

COMBATING POVERTY IN THE EU

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Esra EROL ERGAN

Fatih University

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Esra EROL ERGAN

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To my beloved mother...

APPROVAL PAGE

Student : Esra EROL ERGAN
Institute : Institute of Social Sciences
Department : International Relations
Thesis Subject : Combating Poverty in the EU
Thesis Date : July 2010

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Arts.

Head of Department
Assoc. Prof. Savaş Genç

This is to certify that I have read this thesis and that in my opinion, it is fully adequate, in scope and quality, as a thesis for the degree of Master of Arts.

Supervisor
Assoc. Prof. Berdal Aral

Examining Committee Members

Assoc. Prof. Berdal Aral

Prof. M. Lutfullah Karaman

Assist. Prof. Şammas Salur

It is approved that this thesis has been written in compliance with the formatting rules laid down by the Graduate Institute of Social Sciences.

Director
Assoc. Prof. Mehmet Karakuyu

AUTHOR DECLARATIONS

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Esra EROL ERGAN

June, 2010

ABSTRACT

Esra EROL ERGAN

June 2010

COMBATING POVERTY IN THE EU

The purpose of this thesis is to question how active a role the EU has taken with its policies applied in social fields in the combat poverty, which has become more noticeable especially from 2000 onwards. Realizing the importance of social besides economic integration, the EU took the first legal step in the struggle against poverty with the Amsterdam Treaty in 1999. The efforts and studies that have proceeded very fast for the last few decades and resulted in the announcement of 2010 as the year for combating poverty and social exclusion. About 80 million people live under the poverty line in Europe today, and poverty combating strategies have been developed to find solutions to this serious problem. In this study, the EU legal system has been taken as the basis in dealing with the subject of combating poverty. Besides this, micro credit applications and activities on European social Networks supported by the EU are included as the other main points in this respect.

Key words: Combating poverty, EU Treaties and poverty, NGOs, Micro Credit

KISA ÖZET

Esra EROL ERGAN

Haziran 2010

AVRUPA BİRLİĞİ'NDE YOKSULLUKLA MÜCADELE

Bu tezin amacı ekonomik temelli bir yaklaşımla kurulan Avrupa birliğinin sosyal alandaki uyguladığı politikalarda özellikle 2000 yılı itibariyle dikkat çeken yoksullukla mücadelede ne derece aktif rol aldığını sorgulamaktır. Ekonomik bütünleşmenin yanında sosyal bütünleşmenin de önemli olduğunu gören Avrupa birliği, yoksullukla mücadelede ilk legal adımı ancak 1999 yılında Amsterdam antlaşması ile birlikte atabilmiştir. Son on yılda hızla ilerleyen yoksullukla mücadeledeki çalışmalar 2010 yılının yoksulluk ve sosyal dışlanma ile mücadele yılı ilan edilmesi ile sonuçlanmıştır. Bugün, Avrupa da yaklaşık 80 milyon insan yoksulluk sınırı altında yaşamakta ve bununla mücadele edebilmek için yoksullukla mücadele stratejileri uygulanmaktadır. Bu tez çalışmasında yoksullukla mücadele Avrupa Birliği hukuku baz alınarak incelenmiştir. Ayrıca Mikro kredi uygulamaları ve Avrupa Birliği tarafından desteklenen Avrupa sosyal ağlarının aktiviteleri de çalışmanın temelini oluşturmaktadır.

Anahtar Kelimeler: Yoksullukla mücadele, AB antlaşmaları ve yoksulluk, Avrupa Sosyal Ağları, Mikro Kredi

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LIST OF ABBREVIATIONS

EU	European Union
EC	European Commission
EAPN	European Anti-Poverty Network
FEANTSA	European Federation of National Organizations
UN	United Nations
EUROSTAT	European Statistics
NGO	Non-Governmental Organization
OMC	Open Method of Co-ordination

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INTRODUCTION

Considering the changes the new world order has brought with positive and negative aspects, it is notable that while the economic development was previously emphasized as a trend all over the world, the social development was ignored. Yet, the term, poverty is becoming undeniable and actual day by day. As a social problem, poverty affects significantly the social life, order and stability not only in the developing but also in the developed countries. Mostly, the developed countries express the view that the concept “poverty” stands for the conditions in which some groups of people have lower life standard levels than a certain standard of living in a society. Actually, the statement of a certain standard of living differs from country to country. Even though, life standard of a person who suffers malnutrition and starvation in Africa is described as living in poverty, a person who has no hunger problem but is deprived of access to education in Paris is also described as the one living in poverty. The organization of European Union, which was established by developed countries that agreed on common economic approaches , tackle the poverty problem in either its basic sense of absolute poverty or its wider meaning that includes social exclusion.

The European Union which was founded under the name of ‘European Economic Community’ in 1957 was first noted to have neglected the social arena owing to its lack of policy regarding social fields. During the periods of establishment of the EU, the predominant view was that, as a result of successful and effective economic integration, social integration would be possible and the extra

social integration efforts would not be necessary.¹ However, it has been realized later that social policies should also be dealt with on the EU level besides the early approach. The first efforts related with poverty as one dimension of the social policies of the EU were observed in 1974, but the first legal framework was built by the Amsterdam Treaty in 1999. In my thesis, I will examine what the European Union has been doing in the combat poverty; the answer to this question constitutes the content of this thesis. The two major titles are the micro credit and networks formed by non-governmental organizations located in the EU that hold significant place in combating poverty.

In the first chapter, while investigating the phenomenon of poverty in the EU, I have noticed that the new term of social exclusion is used in the European Union frequently. For this reason, I will examine the relations between these two concepts in detail. The European Union discusses the concept of poverty under the two descriptions as “absolute poverty” and ”relative poverty”. Since absolute poverty is uncommon in the European Union countries, we see that the concept of relative poverty is more commonly used in the statement of the social issues. In another chapter, significant information will be presented in the four headlines that point out the European Union’s goals regarding the efforts in preventing poverty.

When we look at the treaties of the European Union, we notice that the Amsterdam Treaty has a significant place in the field of combating poverty which came to force in 1999. So, especially from 1999s on, the legal process will be

¹ Hantrais, Lindra, “ Social Policy in the European Union”, Macmillan Press, United Kingdom,

evaluated in the second chapter in this field. The Lisbon Strategy of 2000 and prominent topics of annually published Joint reports on social inclusion since 2001 approved by the Lisbon Strategy will be examined in this thesis. These materials will show us the shortcomings of the European Union in this respect and what should be done about it and to what extent legal emphasis is given in combating poverty. The implementation of micro credits is a prominent topic in combating poverty which has been used by the European Union since 2000. I will deal with the following questions: How much attention does the European Union give to the micro credit practice? Has micro credit system been developed in order to integrate the indigent into the labour market and improve their economic and social status? How long has it been in practice? Is this tool being utilized efficiently? Answers to these questions will be sought in the third chapter.

In the last chapter, I will examine three main networks which have significant operations in terms of poverty, with certain goals to combat poverty and keeping poverty in the EU's agenda. These networks have been supported by institutions of the European Union, and reports have been published by the networks EAPN, Caritas Europa and Feantsa. Supporting these networks for fighting poverty has been the targets of the joint reports on social inclusion. Therefore, this chapter with a significant topic for combating poverty in the EU will provide a large vision to understand the whole EU's poverty policies.

CHAPTER 1

POVERTY IN THE EU

1.1. WHAT IS POVERTY?

Generally, poverty is defined as having minimal standards for resources on the way to lead a good life a human needs to live in dignity. These resources are not only material ones such as money, housing and food, but social ones such as education and health.

The UN's definition of poverty is more comprehensive. It is explained as follows:

Fundamentally, poverty is a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and cloth a family, not having a school or clinic to go to, not having the land on which to grow one's food or a job to earn one's living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living on marginal or fragile environments, without access to clean water or sanitation.²

The European Union defines poverty in the same comprehensive way, as follows:

People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate health care and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalized from participating in activities

² "UN definition of poverty", UN Statement, (June, 1998).
http://www.un.org/esa/socdev/unyin/documents/ydiDavidGordon_poverty.pdf, (10.04.2010).

*(economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted.*³

According to this definition, the EU deals with poverty in terms of standard of living. This means that definitions of poverty vary according to the socioeconomic conditions of the countries. Although the EU is an organization established by developed countries, it emphasizes the concept of social exclusion in order to minimize the phenomenon of poverty.

In the most general sense, poverty means people's being deprived of the basic necessities, and not being able to reach the minimum life standard a person should have. In another definition, poverty is defined as people's being in a state of deprivation relatively or absolutely falling under the minimum level of welfare or social life standards and it is more often used in the sense of monetary income; so the word "needy" refers to the people who are under a certain standard of living, without certain amount of income.

The poverty rate of European Union is about 17% of the EU population, which means 80 million Europeans live under the level of poverty.⁴ This figure shows the fact that despite the European Union's consisting of mostly wealthy states in one of the richest regions in the world, many European citizens are still faced with poverty.

³ "Joint Report on Social Exclusion 2004", by the European Commission, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/final_joint_inclusion_repor2003_en.pdf, (20.05.2010).

⁴ "Eurostat", http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-18012010-AP/EN/3-18012010-AP-EN.PDF, (2010).

1.1.1. Social Exclusion

The EU defines poverty as multi-dimensional phenomenon in terms of some factors such as literacy rate, average life expectancy, access to clean water sources and health services. These multi-dimensional factors indicate the gravity of being socially excluded. The concept of social exclusion is used to refer to the poverty problem in the developed countries. It has an important place in the social policies of the EU and it defines the state of certain people who are not able to benefit from social, political and economic rights. According to Arjan de Haan, social exclusion is the opposite of social integration and incorporation which reflects social participation and being accepted as a part of the society.⁵ While social integration is accepted as a person's duly benefiting social, political and economic rights, in social exclusion the persons are deprived of such rights. According to Faruk Sapançalı, social exclusion brings forth a multi-dimensional and dynamic process starting with the problem of the individual being unable to provide his/her basic needs and gradually causing eventually to weaken and to break his/her ties with the society. Nevertheless, as poverty is caused by different factors, the social exclusion is the concern of different branches of social sciences.⁶

In the definition of the EU, social exclusion is;

a process whereby certain individuals are pushed to the edge of society and prevented from participating fully by virtue of their poverty, or lack of basic competencies and lifelong learning opportunities, or as a result of discrimination. This distances them from job, income and education opportunities

⁵ Haan de Arjan, "Social exclusion : Towards An Holistic Understanding of Deprivation", (1999) <http://www.dfid.gov.uk/Documents/publications/sdd9socex.pdf>, (20.05.2010).

⁶ Sapançalı, Faruk, "AB'de Sosyal Dışlanma Sorunu ve Mücadele Yöntemleri", *DEÜ Çalışma ve Toplum Dergisi*, (2005/3)

*as well as social and community networks and activities. They have little access to power and decision-making bodies and thus often feel powerless and unable to take control over the decisions that affect their day to day lives.*⁷

The concept of social exclusion was first heard in France in 1960s and the phenomenon became widespread when the social and political crises of 1980s together with their negative effects were redefined in such a way as to cover different social groups and problems. Problems such as unemployment, immigration, and poverty that have become more widespread as a result of the liberal policies have been explained with the concept of social exclusion. In a report published by the EU Council, the concepts of ‘poverty’, ‘social exclusion’, and ‘social inclusion’ were defined in the same context.⁸

To enhance the integration of certain groups in the society such as the disadvantaged, the unemployed, the disabled, the homeless and the uneducated, the elderly and the women into the society by organizing certain programs within the framework of a strategy is among the EU goals of fighting poverty and social exclusion.

