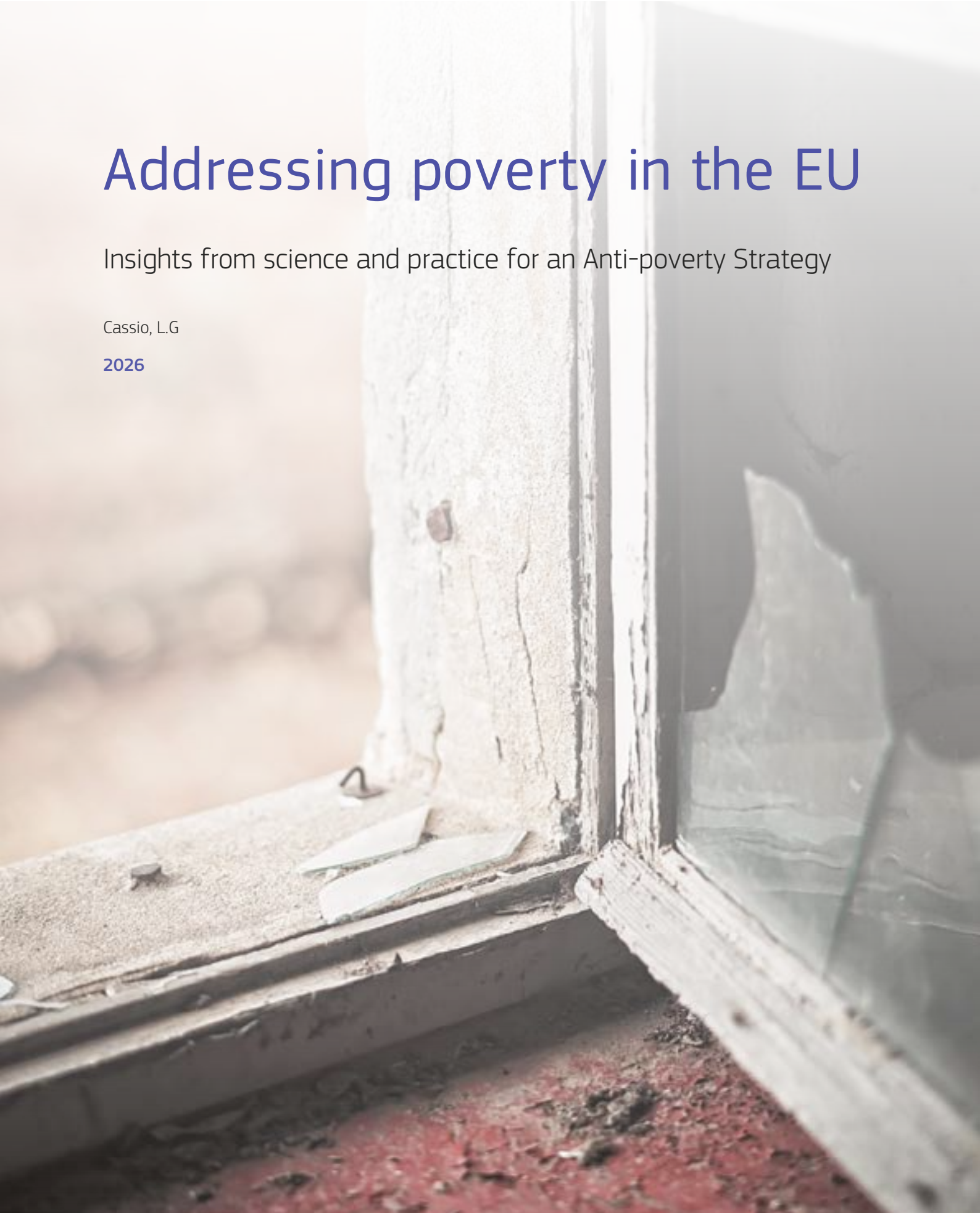


# Addressing poverty in the EU

Insights from science and practice for an Anti-poverty Strategy

Cassio, L.G

2026



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## **ABSTRACT**

This report is intended to support the definition of the first EU anti-poverty strategy, announced in the European Commission's 2024–2029 political guidelines. It brings together key concepts around the notion of poverty from multiple scientific disciplines, and insights on policies that may reduce poverty in high-income countries.

Poverty is an extremely complex problem. A huge amount of research has addressed it, along multiple disciplinary lines. Making sense of such knowledge may represent a daunting challenge for policymakers. This report is intended to facilitate the sense-making effort by providing a concise 'digest' that combines findings from different disciplines, in a policy-oriented way.

It provides some background on the notion of poverty, its features and its root causes in a context such as the EU. Then it reflects on possible avenues for an EU anti-poverty strategy, suggesting that priority should be given to systemically preventing poverty from taking root, and to interrupting the transmission of poverty and disempowerment across generations. Finally, it outlines policy measures that may address the problem effectively, based on evidence from research and evaluations.

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## EXECUTIVE SUMMARY

Poverty is an extremely complex problem. A huge amount of research has addressed it, along multiple disciplinary lines. Making sense of such knowledge may represent a daunting challenge for policymakers. This report is intended to facilitate the sense-making effort by providing a concise ‘digest’ that combines findings from different disciplines, in a policy-oriented way. Even if it cannot offer a complete overview of existing literature, it may provide a guide to the most salient concepts and research. As far as possible, it focuses on the most robust evidence – metareviews, randomised impact evaluations and high-impact research.

**Section I provides some background on the notion of poverty, its features and its root causes in a context such as the EU.**

There are manifold views on what poverty means, and adopting a specific notion of poverty is a political choice. Over time, the understanding of poverty has shifted from focusing on basic material needs to looking at the ‘capacity to flourish’ in a given context. There is now a certain consensus that poverty is not only a matter of material deprivation but also a matter of **lack of power, dignity, hope and freedom.**

The way we understand poverty influences the way we measure it. In turn, **measurement** guides public perceptions about the urgency of policies, and political decision-making.

Depending on the context and the chosen notion of poverty, monetary poverty is measured in different ways. These include the fixed international poverty line adopted by the World Bank, which looks at extreme poverty mainly in low- and middle-income countries; ‘absolute poverty’ measurement, which assesses basic needs (the US approach); and ‘relative poverty’ measurement, which focuses on full participation in society (the EU approach). Additional methodologies measure multidimensional aspects, including standards of living, health and education.

The report briefly outlines how the EU indicator ‘At risk of poverty or social exclusion’ (AROPE) combines different political concerns and has a preventative perspective, focusing on the broader group of people at risk of poverty and social exclusion. It looks not only at deprivation linked to income or other material aspects but also at wider social exclusion, covering a range of multidimensional factors, and distance from the labour market. Its aim is to identify people who may not have the capacity to fully participate in economic and civic life. Because of both the chosen threshold for relative poverty and the range of aspects it looks at, AROPE covers a much larger group than other poverty measurements (e.g. the US absolute poverty measure).

The report also summarises some of the main arguments of criticism around the indicators. No measurement is exempt from flaws. Multidimensional measures can hardly be synthesised in single indicators for policy use. Absolute measurements often fail to fully capture the context. Relative measurements monitor inequalities, but they may fail to measure progress on purchasing power. Usually, measurements do not look at the crucial dimension of *persistence* of poverty over time, and only in a few cases do they look at the depth of deprivation.

The President of the European Commission, Ursula von der Leyen, announced the ambition to **eradicate** poverty by 2050. This calls for complementing AROPE with the measurement of absolute monetary poverty, which would enable the monitoring of the evolution of purchasing

power across countries and time periods. Implementing this at the EU level may be challenging, but robust models are already available and could be applied using existing data sources.

Indicators also allow us to identify where efforts should be focused. In the context of high-income countries with rather solid social protection systems, as most EU Member States are, poverty is mainly concentrated in ‘pockets’ of places, groups and families.

**Root causes and consequences are often intertwined** and they interact to compound the problem in a series of circular causalities.

Economic downturns or historical lags in development in **territories** (regions or smaller areas at the postcode level) may affect the whole ecosystem of opportunities, from jobs to education and services. The local policy capacity and quality of institutions may play a role. In some cases, corruption and crime may drive poverty, feed on it and then further hinder economic development. Living in a deprived territory deeply undermines aspirations and hope, thus reducing the likelihood of improving the situation. Brain drain may compound the problem.

For some groups (e.g. Roma and other ethnic minorities), opportunities are further hindered by **discrimination**. This may affect people in their access to jobs and in finding housing in desirable areas, and lead to segregation in education. In turn, living in ghettos hinders the creation of social capital that can support social mobility; social networks in the community may also have a negative effect.

Even in wealthy regions and in the absence of clear discrimination, poverty may affect individuals and be rooted in families. Such **‘case poverty’** may stem from a variety of life circumstances, such as traumatic events in the absence of sufficient safety nets.

**Flaws in the system**, such as insufficiently paying jobs and a lack of a robust safety net, may hit people in the most vulnerable situations, who live in deprived areas or who lack qualifications. In rural areas, low pensions for farmers may be a crucial issue.

Whatever the causes, the experience of poverty may trigger a negative spiral, leading to an intergenerational cycle. In the absence of a protective system, **poverty generates poverty**. The longer the experience of poverty, the more difficult exiting it becomes.

## **Section II reflects on possible avenues for an EU anti-poverty strategy.**

A strategy should spell out what it aims to achieve and why. It should stem from a transparent analysis of the problem, addressing its causes through a theory of change to be reassessed in light of results.

As to the ‘why’, addressing a major obstacle to human development such as poverty is above all a **moral imperative**, in line with the EU principle of solidarity and the aim of shared prosperity. There are further arguments: poverty wastes potential, as it harms long-term human capital development (a critical component in economic competitiveness), and, in a context of deep economic transformations, addressing poverty is key to ensuring societal resilience and preparedness.

In light of such considerations, and of our focus on the **risk** of poverty and exclusion as expressed by our AROPE indicator, it seems that our poverty reduction efforts should be mainly conceived with a **future-oriented perspective**.

Experience shows that remedial measures are more costly and less impactful than prevention. Thus, priority should be given to systemically **preventing** poverty from taking root. Remedial actions are necessary to respond to current needs, but it is essential to **interrupt the transmission of poverty and disempowerment across generations**.

**Supporting children and young people** is the most promising way to address the issue, as it yields the highest chance of changing things in the long term. Breaking the transmission of poverty and increasing life opportunities for the next generation is an **investment** that benefits the whole of society, rather than a cost. In budgetary terms, there may be substantial returns on such investment through future savings on healthcare and welfare costs. In political terms, supporting children is the most consensual measure and less prone to encountering the kind of opposition that some other redistribution measures can face.

Nevertheless, supporting children cannot be disentangled from addressing the impact of poverty on parents. Breaking the intergenerational transmission of disadvantages also means **helping parents and strengthening the whole family**, so that parents can give their children the support and protection they need.

The strategy should also recognise and address the impact of the **context**. The concentration of risk factors (and the absence of protective factors) in disadvantaged areas may substantially play against opportunities for people to exit poverty. Therefore, the **territorial dimension** should be a crucial aspect of an effective strategy, concentrating resources in the most vulnerable areas.

Policy interventions are likely to be different when addressing **transient versus chronic** and deep poverty. A temporary move into poverty may be addressed by **strengthening safety nets**, looking into the **cost of living** and supporting purchasing power.

In the case of chronic and deep poverty, lifting families out of poverty in a sustained way requires **multidimensional and long-term support**. This demands synergy and coordination across several policies. Poverty that has been in place for a long time can hardly be addressed through short-term interventions; support must be planned for the **duration of time that it is needed** (which is often years rather than months).

During such long-term efforts, it might be easy to lose momentum and motivation. **Monitoring progress**, through accurate data collection, may be crucial. This can support continuous self-evaluation in relation to targets, and precise assessment of what works.

**Section III examines some policy measures that may address the problem effectively, with a focus on breaking the intergenerational transmission of poverty.**

**Education** is still the single most important factor for social mobility, but education systems often reproduce and widen inequalities rather than reduce them. Enabling the social inclusion capacity of education requires focusing on a wide range of aspects. As a basis, this means **ensuring access to quality education** by eliminating financial or geographical barriers for people in poverty. **Early childhood education and care** is crucial for children's further life chances. However, those children who would benefit most have the least access; anti-poverty efforts should ensure the availability of education, but also its quality and affordability. School systems should enable **success for all**, preventing segregation and ensuring quality standards. The **quality of teaching**

in disadvantaged environments is what may make the difference. **Supporting parental involvement** in education is also key, as is ensuring a positive education experience, through focus on **well-being at school** and socioemotional education.

Poverty is a matter of not only material deprivation but also disempowerment and deprivation of hope. Therefore, a strategy on poverty should also reflect on how to **support hope**, especially for young people. Besides broader education and family services, measures include fostering a **growth mindset, mentoring schemes** that provide guidance and support, and, importantly, having **safe places** to spend free time.

