through personal microcredit, housing or consumer microloans*



## 3.2 Bulgaria

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/bulgaria\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/bulgaria_en.pdf)

### 1. Situation and key trends:

	2006	2007	2008
GDP growth	6.3	6.2	6.5
Employment rate – global	58,6	61,7	
Employment rate – 55 to 64	39,6	42,6	
Unemployment rate - global	9.0	6.9	5.6
Unemployment rate – under 25	19,5	15,1	12,3
“at risk of poverty” rate	14		
Life expectancy at birth	72,75		
Fertility rate	1.37		
Old-age dependency ratio	24,9	24,9	25

Source: Eurostat April 2009. Definitions in Annex 2

### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

On **inclusion**, the focus is a fairer distribution of the benefits of economic growth and better conditions on the labour market. This will bring a positive effect on the quality of life of the most vulnerable groups.

Three key directions:

- Develop inclusive labour market to include the groups at risk of poverty and social exclusion.
- Ensure access to rights, resources, goods and services for the persons in need.
- Sustain effective mechanisms for redistribution to reduce the risk of poverty and social exclusion of persons out of labour such as children or the elder.

On **pensions**, the focus is reinforcing the “security through diversity pension model” in its three pillars: Public social insurance, mandatory supplementary and voluntary supplementary pension insurance. The aim is to provide decent living standard after retirement and guaranteeing the solidarity between and inside the generations.

On **health and long term care**, there is a need for a complete update of the health policy through the forthcoming adoption of long-term National Health Strategy targeted to integration of the health care for the Bulgarian citizens in all policies. The priorities are sustainable and effective healthcare, improving the access to health services with an emphasis on the vulnerable groups.

### 3. Build up and methodology

The implementation of the National Action Plan for Social Inclusion 2006-2008 showed that:

- The Open Method of Coordination on social protection and social inclusion and the related processes are not well known by the civil society actors. Their important role in social inclusion does not translate in an input in NAPs



- Social inclusion is perceived as a complicated subject as it requires measurement and implementation in diverse fields, social and economic.
- There is a need of better targeting of policies and resources.
- Monitoring systems in some areas are not well developed.
- There is need of impact assessment of the implemented policies.

These observations were taken into consideration during the preparation of the new plan.

#### 4. Financial inclusion or microfinance mention

There is no mention to microfinance institution or tools, or to the concept of financial inclusion, although the Social Inclusion is focused on equal opportunity and suitability for employment for the excluded, such as the Roma or the disabled people.

There are only two mentions to social economy, but with no real detail: A line on removing financial barriers for social inclusion and equal integration of people with disabilities (2.5 *Policy objective 3: Equal opportunities for the most vulnerable groups in society, p.30* ); And a line on the development of social economy as a tool for active inclusion alongside with access to quality education, training and health services (2.7.4 *Mainstreaming, p. 36*)

Self-employment is quoted once (2.4 *Policy objective 2: Active inclusion for the people furthest from the labour market, p. 27*) as being encouraged to improve the employment picture, but with no further detail.

#### 5. Comments and scorecard

Microfinance is not a recognised tool in the NAP. This is a negative evolution from the 2006 and 2005 reports which carried a few references to microcredit for the Roma and housing credit for low-income households

Bulgaria, coming from a transition economy, has interesting experiences in the field of microfinance, with a large number of players of all shapes, banks like Procredit, cooperatives or NGOs like Nachala or Mikrofond EAD. Public authorities also are microfinance actors, such as the Ministry of Labour and Social Policy, involved in a Microcredit Guarantee Fund and in the JOBS project that provides microfinance products to start up businesses.

These projects and institutions already work for the social integration of excluded groups, which is reaffirmed as being a NAP priority.

The evolution surprisingly unfavourable, with microfinance losing ground in NAP in the few areas it previously appeared in, as reflected on the comparative scorecard:

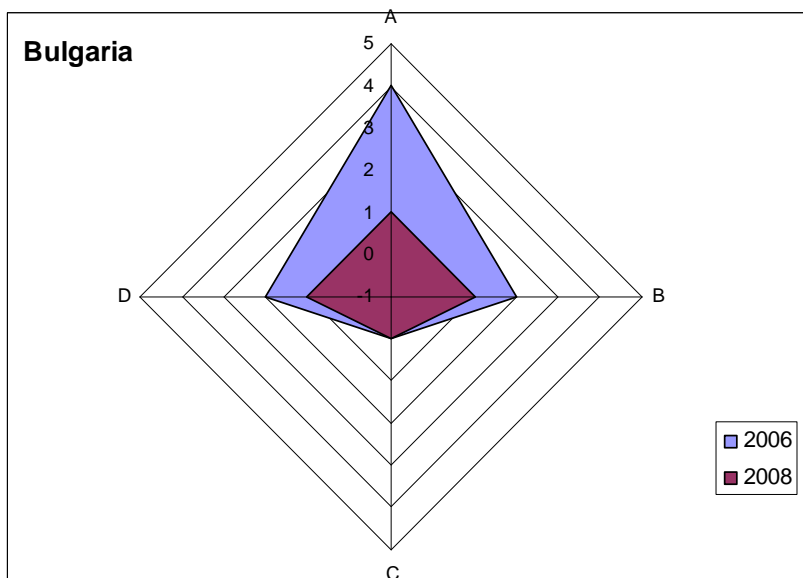
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*B: Means to support services to self-employed and adapt legal environment*

*C: Tool for improving personal financial capacity and fighting over-indebtedness*

*D: Tool for inclusion through personal microcredit, housing or consumer microloans*



### 3.3 Finland

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/finland\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/finland_en.pdf)

#### 1. Situation and key trends:

	2006	2007	2008
GDP growth	4.9	4.2	2.4
Employment rate – global	69.3	70.3	
Employment rate – 55 to 64	54.5	55	
Unemployment rate - global	7.7	6.9	6.4
Unemployment rate – under 25	18.7	16.5	16.5
“at risk of poverty” rate	13	13	
Life expectancy at birth	79.5		
Fertility rate	1.84		
Old-age dependency ratio	24	24.8	24.8

Source: Eurostat April 2009. Definitions in Annex 2

#### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

On **inclusion**, the key objectives are:

- Guaranteeing work opportunities for as many as possible, along the lines of active inclusion.
- Preventing social problems and social risks, with preventive intervention in the problems of children, young people and families with children, and in health problems.
- Safeguarding the continuity of measures that prevent and correct social exclusion and poverty, by developing social structures that safeguard people's welfare.
- Improving the functioning of the service system through client-orientation, high-quality and versatile services, the sufficiency of services needed by the increasing elderly population, and a sufficient and skilled workforce.

On **pensions**, the aim is to maintain sustainability in spite of an ageing population and increased life expectancy. Measures to achieve these objectives have comprised, among others, dismantling early retirement pension schemes, encouraging people to stay on at work longer by means of increased pension accruals, and introducing a life expectancy coefficient. Furthermore, the general retirement age was made flexible so that people can retire between the ages 63 and 68.

On **health**, the objective is to safeguard stable funding and the availability of services. Responsibility for the provision of the services will continue to rest with municipalities, and funding must primarily be based on central government transfers and the taxes raised by the municipalities. The objective is to strengthen quality and impact assessments of activities and services and the monitoring and steering system of services.

#### 3. Build up and methodology

The report has been prepared in co-operation with various ministries, organisations representing the poor and socially excluded, health organisations, labour market organisations, research institutes, local government representatives, and social work representatives of religious organisations and

churches. The draft report has been dealt with by the appropriate EU subcommittees and by the management group of the Ministry of Social Affairs and Health. Separate hearings have been arranged for the participants in the work against poverty and social exclusion in May and June 2008 (non-governmental organisations, religious organisations and churches, local authorities, trade organisations). In addition, those participating in the hearings were given an opportunity to make written comments on the draft report before it was finalised.

The results of actions against poverty and social exclusion are to be assessed in separately organised events or occasions. In the assessment of practised policies, efforts will also be made to use the available qualitative descriptions on the development of Finnish welfare. The development of poverty and social exclusion will be assessed in connection with the follow-up of the government programme and in the annual reviews of various administrative sectors. The statistical authorities regularly publish information on changes that have taken place in citizens' living conditions, welfare, and poverty situation.

#### 4. Financial inclusion or microfinance mention

Although the word "microfinance" does not appear, there is a whole chapter on social crediting, that refers to previous plans, stating that debt counselling and effective financial guidance will help prevent over-indebtedness (*2.4 Groups requiring special measures and risk groups, p. 41*).

A short reference is made to over-indebtedness (2.2 Strategic Challenges. Challenges concerning the prevention of social problems, p.26) to say it is less of a problem since the 90s.

#### 5. Comments and scorecard

Finland is a country with a relatively good social situation, where poverty and social exclusion are relatively uncommon. Statistical comparison within the EU shows better living conditions, low poverty rate, and the lowest child poverty rate. Employment rate is high, unemployment relatively low, and unemployment coverage at a very high level.

In Finland, SME and microfinance is clearly split in two categories:

- SME credit to very small companies and start-ups, considered to risky by the banking system. Those are provided by Finnvera, a state-owned financing company.
- Social Credit, as a tool for economic, and thus social, inclusion. These are loans pertaining to the social welfare system, granted to people excluded from the mainstream banking services, aimed at improving people's ability to manage their situation. They are loans plus budgetary training that help prevent over-indebtedness.

In Finland, only Social Credit is considered as a social integration tool, and is therefore to be found in the NAP. The focus is as good as in the previous NAP.