1.1.2. Relations of Poverty and Social Exclusion

The concepts of social exclusion and poverty are often interchangeably used⁹; however, the term social exclusion contains more connotations. It is defined as being unable to benefit from economic, cultural and political rights and being excluded from the society owing to different ethnic or religious identities, besides having an income level below the average or median level of income. While poverty denotes

⁷ Joint Report 2004, *op. cit.*

the problem in sharing the resources, social exclusion focuses on problems in social relations such as inadequate social participation, lack of social integration, and shortcomings of immigration. The persons excluded from social life do not consist of poor people only. For example some immigrants, minorities, certain women groups and children who may be subject to social exclusion may not necessarily be poor.

The social exclusion is also defined in the EU terminology as a process whereby some individuals are wholly excluded from the society they live in; that is their being distant from normal life styles, customs and activities.

The EU is an organization formed mainly on economic basis. For this reason, social policies were not dealt with on the EU level but left to the authority of member countries earlier. However, social policies needed more concern in the process of globalization with increasing unemployment, poverty, and social exclusion.

The first anti-poverty program in the European Union was covered in the years of 1975–1980; the second anti-poverty program took place in the years 1986–1989. Actually, in these two programs, the basic element of concern was poverty, while the notion of social exclusion was used in the third anti-poverty program in 1990–1994.¹⁰ In this way, we see for the first time the usage of the notion of poverty and social exclusion together.

⁸ *Ibid.*

⁹ Sapancali, Faruk, *op.cit.*

¹⁰ Room, Graham, “Beyond the threshold: the measurement and analysis of social exclusion”, Policy Press, (1995), (European Commission, 1977, 1981).

1.2. TYPES OF POVERTY IN THE EU

1.2.1. Absolute Poverty

How to define poverty has always been a matter of discussion, but defining it in two dimensions is possible and agreed upon, one of which is the absolute poverty defined as a persons' being unable to maintain his/her existence in the way a human deserves it , and to provide his/her basic needs. Absolute poverty is measured in two ways¹¹; the first one is the food-intake method that is the amount of calorie intake per person; the second one is the cost of basic needs method which refers to the minimum necessities such as food, education, health care a person needs to maintain his/her life.

In developing countries, the method to assess poverty level is the absolute poverty method. The reason of using this method is due to the fact that economic and social opportunities and advantages are rather inadequate in these countries.

In the EU terminology, poverty is categorized into two types: absolute and relative poverty. In the case of absolute poverty people lack basic necessities of subsistence, like being deprived of basic food, clean water, suitable housing, sufficient clothing or medicines and struggling for survival. This is a most commonly encountered problem in developing countries, but some people in the European Union, for instance, homeless people in Rome and in some settlements still experience this type of extreme poverty. For two reasons, the EU focuses on absolute poverty less than relative poverty. The first reason is that the EU want to reach the

whole population, not only a part of population because standards of living of all population is important for the EU and the second reason is that acceptable minimum life standard is related with social and economic development, whereby the EU displays considerably high standards.¹²

1.2.2. Relative Poverty

The most important feature of relative poverty is that it differs from country to country. Every country has its own culture and structure. As these differences are considered, the scales of the poverty faced by different groups of people show differences as well. By this view, when we look at the definition of the relative poverty, we must add minimum healthcare services, education services, social and cultural demand besides the minimum calorie need. In fact lack of these needs constitute the general framework of poverty. A person must have these facilities to have his/her right place in the society in order not to be included among the relatively poor.

In another sense, it is the state of some individuals falling behind the average social level although they have basic means of subsistence such as food, clothing and housing. For this reason, in developed countries, the term ‘relative poverty’ is preferably used. As I mentioned above in the EU definition of relative poverty, if some people cannot have access to resources and adequate income to be able to lead a life close to a certain standard of living in the society, they are said to be living in

¹¹ Wodon, Quentin, “Food energy intake and cost of basic needs: measuring poverty in Bangladesh”, (1997).

¹² “Poverty and Inequality in the European Union”,
<http://www.poverty.org.uk/summary/eapn.shtml>,(20.04.2010).

poverty, being deprived of certain possibilities such as education, employment, healthcare services, participation in social life, etc.

We understand that poverty is not just related to the lower income level of a person, but also to his/her being deprived of the economic, social, cultural activities s/he wishes to be involved in. Thus poverty prevents a person to be a productive member of the society. We must take into account the poverty definition of the Eurostat as we check the basic scale to measure the poverty in the EU. According to Eurostat's definition, the poverty line must be less than 60 % of median household equivalent in the European Union¹³. And also when we look at the social inclusion markers, we can see that the relative poverty measurement is a very effective method.

1.3. GOALS OF COMBAT POVERTY

As it is known, the EU is a unique supranational organization constituted by some countries that wanted deepening integration. Therefore, consensus of opinions on certain matters among the member countries is an important factor in the Union. Working in coordination together and being in harmony makes the EU more effective. There are common goals of the member countries in combating poverty which are determined in the joint report 2002, which is the result of the open method of coordination. To reach the goals, there should be some plans to be developed and realized as the primary condition to work in harmony and to combat poverty. I will deal with six main elements to be considered on the way to reach these goals.

¹³http://epp.eurostat.ec.europa.eu/portal/page/portal/conferences/documents/34th_ceies_seminar_documents/34th%20CEIES%20Seminar/1.1%20%20I.%20MARX.PDF, (20.05.2010).

1.3.1. Applying Open Method of Co-ordination

‘Open coordination method’ (OMC), is one of the mostly preferred methods used for combating poverty and social exclusion in the EU. This method is the application of the EU’s recommendations by the union member countries on their national and regional politics. With this method, the states develop common aims and common scales for combating poverty and social exclusion. By the open method of coordination, the strategies are determined and they are adopted by governments then they are turned to the National Action Plan.

The European Council took some decisions in Lisbon Summit, on March 23rd-24th, 2000.¹⁴ On the subject of promoting social inclusion, poverty also had an important place. It is declared that the effective application of these resolutions depends on the open method of coordination. OMC was firstly announced as an instrument of Lisbon strategies. It was also accepted as part of the employment policies.

OMC is based on three basic principles:

- Identifying and defining objectives to be achieved together.
- establishing assessment instruments (statistics, indicators, guidelines);
- Comparing, benchmarking of the member states’ performance and exchanging of best applications displayed by the Commission.¹⁵

¹⁴ “Lisbon European Council 23 and 24 March 2000 Presidency Conclusions”, http://www.europarl.europa.eu/summits/lis1_en.htm, (15.05.2010).

¹⁵ “Open Method of Coordinaton”, http://europa.eu/scadplus/glossary/open_method_coordination_en.html, (10.04.2010).

These basic principles are the strategies which must be applied by the EU member states' governments to combat poverty and social exclusion.

If we give an example in terms of the function, first the scales for poverty and social exclusion are inscribed. After this step, member states prepare the statistics that are demanded in order to make clear the current position of their countries. The member states prepare reports, which are called National Action Plan, according to these statistical results. As the next step, these countries meet on a platform and discuss their action plans with one other. Here are two basic aims of the plan: First to develop the ability to analyze and follow their plans of each other; secondly, by this analysis to obtain positive results with the help of other countries' experience. But this approach is subject to criticisms. It is argued that this method may allow some countries to interfere or affect the interior politics of some other countries¹⁶.

There are two sides in OMC. One of these is the neo-liberal coalition. They mainly declare that the basic aim of the EU is the economic development and social trends might be applied as not to affect the economic competitiveness of the EU. The other side is social democrats. They declare that organizing social actions for preventing a great economic gap between different income groups are obligations of the EU, which is not less important than the economic actions. They say that regulating social actions to develop balance in society is very important and it assures a sustainable economic development. Social democratic approaches are the mainstream idea of the people of the EU.¹⁷

¹⁶ Kohler-Koch, Beate, "European Governance and system integration", published by European Governance Papers, (March 14, 2005), <http://www.connex-network.org/eurogov/pdf/egp-connex-C-05-01.pdf>, (10.04.2010).

¹⁷ Buğra, Ayşe, "Yoksulluk ve Sosyal Haklar", Boğaziçi Üni. Sosyal Politika Forumu, (2005), p.12.

The term “open” in OMC refers to two important meanings-. The first one is that; the aims are different for each country and each culture. The second is that, while the countries try to find a way to succeed in the combat poverty, different segments of society come together and may agree on the same solutions for the common future of the nation. NGOs are the main institutions to carry out this process to attain clear results for all nations. A nationwide agreement on these acts strengthens the social ties between people.¹⁸

1.3.2. Increasing Employment

Developing and bringing about the employment is one of the basic actions to combat poverty and social exclusion. Raising employment ratios will definitely support the combat poverty. The EU aims to achieve sustainable economic development by developing employee improvement and increasing employment ratios, becoming a strongly competitive and high intelligence and dynamic economy according to the Lisbon strategy until 2010.¹⁹

Even though the EU is composed of developed countries, unemployment is a very serious problem for the union. Unfortunately, today the unemployment rate is 9,6 %.²⁰ To prevent the unemployment, trying to increase the employment ratio might be effective in the short term. But it doesn't bring a definite solution to this huge problem.

¹⁸ *Ibid.*

¹⁹ Lisbon European Council, *op.cit.*

²⁰ “Eurostat”, (2010).

1.3.3. Developing Access to Rights, Goods and Services

One of the basic aims of combating poverty is to enable individuals to obtain their rights, and to reach goods, and services much more easily. Guaranteeing equal opportunities, providing means to benefit social rights for the citizens, and provide opportunities for non-educated, non-talented, physically and mentally disabled people to reach their social rights are some of many objectives of combating poverty.

The European Commission determines the conditions that provide access to rights, goods and services stated as follows:

- Due according to human rights, everybody should be able to reach demanded resources,
- To beat obstacles to employment by ensuring sustainable rise in employment by promoting entrepreneurship,
- To develop policies that aim to provide access for all to decent and sanitary housing, as well as the basic services to live normally regarding local circumstances (electricity, housing, water, etc.)
- To introduce policies that aim to provide access for all to healthcare appropriate to their situation, including situations of dependency.²¹

²¹ “Objectives in the fight against poverty and social exclusion”, *Official journal of the European Communities*,(2001),
http://ec.europa.eu/employment_social/social_inclusion/docs/approb_en.pdf,(20.05.2010).

1.3.4. Preventing Risks of Social Exclusion

To avoid risks of social exclusion, the factors causing social exclusion should be determined and measures should be taken to prevent them. The European Union detects risks of social exclusion in the following fields as follows²²: income, taxation, social protection, consumption and borrowing, access to education, employment, unemployment and vocational education, working conditions, housing and homelessness, access to health and social services. These factors are important points in preventing risks of social exclusion.

Besides, the European Commission is determine to prevent risks of social exclusion through the following measures:

- To benefit fully from the potential of the information-based society and new information and communication technologies and guarantee that nobody is excluded, taking special account of the demands of people with disabilities.
- To develop policies which seek to prevent life crises which can lead to situations of social exclusion, such as being in debt, exclusion from school and becoming homeless.
- To develop action plans to protect family structure in all its forms.²³

²² Kilmurray, Avila, "Beyond the stereotypes", Social Exclusion Social Inclusion. Democratic Dialogue Report No: 2, Belfast, November 1995, p. 36.

²³ http://ec.europa.eu/employment_social/social_inclusion/docs/approb_en.pdf (09.04.2010).