The **transition to adulthood, and from school to work**, is particularly delicate for young people in a disadvantaged context. Multicomponent interventions combining classroom and on-the-job training to combat the phenomenon of young people not in employment, education or training have had some positive results, but they have also confirmed that preventative action is more effective than remedial interventions. **Career counselling** and information may help to ensure a smooth transition, and their intensity and quality can make a substantial difference. In addition, a specific issue concerns **young people moving out of alternative care** when they become of age; it is crucial to maintain their access to housing, education and financial assistance.

In principle, **employment** is the main avenue out of poverty. This requires, of course, the availability of job opportunities and of employment conditions that ensure sufficient income. The EU Member States have pointed to labour market integration as a key element of **active inclusion**. They committed to creating conditions for **inclusive labour markets**, providing assistance for people to enter or re-enter the labour market and stay in employment that best relates to their capacity to work. Ensuring high-quality **active labour market policies** (ALMPs) is therefore essential. Rigorous experimental evaluation of the effects of ALMPs is still patchy, for different reasons. Nevertheless, there is proof that **intensified and tailored job search assistance, employment subsidies and internships** may be effective tools to support employment for vulnerable groups.

'**Job guarantee**' programmes may be an effective way to fight poverty in underprivileged areas, with trickle-down positive effects in the community. The approach overcomes issues typically associated with public works programmes by creating enterprises that respond to the real needs of communities, in concert with stakeholders, and by providing reliable and continued support, including coaching, tailored to the capacities of participants.

It should also be considered that getting people into work is not always sufficient to lift them out of poverty. In-work poverty is well present in the EU, even if the phenomenon may have different causes. The issue of an **insufficient level of wages** has been the focus of the EU directive on minimum wages and of efforts relating to decent working conditions. In most cases, however, in-work poverty is related to **job precariousness**. The literature also demonstrates that in-work poverty increases with the **transition to parenthood** and subsequent births. This may call for designing child benefits (and related tax credits) with a **specific focus on the needs of single parents**.

Another related problem is the **informal economy**, largely staffed by people living in poverty. It is a complex issue, because informal employment may provide income in the absence of alternatives.

However, undeclared work often leads to exploitation and insufficient rights to social protection; its presence may also reduce public support for welfare programmes. Thus, a broad strategy to address poverty should include measures that enable the **emergence and regularisation of informal employment**.

**Income support** is necessary to support households whose revenues are insufficient to ensure a life lived with dignity. A large variety of instruments may be employed for that purpose. All Member States now have minimum income (MI) schemes, but their nature, and their effectiveness, **varies significantly**; even establishing a comparable definition of MI across Member States is challenging. Two main elements impact on the effectiveness of MI schemes: **coverage** and **adequacy**. The coverage rate of existing MI schemes in Member States is generally insufficient, as most reach fewer than 50 % of households in extreme poverty, and some even fewer than 10 %. Adequacy is also insufficient in more than half of the EU countries; it is often lower for larger families vis-à-vis single-person households. Simulations show that a **significant extension** of coverage, although costly, would be **attainable**. In particular, research points to increasing child benefits as one of the most cost-effective options for poverty reduction.

The report briefly outlines some evidence on the **impact** of cash transfers. Besides reducing poverty in the immediate term, cash transfers can support human capital accumulation and improve caregiving, mental well-being, health and home conditions. On the flip side, they need to be carefully designed to maintain incentives for labour market participation.

The way that income support is **targeted** may determine the effectiveness of social assistance but also public support for such schemes. Experimental research on schemes such as universal basic income is still insufficient to draw solid conclusions on their impact and effectiveness; results largely depend on the specific design of the experiment.

Another important issue concerns the **non-take-up** of support, which can stem from lack of information, the complexity of application processes or perceived stigma. Evidence shows that application assistance is often effective in increasing the take-up of social benefits. This should be combined with **administrative simplification**, providing a streamlined path to enrolment.

The report briefly touches upon other forms of material support, related to housing, food and energy and transport. All evidence shows that, even if such material support is necessary, it may not be sufficient to lead to poverty reduction in the longer term unless it is **integrated with personalised assistance services**, to help build knowledge and skills, and provide coaching or links to other services.

The way such services are organised may be crucial to the outcomes. Poverty affects many dimensions of life in an interlinked way. Not considering all interconnected issues may jeopardise the effectiveness of interventions, as the overlooked obstacles may become insurmountable at a later stage. Therefore, services should work through a **multidimensional lens**, tailoring support to the **specific needs** of households. It is necessary to create **comprehensive frameworks of support**, based on multidisciplinary collaboration of services, addressing specific needs of members of the household through individualised plans.

This can be done most effectively through a collaborative **coaching** approach, moving away from top-down service delivery to create partnerships between people in poverty and social services. The

approach helps the people in poverty themselves identify not only deprivation but also resources, capacities and values. It can support **goal setting**, which is central to any pathway of development. Coaching creates a sort of **scaffolding**, helping to build new capabilities until personal development can continue without assistance.

Being exposed to positive examples from the community can be powerful. Several programmes have integrated **peer-group support** into a broader set of measures to support people in poverty. In addition, service delivery may benefit from **behavioural insights**. Simple nudges, prompts and reminders, and measures to emphasise physical, psychological and emotional safety may greatly improve service provision.

Finally, the **territorial dimension** is crucial to efforts to alleviate poverty. Better data collection in small areas and combined quantitative and qualitative analysis would enable a full understanding of the depth and causes of the concentration of poverty at the territorial level.

The range of issues around **territorial poverty** are well known: lack of jobs, low quality of education provision, loss of social infrastructure, low administrative capacity and often corruption and violence. While measures must always be directed at people, they cannot succeed unless they also address the local context. Addressing child poverty in a deprived area means providing services and support to families, but also increasing opportunities in the area and supporting the wider community. Investment in infrastructure may be essential, but investment in services is even more important. Effective strategies bring together actions for **job creation and physical regeneration with community development, reinforced social services, environmental improvement, and education and training**,

**In a nutshell: an outline of policy measures that may address intergenerational transmission of poverty.**

#### **Education:**

- access to education – identify and remove barriers;
- early childhood education and care – ensure its availability, quality and affordability;
- success for all – ensure quality of teaching in disadvantaged environments;
- support parental involvement in education;
- support well-being at school and socioemotional education.

#### **Resilience and hope for young people:**

- foster a growth mindset;
- create mentoring schemes;
- create safe places to spend free time after school (youth centres).

#### **Transition to adulthood:**

- reinforce focus on preventing early school leaving;
- provide career counselling and information;
- support care leavers.

#### **Access to employment:**

- ALMPs – reinforce evaluation of what works;
- provide intensified and tailored job search assistance;
- create subsidised jobs in underprivileged areas (i.e. job guarantee model for the long-term unemployed);
- introduce measures to enable the emergence and regularisation of undeclared work.

**Addressing in-work poverty:**

- wages – fully implement legislation on minimum wages and working conditions;
- address job precariousness, for example around platform work (quality jobs);
- design child benefits (and tax credits) focusing on the needs of single parents.

**Income support:**

- ensure sufficient coverage and adequacy;
- focus on child benefits;
- design cash transfers to maintain incentives for labour market participation;
- address non-take-up through application assistance and administrative simplification.

**Other material support:**

- ensure immediate, unconditional housing for the homeless, with tailored support;
- target women with cash transfers to increase household spending on food;
- integrate material support with personalised assistance services.

**Social services:**

- create comprehensive support frameworks based on multidisciplinary service networks;
- develop individualised plans to address specific needs of members of the household;
- adopt a coaching approach allowing self-assessment and goal setting by participants;
- foster peer-group support;
- use behavioural insights in service design.

**Territorial context:**

- improve small-area data collection, combining quantitative and qualitative analysis;
- focus on services;
- develop comprehensive strategies combining physical regeneration with job creation, education and training, reinforcement of social services, community development and measures for safety and crime prevention.

## INTRODUCTION

This report is intended to support the definition of the first EU anti-poverty strategy, announced in the European Commission's 2024–2029 political guidelines.

Poverty is perhaps the main obstacle to human development. In 2015, the UN placed 'eradicating poverty in all its forms and dimensions' at the forefront of the 2030 Agenda for Sustainable Development. It acknowledges that this objective 'is the greatest global challenge and an indispensable requirement for sustainable development'.

The persistence of such a significant problem over time across the world points to its extreme complexity. A huge amount of research, usually along distinct disciplinary lines, has tried to analyse the different aspects of the problem. Making sense of such knowledge represents a daunting challenge for policymakers. The present report hopes to facilitate efforts by providing a concise 'digest' that combines findings from different disciplines and insights on policies that may reduce poverty in high-income countries. Even if it cannot offer a complete overview of the existing literature, it provides a guide to the most salient concepts and research. As far as possible, it privileges the most robust evidence – metareviews, randomised impact evaluations and high-impact research.

This paper is divided into three sections, as follows.

**Section I** outlines the notion of poverty, its features and causes, including in the EU context. It highlights the complexities linked to the notion of poverty. Different understandings of the concept (often linked to different political views) deeply shape policies. How poverty is described influences the way that it is measured; in turn, its measurement may influence policy design and public perceptions about the urgency of policies. The paper also looks at a series of plausible causes, explaining the pockets of poverty that still remain in a wealthy context like the EU.

**Section II** reflects on key elements of and approaches to developing an anti-poverty strategy, focusing on its possible methods, reasons and aims, and on the areas that are most likely to yield long-term results.

**Section III** outlines some measures that research has identified as effective in efforts to reduce poverty – also looking at cost-effectiveness from an investment perspective. It highlights what works and areas of uncertainty, to help define avenues for policies at the national and EU levels.

## Section I – FEATURES AND CAUSES OF POVERTY

### 1. Poverty: what it is

#### *Key takeaways*

- ❖ Poverty is a contested concept: there are different views about its meaning.
- ❖ Adopting a specific notion of poverty is a political choice.
- ❖ The understanding of poverty has shifted from basic material needs to ‘capacity to flourish’.
- ❖ Poverty is a lack of power, dignity, hope and freedom; there are circular causalities among the types of deprivation.

Poverty may well be the single most significant obstacle to human development. Yet, while the broad notion of poverty as a problem has been present throughout history, poverty means different things to different people, and there is no consensus on its definition. Poverty is a *contested concept*, as people hold a diversity of views about what they understand by it (Atkinson 2019).

The European Council, in December 1984, defined as poor ‘those persons whose resources (material, cultural and social) are so low that they are excluded from the minimum acceptable standards of living in society’. Thus, the identification of poverty is broadly related to a subjective/cultural judgement on what standards of living should be acceptable for whom, in a given time and society.

Also the UN sustainable development goals (SDGs) do not provide a definition of poverty, while confirming the multidimensional nature of the problem.

In short, adopting a specific notion of poverty is a **political choice**. This choice shapes the way that poverty is measured and observed, and how its root causes are analysed. There are huge variations in this analysis, and this has a direct impact on how policies are designed and implemented (Nolan and Marx 2012).

### Box 1. Different notions of poverty: an example

Even the most rudimental notion of poverty as the lack of sufficient financial means may be expressed as:

- lack of sufficient financial means to be able to **survive**; or
- lack of sufficient financial means to be able to **thrive**.

The difference between the two is huge. It has significant and direct consequences on the way that poor people and their needs are identified, and on the measures that may be adopted to meet them. Ultimately, it reflects and influences the aim that a society has for itself and all its components. Is it acceptable to be content about the mere survival of a part of our society? Do we think that poverty depends on merit (and therefore just limit ourselves to preventing starvation) or do we think that we have a responsibility to enable everybody to thrive, because this will be better for all?

Over time, the notion of what poverty is / how to define it has greatly evolved. There has been a paradigm shift from focusing on monetary aspects to understanding poverty as multidimensional and how it entails social exclusion and limited capacities and freedom.

The most basic notion of poverty concerns the lack of financial means (income and/or wealth) to ensure fundamental necessities for **survival**, such as food, water, shelter and health.

An alternative take on lack of financial means points instead to not having enough to meet the **requirements for a 'decent' life**, enabling full participation in society. Such requirements largely depend on **quality of life standards in a given context**.

Inevitably, such material deprivation goes beyond monetary aspects, covering many dimensions of access to goods and services, such as housing, education and health. Several of these dimensions (e.g. education, health) have broader impacts on the likelihood of getting out of poverty and on future prospects. As practitioners often observe (see, for instance, Burt, 2019), having an income is important but does not in itself guarantee access to what is required to exit a situation of deprivation.