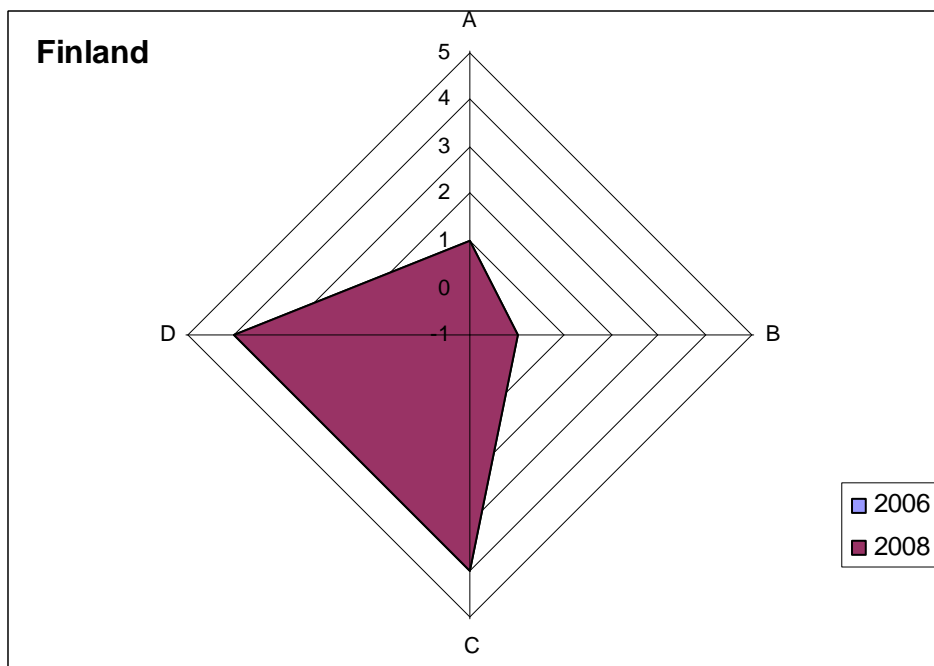
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*D: Tool for inclusion through personal microcredit, housing or consumer microloans*



Notes: 2008 exactly overlaps 2006. The score for A: Tool for inclusion for self-employment was revised for 2006 from the June 2008 EMN report.

## 3.4 France

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/france\\_fr.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/france_fr.pdf)

### 1. Situation and key trends:

	2006	2007	2008
GDP growth	2.2	2.2	0.9
Employment rate – global	63.8	64.6	
Employment rate – 55 to 64	38.1	38.3	
Unemployment rate - global	9.2	8.3	7.7
Unemployment rate – under 25	22.1	19.4	19.1
“at risk of poverty” rate	13	13	
Life expectancy	80.85	80.95	
Fertility rate	2.0		
Old-age dependency ratio	24.9	24.9	25.0

Source: Eurostat April 2009. Definitions in Annex 2

### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

On **inclusion**, the main objectives are:

- Promote the access or return to employment to those farthest from work, through better personal support, a focus on active inclusion, more public support for job and SME creation.
- Help social and professional inclusion of youth, especially those from immigrant descent and dwellers of “problem neighbourhoods”, through extended professional qualification and a focus on immigrants’ specific difficulties.
- Develop social housing and homeless temporary lodging.

On **pensions**, the focus is to guarantee an adequate level –above poverty- for pensions while ensuring financial viability in the face of an ageing population. Also, modernise the system, open it in equal conditions to mobile and self-employed workers, reach gender equality and reinforce participation and transparency in the change process.

On **health**, the aim is to manage better the existing system, correcting geographical disparities and making users more responsible to reach sustainability while keeping control of the prices. **Long term health** access must be improved, with a focus on improving at-home, family-led care.

### 3. Build up and methodology

The participative NAP drafting and monitoring process has been improved. The National Council against Poverty and Social Exclusion (CNLE) set up a task force to monitor the 2006-2008 NAP. The task force worked with a number of local and national institutions to provide recommendations for the 2008-2010 NAP.

A country-wide process, under government management, the so called ‘Grenelle for Inclusion’, took place in late 2007 and early 2008. This highly participative process brings together all participants, individuals, NGOs, local and national government entities, around workshops dedicated to tackling social exclusion under a variety of angles, including micro-credit. The Grenelle conclusions are at the

core of the present NAP.

#### 4. Financial inclusion or microfinance mention

As quoted above, microcredit was at the heart of one of the forums on Social Inclusion, and this reflects in the NAP. Microcredit is quoted as a tool to promote employment to people farthestmost from work (1.2.1.Promote social cohesion, equality between men and women and equal opportunity for all through adequate, accessible, sustainable, adaptable and efficient social protection and inclusion policies, p.11)

There is particular mention of an innovative programme of personal microloans, small-amount consumer loans, disbursed by banks to clients selected, monitored by specially trained social sector players, NGOs or local authorities and 50% guaranteed by the state through the Social Cohesion Fund. The loans are used for basic needs such as buying a vehicle, a driver's license training, house improvement or health (2.1 Return to employment for those farthestmost from work, p.17). Personal Microcredit is also quoted as a full paragraph as one of the key tools to overcome the obstacles brought about by social exclusion (Remove the obstacles linked to social exclusion, p.28).

In terms of financial exclusion, access to credit and insurance is mentioned as one of the key problems for travellers and Roma people, as banks do not open accounts to those without a fixed address (Development of social housing and quality temporary lodging, p21).

Subsidised loans for business creation are quoted as an important tool towards employment (Reform of state aid for business creation, p.27). Zero-interest loans are also a tool for housing access (Development of social housing and quality temporary lodging, p21).

#### 5. Comments

The 2008-2010 NAP implicitly reminds the importance of access to finance for business creation, itself a main axis for employment and poverty alleviation. The policies stated in the previous NAP are being implemented and reinforced.

The NAP highlights and gives great detail about the personal micro loan project, which is directly oriented at fulfilling life improvement and/or job oriented needs such as acquiring a vehicle, a driver's license or home equipment. This innovative project tries to fill the gap between a banking system that leaves too many aside, and a social sector that too often overlooks sustainable financial tools for their public.

Overall, the participative build-up and follow-up of the NAP process acknowledges the link between financial and social exclusion thus giving microfinance a key position as a useful tool for social integration.

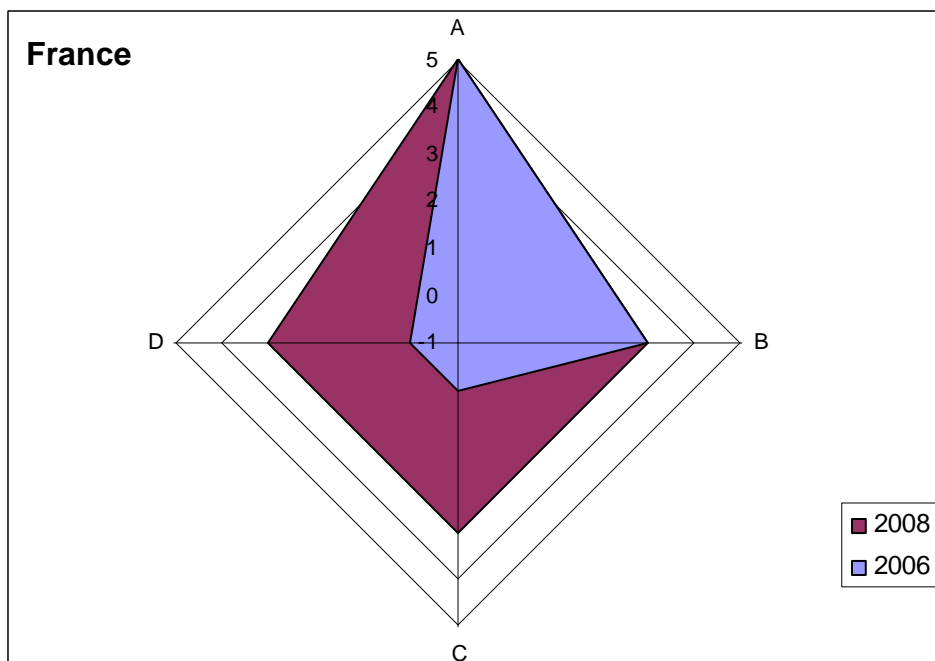
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Notes: 2008 scores improve on personal finance, reflecting the setting up of the Government sponsored “Social Credit” programme. The other scores, related to professional microfinance, remain as high as in 2006.



## 3.5 Germany

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/germany\\_de.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/germany_de.pdf)

### 1. Situation and key trends:

	2006	2007	2008
GDP growth	3.0	2.5	1.3
Employment rate – global	67.5	69.4	
Employment rate – 55 to 64	48.4	51.5	
Unemployment rate - global	9.9	8.4	7.3
Unemployment rate – under 25	12.6	11.1	10
“at risk of poverty” rate	13	15	
Life expectancy	79.8		
Fertility rate	1.32		
Old-age dependency ratio	28.9	29.9	30.4

Source: Eurostat April 2009. Definitions in Annex 2

### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

Considering **inclusion**, the main objectives are:

- Increasing labour market participation through job integration programmes for specific groups of persons such as long-term unemployed, unemployed seniors, migrants, handicapped persons as well as specific regions;
- Strengthening chances for education and training by breaking up the causal relation between social origin and academic performance;
- Strengthening of families and combating child poverty through better adapted allowances for parents as well as childcare possibilities;
- Integration of immigrants through stronger language acquisition and labour market integration (“national integration plan”);

Regarding **pensions**, the main aim is to assure appropriate old-age pension provision for future generations, i.e. through continual adaptation of the recently established additional private pension system as well as sustainability of the pension system through gradual increase of pension age and modernisation of pension systems.

With regard to **health**, the focus lies on ameliorating access to the health system, improving its quality and assuring sustainability of the health system i.e. through stronger prevention.

Compared to the last NAPs 2006-2008, the challenges and political priorities remain mainly unchanged.

### 3. Build-up and methodology

The NAP for 2008-10 was drawn up upon coordination between the German federal government, the regional governments, social partners, umbrella organisations in the social field as well as individual

persons (FORTEIL forum was set up – two workshops about participation and social integration took place). It was written in parallel to the preparation of the third Report on Poverty and Wealth of the German government (“3. Armuts- und Wohlstandsbericht”). On the national level the preparatory meetings of the 6<sup>th</sup> European Meeting of persons experiencing poverty organised under the German Presidency of the European Union also played an important role.