1.3.5. Helping the Most Vulnerable

Social assistance is essential for people who are excluded from society due to their social status such as being a patient, disabled, elderly, child or an immigrant etc. People who cannot work can be kept alive by giving supports. For the social integration, excluded people should be supported by the governments of member states and also by the EU institutions. According to the European Commission, what needs to be done is stated in the joint report 2002:

- To encourage men and women whose poverty problem persists because they have disability or they belong to a group experiencing integration problems, for example, immigrants, to take steps in social integration.
- To prevent the social exclusion of children step by step and to give them every possibility for social inclusion.
- To develop comprehensive actions for inclusion favouring the areas which are certain to be subject to exclusion.²⁴

1.3.6. Mobilizing All Relevant Bodies

Individual works of governments and NGOs or both of them working independent of one another could be important in preventing poverty, but this could not be adequate. For this reason, both on the national and the EU level, public and private sectors, as well as on the level of the citizens the works should encompass all the efforts including keeping dialogues and working in coordination on the way to achieve the aims of combating poverty. Especially, NGOs have a significant place in

the EU as well as throughout the world. In this context, I will give the necessary information about the activities of the NGOs in this field in the last chapter.

According to the European Commission, what needs to be done is presented in the joint report 2002.

- To promote the participation and self-expression of people who suffer exclusion in regard to their situation, and their policies and measures, according to national practice.
- To direct the fight against exclusion into all political fields by mobilising the public authorities at national, regional and local levels according to their fields of authority or competence – by developing appropriate co-ordination procedures and structures among the relevant bodies; – by adapting administrative and social services to the needs of people suffering exclusion and making sure that front-line staff, who have important roles in decisions, are sensitive to these needs
- To promote dialogue and partnership between all relevant bodies, public and private, for example:– by involving the social partners, NGOs and social service providers according to their respective areas of competence, in the fight against the various forms of exclusion; by encouraging all citizens to take social responsibility and to be actively engaged in the struggles against

²⁴ “Joint Inclusion Report 2002”, published by the European Commission.

social exclusion; by raising awareness for increasing social responsibility of business.²⁵

We saw that in this chapter, the use of the concept of poverty in the EU is explained by the concept of relative poverty and social exclusion which are used sometimes in the same expression and sometimes used interchangeably. This assumption is the point of departure in the rest of this study. Moreover, we saw that the goals of combating poverty in the EU are rational and accessible targets.

²⁵ Joint Inclusion 2002, *op.cit.*

CHAPTER 2

THE EVALUATION OF POVERTY IN THE EU

LEGAL PROCESS

2.1. THE AMSTERDAM TREATY

As I mentioned in chapter 1, the EU has dealt with the problem examined in this study sometimes under the title of the concept of poverty and sometimes of social exclusion. When we look at the founding treaties, we come across with the concept of social exclusion instead of the concept of poverty. Therefore, as I examine treaties, I will take the term “social exclusion” as the base.

The Amsterdam treaty which was signed in 1997 and came into force in 1999, has a fundamental place in the EU law in the field of combating poverty. Because, for the first time, it tackles the issue of poverty and social exclusion within a legal framework. The articles 136 and 137 under the title A “Social policy, Education, Vocational training and Youth” refer to the endeavor of combating against social exclusion.

In article 136, it is said that

*The Community and the Member States ...shall have as their objectives the promotion of employment, improved living and working conditions ...proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion.*²⁶

²⁶ “Treaty of Amsterdam”,
<http://eurlex.europa.eu/en/treaties/dat/11997E/hm/11997E.html#0173010078>, (10.04.2010).

According to the article, we see that combating against social exclusion has been one of the social targets of the EU. Now there is strong evidence on the importance of combating against social exclusion. Besides this, the other targets are policies to improve the conditions of poor people.²⁷

In article 137, it is said that the activities of the member states should be supported by the EU on the way to reach their goals:

*The Council ... may adopt measures designed to encourage cooperation between Member States through initiatives aimed at improving knowledge, developing exchanges of information and best practices, promoting innovative approaches and evaluating experiences in order to combat social exclusion.*²⁸

According to this article, in order to combat social exclusion, the cooperation between member states is encouraged by the EU. This target is important for fighting poverty because working together has more advantages in terms of getting better results. In the chapter on social provisions, the social policy of the community is defined and the powers that the community has used in the field of combating social exclusion are mentioned. The community is able to support and complement the activities in the member states including the adoption of directives and encouragement of cooperation between member states and social partners.²⁹

2.2. THE NICE TREATY

The Nice Treaty was signed in 2001 and came into force in 2001 with the aim of the empowerment and renovation of the EU institutions which have been

²⁷ “Guide to the Amsterdam Treaty”, <http://www.independentliving.org/docs3/edf98.html>, (19.04.10).

²⁸ Treaty of Amsterdam, *op.cit.*

²⁹ Guide to the Amsterdam Treaty, *op. cit.*

expanding with new participations. This treaty which was signed after the Amsterdam Treaty also deals with the plans and strategies for combating social exclusion.

It is stated that the policies of the member states of the EU will be supported in order to attain the following goals:

improvement in particular of the working environment to protect workers' health and safety...the integration of persons excluded from the labour market...; equality between men and women with regard to labour market opportunities and treatment at work...; the combating of social exclusion; the modernization of social protection systems without prejudice to point .³⁰

As the EU deals with the problem of social exclusion in its social policies, it requires member states to carry out active policies in this field. When we carefully look at these targets, all goals are linked with working conditions and all goals are designed to improve working conditions. So, we see that the EU emphasizes the working life which is an aspect of the social exclusion. Anyway, the concepts of poverty and social exclusion are relevant to the working conditions directly.

2.3. THE LISBON STRATEGY 2000

The Lisbon Strategy is a special meeting for the European Union which was held on the 23rd –24th March in Lisbon to determine the European Union's activities for the next decades. The main goal of the Strategy is

To become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic

³⁰ “The Nice Treaty ”(2003), http://www.unizar.es/euroconstitucion/Treaties/Treaty_Nice.htm, (20.04.2010).

*growth with more and better jobs and greater social cohesion.*³¹

With social cohesion, the EU will encourage the member states to combat poverty and social exclusion by helping them reform and improve their social system, so that the EU would be stronger as an economic power.

The Lisbon strategy is based on three pillars. The first one is to create competitive, dynamic, knowledge-based economy by realizing information society with research and development. The second is to enhance the European Social Model by providing human resources and combating social exclusion. And the last is to provide natural resources for economic growth.³²

To improve the social model of the European Union depends on building an active welfare state. By this view, it holds that

*People are Europe's main asset and should be the focal point of the Union's policies. Investing in people and developing an active and dynamic welfare state will be crucial both to Europe's place in the knowledge economy and for ensuring that the emergence of this new economy does not compound the existing social problems of unemployment, social exclusion and poverty.*³³

The Lisbon strategy declares that a dynamic social state depends on a strong economy and such an economy can be achieved by solving social problems. Due to

³¹ Lisbon European Council, *op.cit.*

³² "Europa - Glossary", http://europa.eu/scadplus/glossary/lisbon_strategy_en.htm, (27.04.2010).

³³ Lisbon European Council, *op.cit.*

this, this strategy also aims at reducing poverty and becoming the most dynamic and competitive and the most developed information economy.

Combating social exclusion is one of the key objectives of the Lisbon strategy in which,

*The number of people living below the poverty line and in social exclusion in the Union is unacceptable. Steps must be taken to make a decisive impact on the eradication of poverty by setting adequate targets to be agreed by the Council by the end of the year...The new knowledge-based society offers tremendous potential for reducing social exclusion, both by creating the economic conditions for greater prosperity through higher levels of growth and employment, and by opening up new ways of participating in society...To avoid this risk and maximize this new potential, efforts must be made to improve skills, promote wider access to knowledge and opportunity and fight unemployment: the best safeguard against social exclusion is a job. Policies for combating social exclusion should be based on an open method of coordination combining national action plans and a Commission initiative for cooperation in this field to be presented by June 2000.*³⁴

The most important step is “to make a decisive impact on the eradication of poverty” which is first mentioned in the legal system of the EU as a definite solution for the problem. This shows the EU’s determination to find a definite solution to reduce poverty as well as to tackle the problem of social exclusion. At the same time, reducing unemployment is one of the targets of the EU which is an essential step for combating poverty.

The other important step of the Lisbon strategy in terms of social dimension is the open method of coordination which is

³⁴ *Ibid.*

*the means of spreading best practice and achieving greater convergence towards the main EU goals. This method, which is designed to help Member States to progressively develop their own policies.*³⁵

As I mentioned in chapter 1, the open method of coordination makes it possible for the member states to act in accord with the other states by having common objectives and common aims. In this way, member states choose their own social policies while sharing common aims. Therefore, national aims turn into national plans and then develop into the reports of the national strategic plans or actions. And then these national strategic reports are evaluated by the EU in the name of joint reports. These reports tell us what the EU-wide initiatives have achieved in each country. Hence, this method provides positive contribution to the EU in terms of combating poverty and social exclusion.

2.4. THE LISBON TREATY

The Lisbon treaty which aims to accelerate the EU works in terms of the economic, cultural and social integration includes some articles which modify the former treaties. The treaty is intended to form an effective, democratic, and accountable structure. Therefore, some changes in the social policies are also important in this respect. It is expressed in the treaty that, in the field of social policies, the EU should seek to achieve the goals of high employment, convenient social protection and social exclusion.³⁶ The Lisbon Treaty was signed in 2007 and entered into force in 2009. The issue of combating social exclusion is regulated by the three articles of the treaty. According to article 3, the EU

³⁵ *Ibid.*

*shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child.*³⁷

According to article 9,

*In defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.*³⁸

These two articles state that the EU has accepted it as principle to try to eliminate huge gaps of differences among humans in terms of income, social and economic opportunities etc. By combating social exclusion, member states will realize the necessary policies and activities for obtaining the minimum rights that all humans should have in terms of having a job and social security, the necessary education and health possibilities to minimize these gaps. The other article is the same as article 137 of the Amsterdam and Nice treaty. These articles indicate that the EU is determined to continue to combat poverty.

³⁶ Güneş, Ahmet, “Lisbon Antlaşması sonrasında Avrupa Birliği”, *Gazi Üniversitesi Hukuk Fakültesi Dergisi*,(2008),sayı 1-2.

³⁷ “The Lisbon Treaty”, http://www.unizar.es/euroconstitucion/Treaties/Treaty_Lisbon%20Treaty.htm (20.04.2010).

³⁸ *İbid.*

2.5. JOINT REPORTS ON SOCIAL INCLUSION (2002-2004) – JOINT REPORTS ON SOCIAL PROTECTION AND SOCIAL INCLUSION (2005-2009)

We can say that Joint reports on social inclusion³⁹ are the milestone documents published by the European Commission for combating poverty and social exclusion. These reports are the result of the open method of coordination on social inclusion which was approved in the Lisbon Strategy 2000. The main aim of the joint reports is to make more improvements in the European Social Model by analyzing and identifying the important problems of the member states regarding poverty and social exclusion within the next nine years (2001-2010). The other aim, being one of the pillars of the Lisbon strategy, is the social dimension which is linked to both economic and environmental dimensions; so, joint reports on social inclusion take an important place within these three pillars. Besides, common indicators to measure poverty and social exclusion will be determined among member states and the EU. Therefore, the effective monitoring in tackling poverty and social exclusion will be provided by the EU.⁴⁰

As I mentioned in chapter one, the European Union uses the relative poverty approaches in the assessment of poverty instead of absolute poverty. According to the report, due to two reasons, taking absolute poverty as the basis cannot serve the particular goals: First, the whole population is important for the EU to reach all

³⁹ **Social inclusion:** "Social inclusion is a process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live. It ensures that they have greater participation in decision making which affects their

standards of living, and not only those in basic needs like in other parts of the world. Hence the EU indicators cover minimal acceptable needs depending on the level of economic and social development which is higher in the EU member states. Traditional measurement method uses the norms of the low income, the insufficient monetary resources and basic needs as the starting point; however, these are only one part of the phenomenon of poverty. Secondly, access to employment, education, housing, and healthcare services, the degree of satisfaction of basic needs and the ability to participate fully in society are other aspects of it. Besides, measurement of relative poverty also depends on an income threshold which includes households whose income is below 60% of the national equalized median income as cited in chapter one. I will examine joint reports published since 2002 by focusing on the EU's policies regarding what can be done in the EU level in combating poverty and exclusion.