The seminal work of Amartya Sen, starting in the late 1980s, represented a pivotal change in the way that we understand and frame poverty. Sen articulated poverty as the deprivation of the 'capacity to flourish' – or the capability to live a life that one has reasons to value (Sen 1999). Such lack of capacity – which intrinsically involves a lack of freedom – may have different reasons and take different forms. Sen's 'capability approach' has been employed extensively in the context of human development, for example in the UN context, as a broader, deeper alternative to narrow economic metrics. In this approach, poverty is understood as deprivation of the capability to live a good life, and development is understood as capability expansion. Lack of access to income and productive resources is an important component, but not the only one, of a broader problem of lack of access to a variety of capabilities that enable people to choose a life that they have reasons to value.

Therefore, a more novel understanding of poverty recognises the many dimensions of poverty: poverty extends **beyond material aspects**, and there are important **psychosocial dimensions** to

it. Particularly when experienced over a prolonged period of time, poverty translates into **lack of power, dignity, hope and freedom**.

This understanding reflects what people experiencing poverty tell us about the meaning of poverty as it corresponds to their lives.

*What experts by experience indicate are the key dimensions of poverty*

Researchers from the University of Oxford and ATD Fourth World coordinated a participatory research process from 2016 to 2019 (Bray et al., 2019) to collaboratively identify the dimensions that characterise poverty, including non-monetary aspects. The study was led in six countries: three in the Global North (France, the United Kingdom and the United States) and three in the Global South (Bangladesh, Bolivia Tanzania). The methodology integrated the experiential knowledge of people experiencing poverty with the scientific knowledge of academics and the action-based knowledge of practitioners.

The study resulted in dimensions of poverty that are co-constructed, validated by the three types of actors, and grounded in the reality of people living in poverty themselves.

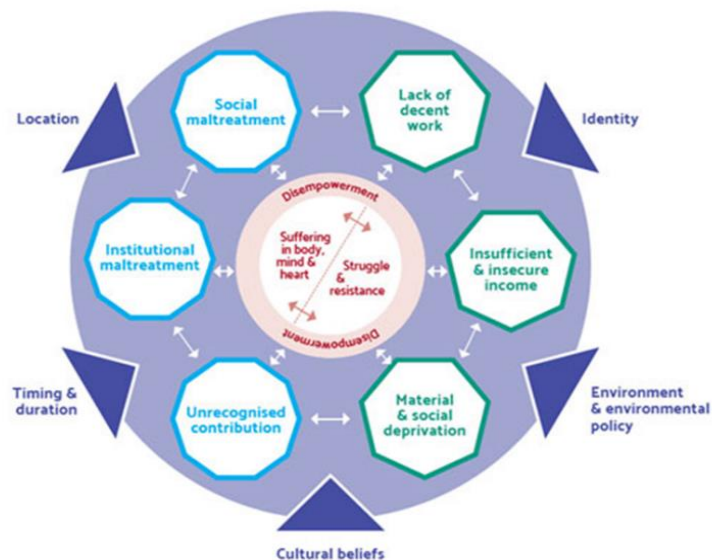
The following nine dimensions, presented in three groups, were found to be common across the six countries (see Figure 1). The first group – **deprivation** – includes the fairly familiar dimensions of (1) lack of decent work, (2) insufficient and insecure income, and (3) material and social deprivation.

Next, the group of **relational dimensions** includes (4) social maltreatment, (5) institutional maltreatment and (6) unrecognised contributions.

Finally, in the third group, three dimensions were found to be at the **core experience of poverty**: (7) suffering in the mind, body and heart, (8) disempowerment and (9) struggle and resistance.

The research highlighted that such dimensions of poverty **must be considered simultaneously because they are interconnected and influence each other**. They are not defined as causes or consequences because, depending on the situation, a dimension may be a cause or a consequence. For example, suffering in body, mind and heart may be a **consequence** of insufficient and insecure income, but it can also be a **cause** of insufficient and insecure income, when physical and emotional suffering prevent people from working. Poverty is characterised by **circular causalities**.

**Figure 1.** The hidden dimensions of poverty



Source: Bray et al. (2019).

## 2. Poverty: how we measure it – and why measuring it is important

### **Key takeaways**

- ❖ Measurement is closely linked to the chosen notion of poverty.
- ❖ Measurement matters because it guides political decision-making.
- ❖ There are different approaches to measurement, including the World Bank’s international poverty line, which measures extreme poverty; ‘absolute poverty’ measurement, which focuses on basic needs; and ‘relative poverty’ measurement, which focuses on full participation in society.
- ❖ The EU indicator ‘At risk of poverty or social exclusion’ (AROPE) combines different visions and concerns.
- ❖ The aspiration to eradicate poverty in the EU may require complementing relative poverty measurement with measurement of absolute monetary poverty.

The way that poverty is understood determines how it is measured. As Atkinson (2019) outlines, a range of different approaches derive from different notions of poverty. These may include ‘political’

definitions, subjective assessments, measures grounded in basic consumption needs, measures derived from the capability approach, and measures based on minimum rights.

In turn, the way that poverty is measured determines the direction of government interventions.

Thus, **measuring matters** enormously.

**Measuring raises awareness and may trigger political action**, as poverty statistics may motivate policymakers to take action. For instance, Atkinson (2019) cites some key turning points when statistics triggered action, such as the introduction of unemployment insurance in the United Kingdom by Winston Churchill; the initiation of the ‘war on poverty’ in the United States by Lyndon B. Johnson; the first European action programme to combat poverty in 1984.

Measuring is **essential to develop targets and monitor progress**. Measurement is at the centre of anti-poverty strategies, and it is much needed to assess their impact.

Most importantly, **measuring may shape policy decisions**. Atkinson (2019) observes that there is a reverse relation between poverty measurement and political decisions, as poverty lines and other indicators of deprivation are used in the administration of social transfers and other government spending.

#### *Different approaches to measuring poverty*

Poverty can be measured in different ways, corresponding to the different understandings of the concept and the different purposes of measuring.

At the global level, and with the aim of establishing an objective comparison among countries, the World Bank introduced an international poverty line in monetary terms, currently set at a minimum income (MI) of USD 3 per person per day<sup>(1)</sup>, which is seen as the amount required to meet basic survival needs. The poverty line is adapted for lower-middle-income countries (at USD 4.20 per day) and upper-middle-income economies (at USD 8.30). It is important to note that the conversion of the poverty line into national currency is not done at market exchange rates but using purchasing power parity (PPP) – that is, by taking as a reference the basket of goods and services that USD 1 would buy in the United States, calculated through the UN International Comparison Program.

An international measure such as this may be of little use in high-income countries, which in the World Bank estimate were initially assumed to have zero extreme poverty (Atkinson, 2019). These countries have therefore devised other ways of identifying the part of their population that is struggling to secure the means for a decent life.

#### *Absolute poverty measurement*

Poverty can be measured in absolute terms, based on the **availability of a set amount of income**. In their simplest form, measures of absolute poverty are one dimensional and provide a count or share of individuals or households below the poverty threshold. They consider a poverty

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(<sup>1</sup>) The minimum income was updated in 2025 from USD 2.15, and is based on 2021 purchasing power parities collected in 2024 (<https://www.worldbank.org/en/news/factsheet/2025/06/05/june-2025-update-to-global-poverty-lines#:~:text=The%20international%20poverty%20line%2C%20used%20to%20measure%20extreme.%244.20%2C%20and%20for%20upper-middle-income%20countries%20it%20is%20%248.40.>)

line that relates directly to a minimum reasonable standard of living clearly defined in monetary terms, which does not depend on factors such as the shape of the income distribution. The definition of the amount is related to an estimation of 'basic needs'.

The cost of **food consumption** often has a central role in measuring income needs. This is the approach frequently used in developing countries, but also in the United States. The current official poverty measure in the United States was developed by the economist Mollie Orshansky in the mid 1960s; the threshold is set on the basis of the cost of a minimum food diet, multiplied by three to account for other family expenses <sup>(2)</sup>. This measurement is thus centred around the ability to meet basic/survival needs rather than the capacity to fully participate in society. Given the limitations of the measure (essentially focused on food prices, and taking no account of geographical variations), there have been over time further efforts to develop additional, better measurements. In 2011, the Supplemental Poverty Measure (SPM) was introduced, which includes information on a wider range of necessary goods (clothing, shelter, utilities and telecommunications) and takes account of the cost of living in different locations, and housing conditions (rental or ownership, etc.). The SPM also includes a finer calculation of in-kind benefits and necessary family expenses. US poverty statistics are now calculated on the basis of both the Orshansky measure and the SPM. To provide an example, in 2024, the US poverty threshold calculated on the basis of the Orshansky measure was around USD 31 800 per year for a household with two adults and two children, whereas it was USD 39 400 for renters in some US areas according to the SPM <sup>(3)</sup>.

Indicators of absolute poverty do not need to be disjunct from subjective and cultural considerations of what it means to be poor *in a given context*. They may indeed be **supported by a theoretical framework of capabilities and needs**. A **reference living standard** brings a **relative nature to absolute poverty measurement**. It looks at what a given society understands as the minimum requirement for a decent quality of life. It does this by observing actual expenditure levels or by eliciting related ideas, or by combining the two. The minimum requirement varies across societies and over time, as the definition of what is sufficient is related to the standard of living in a given context.

Several EU Member States have poverty measures based on the estimated cost of a 'basket' of necessary goods and services. For instance, in Italy the national statistical institute regularly produces poverty estimates based on a basket comprising food, clothing, housing and other necessities that vary by age and number of household members, and which are valued taking account of differences in prices across geographical districts and between urban and rural areas <sup>(4)</sup>.

In the EU there has been extensive research on consensual budget standards that could serve as reference for an absolute poverty measurement. A major project aimed to construct comparable reference budgets, pointing to amounts that may ensure adequate social participation across major European cities (EU reference budgets: see Goedemé et al., 2015).

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<sup>(2)</sup> <https://www.census.gov/topics/income-poverty/poverty/about/history-of-the-poverty-measure.html>.

<sup>(3)</sup> [https://www.bls.gov/pir/spm/spm\\_thresholds\\_2024.htm#:~:text=As%20seen%20in%20Chart%201%2C%20the%202024%20SPM.threshold%20of%20%2431%2C812%20%28for%20two%20adults%20two%20children%29](https://www.bls.gov/pir/spm/spm_thresholds_2024.htm#:~:text=As%20seen%20in%20Chart%201%2C%20the%202024%20SPM.threshold%20of%20%2431%2C812%20%28for%20two%20adults%20two%20children%29).

<sup>(4)</sup> <https://www.istat.it/dati/calcolatori/soglia-di-poverta/#:~:text=Le%20nuove%20soglie%20di%20poverta%20assoluta%20rappresentano%20il,forme%20di%20esclusione%20sociale%20nel%20contesto%20di%20riferimento>.

Atkinson (2019) points out that the development of an EU-wide measure of absolute poverty is challenging, as it requires common definitions, sound methodologies and harmonised data sources. A key issue is that any such measure may be a moving target (Atkinson, 2019), as it would require constant revision to take account of inflation, changing perceptions of what is considered to be a basic need, and the evolving proportional weight of food and non-food items. In addition, using such a measure for international comparison may be complicated by the availability or not of some essential services (namely free high-quality education and health). The extent to which a certain amount of income can ensure a decent life or not also depends, to a very large degree, on this variable. As Goedemé et al. (2015) indicate, constructing comparable reference budgets would require substantial and intensive coordination.

Nevertheless, it is not impossible – and the advantage of being able to monitor purchasing power over time and across countries would be sizable (see Box 3).

A pilot initiative between the Directorate-General (DG) for Employment, Social Affairs and Inclusion and the Joint Research Centre (JRC), ‘Measuring and monitoring absolute poverty (ABSPO)’, explored the technical, methodological and data requirements of developing a cross-country comparable measure of absolute poverty in the EU (Menyhert et al., 2021) (see Box 3). The initiative proved the implementation of such a measure to be **feasible**. The different suggested approaches involve different levels of investment, but some (survey and food based approach) might already enable implementation on the basis of existing data sources.

#### *Relative poverty measurement*

Once economic development has progressed beyond a certain level, pure survival may no longer be an issue; the problem is rather the difference in quality of life and opportunities between those living in poverty and those who do not. In this case, measuring poverty aims to identify the part of the population that struggles to meet the standards that are deemed sufficient to lead an acceptable life in a given context. This focus on context is central to the concept of relative poverty, which emphasises how poverty may prevent people from participating fully in society – a concept that may better align with Sen’s capability approach.

Looking at relative poverty has been the preferred approach in the EU for a long time. The Council Decision of 19 December 1984 on action to combat poverty defined those in poverty as ‘persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State in which they live’. This concept was eventually operationalised through the measurement of relative poverty. In 2001, Member States established a calculation system to measure the risk of poverty based on a threshold set at 60 % of the median disposable income, adjusted for household size and composition. There are several reasons for this choice. First, this method insists on the the concept of inclusion and full participation in society; addressing relative poverty pushes for upward social cohesion. Second, in a diverse context such as the EU, relative poverty is an easier method to apply than absolute poverty, which requires a much finer understanding of the context.