The Federal Ministry of Employment and Social Affairs was the lead agency. The first draft was presented again to the regions as well as involved government departments and was subsequently adapted. It was then presented to the Federal Cabinet (Bundeskabinett), the Federal Assembly (Bundesrat) and the Parliament (Bundestag) for approval and advice.

#### 4. Financial inclusion or microfinance mention

No reference is made to financial exclusion or microfinance at all. Over-indebtedness, financial literacy, (micro)loans, social economy, business start-up financing or self-employment are words never mentioned in the 2008-2010 NAP, although reducing unemployment is one of the main concerns of the report.

#### 5. Comments

In the 2006-2008 NAP financial exclusion was not mentioned either. In contrast, this had been -at least partially- the case in the 2003-2005 reports where over-indebtedness had been cited, as well as business start as a way of overcoming unemployment. A negative trend can thus be detected.

This is curious considering that one of the focal points for inclusion is access to employment. It seems self employment is not seen as a tool in this regard. However, start-up lending is relatively strong in Germany. The great majority of these start-up loans are provided by the state-owned KfW (Kreditanstalt für Wiederaufbau) and regional promotional banks (in German: Landesförderinstitute, often also called Investitionsbanken). KfW runs an important programme called „Startgeld” that provides loans for business start up to €50,000... A number of additional regional development programmes as well as local initiatives exist although their outreach and number of loans is much more limited. The German government runs a programme on business start out of unemployment, providing a grant for persons on unemployment benefit who would like to become entrepreneurs or self-employed (“Gründungszuschuss” and “Einstiegsgeld”) as well as coaching. However, eligibility for this kind of support has been constricted in the past years.

Regarding over-indebtedness it has been found that every tenth person in Germany is over-indebted (7 million persons; according to *Creditreform*). However this topic does not appear as a cause of exclusion to be dealt with in the NAP.

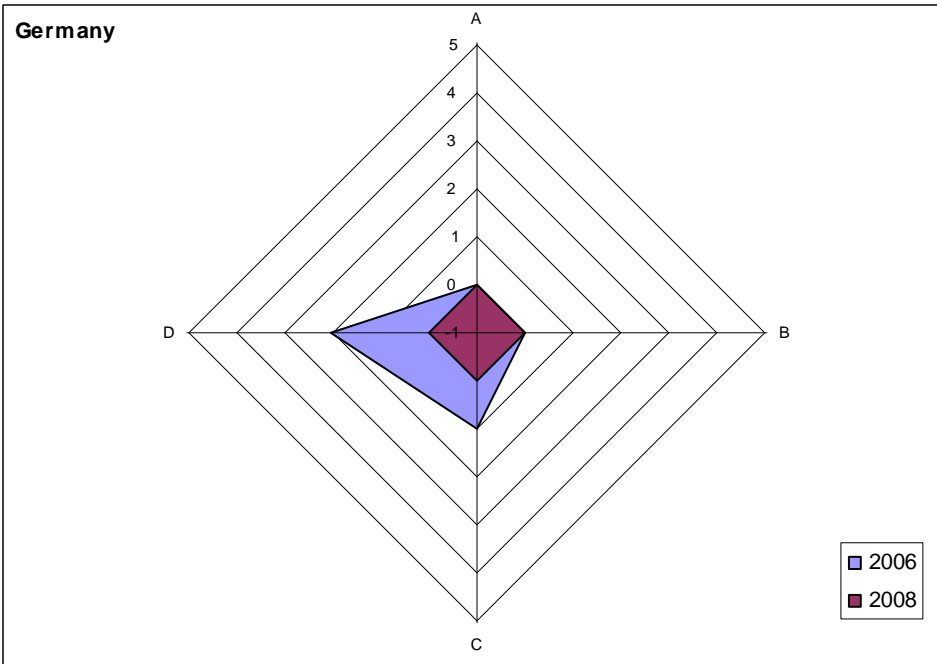
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Notes:

## 3.6 Hungary

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/hungary\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/hungary_en.pdf)

### 1. Situation and key trends:

	2006	2007	2008
GDP growth	4.1	1.1	1.7
Employment rate – global	57.3	57.3	
Employment rate – 55 to 64	33.6	33.1	
Unemployment rate - global	7.5	7.4	7.9
Unemployment rate – under 25	19.1	18	20.3
“at risk of poverty” rate	16	12	
Life expectancy	73.5		
Fertility rate	1.34		
Old-age dependency ratio	22.9	23.2	23.5

Source: Eurostat April 2009. Definitions in Annex 2

### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

On **inclusion**, the objectives stay the same as defined in the 2006-2008 NAP

- promoting the integration of disadvantaged groups into the labour market, decreasing of inactivity;
- fight against child poverty;
- reducing territorial and housing disadvantages;
- strengthening the governance of social inclusion policies.

On **pensions**, the objectives are to reach an adequate level on line with European standards, while aiming at sustainability. For this there is a need of modernisation, in particular reducing contribution evasion due to non declared work.

On **healthcare** and long term care, the key objectives are prevention and promotion of health consciousness, treatment of key morbidity problems and improving the financial system.

### 3. Build-up and methodology

The National Strategy Report and, within that, the National Action Plan – was prepared under the coordination of the Social Inclusion Office of the Ministry of Social Affairs and Labour (‘SZMM), under the aegis of the *Committee Against Social Exclusion* (‘TKEB’).

The draft of the National Strategy Report was discussed with the Social Policy Council, the Council of the Elderly and at the main tri-partite forum of social dialogue, the National Interest Reconciliation Council and in its Social Committee. It was published on the website of the coordinating Ministry (Ministry of Social Affairs and Labour). Non-governmental actors could comment on the document via Internet. As a closing phase of the social discussion a conference was

held on the National Action Plan on Social Inclusion organized jointly by the Ministry of Social Affairs and Labour and the Hungarian Anti-Poverty Network.

#### 4. Financial inclusion or microfinance mention

Microfinance or microfinance institutions are not quoted as such. There is mention to over-indebtedness, the need to tackle the problem of housing and overhead debts, in particular related to unpaid public utility bills (2.5.3 Reduction of housing disadvantages, p.30). Usury and debt trap are mentioned as problems related to poverty especially amongst the Roma people, against which the government wants to set legal and assistive instruments (1.2 Overall strategic approach, p.11).

There is mention to the social economy and the development of micro-enterprises as factors to create employment in disadvantaged regions (2.3.2 Alternative possibilities of the extension of employment).

#### 5. Comments

No more reference to Microfinance than in the previous report, although it could be a tool to reach some of the priorities of the plan such as creating labour through micro-enterprises. The Fejer Enterprise Agency provides microloans for start-ups. Microfinance could also be highlighted as a tool to alleviate poverty and exclusion for at-risk communities such as the Roma.

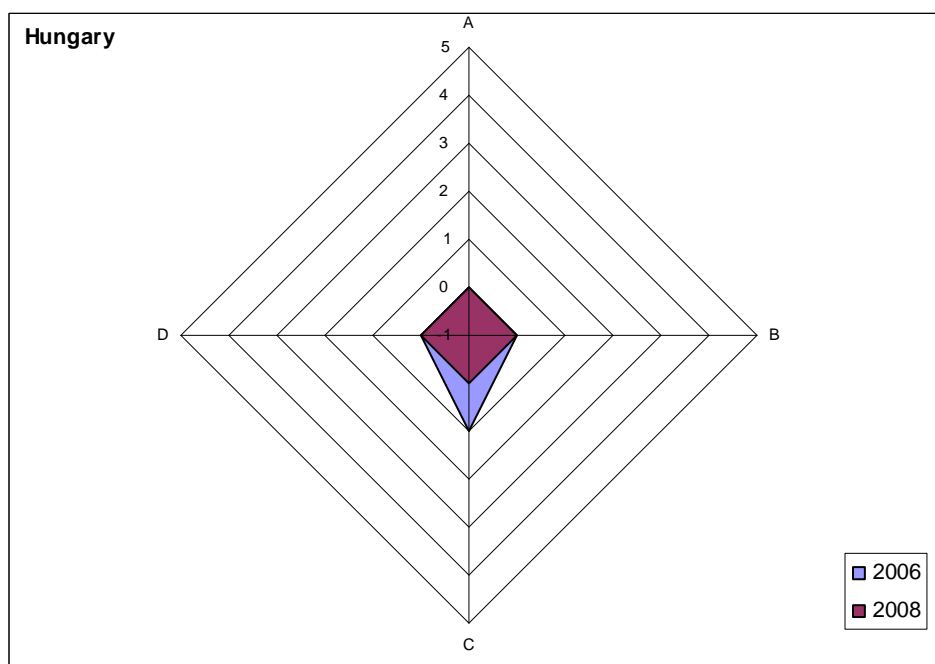
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Notes:

## 3.7 Ireland

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/ireland\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/ireland_en.pdf)

### 1. Situation and key trends:

	2006	2007	2008
GDP growth	5.7	6.0	-1.6
Employment rate – global	68.6	69.1	
Employment rate – 55 to 64	53.1	53.8	
Unemployment rate - global	4.5	4.6	6.3
Unemployment rate – under 25	8.6	9.1	13.6
“at risk of poverty” rate	18	18	
Life expectancy	79.7		
Fertility rate	1.9		
Old-age dependency ratio	16.2	15.8	15.9

Source: Eurostat April 2009. Definitions in Annex 2

### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

On **inclusion**, the four priority objectives remain as in the previous NAP:

- Child poverty;
- Access to quality work and learning opportunities (activation measures), with a focus on lone parents and people with disabilities;
- Integration of immigrants;
- Access to quality services, with a focus on the homeless.

On **pensions**, the plan calls for adequate retirement income for all, through a consensus-based transparent and sustainable public and private pension system.