The goals of the European Union in combating poverty and social exclusion have been examined by the all joint reports on social inclusion in detail. As I mentioned in chapter one, according to reports, the combating poverty and social exclusion can be provided by participating in employment and access to rights, goods and services, preventing the risks of social exclusion, preventing over-indebtedness and homelessness, preserving family solidarity, helping most vulnerable, promoting the integration of people facing persistent poverty in society, eliminating social exclusion among children, promoting action in favour of areas marked by exclusion,

lives and access to their fundamental rights, as defined in the Charter of the Fundamental Rights of the European Union.” (16.05.2010).

⁴⁰ Joint reports 2002, *op.cit.*

mobilizing all relevant bodies, promoting the participation and self-expression of people suffering exclusion, mainstreaming the fight against exclusion and finally promoting dialogue and partnership. Hence, the first time, what needs to be in combating poverty in the EU level is mentioned in joint reports on social inclusion 2002.⁴¹

In joint reports on social inclusion 2004, it is mentioned that new national action plans of member states reflect the whole multidimensional aspects of the phenomenon of poverty and also the development of social protection systems. Majority of the member states set important targets to reduce poverty and social exclusion; however some member states set nearly minor targets on the same subject. Many member states have strengthened their institutional position for fighting poverty and exclusion; however they require more effort to spread across regional levels. Finally, it can be noted that the contribution of NGOs has improved on national plans. What needs to be done is noted in the report 2004. Firstly, the issues of housing, lifelong learning, culture and transport which are also linked with the multidimensional aspects of poverty and exclusion will be required. Secondly, the targets should be developed as specific, quantified and ambitious. Thirdly, quality measures should be tackled for poverty and exclusion to achieve and monitor the activities effectively. Fourthly, the NGOs should be included in decision-making by the member states to prepare their national action plans and also should monitor their

⁴¹ *Ibid.*

implementation. Finally, member states should ensure relations among the economic, environmental and social policies.⁴²

In order to streamline the open method of coordination, joint reports on social inclusion and social protection have been published since 2005 to work on the areas of social inclusion, pensions and healthcare, instead of joint reports on social inclusion. According to joint reports on social inclusion and social protection 2005, at the EU level, the Commission and Council should firstly strengthen the mainstreaming of social inclusion objectives across all the EU policies, which means it is essential to take social inclusion into account in the design and implementation of the EU policies to ensure that they support national efforts to promote social inclusion. When the field of OMC is enlarged to cover healthcare and long term care in order to ensure accessible, quality and sustainable systems, this application will contribute to social inclusion. Secondly, the EU should make greater use of the OMC's potential to contribute to effective delivery of services by looking at the good and bad practices of the implementation of OMC in the member states' policy-making. Thirdly, the EU should ensure that the structural funds continue to play key role in promoting social inclusion, because structural funds are required to increase employment and develop skills. Finally, the EU should develop common indicators and enhance data sources, because there are still gaps to make comparative analysis which is needed for a better social system.⁴³

According to the joint report of 2006 on social inclusion and social protection 2006, there are key objectives which should be achieved by the EU.

⁴² Joint reports 2004, *op.cit.*

Firstly, the open method of coordination should be developed especially over the subjects of children and their families and also young people from ethnic minorities; so also education and training which are required for reducing poverty should also be highlighted. Secondly, social protection system should be improved over pensions to increase their life standards; also adequacy, sustainability and modernization are required for social protection system.⁴⁴

When we look at the joint report on social inclusion and social protection 2007, we see that it draws attention to child poverty. In March 2006, the European Council asked member states *to take necessary steps to rapidly and significantly reduce child poverty, giving all children equal opportunities, regardless of their social background.*⁴⁵ Hence, to solve this problem, different solutions are offered such as increasing family income, improving access to services, and protecting children's rights.⁴⁶

The joint report 2008 draws on the following issues which are linked to poverty and social exclusion. Firstly, it holds that social and economic policies will be supportive in unison, seeks to bring about sustainable development in Europe, to prevent poverty, and to modernize social protection. It also draws on the need to combine both social and economic policies. Secondly, pensions and labour market

⁴³ "Joint reports on social protection and social inclusion 2005", published by the European Commission.

⁴⁴ "Joint reports on social protection and social inclusion 2006", published by the European Commission.

⁴⁵ "Towards an EU Strategy on the Rights of the Child", by Commission of the European Communities, Brussels, (2006),

<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0367:FIN:EN:PDF>

⁴⁶ "Joint reports on social protection and social inclusion 2007", published by the European Commission.

reforms need to be advanced further. For solution, it is required that adequacy and sustainability of pensions and improved social protection systems are established. Thirdly, child poverty is still significant because the parents of such children are either jobless or their wages are extremely low, their income supports may be inadequate and the number of children in the family is high, which makes the situation worse. To solve this problem, helping families is an important; but the most urgent thing that should be done is to tackle child rights within a broader universal approach. Fourthly, the health issue is significant to consider in social policies; so, action is necessary for preventing persistent inequalities in health services and to keep pace with technological advances, while keeping sustainability of these services for all citizens without discrimination.⁴⁷

And the last report is published in 2009. This EU report focused especially on child poverty which is held to constitute a huge rate in whole population of poverty. Second, it focuses on the Roma people who face exclusion in European societies. Homelessness is the other subject of poverty which is a multidimensional aspect of poverty. Also financial exclusion should be dealt with in any strategy against poverty. For this reason, in some countries, microcredit possibilities are provided for poor people who cannot reach the traditional credit systems.⁴⁸

In general, when we have a look at the Joint Reports, we see that the EU has been dealing with the problem of poverty on a multidimensional basis. The fields of

⁴⁷ “Joint reports on social protection and social inclusion 2008”, published by the European Commission.

⁴⁸ “Joint reports on social protection and social inclusion 2009”, published by the European Commission.

the reports have been extended since 2006, and especially the subjects of social protection, health, and long-term care have been addressed with the OMC. In the same framework, the reports focus on the same problems and make various suggestions such as increasing integration to the employment market, reducing the risk of social exclusion, eliminating disadvantages in the field of education and training, combating the problem of homelessness, access to health services and long term care. The reports also underline the need to improve on child poverty and the conditions of old-age pensioners.

In the last report, the EU emphasized financial exclusion and pointed out the benefits to be obtained from micro-credit implementation in combating this problem. This point is elaborated in the third chapter of the thesis. The micro credit implementation seems to be a partial solution to enhance participation in the employment. In this context, development and implementation of micro credits are examined in the third chapter. Besides this, the EU draws attention to the cooperation with NGOs as one of its aims in combating poverty. In this context, it supports NGOs working in the field of combating poverty. In this study, activities of EAPN, Caritas Europa, and Feantsa, the three important Networks, are examined in the last chapter.

CHAPTER 3

MICRO-CREDIT IN THE EU

The approach of micro credit is a financing method which is presented for the poor people who cannot have access to formal financial institutions. The most significant advantage of this method is to provide credits and give the chance for savings for the poor people. By this way, the poor people can have the possibility to join in production activities, to grow their small enterprise and also to have savings.⁴⁹ Implementation of micro credit is used in the European Union to combat poverty which is an effective tool for Europe. Therefore, in this chapter, I will focus on the development and implementation of micro credit system in the EU.

One method of combating poverty is micro credit application which was created by Prof. Muhammed Yunus who is an economist in Bangladesh to reduce poverty. Having seen that the Bangladeshi people faced with starvation, he was convinced that something had to be done to solve this problem. For this reason Muhammed Yunus firstly went to a village with his students. They saw a woman who was selling things on a stall by loaning from seller only by small amounts. This event gave Muhammed Yunus the idea that, if small loans or financial capitals are given to poor people, they can survive their life only by taking small loans without any caution. This idea resulted with the new system in 1976 which is called “micro credit”.

⁴⁹ Altay, Asuman, ”Küreselleşen Yoksulluk Olgusunun Önlenmesinde Mikrofinans Yaklaşımı ”Finans Politik ve Ekonomik Yorumlar, (2007).

Micro credit means to loan poor people in order to enable them to improve their lives with small loans without any caution. It aims decreasing indigences, decreasing differences among people economically and enable them to survive longer time and to improve poor people's quality of lives. In micro credit system, mutual confidence is valid instead of providing caution. In the current world order, all financial works are based on caution, but this system challenges the current system and shows us that poor people can earn their living with small loans given by only mutual confidence, which will make life easier for all the members of society.

Micro credit rationale is that encouragement to work and production is better than supplying charity. It is based on the idea that instead of giving the poor fish, it is better to teach them how to catch fish. By micro credit, opportunity is given to poor people to do work for providing income to order to earn their livings.

Micro credit is a key topic in the European social and economic agenda. The institutions of the EU, national governments, financial sectors and civil societies see micro credit as the solution for accessing financial sectors and also in fighting poverty and social exclusion.⁵⁰

The European area uses micro credit in combating poverty and social exclusion since 1990s. Many networks which are engaged to the European Union has been working to develop micro credit and to promote micro credit as a tool to fight social and financial exclusion.

⁵⁰ "A European initiative for the development of micro-credit in support of growth and employment", published by the European Saving Banks Group.(2008).

3.1. DEVELOPMENT OF MICRO-CREDIT IN THE EU

Definition of micro credit in Europe is as follows:

Microcredit in the EU means loans under €25,000. It is tailored for microenterprises employing less than 10 people (91% of all European enterprises), and unemployed or inactive people who want to go into self employment but do not have access to traditional banking services.⁵¹

Member states of the European Union have five common objectives about micro credit. The first is to provide micro credit for people who face financial exclusion. The second is that the maximum amount of micro-loan is €25,000. The third, these loans are used to finance investment. Fourth, micro-lenders often offer additional business consultation or support to the micro-businesses they finance. The last one is that micro credit is almost never secured by collateral possibilities. These features show us that micro credit is an effective tool for combating poverty and social exclusion; therefore, micro credit gives poor people an opportunity to protect their families against the risks of poverty.

In Europe, the development of Micro Credit started in the 90s. Micro credit spread very quickly in many central and eastern European countries and developed in new and future member states of the European Union. Today it has over 100 million customers.⁵² Different kinds of microfinance exist together. Credit unions with 78 percent of the European micro credits are the most numerous. On the other hand, except the United Kingdom and France, the development of micro credit in Western

⁵¹ *Ibid.*

⁵² www.european-microfinance.org, (20.04.2010)

Europe is relatively recent where it was launched at the end of the 1980s. In the EU level, micro credit was recognized officially in 2000 and, by 2003, for the first time, the European Council advised and stimulated the member states to pay attention to the micro credit to enhance small enterprises.⁵³

Development of micro credit has been supported by the European Commission for several years. By supporting the micro credit, the general aim of the EC is to reduce poverty by providing economic growth. The poor people are granted financial services such as savings, insurance, money transfers. Access to financial systems allow poor people to plan their futures, to hold physical and financial assets, to improve living conditions, etc. So, the development of the micro credit sectors and inclusion in financial systems are essential for reducing poverty. Also the EC supports development of local financial systems.⁵⁴

On the EU level, the implementation of micro credits has been used in the two major policy: economic and social policy. From the economic approach, the European Commission and member states are encouraging to investment, growth and job creation, and from the social approach, are encouraging employment opportunities and the prevent on of poverty and social exclusion within the EU.⁵⁵

⁵³ “Micro Credit for European small business”, by the Commission of the European Communities, (11.09.2004).