Importantly, the EU threshold, based on a series of observations and real-life studies (see Atkinson, 2019), measures the number of people **“at risk” of poverty, rather than “in” poverty**. While the Organisation for Economic Co-operation and Development (OECD) fixes the relative poverty threshold below 50 % of the median national income, the EU’s choice was to **raise the bar**. By

establishing the risk of poverty threshold at 60 % of the median income, the EU captures a larger number of people. One could observe that the at risk of poverty (AROP) indicator covers both that part of the population that is deeply marginalised and a much wider group of lower-middle-class people who may be in temporary unemployment or part of single-breadwinner families, etc. The problems affecting these groups may be of a very different nature <sup>(5)</sup>.

Detractors of the concept of relative poverty point out that it **measures inequality** more than poverty per se, as the measurement does not indicate **if and how people cover basic needs** (e.g. relative poverty figures would be similar in Germany and Mali <sup>(6)</sup>). Measuring relative poverty may indeed lead to some **paradoxes**. If income doubled for everybody in a country, thus allowing all to abundantly cover their basic needs, relative poverty would not be diminished (Ravallion, 2016); on the other hand, an economic crisis lowering incomes for most people may result in a decline in relative poverty, despite a much larger number of struggling households. Ravallion (2016) cites some examples, such as in Ireland, when, around the turn of 2000, relative poverty rose despite higher absolute real incomes for most of the poor; and in New Zealand, when poverty rates fell despite worsening living conditions for the poor.

A recent example can be seen in Spain: relative poverty has not significantly decreased (and child poverty has increased) in spite of higher employment rates, economic growth and a substantial increase in minimum wages. In this case, there may have been effects related to population ageing: as the share of people aged 65+ in the population increases, pensions become more and more important in determining the median disposable income – affecting the poverty status of the working age and children, even if their incomes remain unchanged.

In practice, the relative nature of the measurement means that *eliminating* poverty may not be attainable, except in extraordinary circumstances (see Darvas, 2019).

#### *Some specific issues related to measuring poverty*

Atkinson (2019) observes that there are some measurement issues specific to high-income countries.

First, there may be a significant distinction between ‘**consumption**’ and ‘**income**’, which poses crucial questions about what should be prioritised for the measurement of poverty.

In addition, data used to estimate poverty levels may be incomplete, as they typically **exclude, for example, the homeless**, and may fail to capture adequately recent migrants to the country.

Another possible difficulty in measuring poverty and in comparing measurements derives from the units that are being considered: **individuals or households**. The definition of a household may vary according to national systems and cultures, for example if a student living out of their parents’ home is considered part of the household or not, which may significantly impact poverty statistics. The way that individual poverty lines are translated to households may also pose some issues in understanding the reality, as it varies across countries according to different equivalence scales (Atkinson, 2019). The World Bank international poverty line, for instance, is defined at the individual level and is not adjusted depending on household composition. In the EU, the translation of

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<sup>(5)</sup> As a side note, an additional ‘extreme poverty’ threshold at 40 % of disposable median income is traditionally used by the World Bank and several Member States, for instance to calculate minimum income benefits.

<sup>(6)</sup> <https://ourworldindata.org/grapher/relative-poverty-share-of-people-below-60-of-the-median>.

individual poverty into households uses the modified OECD equivalence scale <sup>(7)</sup>. This method is widely accepted by researchers, but it somewhat arbitrarily assigns values to the additional needs of family members, which in reality may greatly vary. Atkinson (2019) also points out an issue in the way in which resources are divided within the household. If women get less than their proportionate share, then the wife may be below the poverty line but the husband above.

A further important issue is that measurements only seldom capture the **persistence** of poverty. In most cases, data based on cross-section surveys provide a snapshot of poverty in a given moment; it is much rarer to have panel data analysing how poverty has permeated a specific household or territories over generations <sup>(8)</sup>. However, this dimension is of great importance, as evidence shows that the duration of the experience of poverty negatively impacts on the likelihood of exiting it.

### *Measuring the multiple dimensions of poverty*

As previously outlined, there is now a general agreement (see the SDGs) that poverty is about more than income or deprivation, encompassing a range of nonmaterial factors that include a broad set of capabilities that may lead to a good life or undermine it – access to health, education and housing, and exposure to violence, etc. Indeed, when interviewed in participatory projects (see Narayan et al., 2000), people experiencing poverty noted many interlocking dimensions to the issue of poverty: lack of food, poor health and illness, lack of access to public goods, and powerlessness may be more important than monetary poverty. Thus, measurements of poverty that are uniquely focused on monetary aspects may miss some fundamental aspects of the issue. This calls for capturing the **multiple dimensions of poverty** when measuring it.

As Atkinson (2019) underlines, in Europe there has been a long tradition of such multidimensional measuring, well before Sen's capability approach. For instance, in the early 1950s in Italy, the parliamentary commission of inquiry on deep poverty (Commissione parlamentare sulla miseria) analysed the issue through a whole range of dimensions; the 1968 Swedish Level of Living Survey covered nine domains; and the famous Townsend study in the United Kingdom in 1979 used some 60 indicators.

Multidimensionality has also been at the heart of the European concept of social inclusion, as indicated by the portfolio of European social indicators (first established in Laeken in 2001, and revised in 2015 and 2022 <sup>(9)</sup>), which includes income poverty, material deprivation, access to healthcare, education, employment and housing, and participation in the labour force.

The measurement of multidimensional poverty depends on the assessment of which dimensions are most defining to the issue. This may vary according to different points of views and the aim of the policy action. Listening to the voices of the poor, and integrating their views into the analysis, is crucial. **Participatory studies** may provide important elements to inform the design of nonmonetary indicators of poverty, and may reflect individual circumstances (e.g. those of women and children) that are not brought out by household-based measures. In the EU, there are several

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<sup>(7)</sup> According to the scale, a couple with two children aged below 14 years should be able to spend 110 % more than a single adult (an additional 50 % for the partner and 30 % for each child).

<sup>(8)</sup> Atkinson (2019) mentions some panel data records for the United States (eg Bane and Ellwood 1983) and Britain (Jenkins 2011).

<sup>(9)</sup> [https://employment-social-affairs.ec.europa.eu/portfolio-eu-social-indicators-monitoring-progress-towards-eu-objectives-social-protection-and\\_en#:~:text=The%202022%20update%20of%20the%20Portfolio%20of%20EU,the%20EU%27s%20social%20protection%20and%20social](https://employment-social-affairs.ec.europa.eu/portfolio-eu-social-indicators-monitoring-progress-towards-eu-objectives-social-protection-and_en#:~:text=The%202022%20update%20of%20the%20Portfolio%20of%20EU,the%20EU%27s%20social%20protection%20and%20social).

examples (cited by Atkinson, 2019) of how a participatory approach has contributed to the conceptual definition of a multidimensional framework. For instance, Germany's official poverty and wealth reports have been underpinned by broad public discussion leading to the identification of the main capability dimensions; and in Italy, in 2011, the national statistical institute (Istat) and the National Council for Economics and Labour launched the 'Equitable and sustainable' project (*Benessere equo e sostenibile*) through an extensive public consultation. Some other practices, such as the Poverty Stoplight tool developed by Fundacion Paraguaya and used in several initiatives worldwide, propose to identify deprivation at the community level, as a basis for self-assessment (Burt, 2019).

Atkinson (2019) notes a consensus that the dimensions should, like the United Nations Development Programme's Human Development Index, include education and health status, underlined by their prominent place among the SDGs.

A widely recognised approach to measuring multiple dimensions is the global Multidimensional Poverty Index (MPI) developed in 2015 by Sabina Alkire and colleagues (at the Oxford poverty human development initiative). The index considers several factors, including standards of living, health and education. It mainly applies to low- and middle-income contexts. The index is explicitly aimed at operationalising Sen's capability approach, as it covers a plurality of different features of people's lives and concerns (Alkire 2015, 2017).

Multidimensional poverty indices usually take the form of dashboards, positioning the situation over several dimensions. As Atkinson (2019) notes, developing an aggregate indicator summarising multiple dimensions is extremely challenging, and the academic community is divided on whether this is feasible or useful. Nevertheless, at the international level there has been considerable take-up of this approach for poverty monitoring (see Colombia <sup>(10)</sup>).

#### *The EU approach – development of the 'At risk of poverty or social exclusion' indicator*

In the EU, preference had traditionally been given to measuring relative poverty. In 2001, an 'At risk of poverty' indicator was established. It was followed in 2010 by the decision to define a headline target for the reduction of poverty at the EU level, aiming to 'lift at least 20 million people out of the risk of poverty and exclusion' by 2020. This was the first quantitative social target in the history of the EU.

As Copeland et al. (2012) note, the agreement on the EU 2020 target on poverty reduction proved to be momentous and also contentious. There were a range of possible alternatives on how to set it. The final decision was to have an overall target for the EU, as opposed to targets for individual Member States. While the initial Commission proposal was to have a single indicator for all Member States, the different visions and understandings of the notion of poverty across the Member States led to a compromise solution, a composite indicator providing an **amalgam of three dimensions**, each drawn from a different perspective. The three dimensions are as follows.

- The first dimension is the previously established relative poverty measure (AROP).
- The second dimension relates to severe material deprivation – measured through data from EU Statistics on Income and Living Conditions. This initially indicated severe material deprivation when people were deprived of 4 items out of a 9-item list of dimensions.

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<sup>(10)</sup> <https://www.mppn.org/reducing-multidimensional-poverty-must-be-a-priority-for-global-leaders/>.

Eventually, in 2014, the list evolved to take better account of multidimensional aspects and of social exclusion (now it refers to severe material and social deprivation, when 7 out of 13 items are missing (11)).

- The third dimension relates to joblessness as a feature of households: being a 0- to 59-year-old member of a household where the working-age adults worked for less than 20 % of their total work-time potential during the income reference period.

In responding to the target, it was agreed that Member States would be able to choose one or a combination of the three indicators. They could also suggest their own indicator(s), although, if they chose to do so, they would need to demonstrate the link between their selection and the EU target.

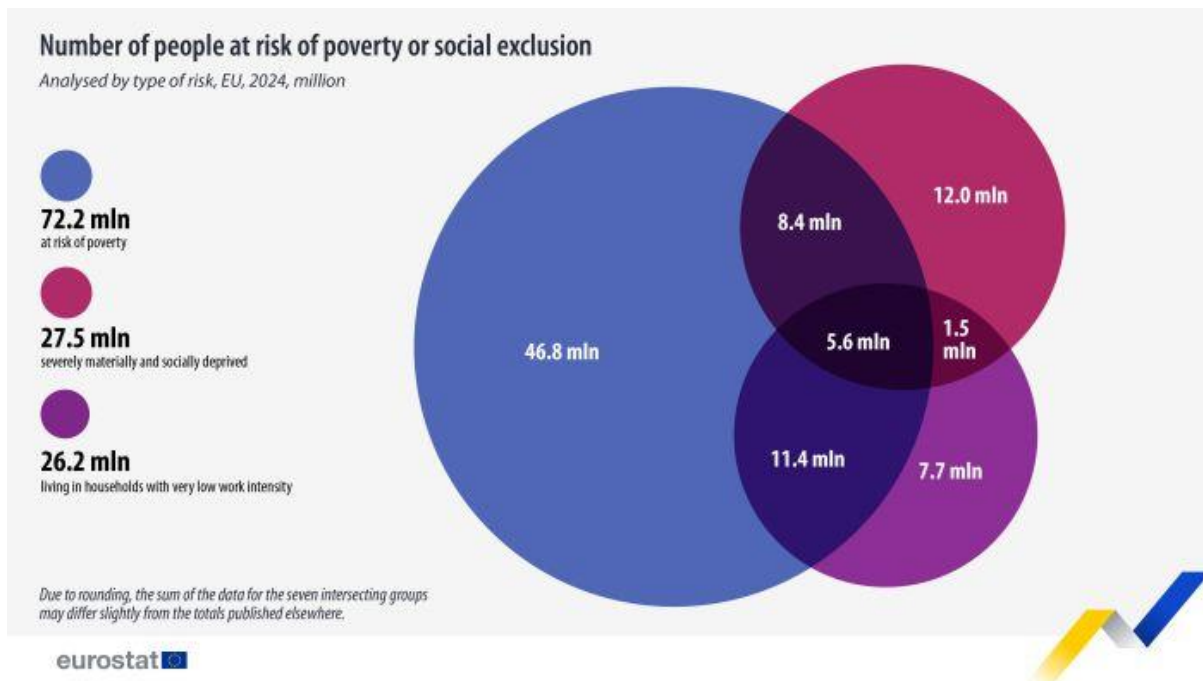
The three elements target was a benchmark umbrella under which different positions could be brought together. Copeland et al. (2012) note that from the perspective of the incentives for Member States, the three dimensions together appealed to both regional variation and political preference across the EU, as every Member State was challenged by at least one of them. Income poverty was primarily a challenge in Southern and Eastern Europe and the United Kingdom. Severe material deprivation was worst in the eastern European countries, especially Bulgaria, Latvia, Hungary and Romania. The jobless households threshold was more problematic in countries like Belgium, Germany, Ireland and, to a lesser extent, the Scandinavian nations. As Copeland et al. (2012) note, the joblessness indicator linked closely to the activation aspect, and gave some security to those fearing that a focus on income poverty alone would lead automatically to redistributive policies.