On **healthcare** and long term care, the aim is to reach accessible, high-quality and sustainable healthcare by ensuring access for all to adequate health care, ensuring that the need for care does not lead to poverty and financial dependency. The plan also addresses the issue of inequities in access to care and in health.

### 3. Build-up and methodology

The Office for Social Inclusion, located in the Department for Social and Family Affairs, leads the coordination of the NAP, in coordination with other local and national partners. The NAP complements the country's overall development strategy set out in the National Development Plan 2007-2013, which has a chapter on Social Inclusion. It is also in line with 'Towards 2016', the ten-year framework social partnership agreement drafted by the Prime ministership. Social inclusion is now streamlined in the annual Social Inclusion Reporting process, which started in 2007.

#### 4. Financial inclusion or microfinance mention

There is no mention of either, or of any terms directly linked, such as microcredit, over-indebtedness, financial exclusion, financial literacy or even bank.

#### 5. Comments

The NAP does not directly reflect the subject of financial inclusion or microfinance, but directly or indirectly refers to a number of documents and strategies that do, such as the 2008 Policy for Tackling Financial Exclusion, the 2007-2013 National Development Plan, the National Action Plan for Social Inclusion 2007-2016 or the Combat Poverty Agency's "Financial Exclusion in Ireland: an exploratory study and policy review". Ireland strongly recognises the link between social and financial exclusion, and provides guidelines and policy, but only indirect reference is made in the NAP –this was also the case with the last NAP 2006-2008-.

The National Strategy Report on Social Inclusion and Social Protection, which includes the NAP, is the standard summary for these policies in Member States. It would be positive to include more directly the actual action taken in terms of financial inclusion which shows in other documents.

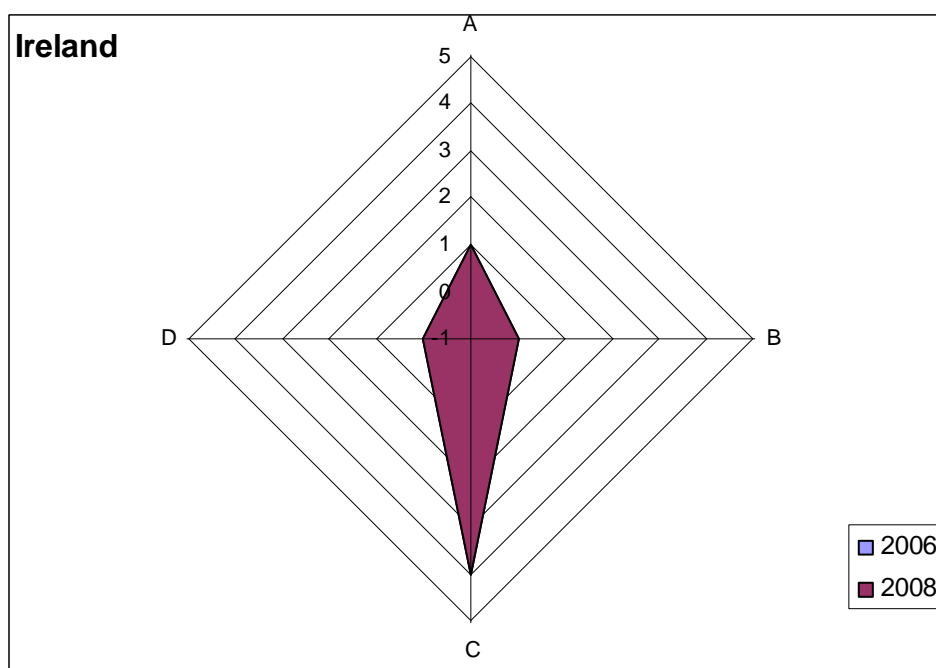
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Notes: 2008 overlaps 2006. We have taken into account information from reports directly linked to the 2008-2010 NAP –see above, 5. Comments. On NAP 2008-2010 alone, the score would be 0 all over.

## 3.8 Netherlands

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/nl\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/nl_en.pdf)

### 1. Situation and key trends:

	2006	2007	2008
GDP growth	3.4	3.5	2.3
Employment rate – global	74.3	76	
Employment rate – 55 to 64	47.7	50.9	
Unemployment rate - global	3.9	3.2	2.8
Unemployment rate – under 25	6.6	5.9	5.3
“at risk of poverty” rate	10	10	
Life expectancy	79.9		
Fertility rate	1.7		
Old-age dependency ratio	21.1	21.5	21.8

Source: Eurostat April 2009. Definitions in Annex 2

### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

On **integration**, the National Action Plan to Combat Poverty and Promote Participation stay what they were in the previous plan, that is:

- Increasing participation through the acceptance of work, training and/or socially useful unpaid activities, by he guidelines of Active Inclusion;
- Tackling poverty and promoting participation among children and young people;
- Prevention of the non-use of income support; and
- Addressing over-indebtedness.

The overarching goal is social cohesion

On **pensions**, the aim is to guarantee the affordability of pensions in the long term, with an adequate level of income, through a sustainable and modernised system.

On **healthcare and long term care**, quality, innovation and prevention

### 3. Build-up and methodology

There was a consultation process in three rounds: one with about 40 organisations from the social midfield, research and advice institutions and organisations involved professionally, a second one with the municipalities and a third one with social partners. This allows customisation and precise allocation of funds.

### 4. Financial inclusion or microfinance mention

Although the terms of financial inclusion or microfinance do not appear, we have mention of micro-credits for micro entrepreneurs, with the indication that their availability is growing (2.2.4 Encouraging self-employment, p.24) and of micro loans as a specific relief tool for small sole trader businesses



(Appendix IV, Objective I: Increasing participation through the acceptance of work, training and/or socially useful unpaid activities, p.88).

Importantly, we have a whole chapter on over-indebtedness (2.5 Objective IV: Addressing over-indebtedness, p.35). It starts by stating the importance of financial awareness, which will be raised by a private-public partnership and an information campaign. It then quotes measures taken to prevent over-indebtedness, with the Financial Services Act, stringent codes of conduct for sound provision of consumer credit, the extension of the National Debt Information System restrictions on bank overdraft and also improving the income of vulnerable people. Finally, there is then a chapter on debt counselling, promoting an early identification of problems and more efficiency in the existing procedure.

## 5. Comments

As in the previous NAP, both business and inclusion microfinance are taken into account. Business microfinance is seen as an important facilitator for self-employment. Inclusion microfinance, under the angle of financial awareness promotion, over-indebtedness prevention and debt counselling stands as one of the four objectives of the NAP.

The 2008-2010 NAP shows what progress has been accomplished in that field and keeps it as a main area of Social Inclusion policy.

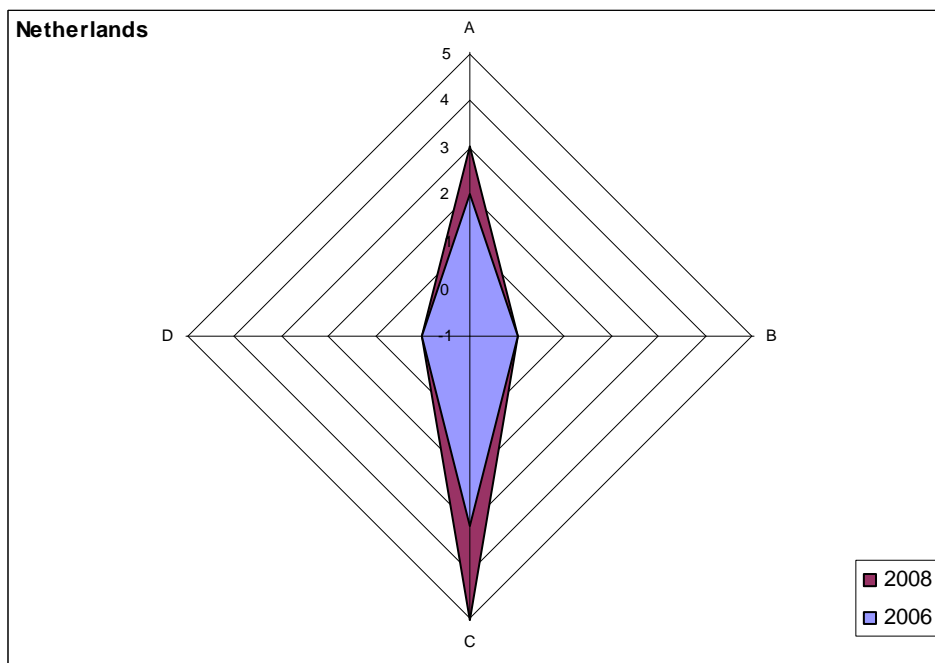
*Scorecard:*

*A: Tool for inclusion through self-employment*

*B: Means to support services to self-employed and adapt legal environment*

*C: Tool for improving personal financial capacity and fighting over-indebtedness*

*D: Tool for inclusion through personal microcredit, housing or consumer microloans*



Notes: Improvement on both focal priorities: 1)self-employment and particularly 2)financial awareness and over-indebtedness prevention.

## 3.9 Poland

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/poland\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/poland_en.pdf)

### 1. Situation and key trends:

	2006	2007	2008
GDP growth	6.2	6.6	5.4
Employment rate – global	54.5	57	
Employment rate – 55 to 64	28.1	29.7	
Unemployment rate - global	13.9	9.6	7.1
Unemployment rate – under 25	29.8	21.7	17.3
“at risk of poverty” rate	19	17	
Life expectancy	75.3		
Fertility rate	1.27		
Old-age dependency ratio	18.9	19	18.9

Source: Eurostat April 2009. Definitions in Annex 2

### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

On **integration**, the aims remain as in the previous NSRSPSI:

- Prevention of poverty and social exclusion of children, through better access to jobs and income for the parents, and better child care provision
- Integration through activation, increasing professional activity for long term unemployed, people with disability or immigrants, in particular by supporting the social economy sector.
- Development of high-quality social services for better education, social housing and services for the elderly, and programmes to prevent alcoholism.