⁵⁴ “Guidelines for EC support to Microfinance”, published by the European Commission, (2008).

⁵⁵ “Situation of Micro credit”, www.european-microfinance.org, (20.04.2010)

3.2. IMPLEMENTATION OF MICRO CREDIT IN THE EU

The legal framework of micro finance⁵⁶ is located in last decisive meeting of the European Parliament and of the Council on 25th March 2010. By this agreement, we see micro credit's role in the EU as follows.

According to legislative procedure explained in item (2): The Commission communication of 13th November, 2007 entitled 'A European Initiative for the Development of Microcredit in Support of Growth and Employment' identified four priority areas for action: creating effective conditions for developing institutions of micro-credit in the member states, employment and entrepreneurship being highly significant in the EU, encouraging best practices , and providing capital to microfinance institutions.

As a first step in implementing this agenda, the Commission created an initiative which is called Jasmine (Joint action to support microfinance institutions in Europe) in 2008 which provides mentoring for non-bank microcredit finance institutions. And in (5) : The European Parliament in its resolution of 24th March 2009 with recommendations to the Commission on a European initiative for the development of micro credits in support of growth and employment requested that the Commission strengthen its efforts to develop micro credits in support of growth and employment. Furthermore, the European Parliament approved an additional 4 million Euro of support for a pilot action to be implemented in the context of the

⁵⁶ "Micro credit"

Jasmine framework. The European Parliament also called on the Commission to co-finance projects for micro credits in particular for disadvantaged target groups.⁵⁷

As I mentioned above, two kinds of micro credit in the European Union have been located as economic policy and regional cohesion policy. From 2006, two initiatives have come to agenda which are Jeremie and Jasmine. These initiatives are intended to strengthen micro credit in the regional cohesion policy of the European Union.

JASMINE -Joint Action to support microfinance institutions in Europe- as a new initiative, has been put in practice by the EU since 2007. It is called as JASMINE Joint action to support microfinance institutions in Europe. JASMINE aims to provide access to finance for small business and especially socially excluded people including ethnic minorities.

There are three aims of JASMINE. The first one is to promote a more favorable environment for the development of micro credit. In this context, member states are invited to adapt their national institutional, legal and commercial frameworks. The second one is to support for the development of non-bank micro-finance institutions in member states. This is not only to offer a loan, it is also a service for borrower to help develop and ensure the success of their business. The

⁵⁷ “Decision no 283/2010/EU of the European Parliament and of the Council of 25 March 2010 establishing a European Progress Microfinance Facility for employment and social inclusion”, *Official Journal of the European Union*. (2010)

last one is to provide more capital for micro credit. It proposes setting up a micro-fund in the new order.⁵⁸

JEREMIE -Joint European Resources for Micro to Medium Enterprises- has been implemented since 2006 by the European Commission and European Investment Fund. It aims to promote increased access to finance for the development of micro, small and medium-sized enterprises in the regions of the EU.

JEREMIE's aims are to improve access to finance for micro-enterprises in the member states, to help managing authorities responsible for the European program and to facilitate the use of financial products like venture capital, loans etc. JEREMIE is creating a framework for cooperation with specialized financial institutions for reaching micro credit easily.⁵⁹

The microcredit sectors in Western and Eastern Europe have evolved in very different contexts. The sector of Western Europe is younger than in Eastern Europe. Eastern Europe has higher loan volume than in the West.⁶⁰

In Western Europe, there is diversity in the institutions such as banks, NGOs, government bodies and foundations. Some institutions are trying to create new business areas for small enterprise to expand and some institutions are trying to use

⁵⁸ "A pilot Initiative to promote microcredit in the European Union", published by the European Investment Fund, www.eif.org, (20.04.2010).

⁵⁹ "Jeremie networking platform initial meeting", published by the European Commission.(2009)

⁶⁰ "From exclusion to inclusion through microfinance" by European microfinance network, (April,2007).

micro credit to reduce poverty and social exclusion. While NGOs are trying to reach mostly to poor people, governments tend to reach larger business enterprises.⁶¹

Starting in 1990, in Eastern Europe, micro credit services have consisted of credit unions, state programs, non-government organizations, non-bank financial institutions and microfinance banks. Average loan size varies according to target clients. While some of them provide very small amounts, others reach the high clients with great amounts. Funding structures show differences; while credit unions and micro credit banks use commercial sources, NGOs use non-commercial sources.

A new term which newly came out within the domain of poverty is financial exclusion. It refers to inability to access financial services. The definition of financial exclusion in Europe is as follows:

*Financial exclusion refers to a process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong.*⁶²

Financial exclusion affects some groups of people who are unemployed, or lone parents caring for their children full time and people who are unable to work through sickness or disability. Today many people, especially poor people, do not have access to the necessary financial services, deposit and transactional accounts but also to saving, credit, insurance and payment service. Access to financial services

⁶¹ *Ibid.*

⁶² “Financial Services Provision and Prevention Of Financial Exclusion”, published by the European Commission, (2008).

is necessary for citizens to be economically and socially integrated in today's society. And also it is an important tool for employment possibilities, economic growth, and social inclusion and especially poverty reduction.

There are three major trends which promote governments to institute micro finances. The first one is the growing importance of small enterprises, the second one is unemployment and exclusion, and the last one is the role of the informal sector. When we look at unemployment and exclusion, there are 22 million unemployed; and also about 17% of the EU's population - over 80 million people - live below the poverty line.⁶³ By micro credit, poor people have a facility to create their own business; so they will have the chance to provide better conditions for their families. Unemployment is a major cause of poverty; so micro credit institutions can help reduce unemployment and poverty which create new jobs by providing financial and non-financial services. Microfinance institutions have a mission, which is to alleviate social and financial exclusion, to bring financial services to the unemployed and the financially excluded and to the particular risk groups such as women, the poor, immigrants, and ethnic minorities. These groups must be promoted and encouraged by improving micro credit institutions.

Micro credits are provided by two groups of providers according to the types of clients, bankable and non-bankable groups. The bankable groups are the people who are involved in traditional credit transactions in the banks; on the other hand, non-bankables are the groups that reach financially excluded and poor people.⁶⁴

⁶³ "Eurostat" (2010)

⁶⁴ "From Exclusion to Inclusion Through Microfinance", *op.cit.*

Micro credit has a strong social component allowing people at risk of social exclusion to engage in an economic activity. European savings banks are important players in their regions both in providing access to credit to micro and small-sized companies and in putting in place social financial schemes that specifically target individuals at risk of financial exclusion. Savings banks also play an active role to enhance social cohesion and prevent individuals' financial exclusion. By their strong social commitment, they have set up or contributed to the setting up of various schemes that assist i.e. young people, women, and migrants, just to mention some, to integrate, in the social and economic life of their communities.

In this chapter, we saw that the micro credit system whose mission is to provide credits for poor people without any caution, has been used by the institutions of the EU since 2000. To order to develop the micro-credit system, two initiatives have been approved by the EU since 2006. So, we can say that the micro credit system is developing in the European Union day by day.

CHAPTER 4

EUROPEAN NETWORKS FIGHT AGAINST POVERTY

After the Lisbon European Council in March 2000, the European Parliament and the Council established the community action program which aimed to promote policies among member states and at European Union level, and to prevent and combat poverty and social exclusion. By the program, three strands have been generated: the first strand is to support research and analysis, the second strand is to promote policy co-operation and mutual learning, and the third strand is to support the participation of the various actors and networking at European level.⁶⁵

European Networks are supported by the EU, especially to improve the open method of coordination and National Action Plans. European Networks need to develop a greater awareness regarding combating poverty among the citizens of the EU, to follow the implementation of poverty strategies of the member states, to ensure that people who live in poverty participate in the EU policies, to develop poverty and social exclusion awareness.⁶⁶ In this way, the European Union has decided to support organizations whose members are very active in the struggle against poverty, and which contribute to the combat poverty and social exclusion. I chose three important networks which work for poor people actively and effectively in the European area, the EAPN, the Caritas Europa and the Feantsa. In this chapter, I will mention the aims and activities of these three Networks which have prepared

⁶⁵ “For the support to key European Networks involved in the fight against poverty and social exclusion”, published by European Commission, (2005), http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/vp_2005_007_en.pdf, (15.05.2010).

⁶⁶ <http://feantsa.horus.be/code/EN/pg.asp?Page=951>, (15.05.2010).

reports for the European Union to be more effective in combating poverty by noting deficiencies and giving advice in the reports.

4.1. EUROPEAN ANTI- POVERTY NETWORK (EAPN)

The European anti- poverty network was established in 1990 which is an independent network. There are 25 networks which are located in the member states of the European Union. EAPN introduces itself as representatives of NGOs working with people experiencing poverty and social exclusion.

4.1.1. Aims of EAPN

The EAPN's aims to fight against poverty are high on the agenda of the EU, to ensure cooperation at EU level with the goals of eradication of poverty and social exclusion. EAPN is sorting its mission in four objectives: the first one is increasing effectiveness of actions which are used for eradicating poverty and stopping the social exclusion, the second one is increasing awareness in European citizens regarding poverty and social exclusion, the third one is empowering the people living in poverty and social exclusion, and the last one but not the least one in my opinion is lobbying for people facing poverty and social exclusion, living in member states of the EU.⁶⁷

The statute of EAPN that is composed of 20 articles declares how EAPN works, what kind of organization it is, which members it has, and what its aims are. In article 1, EAPN is determined that EAPN is an international non-profit

⁶⁷ www.eapn.gov, (15.06.2010).

association, governed by Title III provisions of the Law of 27, June 1921 on non-profit associations, foundations and international non-profit associations.⁶⁸

The purpose of EAPN is included in article 3 which is determined that EAPN is not a commercial organization, it is trying to establish voluntary groups which have to be democratic and relevant to the status of a non-governmental organizations and have to work for reducing poverty through Europe. There are three objectives of EAPN: Firstly, to increase the effectiveness of actions which are used to eliminate poverty and stop social exclusion; secondly, to contribute to the European Union's social policies; and thirdly, to lobby for those living in bad conditions and to work with excluded people. According to article 4, the network is composed of two basic members who have full and associate membership. Full members are selected in three ways: Firstly, representative of EAPN network which is established in the member states of the EU. Secondly, full members can be from a candidate state of the EU. And lastly, the member works in a European organization which functions to combat poverty and social exclusion, and existing arrangements will be made by at least a certain number of Union members. Associate members who are accepted by the General Assembly as a representative EAPN network in a European country which is neither a member nor applying for membership of the EU. And also, associate members shall not have voting rights. According to article 6, members do not have to pay a membership fee to EAPN, but are invited to pay voluntary contribution.

⁶⁸ “Statutes of International Non-Profit Association European Anti-Poverty Network”, published by EAPN, (15.06.2010).