While the three-components indicator was initially devised so that each Member State could choose their preferred indicator (or a combination of them) for their national targets, the vast majority of Member States currently use the full three-component AROPE indicator.

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<sup>(11)</sup> The 13 items are the inability (1) to avoid arrears in rent or mortgage, utility bills or loan payments, (2) to keep the home adequately warm, (3) to face unexpected financial expenses, (4) to afford a meal with meat, fish or a protein equivalent every second day, (5) to afford a week's holiday away from home, (6) to afford a car, (7) to replace worn-out furniture, (8) to replace worn-out clothes with some new ones, (9) to have two pairs of properly fitting shoes, (10) to get together with friends/relatives for a drink/meal at least once a month, (11) to have regular leisure activities, (12) to spend a small amount of money each week on himself/herself ('pocket money') and (13) to have an internet connection.

**Figure 2.** Number of people at risk of poverty and exclusion in Europe



Source: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living\\_conditions\\_in\\_Europe\\_-\\_poverty\\_and\\_social\\_exclusion](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_-_poverty_and_social_exclusion).

In short, the AROPE indicator **combines the focus on poverty with a focus on wider social exclusion**, covering a range of multidimensional factors, including distance from the labour market. Its aim is to identify people who may not have the capacity to fully participate in economic and civic life. As it looks at the risk of poverty and exclusion, it incorporates a **preventative** dimension. Because of both the chosen threshold for relative poverty and the range of aspects it looks at, the AROPE indicator covers a **much larger group** than other poverty measurements (e.g. the US absolute poverty measure).

It is also important to note that the poverty target should be considered in combination with the **broader set of EU social indicators** <sup>(12)</sup>, which provide a comprehensive measurement of the most relevant aspects of the social situation at both the national level and the EU level. Even if often overlooked, this richer set of indicators can give a more precise multidimensional picture of the depth and persistence of poverty.

#### *Criticism of AROPE*

The definition of a common EU target, which required a compromise on measurement, and the creation of the AROPE three-dimensional indicator represented a milestone in the history of social policies at the EU level.

Nevertheless, over the years criticism of the use of AROPE as a reference indicator has grown, for a range of reasons.

<sup>(12)</sup> Such as the social protection performance monitor, the joint assessment framework or the revised social scoreboard.

With the AROPE indicator, the at risk of poverty rate is the dominant component. As previously outlined, the notion of relative poverty is problematic in the context of poverty eradication goals, as its relative nature *de facto* hinders the possibility of eliminating it (see Box 2). Also, relative poverty does not cover purchasing power considerations, nor does it capture the effect of rising prices on households (ESDE report, 2023).

On the other hand, one of the three components of the AROPE rate, severe material and social deprivation, is responsive to losses in households' purchasing power, as it distinguishes between individuals who cannot afford certain goods, services or social activities. However, being survey based (i.e. based on data from EU Statistics on Income and Living Conditions), it may be subject to perception biases, reflecting adaptation and aspirations, and to the limitations associated with sample survey data. Also, some population groups (e.g. people living in collective households) are not included in the sampling framework <sup>(13)</sup>.

As previously mentioned, the joblessness indicator is politically charged. Critics argue that it does not really add significant information to the income and material and social deprivation dimensions. Furthermore, given that it simply counts people who are not working (without analysing the reasons for that), it may also capture people who are not working by choice rather than because of social exclusion – this may include students, rentiers, etc.

It should be noted that each of three components of the AROPE indicator adds to the overall figure: people may be counted as AROPE either because they are in relative poverty, *or* because they are in severe material and social deprivation, or because they are not working (measures to avoid double counting the same person are in place). This meant that the shift from AROP to AROPE significantly **increased the target population**, from 80 to 120 million.

#### **Box 2.** AROPE and eradication of poverty: the need for a complementary measure of absolute poverty

On 10 September 2025, in the State of the Union address, the President of the European Commission, Ursula von der Leyen, outlined the ambition to **fully eradicate poverty** by 2050.

This calls for rethinking the way that poverty is measured. As explained in this chapter, AROPE is a composite indicator with three components, but, in practice, the AROP rate is the dominant one. As the AROP rate essentially measures inequality in the lower part of income distribution, the AROPE rate largely reflects this. The AROP rate focuses on inequalities and distance from the average quality of life, rather than purchasing power and access to what is required to have a decent life in absolute terms. This can lead to counterintuitive readings that can be difficult to communicate publicly.

While measuring relative poverty is useful to determine areas of deprivation, the method **hinders accurate measurement of progress** in relation to covering basic needs. Unless a deep change occurs in income and wealth distribution, relative poverty remains stable even in the presence of improvements in purchasing power (e.g. if income doubled for everybody in a country, relative poverty would not be diminished). In practice, defining poverty in terms of inequalities may mean that eradicating poverty may be *de facto* unattainable, if not in extraordinary circumstances. The

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<sup>(13)</sup> See, for instance, Federal Public Service Social Security, *Evolution of the social situation and social protection in Belgium*, FPS Social Security, Brussels, 2024 (<https://socialsecurity.belgium.be/sites/default/files/content/docs/en/publications/silc/silc-analysis-social-situation-and-protection-belgium-2023-en.pdf>).

call for the eradication of poverty underlines the need to measure monetary poverty also in absolute terms.

Also, measuring absolute monetary poverty may better identify and address the emergence of certain types of deprivation (e.g. the effects of housing costs over time) in a more precise way.

The limitations of exclusively relying upon absolute poverty measurements are well known, as shown by the US experience. Thus, instead of replacing the focus on relative poverty, it could be envisaged to **complement** it with an **additional** measure <sup>(14)</sup>.

Unlike the current AROP indicator, such a measure of absolute monetary poverty would enable the monitoring of the **evolution of constant (or comparable) purchasing power in relation to commodities across countries and time periods**.

As already outlined, defining such a measure for the whole of the EU is not easy. The development of comparable reference budgets requires common definitions, sound methodologies and harmonised data sources. Cultural differences in terms of expectations for quality of life may be deep across (and sometimes within) Member States.

Nevertheless, even if it is challenging, developing a cross-country comparable measure of absolute monetary poverty in the EU is possible. The above-mentioned JRC and DG Employment, Social Affairs and Inclusion initiative, ABSPO (Menyhert et al., 2021), outlined a series of robust options, suggesting that developing such a poverty indicator may be feasible even in the short term.

### Box 3. An absolute measure of poverty in the EU – how to build it?

It should be clear that measures of absolute poverty for the EU and Member States are possible, but not trivial to compute – and that they require more resources than the currently used indicators. So far, finding a consensus at the EU level on a common approach to this kind of measurement has proven difficult.

However, the recent ABSPO project run by the JRC has shown that such work can be completed using reasonable resources and different methods <sup>(15)</sup>. It explored three different modelling approaches, all taking into account most European citizens' subjective views on poverty, and observed patterns of material and social deprivation. The three approaches are based on the same targeted living standards and minimum needs; feature the same modelling tools and data sources; and yield comparable poverty estimates in a disaggregated manner. The main difference between the approaches is the means of identifying households' minimum needs: reference budgets, surveys and food requirements. The models were tested for a number of countries, showing similarities but also important differences in respect to the current measurement.

The approaches offer different trade-offs between key characteristics such as cost, readiness for implementation in the EU, transparency and simplicity in terms of computation and communication.

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<sup>(14)</sup> See the proposal for a 'weakly relative poverty line' described in Ravallion (2016).

<sup>(15)</sup> See Sections 3.1 and 3.2 and Figure 3.1 in the ABSPO final report for a high-level overview of the measurement strategy. See Chapters 4, 5 and 6 for details of its implementation and Chapter 9 for the requirements for regular monitoring and suggested developments in data collection.

The first approach relies on **cross-country comparable reference budgets** that either exist or must be created/adapted. It excels in detailing essential consumption needs and incorporating citizens' views through participatory methods. However, it is resource-intensive, procedurally complex, and less adept at accounting for individual heterogeneity.

The second approach employs **reference budget techniques for food expenditures and household survey data** for other categories. This method, akin to the practice of the national statistical office in Italy, considers various poverty dimensions effectively and is cost-efficient, leveraging microdata from national and European surveys. It may represent the best (compromise) solution. Its drawbacks include currently limited EU-level data on minimum needs, challenges in data comparability and integration, and the need for country-specific expertise.

The third approach mirrors practices in developing countries, linking non-food needs to **food budgets** using regression techniques on European household budget survey data. Its simplicity, minimal data requirements and wide applicability across Member States are notable benefits. However, it relies heavily on observed expenditure patterns, which may not directly reflect a reference living standard or set of basic needs.

Clearly, the total number of people identified as 'in poverty' would depend on where the threshold is established.

Of even more political significance is the substantial impact that such a shift in indicators might have on the cross-country proportion of people in poverty (see Menyhert 2025).

### 3. What causes poverty? Some theories

#### *Key takeaways*

- ❖ Understanding poverty has troubled thinkers for thousands of years.
- ❖ There are a multitude of competing theories, linked to different disciplines and political views.
- ❖ An interdisciplinary approach is needed for a full understanding, as no single discipline can provide a full answer.
- ❖ The causes and consequences of poverty are often intertwined, and they interact, compounding the problem.

Poverty has troubled thinkers since at least the times of Aristotle.

Thus, it is no wonder that its existence, and its persistence across the world and even in economically developed countries, has stirred a multitude of competing theories about its causes and drivers.

As mentioned in Chapter 1, such theories reflect political stances and are closely linked to the different ways of conceptualising and measuring poverty. Such theories are also shaped within academic disciplinary boundaries (economics, sociology, anthropology, psychology, political theory, etc.). The specific angles taken within such disciplines, however, can result in partially informed views and hinder a full understanding of an issue that is complex and multidimensional.

#### Box 4. Different economic theories of poverty

To give an idea of the complexity of the debate around poverty, Davis and Sanchez-Martinez (2014, 2015) critically reviewed the views on poverty, adopted by different economic schools of thought, that are relevant to high-income countries.

Classical economic traditions contend that individuals are ultimately responsible for poverty and accordingly provide the foundation for laissez-faire policies. By contrast, neoclassical (mainstream) economics is more diverse and provides explanations for poverty, notably market failures, that are beyond individuals' control. Both schools emphasise the role of incentives and individual productivity in generating poverty, the individual as opposed to the group, and a limited role for government. They tend to be averse to policies of redistribution.

Keynesian/neoliberal schools, in contrast, focus on macroeconomic forces and emphasise the key role of government in providing not only economic stabilisation but also public goods. Poverty is considered largely involuntary and mainly caused by unemployment.

Marxian/radical views see the role of class and group discrimination, which are largely political issues, as central to poverty. These theories assign a central role to the state in its intervention/regulation of markets.

Social exclusion and social capital theories recognise the role of social as well as economic factors in explaining poverty, giving them a similar weight. They contribute to understanding not only what the precursors of poverty are but also what underlies its persistence over time.

Brady (2019) tells how 30 years before, in the *Journal of Economic Literature*, Isabel Sawhill decried the lack of theory in poverty research: *'We are swamped with facts about people's incomes and about the number and composition of people who inhabit the lower tail, but we do not know very much about the process that generates these results... From a more scientific perspective, we still understand very little about the basic causes of poverty ...'*

From the perspective of sociological research, Brady (2019) argues that most theories of poverty can be productively categorised into three broader families: behavioural, structural and political. Behavioural theories concentrate on individual behaviours as driven by incentives and culture. Structural theories emphasise the demographic and labour market context, which causes both behaviour and poverty. Political theories contend that power and institutions cause policy, which causes poverty and moderates the relationship between behaviour and poverty. Brady (2019) concludes that no single theory offers a complete understanding of a problem that is extremely multifaceted. Most theories offer important contributions to understanding the problem, but an interdisciplinary synthesis of different perspectives and approaches may be necessary to effectively address the problem.