On **pensions**, the aim is to complete the pension reform to achieve financial stability of the social insurance system

On **healthcare and long term care**, the aim is to increase society's health care safety, improve the effectiveness of the health care system operation, adapt it to long term demographic trends, eventually bridging the gap with the average EU levels.

### 3. Build-up and methodology

The methodology used to build the NAP is participative consultation of national, regional and local government authorities as well as NGOs. Between April and September 2008, the programme's scheme, available on the Ministry of Labour website, was discussed and commented by various social partners.

The NAP is in line with the other related programmes, such as the National Development Plan 2007-2013, the National Reform Programme 2008-2011 and the National Strategy for Social Inclusion 2005-2010.

#### 4. Financial inclusion or microfinance mention

Loans for starting a business activity through self-employment by a disabled person are mentioned, but only to say that they are to be replaced by financial grants, which are deemed more effective tools (2.1 Review of implementation of the NAP SI 2006-2008, p 16).

The development of social economy is NAP priority, regarded as the most appropriate measure in the field of economic and social integration. It is one of the three measures of Integration through activation. There have been regulatory and legal changes to support the sector. National and European funds have been channelled, but there is a need for increased investment (2.1 Review of implementation of the NAP SI 2006-2008, p 16).

#### 5. Comments

Microfinance or microfinance institutions are totally absent from the NAP. So is the concept of financial inclusion. This NAP focuses on job access and creation, including self-employment and on social economy as a tool for social and economic integration of excluded groups, but no mention is made of financial inclusion.

Loans for self-employment of disabled persons, the only mention of microfinance in the previous NAP, are now replaced by direct public grants, considered as more effective. This indicates that microfinance has not shown its value, or was not perceived, as a tool in a most crucial area.

All this sounds paradoxical in a country that enjoyed extensive microfinance development and still hosts large MFIs, and that has one of the lowest ratios of financial inclusion in Europe.

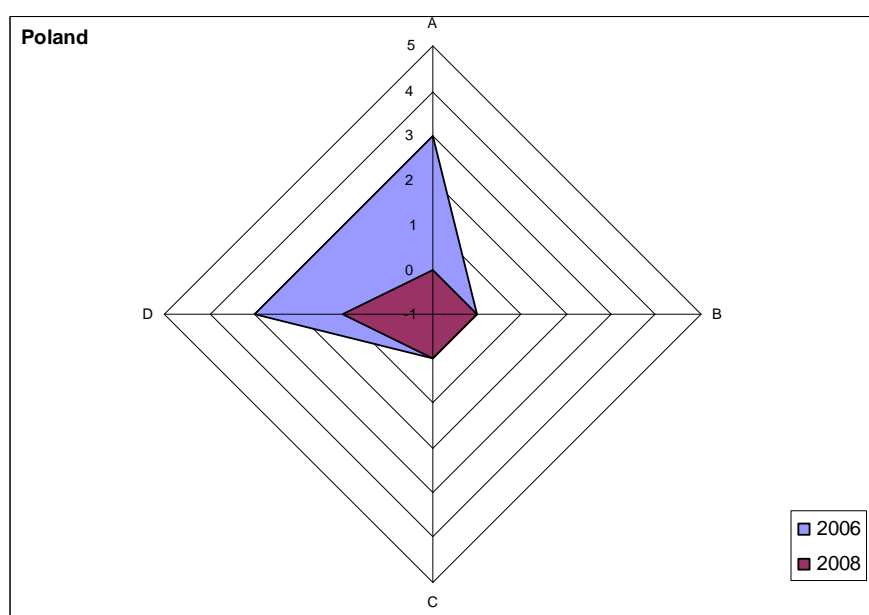
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*D: Tool for inclusion through personal microcredit, housing or consumer microloans*



Notes: Scores for 2006-2008 NAP were a bit overrated.

## 3.10 Portugal

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/portugal\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/portugal_en.pdf)

### 1. Situation and key trends:

	2006	2007	2008
GDP growth	1.4	2.0	0.5
Employment rate – global	54.5	57.0	
Employment rate – 55 to 64	50.1	50.9	
Unemployment rate - global	7.8	8.1	7.7
Unemployment rate – under 25	16.3	16.6	16.1
“at risk of poverty” rate	18	18	
Life expectancy	78.9		
Fertility rate	1.35		
Old-age dependency ratio	25.4	25.6	25.9

Source: Eurostat April 2009. Definitions in Annex 2

### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

The 2008-2010 **NAP** aims to promote social inclusion and prevent situations of poverty and social exclusion. The three fundamental priorities are:

- Combating and reversing situations of persistent poverty, especially amongst children and the elderly
- Correcting disadvantages in education and training, preventing exclusion and contributing towards interrupting cycles of poverty and towards sustained and inclusive economic development
- Acting to overcome discrimination and reinforcing specific groups, namely people with disabilities, immigrants and ethnic minorities

On **pensions**, the aim is to modernise the system towards viability and reliability

On **healthcare** the priority is to reform primary health care as the basis of anticipatory care. On **long term care**, it is the creation of a network for integrated care.

### 3. Build-up and methodology

The realisation of the NAP was done in coordination with that of the National Reform Programme, the National Coordination for the Strategy for Growth and Jobs, the Commission for Citizenship and Gender Equality, and submitted to Parliament and to the Economic and Social Council.

It involved the participation of Local Social Networks and the Non Governmental Forum for Social Inclusion, which ensures participation from all citizens and especially disadvantaged social groups and individuals.

The involvement of various participants will be reinforced by the creation of a Platform for National Sectoral Plans for Strategic Planning.

#### 4. Financial inclusion or microfinance mention

Financial exclusion is recognised and linked to poverty and social exclusion (2.2 Key challenges, priority objectives and Targets, p. 29). It is to be tackled with various tools:

Micro credit is quoted as a cross-cutting policy measure to fight poverty (2.3 Priority 1, Fight child and elderly poverty, through measures that ensure their basic rights of citizenship, p.31), and allocated a budget of € 15M, to be managed by the Ministry of Labour and Social Solidarity, with the aim of creating self employment for 5,000 unemployed. (Annex 2.2, p 67)

The NAP also proposes the creation in the Azores of a Regional Agency to Promote Credit for Social Integration, ARCIS, with a 1.5M€ budget, to provide support to 250 applicants for bank micro-credit. The same agency will also deal with the problem of over-indebtedness, by supporting 500 families, promote the creation of social integration companies and support 25 private entrepreneurs who wish to invest in social areas. (Annex 2.2, p 67).

Over-indebtedness is recognised as a growing national problem (2.1 Progress in relation to 2006-08 NSR and challenges identified in 2007 Joint Report). The NAP emphasises the need to reinforce support, information and counselling for citizens facing diverse financial problems especially over indebtedness in the context of mortgages (2.3 Priority 1, Fight child and elderly poverty, through measures that ensure their basic rights of citizenship, p.31)

Support and counsel for families with debts is proposed as a cross-cutting policy measure: The Ministry of Economy and Innovation will set up and finance Offices to Support Over-indebted Families and Offices for Guidance of Over-indebted Consumers (Annex 2.2, p.68)

#### 5. Comments

Microfinance has a very high profile in the NAP, under its two angles, which are strongly related: As a tool for self employment and as a tool to fight financial exclusion, in particular tackling issues of over-indebtedness. It benefits from government financial support through dedicated agencies. Its visibility has improved since the NAP 2006-2008.

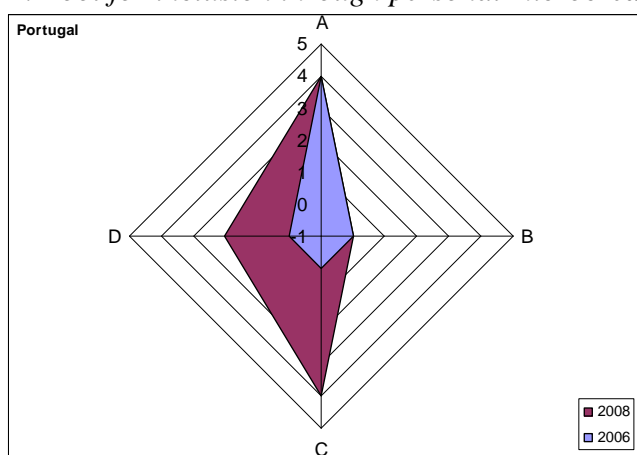
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Notes: Same 4 mark on A: Tool for inclusion through self-employment, and improved on C and D.

### 3.11 Romania

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/romania\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/romania_en.pdf)

#### 1. Situation and key trends:

	2006	2007	2008
GDP growth	7.9	6.2	8.5
Employment rate – global	58.8	58.8	
Employment rate – 55 to 64	41.7	41.4	
Unemployment rate - global	7.3	6.4	
Unemployment rate – under 25	21.4	20.1	
“at risk of poverty” rate	19	19	
Life expectancy	72.7		
Fertility rate	1.31		
Old-age dependency ratio	21.2	21.3	21.3

Source: Eurostat April 2009. Definitions in Annex 2

#### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

The 2008-2010 **NAP** priority objectives are:

- Increasing employment level for disadvantaged persons through the promotion of social economy and the integration of disabled persons on the labour market.
- Promoting integrated family policies by means of promoting a package of efficient social benefits and services measure
- The continuation of efforts to improve the quality of life for Roma citizens

On **pensions**, the aim is to modernise the system towards viability and reliability

On **healthcare** the priority is to increase financial transparency and discipline, and control costs. On **long term care**, develop the social infrastructure to provide the service

#### 3. Build-up and methodology

A lot of work has been done on improving good governance of the process, with the establishment of dedicated institutions such as the Social Observatory, a barometer of social need. The Open Coordination Method provided the involvement in projects leading to the establishment of a set of social indicators. A National Commission for Social Inclusion was established, seminars and trainings were organised.