4.1.2. Profile and Activities of EAPN

One of the most significant campaigns of EAPN is 2010 European Year for combating poverty and social exclusion. This campaign is a result of EAPN's activity which was accepted in 2008 by European Commission and it is declared that 2010 is the European Year for combating poverty and social exclusion. The European Union briefed the condition as social exclusion is harming to citizens and it is preventing people who cannot have been in society and not been express themselves. Therefore, prevention of social exclusion came to the agenda of the EU as the European Year for Combating Poverty and Social Exclusion. In article 2 of Decisions of European Parliament and the Council, objectives and principles are categorized in four captions, which are: recognition of rights; shared responsibility and participation; cohesion; and commitment and concrete action. Applications methods of campaign are located in article 5 as caption of cooperation and implementation at the Community. According to article 5.4, exchange of views has to be among the Commission and people living in poverty, especially in European level. They must work in case of design, implementation, monitoring and evaluation of the European Year and also all information regarding this campaign must be available for public.⁶⁹

According to EAPN, by the campaign of 2010 European Year for Combating Poverty and Social Exclusion, the EU should focus especially on four objectives. Firstly, in the area of the European Union, there are structural failures which cause

⁶⁹ "Decision no 1098/2008/EC of the European Parliament and of the Council. of 22 October 2008 on the European Year for Combating Poverty and Social Exclusion", *Official Journal of the European Union*. (2010).

poverty, which have affected millions of people; so, by 2010 European Year for Combating Poverty and Social Exclusion, the public will be aware of this problem and its prevention.

Secondly, the European Union which consists of many states has rich cultural heritage, the European Social model should develop awareness in people and should maintain and deepen this culture. By the European Year, the European Union should struggle to advertise its rich cultural heritage which is called European Social Model. The European Social Model can provide success in terms of protecting and enhancing people who can develop their own features by reducing poverty and social exclusion; actually, with the development of this model, the most important thing is that people living in poverty and social exclusion can be protected from risk.

Thirdly, to combat poverty, present and new policies in its all levels must create momentum. The European Year should verify the objective to “make a decisive impact on the eradication of poverty”, and its evaluations are based on the current policies and actions to combat poverty and social exclusion. Existing policy initiatives and tools should be strengthened by the European Year, and to be really successful in this field, new policies should be developed. Also the organizers of the European Year should seek to ensure a better mainstreaming of social inclusion across all relevant policy areas and actions.

Finally, by raising debates, to argue the conditions of living in poverty and social exclusion and creating solutions for the problem, it aims to increase the value of people who have suffered poverty and social exclusion by participating them into the society and by strengthening poor people’s involvement in the main activities of

the society that is designed according to the objective 2010 European Year to make a decisive impact on the eradication of poverty and social exclusion.⁷⁰

The General Assembly of EAPN has published an annual report for the European Union and for public to provide contribution for combating poverty and social exclusion which consists of EAPN policy papers. By these declarations we see the attitude and efforts of the European Union in combating poverty, also its shortcomings in this field. At the same time, we see the activities of EAPN and its messages to the European Union in these reports. I have analyzed published papers of declaration since 1998 and we will see prominent topics in each declaration.

EAPN Declaration Civil Society and New Forms of Poverty, East and West was published in 1998. This declaration focused on the new forms of poverty resulting from four main reasons. Unemployment was identified as one of the major sources of poverty and social exclusion, and it is especially noted that long term unemployment affects the young and disabled people. The second one is the problems of alcoholism and drug abuse. EAPN suggested treatment programs and social rehabilitation for solving this problem. The third one is migrants and refugees who prefer migration due to strict political reasons and to the pressure of economic transition which should be looked at European perspective. The last one is housing problems which are on the increase because of the lack of special housing programs and the heavy pressure of the market economy.⁷¹

⁷⁰ “EAPN's contribution to the Commission's questionnaire on the 2010 European Year for fighting exclusion and poverty”, published by EAPN. (2007).

⁷¹ “Declaration of EAPN on civil society and the new forms of poverty East and West”, published by EAPN. (1998).

In 1999, EAPN published a paper called Final Declaration of the 1999 EAPN General Assembly: Sharing the Wealth: Fighting the Root Causes of Poverty and Social Exclusion. In it, EAPN is called on decision-makers in Europe to implement a new sharing of wealth. EAPN proposes such objectives as:

- A better share of work, primary income and of time;
- A more equal access to the process of making wealth: a more balanced access to the process of making wealth: wealth is basically made by the activities of people themselves when they are enabled to fully develop their potential and contribute to society;
- A confirmation of the role of state's budget policy: it allows wide differences caused by the market to be reduced and high quality collective goods and services to be financed;
- A development-focused fiscal policy that also taxes the use of natural resources, capital and international financial speculation;
- The separation of social security from the labour market to ensure social rights and security for those who cannot completely participate in the labour market;
- A treatment of the role of public expenditure which ought to be regarded as an investment and not charges to be reduced, alleviated to the minimum possible, while they are based on the principles of sustainable development;

- A strong strategy to enforce social protection systems in the European Union and in the future member states in order to develop social standards and provide effective protection against poverty and social exclusion for all members of the society and residents. Due to this aim, it is especially important to place enough services addressed to children and parents;
- Power and decision-making should be distributed between economic, political and civil society actors;
- Rise and spread of regular, systematic research on the equal ability to reach income and wealth within the EU and within the member states as well as research on productive access to basic rights.⁷²

In 2002 EAPN published a declaration of the EAPN General Assembly which was included especially in the Lisbon European Council of March 2000 which represented a major breakthrough in the fight against poverty and social exclusion at the European level. In this way, the important initiative was approved by members of the European Union in Lisbon, which had the objective of making a decisive impact on poverty by 2010. This decision has been approved by EAPN as an important step to combat poverty. According to the declaration, EAPN focused on promoting the interests of people experiencing poverty and social exclusion in all aspects of the EU

⁷² “Final declaration of the 1999 EAPN General Assembly: sharing the wealth: fighting the root causes of poverty and social exclusion”, published by EAPN. (1999).

strategy on social inclusion and has paid particular attention to the process of developing, adopting and implementing the National Action Plans in this field.⁷³

At the end of 2003, EAPN published declaration of the 2003 EAPN General Assembly: Local Actions in the Fight Against Poverty and Social Exclusion held that the EU Inclusion strategy had taken an important step in just three years for mobilization, information and the sharing of experiences in the combat poverty and social exclusion through the EU Member States. EAPN noted that despite the fact that in the Lisbon Council, heads of states determined to make a decisive impact on the eradication of poverty and exclusion by the year 2010, the inclusion policy is not enough and there is still a long way for the effective implementation of the decision. Also in this declaration, EAPN called for better balance between the social inclusion, employment and economic dimensions of EU policies and practices.⁷⁴

When we look at the year 2004 in the European Union, the most significant event was the enlargement of the EU when ten new states became member of the EU. This process provided some advantages and disadvantages to the European Union. On 18th – 24th November 2004, EAPN published its declaration of 2004 adopted during the EAPN General Assembly: The EU We Want – Strengthening the EU Social Model which stated that the enlargement of the EU can provide

⁷³ “Putting rights at the centre of the EU strategy against social exclusion”, published by EAPN, (2002), http://www.eapn.org/index.php?option=com_content&view=article&id=466%3Afinal-declaration-of-the-2002-eapn-general-assembly&catid=42%3Aeapn-policy-papers&Itemid=82&lang=en, (15.05.2010).

⁷⁴ “Local Actions in the fight against poverty and social exclusion”, published by EAPN, (2003), http://www.eapn.org/images/docs/finaldecl03_en.pdf, (15.05.2010).

opportunities in the future development of the EU.⁷⁵ EAPN noted that the European Union can feature primarily economic project due to new accessions. It can be excuse for the EU. According to EAPN, a developed European Social Model can produce better conditions for social inclusion policy and social protection for quality employment; so such an excuse can lead to destruction of the social model of Europe. Such an approach can exert competitive pressure over the EU member states regarding people who live at risk of poverty and social exclusion.

While EAPN focused on inequalities and discrimination in the declaration of 2005, in 2006 it desired the European Union to reedit its economic and social policies and wanted it to be successful in its stated objective “to make a decisive impact on the eradication of poverty” by 2010. EAPN declared that the leaders of the EU should balance the progress made in market and economic integration with cooperation to guarantee access for all to high levels of social standards and fundamental rights.

On the eve of the celebrations of the 50th anniversary of the European Union, EAPN declared in 2007 a key note: Fighting Poverty in the EU: Which Way Forward for the 50 year old?. In it, the General Assembly of EAPN stated its concerns and request such as: first, EAPN emphasized that despite the EU had declared the objective of making a decisive impact on eradicating poverty by 2010, poverty is still at high level, the gap between rich and poor is widening, inequalities and discrimination among people persist, Secondly, due to increased interdependence

⁷⁵ “The EU we want – Strengthening the EU social model”, published by EAPN, (2004) http://www.eapn.org/images/docs/finaldecl04_en.pdf, (15.05.2010).

in a globalizing world, member states cannot solve their social problems at national level because states' policies affect each other. Thirdly, major structural design is required in European Union policies regarding combating poverty, because social and employment policies are still insufficient. And finally, EAPN was willing to alleviate poverty that the political leaders of the EU and the member states have been failing to reduce contrary to the objective to achieve social progress and the strengthening of social cohesion.⁷⁶

EAPN pointed out that, in 2008, an early preparation is essential for a successful EU year for combating poverty and social exclusion. So it declared the banner of Ensuring a Lasting Legacy from 2010 which included many suggestions for the European Union. The delegates of EAPN believed that 2010 as the EU Year for combating poverty and social exclusion would bear great significance. EAPN called on the EU to ensure delivering a decent life for all by 2010 campaign. To achieve the objectives in this campaign, credible messages must emerge before 2010.

According to EAPN, the EU's policies should contribute to the fight against poverty and the achievement of social inclusion. Consequently, EAPN noted significant demands to minimize poverty. These stereotypes in relation to 'people experiencing poverty' must be broken and respect for human rights, including social and economic rights, must be defended as the basis for a decent society; better democracy is needed, especially participatory democracy; reducing the difference between the rich and the poor is possible and creating awareness in people about the

⁷⁶ "Fighting poverty in the EU: which way forward for the 50 year old?", published by EAPN, (2007), http://www.eapn.org/images/docs/finaldeclaration2007_en.pdf, (15.06.2010).

importance of public wealth. The fight against poverty in the world and the fight against poverty in Europe is part of one and the same struggle.⁷⁷

When we have a look at the declarations of EAPN, we see that the network carries to its agenda the subjects related to the prominent poverty phenomena of that specific year. In this way, the activities of EAPN enable the EU to focus on these subjects and conduct their studies in these directions.

4.2. CARITAS EUROPA

Caritas Europa established in 1971 consists of 44 European countries and it is one of seven regions of Caritas Internationalist, a Catholic confederation headquartered in the Vatican. It is working for a better world, for a better Europe. It is interested in the poor and addicted people in Europe. Its activities are based on the issues of social inequality and poverty as well as humanitarian assistance and international development. Caritas Europa represents cooperation with the institutions of the EU, member states and also different public authorities.⁷⁸

4.2.1. Aims of Caritas Europa

When we look at the management team of Caritas Europa, it consists of an executive board and thematic commissions. Caritas Europa is working in five main fields which are social Europe, migration, humanitarian aid, development and peace, European cooperation and, lastly, advocacy and communications. Each field is managed by a different commission. Main goals of Caritas Europa are combating

⁷⁷ “Ensuring a lasting legacy from 2010”, published by EAPN, (2008), http://www.eapn.org/images/docs/finalgadeclaration2008_en.pdf, (16.05.2010).