In general, disentangling and isolating specific causes of poverty may be arduous, as causes and consequences of poverty interact deeply. Poverty creates poverty. The effects of poverty, when they are not tackled, may become drivers of further poverty. Seminal research pointed this out – for instance Gunnar Myrdal in 1944 describing the ‘circular cumulative causations’ driving regional inequalities and territorial poverty (Myrdal, 1944); and Ragnar Nurske in 1953 analysing the ‘vicious circle of poverty’ in underdeveloped countries (‘a country is poor because it is poor’) (Nurske, 1953).

Poverty may be caused, and then maintained, by economic failures or by systemic inequalities in the distribution and transmission of resources and opportunities. Power relations, culture and group dynamics may play a significant role in the creation of mechanisms of discrimination and exclusion that affect individuals and communities. At the same time, once in place, the experience of poverty may impact capabilities; it may disempower, reducing aspirations and self-efficacy.

Falling into poverty may lead to remaining permanently poor. When the lack of basic security is prolonged and it simultaneously affects several aspects of people’s lives, it may severely compromise people’s chances of regaining their rights and of reassuming their responsibilities in the foreseeable future (Wresinski, 1987).

#### **4. Analysing root causes of poverty in the EU**

##### ***Key takeaways***

- ❖ Poverty in countries with solid social protection systems (such as those in the EU) is mainly a matter of ‘pockets’ of poverty in places, groups and families.
- ❖ Territorial poverty is driven by economic downturns or underdevelopment, affecting a whole ecosystem of opportunities (employment, education and services, but also aspirations and hope).
- ❖ Discrimination hinders opportunities, access and social capital. Social networks may also play a role (narrowing the ‘aspiration window’).
- ❖ Case poverty in families and individuals is caused by negative life circumstances; the experience of poverty may lead to its transmission across generations.
- ❖ There are also flaws in the system: in-work poverty, non-take-up of benefits, low pensions, etc.

Poverty in high-income countries that have overall solid systems of social protection, like most of EU Member States, has different features from poverty in low-income countries, where the majority of people would struggle to have their basic needs met or even physically survive.

In the EU, as previously outlined, poverty is seen as a matter of exclusion from expected (and rather high) standards of living in given contexts (relative risk of poverty).

In some cases, such relative poverty may derive from temporary issues, such as occasional spells of unemployment, which may rapidly improve.

However, as mentioned, poverty often becomes a downward spiral. In some cases, and in particular in cases of severe material and social deprivation, exclusion from expected standards of living is a long-term situation, deeply affecting a smaller part of the population. It tends to be 'sticky', and is often transmitted across generations until it becomes a sort of persistent feature, affecting perspectives, hope and capacity.

Persistent poverty tends to be concentrated in the following ways.

- **In places.** Poverty in Member States has a clear territorial concentration, in regions and often at the postcode level, driven by economic decline or historical underdevelopment.
- **In groups.** Some groups (Roma, people of migrant descent) are more affected by poverty than the majority of other people; discrimination and segregation can be driving forces of this situation.
- **In families across generations.** Poverty tends to be transmitted from parents to children, even if some countries seem to make a better job of breaking the intergenerational transmission across families. Evidence shows that the experience of poverty may generate poverty.

Besides, at the level of **labour market / social protection systems**, flaws in the wage/tax and benefits system may allow people to fall from social protection coverage, or to earn salaries that are not sufficient to cover their needs. Such flaws interact with and compound the previously listed problems.

These elements and levels may overlap, and therefore the solutions to address them may cover different dimensions at the same time.

#### 4.1. Persistent poverty in places

Even in high-income countries, some regions (see EU Cohesion policy) or some local areas, at the postcode level, may be affected by deep poverty.

Poverty and related forms of disadvantage in Europe often tend to be **spatially concentrated and enduring**, with disparities often being most stark within the most affluent cities and regions (Ballas et al., 2017). Dorling et al. (2007) carried out a small-area analysis of poverty and deprivation in the United Kingdom, comparing it with previous studies over the past 50 years, and found that poverty (and wealth) had become increasingly spatially concentrated since 1968.

This *concentrated collective poverty* may be the result of many different factors.

It may happen in city ghettos (see also Subchapter 4.2), in regions bypassed or abandoned by industry, and in areas where agriculture or industry is inefficient and cannot compete profitably. Interestingly, the reasons for economic prosperity or decline are often independent from the geographical conditions (Acemoglu et al., 2012).

For historical reasons, the economic development of some regions has lagged behind (e.g. southern Italy). The reasons for such underdevelopment may be linked to a wide range of factors, including the quality of institutions, crime and corruption (Acemoglu et al., 2012).

Some areas have encountered economic decline because of changes in the local economic fabric: for example the coal regions or regions that have been deindustrialised for several reasons.

Poverty is also an important issue in rural areas, especially in some Member States (such as Bulgaria and Romania) and in remote and sparsely populated areas, where poverty is associated with isolation <sup>(16)</sup>. In a rural context, territorial poverty is compounded by ageing, lack of infrastructure and basic services, lack of high-quality education infrastructure, and weak labour markets with scant diversification of economic activity.

Edin et al. (2023) carried out an extensive analysis of deprived places in the United States, identified on the basis of several indicators (including health). The analysis looked extensively at the history of the places and analysed their reality based on ethnographic observation. They found that, even if the population and precise history of the places differed, they had in common a history of brutal extraction and featured some common characteristics, such as low quality of and high segregation in education, a high level of corruption, a high level of crime and the absence of social infrastructure that might allow people to meet and become more socially cohesive.

Whatever the reasons for the decline or underdevelopment of places, it usually affects the **whole ecosystem of opportunities**, in a series of circular causalities.

Territorial underdevelopment or decline inevitably affects employment. Unemployment in a large part of the population has an impact on local economic activity. Large unemployment in the formal economy may lead people to accept low-quality and undeclared work, which adds to the vulnerability of a place. The formation of skills is made more difficult by the lack of demand.

Usually, territorial decline also affects education outcomes and education provision. The quality of education is often worse in areas affected by poverty, for complex reasons. In a downward spiral, low-quality education hinders the possibilities for innovation and job creation.

People who have the skills or the grit to find better opportunities leave. Brain drain further affects opportunities and the attractiveness of the area.

In many cases, areas that are disadvantaged also feature low-quality or an absence of services. The existing services may be swamped by the large demand.

Seminal research on Marienthal (Jahoda et al., 1933) – a village in Austria that was badly hit by factory closures in the 1930s – showed how prolonged unemployment may lead to a state of apathy, in which the victims no longer utilise even the few opportunities left to them. The study pointed to a vicious cycle of reduced opportunities and a reduced level of aspiration and hope.

The research of Raj Chetty in the United States (Chetty et al., 2014, 2016, 2018) demonstrates that the features of neighbourhoods (e.g. share of households headed by one parent, divorce rate, crime rate) are strongly correlated to children's outcomes in terms of upward mobility. Previously, Duncan (1994) found that having a larger proportion of affluent neighbours had a direct positive impact on cognitive development and on school completion. Mookherjee et al. (2010) showed that the decisions of parents to educate their children or not are affected by the place where they live, as parents' aspirations for their children also depend on the earnings of their neighbours. The income composition of neighbourhoods affects decisions to invest in education, and occupational outcomes.

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<sup>(16)</sup> <https://epthinktank.eu/2016/12/16/rural-areas-and-poverty>.

Disadvantage may affect the outlook of places: 'poor places' often feature poor housing, a run-down physical environment, neglected public space, inadequate services and facilities, and high levels of crime. The area may have a bad reputation, which acts as a stigma, further hindering opportunities. The subjective experience of living in the social and physical space of 'poor places' may be an important psychological dimension of poverty. Neighbourhoods seem to affect children's development through positive collective socialisation (role models who enforce social norms) and institutional resources (see McLoyd et al., 2016). Living in a deprived environment may cause cumulative exposure to stressors that were found to be highly correlated to issues in children's psychosocial adjustment (Evans, 2004).

Some research (e.g. Mair et al., 2012) also suggests that some aspects of neighbourhood ecology (such as litter, graffiti, abandoned housing and the presence of numerous homeless people or drug dealers) may affect risk behaviour and have a negative impact on hope.

#### Box 5. Quality of institutions, corruption and crime as drivers of poverty

Nobel prize laureates Daron Acemoglu and James Robinson analysed, through historical cases, the drivers of poverty and prosperity in countries sharing the same geographical factors. They emphasise instead organizational conditions and not least the **quality of the state and institutions**, and their purpose. As long as the state and institutions do not serve everyone but only an exploitative elite, it is very difficult to achieve economic development for the entire nation (Acemoglu et al. 2012).

The 'Voices of the poor' study published by the World Bank, which investigates the causes and effects of global poverty, identifies **corruption** as a key cause of poverty. The study shows that it is the poor who bear the brunt of state corruption and injustice, and describes how this affects their lives. The poor undergo negative experiences with corrupt public officials on a daily basis. These encounters occur, for example, when they try to obtain a place in school or on a training course for their children; when they try to obtain from the dispensary medicines that they have already paid for; or when they try to access legal or police protection. Corruption has a disproportionate impact on the poor and most vulnerable, increasing costs and reducing access to services, including health, education and justice.

Empirical studies have shown that the poor pay out the highest percentage of their income on bribes. Some studies have suggested that the poor may even be preyed upon, since they are seen as powerless to complain. Corruption diverts resources from the poor to the rich, leads to a culture of bribes, and distorts public expenditure, deterring foreign investors and hampering economic growth <sup>(17)</sup>.

The World Bank underlines that, in some ways, corruption is only a symptom. Anti-corruption must be paired with efforts to enable governments to govern openly and fairly, provide services and security to their citizens, and create an environment that fosters jobs and economic growth.

In some areas there is also a two-way relationship between poverty and social exclusion and the **penetration of organised crime**. Organised crime penetrates more easily in areas with fewer opportunities. In turn, the presence of crime undermines economic development and investment (see Pinotti, 2015, etc.).

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<sup>(17)</sup> <https://www.worldbank.org/en/topic/governance/brief/combating-corruption>.

## 4.2. Persistent poverty in groups: discrimination

Even in affluent contexts, some demographic groups may be excluded from opportunities, or have less access to them, because of discrimination. This is blatantly the case for some historically disadvantaged minorities such as Roma. Fundamental Rights Agency data (FRA, 2025) show that 70 % of Roma and Travellers live in poverty, and 47 % experience housing deprivation.

Such exclusion is also a clear case for several groups of migrant origin (FRA, 2025). In addition, trans people are disproportionately affected by poverty and, in a more specific sense, it can be the case for people with disabilities <sup>(18)</sup>.

In broad terms, women may also see their opportunities diminished in some contexts. The intersection of these identities and conditions (e.g. being a Roma woman with a disability) may significantly compound the situation.

Discrimination may hinder access to jobs, it may make it much more difficult to access housing in desirable areas, and it may lead to segregation in education. In turn, segregation may lead to poorer educational performance.

Segregation (living in ghettos) significantly hinders the creation of social capital (connecting with dominant members of society), which can be essential for social mobility.

Social networks in the community may also have a negative effect on aspirations and social mobility. Hoff et al. (2017) showed that the preferences and self-belief of the socially excluded often adapt to the (low) expectations and negative views of their environment. Children who are exposed to negative stereotypes and who 'learn' that they are not capable of higher achievements and are not likely to succeed will develop lower self-belief and adapt their aspirations accordingly. Members of an excluded group can enhance each other's belief that their fate is out of their control, and this belief then further reinforces their low self-belief, low aspirations and low educational investments.

The seminal work of Debraj Ray (2003) clarifies the mechanisms through which 'aspiration windows' are shaped by social networks (for a more extensive outline, see Cassio et al., 2021). In Ray's analysis, it is not the condition of poverty alone that is responsible for aspiration failure. It is poverty in **conjunction with the absence of a critical mass of people** who are better off than the person in question, yet not so much better off that their economic well-being is thought to be unattainable. As Ray (2003) explains in relation to education, if one lives in a community in which the majority of one's peers do not aspire to educational success, then one's own aspirations are dulled.

## 4.3. Persistent poverty at the individual/family level

Even in wealthy regions and in the absence of clear discrimination, poverty may affect individuals and be rooted in families.

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<sup>(18)</sup> In 2024 in the EU, 28.8 % of people with a disability were at risk of poverty or social exclusion, compared with 17.9 % among people with no limitations, according to Eurostat data. 68.2 % of people with a disability would have been at risk of poverty, but, after taking account of social transfers (such as benefits and allowances), the share was 20.7 %.

'Case poverty' (the inability of an individual or family to secure their basic needs even in generally prosperous social surroundings) may stem from a variety of life circumstances – traumas (loss of job, divorce, abuse, personal bankruptcy, etc.), disability, broader physical and mental health issues, or issues linked to substance abuse, for example.