But much is still to be done, in terms of increasing inter-institutional cooperation and clearly distributing resources and responsibilities, promoting public debates, researching or training.

#### 4. Financial inclusion or microfinance mention

No mention of microfinance, micro-credit or financial inclusion. Only social economy is quoted as a field to be promoted (2.3 Priority objective n.1. Increasing employment level for disadvantaged persons, p. 24), but no mention of the financial strand.

#### 5. Comments

The total absence of microfinance is surprising, knowing the importance of the activity in Romania, a former transition economy home of some of the most successful MFIs in Europe. Furthermore, some microfinance projects, by small NGOs and Credit Unions, are specifically aimed at socially excluded people. Microfinance also has a leading role in supporting job creation through self-employment and support to the extensive SME sector.

The success of some MFIs may give an image of a sector more worried about development and profit, but the absence of microfinance in the NAP is a clear loss of recognition and opportunity.

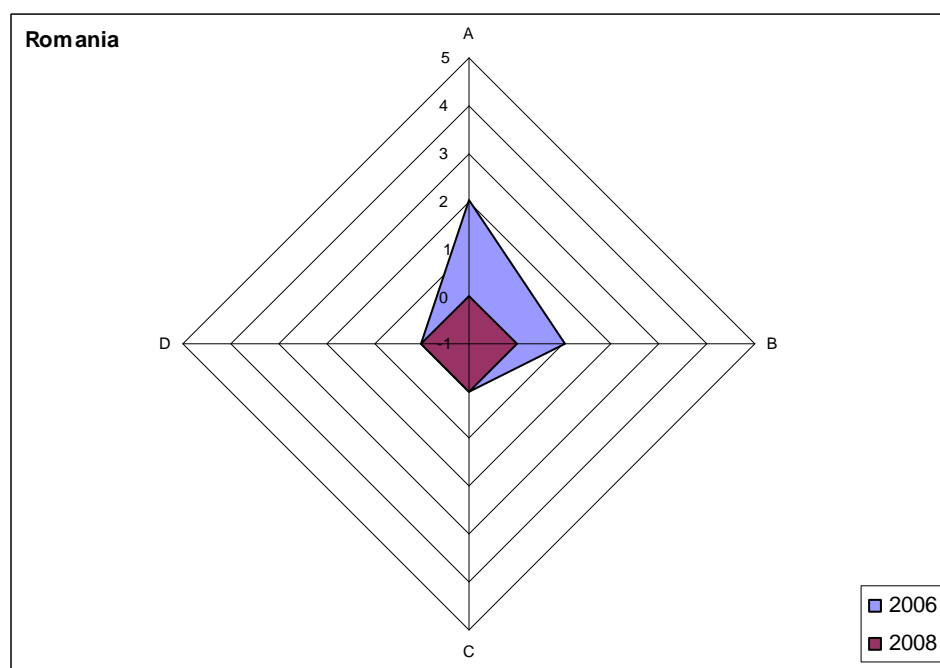
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Notes: NAP 2006-2008 marks were overrated, but 2006-2008 are even worse.

## 3.12 Slovakia

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/slovakia\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/slovakia_en.pdf)

### 1. Situation and key trends:

	2006	2007	2008
GDP growth	8.5	10.4	7.0
Employment rate – global	59.4	60.7	
Employment rate – 55 to 64	33.1	35.6	
Unemployment rate - global	13.4	11.1	9.6
Unemployment rate – under 25	26.6	20.3	19.8
“at risk of poverty” rate	12	11	
Life expectancy	74.4		
Fertility rate	1.24		
Old-age dependency ratio	16.4	16.5	16.6

Source: Eurostat April 2009. Definitions in Annex 2

### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

The 2008-2010 **NAP** priorities remain as previously:

- Reduce child poverty and solve the inter-generational reproduction of poverty by preventive measures and support to families with children
- Raise inclusion and fight against discrimination of vulnerable groups of the population by supporting the availability of public services, developing local solutions and raising participation of excluded groups in the life of society
- Improve access to the labour market and raise the employment and employability of groups at risk of exclusion

On **pensions**, ensure adequacy of pensions, financial sustainability of the system and modernisation with regard to the changing needs of the economy, society and individuals.

### 3. Build-up and methodology

In the 2006-2008 NAP, a fourth priority was to strengthen the management, implementation and monitoring of political measures at the national, regional and local level with participation of all stakeholders. This was done in a large enough proportion to take it out of the specific priorities of 2008-2009 NAP.

Conferences and seminars brought together stakeholders in the preparation of the various related reports, such as the National Strategic Reference Framework, the National Action Plan for Children 2008-2012, the National Strategy for Gender Equality. New stakeholders include a Government Council for Seniors and a transformed Government Council for Disabled Persons. The government also created a website on social inclusion.



#### 4. Financial inclusion or microfinance mention

There is mention to micro loans provided by NGOs or local authorities for housing development for vulnerable groups of the population (2.4 Priority objective 2: Raise inclusion... p. 39). A credit and subsidy policy is recommended in this field (2.4 Priority objective 2: Raise inclusion... p. 22)

Social economy is said to receive particular attention as a tool for raising employment (1.2 Overall strategic approach, p.12) and to facilitate employability of groups at risk of social exclusion (2.1 Progress in relation to the NAP 2006-2008 and to challenges listed in the Joint Report 2007, p. 24)

#### 5. Comments

Very little on microfinance, and only in the very specific field of housing access for excluded communities.

This is pretty much in line with the very low profile of microfinance in Slovakia, although financial exclusion and unemployment remain real problems.

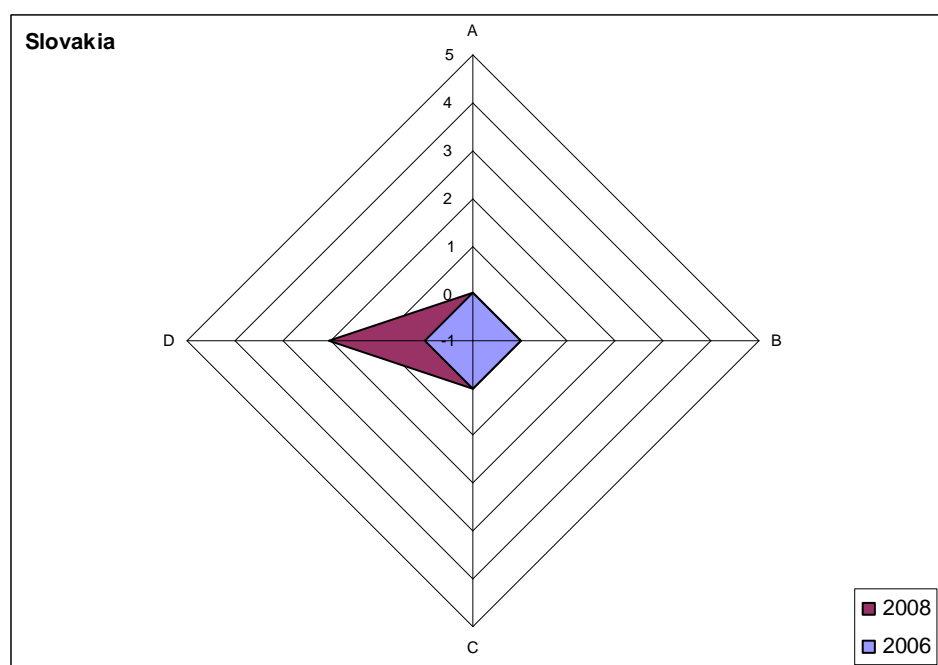
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Notes: The 2008-2010 NAP opens a little window on housing micro loans.

## 3.13 Spain

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/spain\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/spain_en.pdf)

### 1. Situation and key trends:

	2006	2007	2008
GDP growth	3.9	3.7	1.3
Employment rate – global	64.8	65.6	
Employment rate – 55 to 64	44.1	44.6	
Unemployment rate - global	8.5	8.3	11.3
Unemployment rate – under 25	17.9	18.2	24.6
“at risk of poverty” rate	20	20	
Life expectancy	81.05		
Fertility rate	1.38		
Old-age dependency ratio	24.3	24.2	24.1

Source: Eurostat April 2009. Definitions in Annex 2

### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

The 2008-2010 **NAP** priorities remain as in the 2006-2008 NAP. They come along two lines:

Active Inclusion through:

- Promoting access to employment
- Guaranteeing and improving minimum financial resources.
- Achieving an equitable and quality education system.

Tackling poverty through:

- Supporting the social integration of immigrants.
- Guaranteeing equitable care for people in a situation of dependency.

On **pensions**, modernisation, for instance more flexibility in retirement age and contribution periods, while aiming at sustainability

On **health**, equitable and high quality services, guaranteeing equality of access through a cohesive territorial framework.

### 3. Build-up and methodology

The Ministry of Education, Social Policy and Sport has political leadership on the process. The executive arm is the Secretariat of State for Social Policy, Families and Care for Dependency and Disability.

The process started with the monitoring and evaluation of the 200-2008 NAP to then proceed with the design of the present NAP. Participants came from all levels of society: The General State Administration, the autonomous regions, the local level of provinces and municipalities along with

the National Statistics Institute, the trade unions, the Economic and Social Council, the State Council for Social Action NGOs and the State Council for the Roma population.

The third sector participated through the Working Group on Social inclusion, Employment and Rural Affairs.

A joint seminar discussed the NAP and set out to create a Social Inclusion Network along the lines of the ESF Operational Programme 2007-2013 priorities.

The plan is submitted for monitoring and evaluating to the following bodies:

- The National Council for Social Action NGOs
- The Special Commission for the National Action Plan for Social Inclusion, part of the Sectoral Conference for Social Affairs
- The Inter-ministerial Commission of the National Action Plan for Social Inclusion

The process is particularly reinforced with a view to the Spanish Presidency of the European Union as of January 2010, which is also the European Year against Poverty.