⁷⁸ www.caritas-europa.org, (16.05.2010).

poverty, reducing inequality among people and fighting unemployment, and eliminating the causes of migration.⁷⁹

4.2.2. Profile and Activities of Caritas Europa

Caritas Europa has published reports to attract attention to poverty in the EU since 2001. These papers will show us activities of Caritas Europa in the combating of poverty, they offer solutions for struggles against the problem of poverty and the actions to be taken are cited. They also draw the attention of the EU especially to migration as one of the causes of poverty and lone families. On the announcement of 2010 as the year for combating poverty, a campaign called “zero poverty” has been launched. All these activities show that Caritas Europa supports actually the EU policy for combating poverty. We will touch on the important matters as follows and examine the activities of Caritas Europa.

The first paper called “Report on Poverty in Europe” was published in 2001. By this report, Caritas Europa aimed to make positive contribution to the solution of poverty in the EU by analyzing the problem. According to Denis Vienot⁸⁰, Caritas Europa will help poor people improve their standards of living. This report examined members of the EU, accession countries and non-accession countries by analyzing and making a statistical survey of their demographic and educational structure and their development. The unemployed, lone parents and larger families, the elderly, asylum seekers and migrants are affected by the results of poverty, and these factors were examined in this report in detail.

⁷⁹ “Introducing Caritas Europa, our mission and guiding principles”, www.caritas-europa.org, (17.05.2010).

⁸⁰ President of Caritas Europa, (2002).

In conclusion, in the report, Caritas Europa focused on four main areas. The first one is employment-oriented activities, which is the most important factor for poverty reduction, so consideration should be given to the unemployed, especially those facing long-term unemployment. To reduce unemployment, new job areas should be created, infrastructure should be developed and the EU should focus on combating social exclusion the second one is problems of lone parent families and families with more than three children. Caritas Europa recommended that kindergartens and child care assistance should be improved. The third one is that the old-age pension should allow a retired person without any other income to have a reasonable standard of living. And finally, relations between the European Union and the Central and Eastern European countries take a significant share of the report. Accordingly, it says that there should be a stronger financial solidarity among them. And Caritas Europa recommends that the EU should develop its commercial and cultural areas with candidate countries; it should also ensure that the situations in central and eastern European countries are taken into account thoroughly.⁸¹

The second report's title is Poverty in Europe: "The Need for Family – Oriented Policies" is the result of the activities and experiences of Caritas Europa throughout Europe. According to this report, poor families have a chronic poverty due to lone parents, single mothers or families having crowded children, with disabled members, or with the family members taking drugs and alcohol besides the problem of unemployment. All these factors are the result of family poverty. Here, Caritas Europa gives some advice to the European Union. It holds that, first, the EU

⁸¹ "Poverty in Europe", 1st report on poverty in Europe, published by Caritas Europa,(2001).

should give more importance to Lisbon strategy, and citizens should be encouraged to participate actively in the implementation of the Lisbon strategy. Secondly, it should give the required importance to the National Action Plans. Thirdly, there must be closer relationship between regional structural fund and the European social fund. The financial support coming from the regional structural fund should be available for poor people in line with the Lisbon strategy. And finally, there should be a greater awareness of lone parents whose activities are difficult; therefore their standard of living should be improved.⁸²

The third report on poverty in Europe is “Migration, a Journey into Poverty?”. It focused on the irregular migrants who are under the risk of poverty and social exclusion in the European areas. It asserts that immigrant’s situations should be evaluated under the concept of poverty. Although Caritas Europa noted that migration and poverty are not always connected, individual migration quickly turns to deprivation and often to poverty due to lack of socio-economic conditions and basic needs. In the EU, nearly 20 million people are migrants and the EU warns that immigrants are mostly at risk of poverty. In 2004, the report of the EU stated that although immigrants are considered to be at risk of poverty and social exclusion by the member states, many countries cannot analyze the factors leading to this situation in detail. In terms of reaching resources, goods and services especially appropriate healthcare, not enough attention has been given.⁸³ Based on the experiences of Caritas Europa, it noted that migrants are under the risk of exclusion in terms of

⁸² “Poverty in Europe: the need For Family – Oriented Policies”, 2nd report on poverty in Europe, published by Caritas Europa.(2004).

employment, housing, health, education and participation in the community. So, the report focused on these five areas. Caritas Europa has claimed that poverty can not only be explained according to the result of economic and social indicators or the understanding of the society, but also by the points of view of individual migrants, that is, their perception of poverty. According to Caritas Europa, the EU should improve its policies to reduce the problem of migration. It is thus suggested that the rights of immigrants should be improved, the legal framework should be strengthened, poverty should be reduced, education policies should be improved, the EU structural funds should be increased for immigrants, participation in the society of immigrants should be encouraged and, finally, research should be promoted regarding discrimination against immigrants in employment, housing, healthcare, education and society in general.⁸⁴

In the fourth report published under the title “Poverty Among Us; Zero Poverty – Act Now” is a campaign of Caritas Europa which is designed in the framework of the European Year 2010 for Combating Poverty and Social Exclusion. By the campaign, Caritas Europa asks the governments of member states to focus on poverty with clear and strong signals. “Change is possible, poverty is not inevitable” is the slogan of Caritas Europa which believes that every person is created in the image of God. From this perspective, Caritas Europa holds that no one should live in poverty due to inequitable conditions. This report was intended to draw the attention

⁸³ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52004DC0508:EN:NOT>, (15.05.2010).

⁸⁴ “Migration, a journey into poverty?”, 3rd report on poverty in Europe, published by Caritas Europa, (2006).

to the multifaceted dimensions of poverty. It consists of two parts: part A having an analytical approach and part B dealing with an empirical approach.

In part A Caritas Europa asserts that poverty means lack of well-being which is based on the labour market, the family and the welfare state. There is a significant connection between these sources. The labour market is able to create good jobs adequate enough to enable families to play their role as communities of solidarity which is strong enough to support the welfare state. Thus its citizens will be provided with the necessities of life, and welfare will be ensured by such state. As long as families can be provided with better jobs in the labour markets, they can be powerful enough to contribute to the state, which, in turn supplies the necessities and welfare for its citizens. These three sources should be strengthened to make a better Europe. Also, Caritas Europa draws on the fact that poverty is a multi-dimensional issue. However, Caritas Europa believes that each person deserves dignity, and poverty is the reality we should clearly describe and try to combat according to this reality in which poor people are not only victims but also actors who are included in all negative aspects of this reality. But in another paragraph of the report, Caritas Europa notes that poverty is not based only on lack of financial resources. It is also linked with housing, access to education and health care, participation in society, the family of origin and it also gives importance to psychological, cultural, and ethical factors. According to the report, states only focus on helping the poor and do not take measures before people become poor. Combating poverty is not necessary, poverty should already be prevented. This is the best way to eliminate it. Caritas Europa states at the end of the report that the best way is social participation. In part

B, an empirical approach consists of the experiences of people who are under poor conditions in the European countries. It shows us how poor people feel when they live in these conditions. Caritas Europe calls on all people to act together and to stop poverty.⁸⁵

In the reports of Caritas Europa, we generally see poor families – lone parents, single mothers or families with crowded children- and migrations are the subjects of focus. The reports emphasize what steps should be taken by the EU and what should be done for them. For the immigrants most of whom live in poverty, migration policies should be reconsidered and developed in a way that will alleviate poverty problem in the EU.

4.3. FEANTSA

Feantsa, the European Federation of National Organizations working with the homeless was established in 1989. It is a European non-governmental organization having the goal of reducing poverty and social exclusion of people who have no homes. 25 member states of the EU are in cooperation with Feantsa to provide homeless people with housing, employment, health and social service supports.⁸⁶

⁸⁵ “Poverty Among Us; Zero Poverty – Act Now”, 4th report on poverty in Europe, published by Caritas Europa, (2010).

⁸⁶ www.feantsa.org, (17.05.2010).

Feantsa is working with the EU institutions and also has a consultative status at the Council of Europe and the United Nations. And the financial support is provided by the European Commission.⁸⁷

4.3.1 Aims of FEANTSA

The management team consists of the General Assembly which includes all member organizations, an Administrative Council which includes each EU member state's representatives and an Executive Committee which consists of 7 members from Administrative Council.

Aims of Feantsa are mentioned in the statement of value which was adopted in 2005 by the General Assembly of Feantsa. Principles of Feansta are equality, social justice, solidarity, non-discrimination and the promotion and respect for fundamental human rights for all. According to Feansta, every person has the right to live in dignity, security and adequate housing; so Feansta is committed to promoting people's living standards and to prevent and reduce homelessness in a progressive fashion and to improve sustainable solutions. Also, combating housing exclusion and implementing internationally recognized housing rights are targets of Feantsa. In the opinion of Feantsa, homeless people have many rights. For example, participating in society actively is very significant for them. Feantsa lists the rights of homeless people as follows: to be in society and enjoy citizenship, to be respected by other people, to participate in decision – making process and to live in safe and adequate houses.

⁸⁷ *Ibid.*

The other aim of Feantsa is to work with other institutions which work for homeless people and share the same values. Feantsa commits itself to its mission in democratic ways, wants to be accountable to the public with integrity and honesty. Feantsa believes that transnational exchanges and sharing of information are resources to influence public policy.⁸⁸

4.3.2. Profiles and Activities of FEANTSA

Reports of Feantsa give us a clue about its activities; so I will examine reports which have been prepared since 2003 under the title of “Feantsa European Reports Monitoring National Trends on Homelessness” which exist in the framework of the EU social inclusion strategy to attach importance to the problem of homelessness under the EU poverty policy.

In 2003, Feantsa published a report called “European Report on Good Practices in the Fight against Homelessness in the Member States” which notes that each member of the Feantsa works in cooperation with its own country’s government for combating against homelessness. Therefore the governments’ implementations regarding this issue is very important for Feantsa. So, working together may be an effective policy for homeless people. Why is this title important? Because, by such decisions, the EU produced national action plans for poverty and social exclusion which is a reality accepted by the member states. Therefore, displaying good examples is important for other countries.⁸⁹

⁸⁸ “Statement of value”, adopted by Feantsa’s General Assembly,(28 October 2005).

⁸⁹ “European report on good practices in the fight against homelessness in the member states”,published by Feantsa,(2003).

In 2004, ten new member states joined the EU; so, Feantsa published the report with the title of “Feantsa Reaction Report on the Joint Inclusion Memoranda of the 10 new Member States”. Joint Inclusion Memoranda means to prepare candidate states for full membership by allowing them to participate in the open method of coordination of the EU Social Inclusion Strategy; however basic problems should be determined in the combating of poverty. Feantsa has addressed three shortcomings which are related to the involvement of NGOs in the preparation of the JIM⁹⁰, the importance of the JIM for their organizations, and the quality of the JIM concerning housing and homelessness. Besides this, Feantsa gives some recommendations to the European Union for the reduction of homelessness.

Despite the fact that the EU took important steps in combating poverty by new policy which is the open method of coordination of EU for social inclusion strategy, Feantsa mentioned four main factors which are necessary for effective policies. Firstly, more focus to national policies is important. Actually, the strength of the Open Method of Coordination is that ideas on policies and practices are discussed and exchanged; in order to carry out this program, the policies need to be concrete enough to develop and to present examples of good practices. The second is the special nature of homelessness which means that it is perceived as the most extreme form of exclusion compared to those of other vulnerable groups. It is a phenomenon which will continue and possibly have disastrous consequences in the future if it is ignored and if necessary measures are not taken. Homelessness cannot be considered a situation occurring at one particular point in time that will end after a

⁹⁰ “Joint Inclusion Memoranda”.

certain time; as it is persistent together with the hard living conditions. The third is the impact of stakeholder mobilization. According to Feantsa, homeless people rarely participate in the JIM process. Thus, by the aid of the EU Strategy, the perception of vulnerable people like the homeless can be changed for the better by altering beliefs and expectations of certain domestic actors who are effective in policy making as well as influencing public opinion. And the last one is monitoring and evaluation. The EU Social Inclusion Strategy is not legally binding; it has monitoring tools which are used to render more effective the data collection systems at national, regional and local level. According to Feantsa, the EU Strategy could be an effective way to collect data on different vulnerable groups and so the problems could be solved by positive contributions of all parties.⁹¹

The third report is “The Perspective of Organizations Working with the Homeless on the Implementation of Social Inclusion Policies under the EU Social Inclusion Strategy” published in 2005 by Feantsa. It included national action plans under the EU Social Inclusion Strategy, approaches to combating homelessness and recommendations for future actions.