Whatever the cause – be it occasional, such as the loss of a job, or more structural, such as being born into a vulnerable family – the experience of poverty may trigger a negative spiral of intergenerational transmission in the absence of a solid external support system. McLoyd et al. (2016) suggest that poverty as a chronic phenomenon is characterised by a high contagion of negative life events occurring in the context of adverse conditions (inadequate housing, low resources, etc.).

Living in poverty means facing a myriad of problems, which may compound each other. Lack of income may lead to poor housing, which may lead to bad health, which may lead to an impact on employment, etc. Research also shows that excessive/toxic stress (stemming from the multiple issues of being in poverty) has an impact on long-term planning, and on the capacity to support the next generation. Economic stress may reduce the ability of parents to interact with children in a positive and supportive way, even if parents possess strong parenting skills (McLoyd et al., 2016).

In addition, financial hardship leads easily to indebtedness, which in turn becomes a trap, especially for people who do not have access to formal financial institutions and who become the prey of loan sharks (Achtziger, 2022).

Evidence shows that the longer the experience of poverty, the more difficult exiting it becomes. A prolonged duration of poverty may have an impact on a wide range of aspects, including children's cognitive development and school achievement (see McLoyd et al., 2016).

Being born into a family in poverty takes a big toll on aspirations and hope. In turn, this may lead to phenomena such as early school leaving and not being in employment, education or training (NEET) – which have a clear socioeconomic component and in turn lead to poor socioeconomic outcomes, such as unemployment and risky behaviour.

#### **Box 6. Poverty generates poverty: an analysis of compounding factors**

A multitude of compounding factors explain why poverty is easily transmitted from parents to children.

A large part of the problem revolves around school. There is a strong correlation between low educational attainment and poverty, which means that parents in poverty often lack the skills to support their children through education. This can be especially problematic if parents are expected to significantly complement learning at school. Growing up in poverty means not having access to infrastructure – from a quiet space for homework to technical equipment – that can be necessary for good school performance. Failure at school then generates a cascade of other issues and difficulties in further development.

More generally, the quality and quantity of opportunities that are available to people in poverty are often inferior to those available to better-off people. This is the case in terms of educational offer, access to jobs and quality of living environment. Indeed, systems matter and they can make a significant difference (see Box 7).

Then, at the individual level, further and less obvious elements may play a role. Several are described in Cassio et al. (2021). Poverty may **affect long-term planning**, mainly due to prolonged exposure to toxic stress. Behavioural experiments on scarcity show how this may reduce 'cognitive bandwidth' for long-term planning. Neuroscience shows that, over time, the cumulation of toxic stress from poverty and exclusion affects people's executive functions (e.g. the capacity to plan and implement reasoned decisions for the future). This has consequences for attention, memory, focus and the capacity to plan. In turn, it may create problems in education, with a cascade effect on employment, life chances and self-esteem.

Poverty may **hinder aspirations**. External expectations (of parents, teachers, mentors, employers) are often based on prevailing stereotypes and narratives about certain social groups, and they tend to become a self-fulfilling prophecy. These low and negative expectations vis-à-vis people in poverty affect their actual performance, their self-esteem and their expectations for the future.

This is particularly salient when combined with a broader environmental context of poverty and exclusion. The absence of examples of successful social mobility and role models in the family and in the broader social circle may deeply affect the possibility of imagining a different future.

Poverty may hinder **health** through unhealthy living conditions (poor-quality housing, poor nutrition, exposure to toxins), which in turn may significantly compound the problem.

Interestingly, however, child poverty rates across economically advanced nations largely differ, thus suggesting systemic issues that contribute to economic inequality in some nations (UNICEF, 2023).

### Box 7. Intergenerational transmission of poverty: systems make the difference!

A recent study by Zach Parolin et al. (2025) looks at cross-national variation in the strength of – and mechanisms underpinning – the intergenerational persistence of poverty.

The authors looked at differences in intergenerational poverty in Australia, Denmark, Germany, the United Kingdom and the United States using administrative- and survey-based panel datasets. Intergenerational poverty is broken down into family background effects, mediation effects, tax and transfer insurance effects and a residual poverty penalty.

They found that the likelihood of being poor as an adult after a childhood spent in poverty is much stronger in some countries than others, and the way that taxes and transfers correct poverty is also significantly different. Also, the ‘residual poverty penalty’ (which might hypothetically include access to high-quality healthcare, parenting practices, cultural and cognitive traits and access to financial institutions) is very limited in Europe, whereas it is substantial in the United States.

**Figure 3.** Incidence of intergenerational poverty and impact of factors



NB: F, family background; IGPov, intergenerational poverty; M, mediators; R, residual poverty penalty; T, taxes and transfers.

Source: Parolin et al. (2025).

### 4.4. Flaws in the design of the labour market and social protection

The existence of poverty in rich countries may also point to structural features such as insufficiently paying jobs and the lack of a robust safety net. This may be obvious in the case of some wealthy countries with high wage inequalities and weak welfare systems such as the United States (Rank, 2023), but it may also represent an issue in the EU. These issues may become increasingly salient in the current context of the transformation of labour markets.

In many cases, employment does not shield individuals and households against poverty. Individuals in **in-work poverty** constitute a sizable group in rich countries. Close to 1 in 10 (8.6 % in 2022) employed people in the EU live below the poverty line (60 % of median income). The International Labour Organization found that in Germany, Spain and Italy this rate reaches 10.6 %, 11.8 % and

11.8 %, respectively <sup>(19)</sup>. The problem predominantly affects certain demographics: younger people, people with lower education levels, non-standard workers, and poor households with children, including lone-parent households. The causes are complex and depend on different factors.

Lohmann et al. (2018) provide an extensive review of the manifestations and causes of the problem. They point out two main reasons for it: low salaries in the context of large inequalities (issues related to low-wage sectors and individual selection into low-paid occupations) and family dynamics, such as the presence of children and the income distribution in the household.

Polizzi et al. (2022) carried out an extensive review of empirical studies on in-work poverty in OECD and EU-28 countries. They point out that **in-work poverty is not synonymous with low-paid employment**. In fact, in-work poverty is often household related and defined on the basis of income from all household members and from all market and non-market sources. They note that the poverty risk of people active in the labour market is shaped by the interaction of macroeconomic (e.g. recessions and deindustrialisation), demographic (e.g. rising divorce rates) and institutional (e.g. labour market and childcare policies) factors. Together, these macro-level factors also determine how micro-level circumstances, such as changes in employment and partnership status, affect financial hardship among workers. The review focuses on the association between in-work poverty and parental home leaving, union formation, marriage, parenthood and dissolution of non-marital and marital unions. Evidence shows that the **risk of in-work poverty increases with the transition to parenthood** and subsequent births, because children increase household needs and reduce household resources, especially if one earner (usually the mother) reduces their labour supply. In contrast, forming a marital or non-marital residential union is expected to protect individuals from in-work poverty, because fixed household needs can be spread across multiple earners. However, as households dissolve, the needs of each single earner household decrease only marginally, while the resources available to the household heads are dramatically diminished.

Barbieri et al. (2024) show that relying on a single (standard) earner is often not enough to keep families out of poverty, confirming the importance of dual-earner household arrangements, even if they entail non-standard employment conditions for one partner. This holds particularly true for countries with high levels of in-work poverty and for less privileged social and occupational groups across all contexts.

Another issue that may allow poverty to exist even in the presence of a solid welfare state relates to the often extensive **non-take-up of support** – that is, people not claiming benefits that they are entitled to. Non-take-up of social benefits is a widespread phenomenon across the EU. According to a report by the UN Special Rapporteur on extreme poverty and human rights, an estimated 40 % of Europeans who are eligible for some type of welfare benefits do not take up the support that they have the right to receive (De Schutter, 2022). Non-take-up of social benefits limits the effectiveness, efficiency and equity of social policies in the EU. It may exacerbate inequalities if policies only reach those who are relatively better off.

An additional problem concerns **low pensions** – this is the case, for instance, in the agriculture sector, making the issue of old-age poverty particularly relevant.

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<sup>(19)</sup> ILO, *World Employment and Social Outlook: Trends 2022*, ILO, Geneva, 2022, [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40dqreports/%40dcomm/%40publ/documents/publication/wcms\\_834081.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40dqreports/%40dcomm/%40publ/documents/publication/wcms_834081.pdf).

## Section II – DEVELOPING A STRATEGY

### 5. Why should poverty be addressed?

#### *Key takeaways*

- ❖ Addressing poverty is a moral imperative, as poverty is a major obstacle to human development.
- ❖ We should address poverty because we can, given our unprecedented levels of development.
- ❖ Poverty is a waste of potential, and may affect competitiveness.
- ❖ There is a positive correlation between welfare expenditure and overall gross domestic product (GDP).
- ❖ Addressing poverty is crucial, given impoverishment trends and in view of labour market transformations.

There is a consensus that poverty is a major obstacle to human development. Therefore, justifying why we should address it should be superfluous, just as it would be to justify why we should find cures to diseases, or pursue happiness.

In the EU, addressing poverty is a **moral imperative**, in line with the purpose of the EU project to bring shared prosperity and the EU values of solidarity and social cohesion. The Council Decision of 1984, establishing the first action plan against poverty, explained this clearly:

*‘Whereas under Article 2 of the Treaty, the task of the Community is to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the States belonging to it; Whereas the persistence of poverty within the Community is incompatible with this objective ...’*

The immediate argument for why we should address poverty now is that **we can do it**. In the past decades the EU has reached unprecedented levels of development. The persistence of poverty in a context of high levels of wealth is a paradox. The existing wealth should give us the means to address the needs of people who are suffering and excluded because of deprivation.

Nevertheless, policymakers who want to address the issue are often confronted with the need to justify the expenditure that this would involve <sup>(20)</sup>. In response to that, it can be observed that poverty in rich countries is a concern not only in terms of the quality of life of those affected but also in terms of their wasted potential (Marx-Nolan). Poverty dramatically harms long-term human capital development, a critical component in economic competitiveness. A substantial body of research shows that children who grow up in poverty underperform in school, have limited access

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<sup>(20)</sup> This may be related to the perceptions of deservingness of social welfare; see van Oorschot (2000).

to higher education and are less likely to be prepared for the high-skilled jobs of the future. Poverty undermines life chances, the overall competitiveness of nations, and social cohesion.

Some research quantifies the **cost of poverty to the economy** in terms of lost productivity, increased healthcare costs and higher criminal-justice expenditure. Calculations in the United States estimate the cost of child poverty at USD 1 trillion annually (see McLaughlin et al., 2018). In the EU, estimates show, for instance, that the monetary value of health inequality-related welfare losses is EUR 980 billion per year or 9.4 % of GDP (Mackenbach, 2010).

Another well-established line of research (such as that led by Nobel prize-winner Joseph Stiglitz) looks at the **price of inequalities**, and how they have an overall harmful effect on economies and societies. As a complementary argument, evidence also shows that societies with fewer inequalities may also have excellent economic outcomes, showing that equality does not harm economic growth (see, for example, D’Hombres et al. 2020). It can be observed (as do Hemerijck, Bagadirov and Wilson <sup>(21)</sup>) that there is a positive correlation between welfare expenditure and per capita GDP, as shown by the universal Nordic welfare states and the social insurance models of mainland northern Europe. This is because high social investment in each citizen – from high-quality childcare through to comprehensive public education, post-school education or training for all and lifelong learning – allows people to develop their capacities and use them effectively throughout their lives. Some social policy analysts (see Atkinson, 2019) nevertheless point out that even if there is some indication that inequalities lead to social problems, the causal effects may be difficult to prove.

The other main reason why poverty should be addressed is that it **threatens the social fabric and social cohesion** more generally (Marx-Nolan). In this case, the main issue, rather than persistent poverty and inequalities, relates to **impoverishment trends**. The gap between what people are able to obtain and what they believe they should be able to obtain may turn into a crisis of rising expectations, which may lead to social tensions. As we find ourselves at the brink of important transformations that may lead to deep changes in the economy and the labour market, ensuring that this does not lead to impoverishment and thus discontent should be a crucial priority.

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(21) <https://www.socialeurope.eu/the-capacity-to-compete-rethinking-the-welfare-state>.