#### 4. Financial inclusion or microfinance mention

Microcredits are quoted as tools to encourage people in a situation, or at risk of, social exclusion to become self-employed (NAP Specific Measures, 4 Promote entrepreneurship, 4.4, p 22). Another recommended measure is the development of partnerships with NGOs, to improve access to employment for those at risk of exclusion. These partnerships would offer information on microcredits for self-employment, serve as link with financial institutions and offer advice on starting up projects and helping with loan applications (NAP Specific Measures, 12 Develop programmes in partnership with NGOS to improve access to employment for people in a situation of social exclusion or at risk of it. 12.4, p 22)

There is one mention to social economy (NAP specific measures, 4.Promote entrepreneurship, 4.3, p.22) but not to the financial services it could offer.

#### 5. Comments

As in previous NAPs, the only link to microfinance is microcredit for self employment, delivered through NGO – bank partnerships. This reflects the reality of the activity in Spain.

However, there could be more emphasis on the role it plays for the integration of immigrants, which is a main subject of the NAP. Also, there is no mention of over-indebtedness prevention or counselling, or of microfinance as a tool against financial illiteracy.

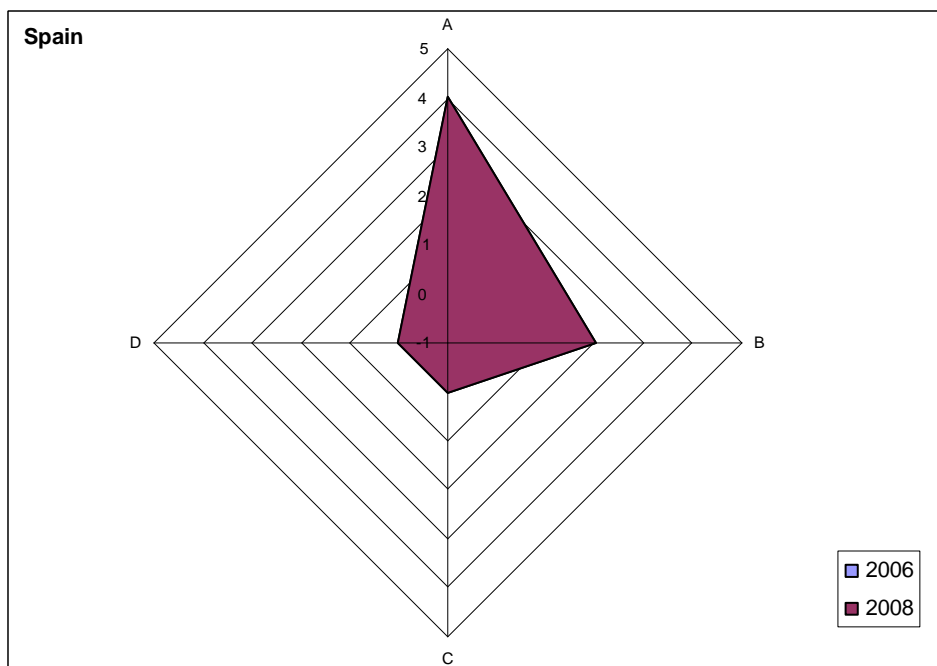
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Notes: The 2008-2010 NAP scores perfectly overlap the 2006-2008 data.

## 3.14 Sweden

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/sweden\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/sweden_en.pdf)

### 1. Situation and key trends:

	2006	2007	2008
GDP growth	4.2	2.5	1.0
Employment rate – global	73.1	74.2	
Employment rate – 55 to 64	69.6	70.0	
Unemployment rate - global	7.0	6.1	6.2
Unemployment rate – under 25	21.5	19.1	20.0
“at risk of poverty” rate	12	11	
Life expectancy	80.95		
Fertility rate	1.85		
Old-age dependency ratio	26.4	26.4	26.7

Source: Eurostat April 2009. Definitions in Annex 2

### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

The 2008-2010 **NAP** priorities are to

- Increase the possibility of social inclusion for the elderly
- Reduce exclusion among young people
- Reduce absence from work due to ill health
- Continue to strengthen groups in particularly vulnerable situations

On **pensions**, promoting a longer working life, providing reasonable pensions with a basic provision to prevent the risk of poverty.

On **health**, facilitate accessibility, quality, and a financially sustainable development

### 3. Build-up and methodology

The NAP policies are implemented mainly by government agencies or by municipalities and county councils. The National Board of Health and Welfare is responsible for the implementation of the strategy, and therefore has established a National Steering Group with affected agencies and the Swedish Association of Local Authorities and Regions. User input is brought by the Network against Social Exclusion.

### 4. Financial inclusion or microfinance mention

Just as in the previous NAP, there is no mention at all of microfinance or of financial inclusion.

## 5. Comments

Microfinance is absent as a concept, no link is made between financial and social inclusion. This reflects the absence of microfinance institutions in the country. No mention is made of some initiatives that are at work, EU financed and government-sponsored, providing micro credits to vulnerable groups, such as migrants, to start their own business.

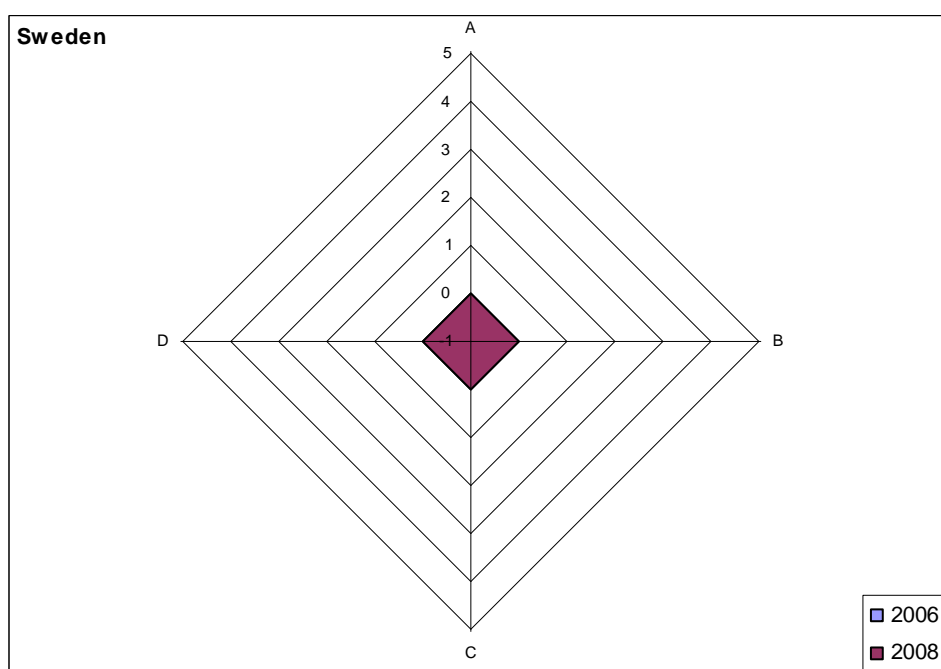
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Notes: 2008-2010 data overlaps corrected 2006-2008 marks –brought down to 0-

### 3.15 United Kingdom

Link to Strategic Report on Social Protection and Social Inclusion 2008-2010

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/nap/uk\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/nap/uk_en.pdf)

#### 1. Situation and key trends:

	2006	2007	2008
GDP growth	2.8	3.0	0.7
Employment rate – global	71.6	71.5	
Employment rate – 55 to 64	57.3	57.4	
Unemployment rate - global	5.4	5.3	
Unemployment rate – under 25	14.0	14.3	
“at risk of poverty” rate	19	19	
Life expectancy			
Fertility rate	1.84		
Old-age dependency ratio	24.2	24.1	

Source: Eurostat April 2009. Definitions in Annex 2

#### 2. Priority objectives of the National Strategy Report on Social Protection and Social Inclusion

The 2008-2010 **NAP** priorities are to

- Increasing access to employment
- Eliminating child poverty
- Improving access to quality services
- Tackling inequality

On **pensions**, keep on with the reform, increase pension savings and aim at sustainability

On **health and long term care**, improve quality and access, aim at a more personalised healthcare.

#### 3. Build-up and methodology

The government has organised peer reviews and conferences. It set up task forces, on ethnic minority employment or on equality, and a Commission for Employment and Skills.

In order too strengthen the NAP process and form a stronger link between action at central government level and relevant actors across the UK, the Government is working with a stakeholder group. Membership of the group consists of representatives from key government Departments, the devolved administrations, local government, the voluntary and community sector and people experiencing poverty. Since 2006 the Group has worked together to bring forward a range of events and products to raise awareness of the NAP at grass roots level and feed back key issues and concerns to Government Ministers and officials.

#### 4. Financial inclusion or microfinance mention

There is a whole chapter on financial inclusion (under Access to Quality Services, points 101, 102, 103, p.24).

On point 101, it restates the Financial Inclusion goal shared in 2004 with the banks, to provide a basic transaction account to non-banked households.

Point 102 is about increasing access, through the Growth Fund, to affordable credit for those at risk of financial exclusion. This Fund's objectives are now to introduce banking services at suitable Credit Unions and Community Development Financial Institutions (CDFIs). The Government is also working through "illegal-lending teams" to ensure that, where appropriate, victims of loan sharks have access to affordable credit.

Point 103 talks about a campaign launched in January 2007, "now let's talk money", that informs people about the availability of money and debt advice, of basic bank accounts and of affordable loans at Credit Unions or CDFIs.

#### 5. Comments

As in the previous reports, financial inclusion is considered an important tool of social inclusion. It is not considered under the self-employment perspective, but as a step towards equal access to quality services. There is reference to the work done by banks and the equivalent of microfinance institutions, Credit unions and CDFIs. It makes indirect mention to over-indebtedness and financial illiteracy.