This report focused on the problem of homelessness in the implementation of social inclusion policies under the EU social inclusion strategy. The term of social inclusion covers extensive problems. One of these problems is homelessness. According to Feantsa, there is a big change regarding homelessness in the reports of

⁹¹ “Feantsa Reaction Report on the Joint Inclusion Memoranda of the 10 new Member States”, published by Feantsa, (2004).

member states of the EU from 2001 to 2005⁹². In the first Joint Inclusion Report 2001, there was no clear focus on the phenomenon of homelessness. Only, recognition of homelessness is mentioned in the report⁹³. According to Feantsa, the phenomenon of homelessness is at the top of the social exclusion and poverty cases in Europe in the second Joint Inclusion Report 2004. Combating homelessness is undertaken in an integrated and holistic approach in the report. Finally, in the last report which is called Joint Report Social Protection and Social Inclusion 2005, according to Feantsa, member states now focus more on the phenomenon of homelessness. Focusing issues which are related to key policy priorities will help to find solutions to child poverty, gender inequalities, homelessness and the problems of minorities and migrants.⁹⁴

The report was published in 2006 under the title of “Homelessness and Housing Exclusion in the National Reports on Strategies for Social Inclusion and Social Protection - Feantsa Evaluation and Recommendations”. In the report, Feantsa focused on two titles which are research and awareness raising on homelessness under the EU social inclusion strategy and policy developments under the new streamlined framework in the 2006-2008 National Reports. According to Feantsa, member states recognized, then, the importance of the homelessness. Employment was seen as the solution to combat homelessness. And it also agreed that active inclusion policies are extant but not enough to fight against homelessness. The

⁹² “The perspective of organisations working with the homeless on the implementation of social inclusion policies under the EU social inclusion strategy”, published by Feantsa, (2005).

⁹³ Joint Report 2002, *op.cit.*

⁹⁴ Joint Report 2005, *op.cit.*

vulnerable people who face many handicaps to work, including specific barriers of the homelessness, need to be paid more attention.⁹⁵

In 2007, members of the EU decided to focus on the specific problem of child poverty. Therefore, Feantsa examined the child poverty from homelessness perspective in the title of “Child Homelessness in Europe – an Overview of Emerging Trends”. According to public opinion’ polls, mostly men are the ones who are experiencing the homelessness problem much more, but recent researches show that more women and children have to live without homes rather than men. This report aimed to show that the public should understand the reality of child homelessness in Europe and also to show EU governments how serious the impacts of this situation are. In general, there are international terms about children used as “unaccompanied minors”, “separated children” and “street children” which are related with refugee status or children who live in developing countries. These are not relevant with children who are experiencing homelessness. Therefore, Feantsa focused especially on children who live without any lodgings. In the Conclusion of the report, Feantsa makes recommendations to the EU. Firstly, all organizations which are working on homelessness should come together at the EU level, and the best way in the combating of homelessness should be chosen. Secondly, organizations should come together from different sectors including child poverty, homelessness, immigration, health, employment for a more effective prevention of the problem of child homelessness in Europe. And finally, by declaring 2009 a light year or the year of hope on homelessness, the European Commission should be

⁹⁵ “Homelessness and housing exclusion in the National Reports on Strategies for Social Inclusion and

supported as facilitator of exchanges or proceedings between different administrators in the area of homelessness.⁹⁶

The last report was published by Feantsa in 2008 with the title, “Paving the Way for a European Consensual Framework on Homelessness”. By this report, members of the EU have manifested their commitment, since 2001, to combating homelessness. On the other hand, today public policies increasingly approach the problems of homelessness. In the report, Feantsa examines the member states’ policies one by one. The report warns that there is still lack of comparable data on homelessness in Europe. However, it must be noted that some member states of the EU use numbers and profiles for evaluating the homelessness in their national reports and other states have made plans to improve measurement of homelessness.⁹⁷

Homelessness is a lack of permanent housing resulting from extreme poverty⁹⁸; that is the reason why Feantsa focuses on this problem. In the national reports published by member states, the reports by Feantsa are taken into consideration and studied and policies to be applied in member states and on the EU levels. According to Feantsa, when Joint Inclusion Report is examined, we see that, increasingly, more policies have been developed in solving the problem of homelessness. In addition to this, Feantsa mentions child poverty in terms of homelessness, pointing out to the fact that no studies have been done on this subject

Social Protection - Feantsa Evaluation and Recommendations”, published by Feantsa, (2006).

⁹⁶ “Child Homelessness in Europe – an Overview of Emerging Trends”, published by Feantsa, (2007).

⁹⁷ “Paving the way for a European consensual framework on homelessness”, published by Feantsa, (2008).

⁹⁸ http://www.seirtec.org/nche/downloads/briefs/who_is_homeless.pdf, (17.05.2010).

before, and underlines the necessity of dealing with this problem by the EU's developing policies on child homelessness.

CONCLUSION

We have seen that the concept “poverty” appeared in the literature of the European Economic Community in 1974, and from 1980s onwards, has been used with the concept, “social exclusion”, that has become widespread throughout the world. While the term “social exclusion” is used to refer to poverty itself, it is used together with the term “poverty” to refer to the same but within a wider meaning. Therefore, in studying the combat poverty, the term social exclusion has been dealt with as a basic issue in this dissertation.

The concept of relative poverty, as an approach in the countries with higher prosperity level, is also encountered in the EU. As a unique organization formed by developed countries, the EU takes the relative poverty as the basis and defines poverty as not only being deprived of material resources but also being unable to reach and benefit from various social rights – such as education health care services, housing, social activities and possibilities.⁹⁹

During the first 30 years of its establishment, the EU gave priority to economic integration; but in the 1980s, the issue of social integration started to become the focal point, and in 1999, with the Amsterdam Treaty, the phenomenon of poverty was put on the agenda of the Union for the first time under the title of social exclusion. Studying this process, until 1999, we notice that hardly any compulsory policies in combating poverty were made in the EU. This issue was left to the initiatives or policies of the member states. The fact that each member state has its

own special social structure might explain the situation. After the Amsterdam Treaty, especially in 2000, when the open coordination method in Lisbon Strategy was accepted, an important step was taken on the way to combat poverty. With this method, the aim is to enable the member states to take measures adopting the methods they prefer on the way to reach common targets determined by the EU. In this way, the specific social structure of each country will allow them to special offers for the solutions of the problem. Having accepted this method, the EU seems to give great importance to struggle against poverty.

Micro credit practices and NGOs whose goals are reducing the rate of poverty have been supported actively by the EU. The mission of the micro credit system, which aims to integrate the poor people into the labour market and to improve their situation, has been adopted by the EU in combating poverty as an important method since 2000. As a result, we saw that the micro credit system is developing in the EU day by day.

The European Networks, supported by the EU, is one of the tools in the efforts to combat poverty. EAPN, Caritas Europa and Feantsa whose activities have been examined in detail are the networks that have efficient activities in this field. The field of activity of EAPN is to try to keep on the agenda of the EU the problem of poverty and social exclusion, to follow the related procedures closely, to determine the shortcomings in them and to monitor whether the EU fulfills its responsibilities in terms of social policy-making. Besides, EAPN has been publishing

⁹⁹http://www.eurofound.europa.eu/ewco/surveyreports/EU0703019D/EU0703019D_3.htm,(20.05.2010).

annual declarations since 1998. In general, when these declarations are examined, we notice that the reasons for poverty are dealt with in detail, the title of subject matters on the agenda are referred to, the EU is offered recommendations on poverty combating, and the shortcomings of this program have been displayed. Other networks, Caritas Europa and Feantsa, have drawn the attention to the poverty in Europe in their reports published in the years 2001 – 2003 and have been working in cooperation with the EU institutions and offer recommendations about what could be done in the field of combating poverty. While Feantsa has been focusing on the problem of homelessness, Caritas Europa has been effective in struggling against poverty and social exclusion.

With the Lisbon strategy of 2000, the EU has decided to “make a decisive impact on the eradication of the poverty” in a decade; however, statistics show that this target is difficult to reach. Since 2005 there is not a significant change in the rates of people living under the poverty line¹⁰⁰. On the other hand, the survey results are leading us to the same conclusion. The Poverty and Social Exclusion survey which was published by the Eurobarometer in 2010 February, shows us that the reduction in poverty is not observed in the European Union countries. % 73 of Europeans feel that poverty in their country is widespread, while % 72 of Europeans think that poverty has increased in the EU as a whole in the last three years. The survey shows that % 53 of Europeans consider that the primary responsibility for reducing or preventing poverty lies with governments. However, while the citizens

consider that the EU is not primarily responsible for combating poverty, % 74 of European citizens think that the EU plays an important role in fighting poverty.¹⁰¹ These results are important data for my thesis. According to these survey results, we can say that combating poverty in the EU is still insufficient.

On the announcement of 2010 as the year of combat poverty and social exclusion, the EU aimed to deal with such issues as to create awareness in public, to be the voice of the people living in poverty, to change the stereotyped public perception of poverty, and to draw the attention of every European citizen to this issue.¹⁰²

Furthermore, the three important NGOs together with other NGOs are planning to carry out various activities in coordination with the European Commission throughout the year 2010. About 17 million euro has been allocated for these activities in order to give support to various projects on poverty.¹⁰³ When we consider what has been done, we see that the EU has taken important steps in the field of combating poverty. The importance of this issue has been realized, and with the announcement of 2010 as the year of combating poverty and social exclusion, combating poverty has been placed as one of the issues on top of the agenda. In the preliminary speech of the campaign by Jose Manuel Barroso, the president of the EU Commission said;

¹⁰⁰ Since 2005, the at risk of poverty rate in the EU has been nearly stable, varying between %16-%17, http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-18012010-AP/EN/3-18012010-AP-EN.PDF , (18.January.2010).

¹⁰¹ “Poverty and Social Exclusion Survey”, published by Eurobarometer, (February,2010).

¹⁰² “2010 European Year for Combating Poverty and Social Exclusion”, <http://www.2010againstopoverty.eu/about/?langid=en>

The European Year 2010 should act as a catalyst to raise awareness and build momentum for a more inclusive society which is part and parcel of the EU's future 2020 strategy that I have proposed.¹⁰⁴

So, he gives the first information about the future ten- year plans of the EU emphasizing social inclusion with the purpose of reducing poverty level. This shows that some important measures will be taken in combating poverty.

In conclusion, it appears that even Europe which is one of the most prosperous regions in the world suffers from the problem of poverty which has become an important item on the agenda of the EU. However this hard truth was accepted by the EU only after the year of 2000. What has been done so far is not enough, and whether the necessary precautions will be taken to reduce the rate of poverty will be seen in the future.

¹⁰³ <http://www.turkiyeavrupavakfi.org/index.php/genel-haberler/1838-yoksulluk-yili.html>, (18.05.2010).

¹⁰⁴ “2010 European Year for Combating Poverty and Social Exclusion, opening speech, Madrid,(21 March 2010).

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