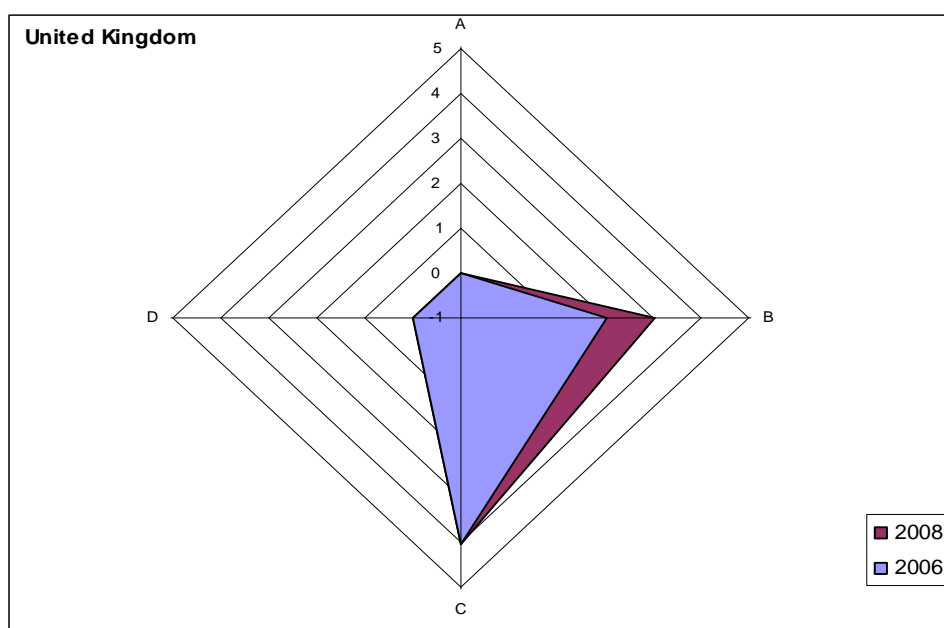
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Notes: Improvement on Means to support services to self-employed and adapt legal environment.



## **ANNEXS**

## Annex 1: List of national coordinators for National Reports on Strategies for Social Protection and Social Inclusion

<b>M S</b>	<b>NAME</b>	<b>FUNCTION</b>	<b>CONTACT DETAILS</b>
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## Annex 2: Summary of previous recommendations

**Summary of the main recommendations for stakeholders in order to improve microfinance visibility in NAPs, as described in the EMN-Transformando Dec 2007 study: “European National Action Plans for Social Inclusion and Microfinance: Participation strategies, importance and challenges”**

For political authorities (Ministries in charge of Inclusion Plans, European Commission Members, European Funds Managers, local authorities, etc.):

- Get to understand better the role and importance of microfinance in fighting social exclusion. More mention of microfinance should be done in the NAPs and in local inclusion plans.
- Include objectives related to financial exclusion in the preparation of future plans. Use financial exclusion indicators that could be added to OMC’s Laeken indicators (Open Method of Coordination). Use the statistics public resources to measure financial exclusion and to detect deprivation and poverty.
- Support and strengthen social movements: networks, NGOs so they can participate in the drawing up of plans, by creating new institutions for civic dialogue both nationwide and locally. Provide appropriate answers and explanations to proposals by the social sector to avoid their discouragement and to foment continued participation.
- Reinforce the actions to prevent over indebtedness: registry of credit commitments, prevention of loan sharking, and advice to the population on basic financial concepts.
- Promote self-employment as a mean of inclusion, not only of employment.
- Leverage microcredit’s potential to help immigrants’ integration. “Good practices” in this domain must be compiled to show the link between immigration, self employment, social integration and exclusion prevention.
- Create a benchmarking system for actions carried out in the MF arena by each country’s governmental departments, in order to measure the impact they have on inclusion policies. Include, in the Joint reports and in the NAP council, studies on the use and impact of microfinance tools.
- Foster local inclusion plans, which should take the national plans as their starting point, and to beef up monitoring, particularly of local level implementation.
- Facilitate access to financial resources to anyone excluded financially, through public resources when necessary. In this area, Cohesion Funds should provide greater support to microfinance: the European Social Fund (ESF), the Community Action Programmes and the European Regional Development Fund (ERDF).
- Leverage the European Social Fund and the Operating Programmes and foster Community Action Programmes and the European Regional Development Fund (ERDF), so that they support the use of MF resources to achieve social inclusion. In some cases, work with the United Nations Development Programme (UNDP), to support MF actions.
- Understand the importance of having a global vision on social inclusion. Being limited to certain objectives, as directed by the EU, may cause the loss of a global vision of the problem. Do not to excessively reduce the NAPs as some minor but important factors may be left outside in the necessarily broad approach to the fight against poverty. Specific complementary Plans may be drawn up.
- Leverage positive case studies and social demands into legislative and budgetary initiatives.

- Mainstream activities laid out in NAPs designed to encourage MF over the years, until they become consolidated in the form of laws, budgetary provisions or stable social inclusion policies. Some NAPs mention an MF action once, and then in the next report omit to mention it at all:
- Provide citizens with an understanding of the NAP's drawing up and implementation process, to facilitate their participation.

#### For social networks working in the microfinance field

- Demonstrate very clearly the contribution of microfinance as a social inclusion tool. Compile success stories, examples of good practice, results collation and "peer review" to demonstrate the relevance of Microfinance to inclusion. Promote virtual fora and professional exchange meetings in each country and the exchange of good practices for use in similar situations.
- Train employment and social integration practitioners in the use of micro financing techniques, so that these are taken into account when they suggest solutions to users.
- MF practitioners should have more contact with other social inclusion agents, in order to achieve a comprehensive approach against poverty. Thus, when integrated actions are proposed and situations diagnosed in the NAPs, microfinance will be mentioned more frequently.
- Microfinance networks should support activities such as seminars for microfinance entities; these will also contribute to maintaining fluent contact among all the stakeholders involved in the preparation and application of NAPs.
- Prepare detailed technical proposals for political representatives, for example on how to write legal texts, or how to measure the cost of measures that will be put in place. In this way, initiatives will be easier to approve.
- Reinforce the links between microfinance networks' efforts with all social networks, in order to achieve a more comprehensive approach for the various target groups: homeless, mistreated women, immigrants.
- Raise awareness of MF amongst members of the Social Protection Committee and the Employment Committee. These committees were created for exchange and cooperation between the European Commission and EU Member States.

#### For practitioners

- In each country, create a specific group of NGOs to be present in the NAP's drawing up. / or participate in the networks that already have an influence.
- Demonstrate locally MF's ability to foment inclusion in each one of the priority areas established by NAPS. In this way, political decision makers will be more convinced of the need to include MF actions and objectives in the Action Plans.
- Promote the creation and upholding of associations and other groupings supporting excluded people to contribute to add pressure on public policies.
- Formulate in each country legal proposals and budget lines that ensure that MF actions are maintained. Proposals should be based on the analysis of successful measures and in-depth investigation of social needs.

- Monitor the real grassroots implementation of Microfinance-related objectives. It is NOT enough to have a mention in the NAPs. Lobbying is necessary at all political levels in each country, due to the involvement of many different government departments. It is quite difficult to evaluate the right implementation of a given NAP recommendation at regional and local level. For example, a city council can decide whether to apply or not microcredit recommendations contained in the NAP.
- Microfinance operators must be more visible to social policies' designers and those who implement these policies, so they will be able to participate in the elaboration of NAPs

## Annex 3: Indicators used for the report

Source: Eurostat, April 2009

Indicator	Definition
GDP growth	Gross domestic product (GDP) is a measure of the results of economic activity. It is the value of all goods and services produced less the value of any goods or services used in producing them. The calculation of the annual growth rate of GDP volume allows comparisons of economic development both over time and between economies of different sizes, irrespective of changes in prices. Growth of GDP volume is calculated using data at previous year's prices.
Employment rate – global	The employment rate is calculated by dividing the number of persons aged 15 to 64 in employment by the total population of the same age group. The indicator is based on the EU Labour Force Survey. The survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals. Employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.
Employment rate – 55 to 64	The employment rate of older workers is calculated by dividing the number of persons aged 55 to 64 in employment by the total population of the same age group. The indicator is based on the EU Labour Force Survey. The survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals. Employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.
Unemployment rate – global	Unemployment rates represent unemployed persons as a percentage of the labour force. The labour force is the total number of people employed and unemployed. Unemployed persons comprise persons aged 15 to 74 who were: a. without work during the reference week, b. currently available for work, i.e. were available for paid employment or self-employment before the end of the two weeks following the reference week, c. actively seeking work, i.e. had taken specific steps in the four weeks period ending with the reference week to seek paid employment or self-employment or who found a job to start later, i.e. within a period of, at most, three months.
Unemployment rate – under 25	Under 25 unemployment rates represent unemployed persons aged 15 to 24 as a percentage of the labour force aged 15 to 24. The labour force is the total number of people employed and unemployed. Unemployed persons comprise persons who were: a. without work during the reference week, b. currently available for work, i.e. were available for paid employment or self-employment before the end of the two weeks following the reference week, c. actively seeking work, i.e. had taken specific steps in the four weeks period ending with the reference week to seek paid employment or self-employment or who found a job to start later, i.e. within a period of, at most, three months

“at risk of poverty” rate	The share of persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers)
Life expectancy	The mean number of years that a newborn child can expect to live if subjected throughout his life to the current mortality conditions (age specific probabilities of dying).
Fertility rate	The mean number of children that would be born alive to a woman during her lifetime if she were to pass through her childbearing years conforming to the fertility rates by age of a given year. This rate is therefore the completed fertility of a hypothetical generation, computed by adding the fertility rates by age for women in a given year (the number of women at each age is assumed to be the same). The total fertility rate is also used to indicate the replacement level fertility; in more highly developed countries, a rate of 2.1 is considered to be replacement level.
Old-age dependency ratio	This indicator is the ratio between the total number of elderly persons of an age when they are generally economically inactive (aged 65 and over) and the number of persons of working age (from 15 to 64).