## 6. Shaping a strategy

### Key takeaways

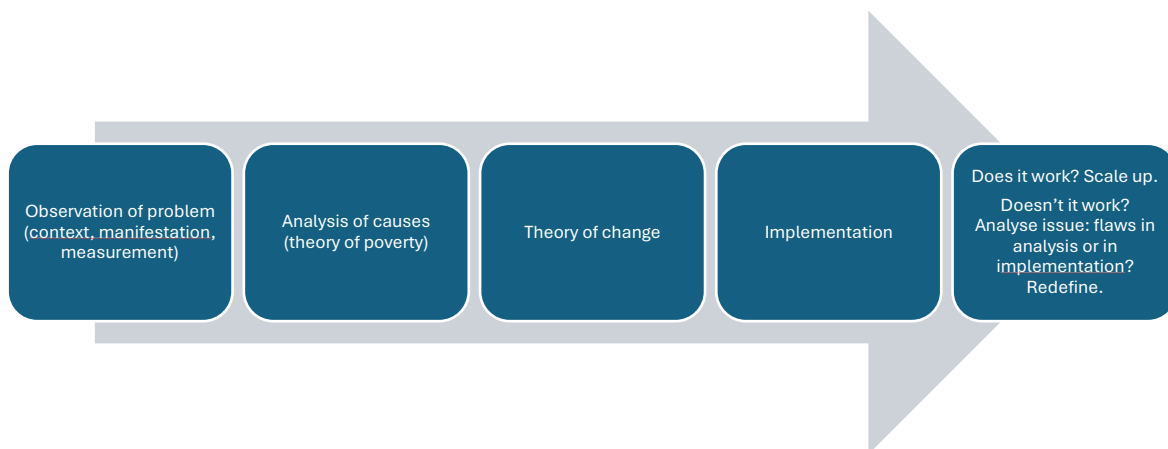
- ❖ Shaping an anti-poverty strategy requires clearly defining the focal problem.
- ❖ It is about preparedness for the future: see poverty reduction as an investment.
- ❖ Dignity is a crucial element that is often overlooked.
- ❖ Given the breadth of the problem and the budget limitations, it is important to spend effectively, learning from what works and constantly evaluating.

Addressing an extremely complex problem such as poverty requires significant strategic effort. It is important to have clarity on the whole set of dimensions: how the problem is observed in a certain context, how the root causes are understood and how the strategy aims to address them. This should start with a **clear definition of the aspects of the problem** to be tackled; on that basis, it should formulate a **theory of change**, to be implemented and then constantly evaluated.

If policies are successful, having clarity on their underpinning assumptions will allow to scale them up in a correct way, and also to assess their transferability to other contexts. If policies do not deliver the expected results, this clarity may help identify what does not work – which may range from flaws in implementation to the very understanding of the problem.

The design of the anti-poverty strategy adopted will largely depend on the understanding of the issues and the level of ambition of policy designers.

**Figure 4.** Necessary steps for a strategy



Source: author's own elaboration

### *Framing the issue: identifying a main focus for action*

As outlined in the first section of the report, poverty is an extremely complex and multifaceted problem. At the same time, a strategy that aims to have a measurable impact needs to be clear on the priority aspects it intends to tackle.

It is therefore useful to consider **what focus may be most relevant in the current context**.

As previously mentioned, a key reason to address poverty is that it represents wasted potential, as it harms long-term human capital development, a critical component in economic competitiveness. In the context of deep economic transformations, addressing it is also crucial to ensure societal resilience and preparedness.

The EU indicator, AROPE, focuses on the broad risk of poverty and exclusion, thus incorporating a **preventative** perspective.

This points to the relevance of conceiving our poverty reduction efforts mainly with a **future-oriented perspective**: not only addressing existing problems but also preventing them from happening in the future. Experience shows that remedial measures are more costly and often less impactful than prevention. Thus, it is important to prioritise action that can systemically prevent poverty from taking root.

In practice, this means looking at new generations and focusing efforts on interrupting the transmission of poverty and disempowerment across generations.

### *Possible building blocks*

**Supporting children** is essential, and probably the most promising way to address the issue, as it yields the highest chance of changing things in the long term.

Breaking the transmission of poverty and increasing life opportunities for the next generation can easily be seen as an **investment** that benefits the whole of society, rather than a cost to society. In budgetary terms, there may be substantial returns on such investment in terms of future savings on healthcare and welfare costs. In political terms, supporting children is the most consensual measure and is less prone to encountering the kind of opposition that some other redistribution measures can face.

Nevertheless, supporting children cannot be disentangled from addressing the impact of poverty on parents. Breaking the intergenerational transmission of disadvantages also means **helping parents and strengthening the whole family**, so that parents can give their children the support and protection they need.

The strategy should also recognise and address the impact of the **context**. As outlined in Chapter 4, the concentration of risk factors (and the absence of protective factors) in disadvantaged areas may substantially play against opportunities for people to exit poverty. Therefore, the **territorial dimension** should be a crucial aspect of an effective strategy, concentrating resources in the most vulnerable areas.

The **persistence** and **depth** of poverty matter when identifying the most effective actions. Evidence shows that when poverty permeates families (or communities) over generations, exiting it becomes much more difficult. Persistent poverty has been found to have more adverse effects than

transitory poverty on the cognitive development of children, and thus on the intergenerational transmission of poverty (see McLoyd et al., 2016, for a full review of sources). Also, the situation of families who are close to the poverty line may be very different from that of people who are in very deep deprivation.

Thus, policy interventions are likely to be different when addressing ‘transient’ versus ‘chronic’ and deep poverty. In the case of a **temporary shifting** into poverty, the crucial point may be to **introduce or strengthen safety nets** to prevent households from falling into poverty as a result of some unforeseen event; it may also require economic policies looking into **cost of living and supporting purchasing power**.

In the case of **chronic poverty**, however, lifting families out of poverty in a sustained way requires **multidimensional and long-term support**. This involves synergy and sustained coordination across several policies – which is inevitably challenging to implement. Poverty that has been in place for a long time can hardly be addressed through short-term interventions; support must be planned in **duration**, for the time that is needed (which is often years rather than months).

It should be noted that investing in social (redistributive) measures may not always be supported by public opinion, especially when the results are not visible in a relatively short time or when the measures benefit groups that are perceived as ‘undeserving’ (see van Oorschot, 2000). That is why it is of crucial importance to **learn from the evidence of success**, in order to ensure that investment is sound and to increase the chances of its effectiveness.

In such long-term effort, it might be easy to lose momentum and motivation. **Monitoring progress**, through accurate data collection, may be crucial. It can support continuous self-evaluation in relation to targets, as well as precise assessment of what works.

### *The crucial element of dignity*

If poverty is a deep deprivation of dignity, interventions need to give back dignity to the people they support. Yet, the dimension of dignity is often overlooked in poverty reduction efforts <sup>(22)</sup>. Roelen (2025) provides some examples of the implementation of welfare measures that are made ineffective by overlooking dignity. This may include complex application processes, pejorative treatment and discriminatory practices. Non-take-up of benefits may often be driven by stigma or by negative experiences with social assistance, which they found too unrespectful, scrutinising and invasive.

Thus, respecting dignity requires the **participation of people living in poverty** in the design, implementation, monitoring and evaluation of public policies, to ensure that solutions are based on their needs, experiences and aspirations. This can be achieved using methodologies to guarantee the meaningful participation of people living in poverty within political institutions – for instance the Inclusive and Deliberative Elaboration and Evaluation of Policies tool developed in 2024 by ATD Fourth World in collaboration with the UN Special Rapporteur on extreme poverty and human rights.

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<sup>(22)</sup> See Roelen, K., ‘The importance of dignity and tailored support for poverty reduction’, The Open University website, 14 April 2025, accessed 12 December 2025, <https://www.open.edu/openlearn/health-sports-psychology/the-importance-dignity-and-tailored-support-poverty-reduction>.

### *Learning from evidence*

A precise assessment of what works must be based on **rigorous evaluations** that enable the comparison of the effects of interventions with control samples. Largely thanks to efforts led by the Nobel prize laureates Esther Duflo and Abhijit Banerjee and their organisation, the Abdul Latif Jameel Poverty Action Lab (J-PAL), there is now a substantial amount of evidence stemming from randomised evaluations of policies aimed at poverty reduction. Nevertheless, evidence is still patchy in some areas. A number of factors (political and ethical issues related to implementation, and evaluation costs) explain the infrequent use of randomised controlled trials in programme evaluations, especially at the national level. Other methods, based on quasi-experimental counterfactual approaches, can usefully complement impact analysis.

Thus, the **knowledge base has yet to be completed**. In the future, it will be wise to accompany the implementation of measures with sound data collection and evaluation, to enable pitfalls to be addressed and flaws to be corrected. In the EU, some national governments have already launched 'policy labs' dedicated to building and using evidence in social policy. An example of this approach is Spain's Inclusion Policy Lab, which has already led 32 randomised evaluations <sup>(23)</sup> of programmes, ranging from tutoring to job search assistance.

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<sup>(23)</sup> <https://www.inclusion.gob.es/web/policy-lab/proyectos?>

### Section III – POLICIES AND MEASURES

This section highlights some key measures that could be part of a strategy against poverty. It outlines findings from literature and practice on what works best, also in terms of cost-effectiveness. It prioritises a future-oriented perspective, mainly focusing on preventing poverty from installing itself in the first place, or breaking its intergenerational transmission.

It starts with measures related to **investing in children**, following a life-cycle analysis. Poverty tends to be transmitted from parents to children. Children born into a family in poverty are much more likely to remain in poverty than those born into wealthier environments. Thus, there are several reasons to prioritise children. It is the investment that yields the highest chance of changing things in the long term.

Leventi et al. (2018) underline that child benefits are the most cost-effective tools for poverty reduction. Research also shows that poverty reduction measures have positive psychological outcomes (e.g. resilience, grit and self-esteem) and reduce mental health issues (e.g. depression, anxiety and disengagement) among children and adolescents (Zaneva-Guzman et al., 2022; Li et al., 2025). In addition, research points to substantial returns on investment in terms of future budget savings on healthcare and welfare costs.

Furthermore, investment in children is the most consensual measure. While considerations about the deservingness of welfare may hinder public support for some redistribution measures (see van Oorschot, 2000), public opinion usually supports measures aimed at improving things for children, as their situation of poverty is out of their control.

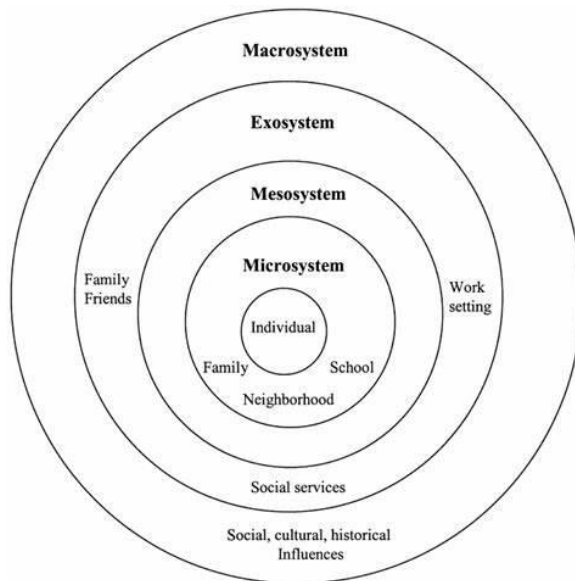
Nevertheless, supporting children cannot be disentangled from addressing the **impact of poverty on parents**. Breaking the intergenerational transmission of disadvantages also means helping parents and strengthening the whole family, so that parents can give their children the support and protection they need (see the 2013 Commission recommendation on investing in children<sup>(24)</sup>). Policies to reduce child poverty and improve parental capacity should go hand in hand (see Eisenstadt et al., 2019). Thus, the ideal standard of support may consist of comprehensive frameworks of support around the child and the family.

The way that a person develops is influenced by a series of **interconnected environmental systems**, ranging from the immediate surroundings (e.g. family) to broad societal structures (e.g. culture, institutions) (see Bronfenbrenner, 1979). Therefore, the strategy should incorporate at every level a particular focus on the different dimensions affecting individuals' development, and the opportunities or deprivation that they entail.

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<sup>(24)</sup> <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:059:0005:0016:EN:PDF>.

**Figure 5.** Urie Bronfenbrenner's ecological systems theory



*Source: Bronfenbrenner (1979).*

Given the extremely wide scope of possible action, the following chapters mainly present short references to further literature, and a few examples of measures that have been evaluated. In as much as possible, the content is based on metareviews and meta-evaluations, which may enable us to state with some certainty that the indicated measures work, at least in some contexts.

## 7. Inclusive education

### *Key takeaways*

- ❖ Education is the single most important factor for social mobility, but it often widens inequalities rather than reduces them.
- ❖ Barriers to access need to be addressed, including fees (especially for early childhood education and care (ECEC) and higher education) and hidden costs.
- ❖ ECEC is of extreme importance (availability, quality and affordability); often those who need it most have the least access.
- ❖ School systems should be built to enable success for all (preventing segregation, ensuring quality standards and addressing the issue of early tracking).
- ❖ Ensuring high-quality teaching in disadvantaged environments is crucial.
- ❖ Parental involvement in education should be fostered.
- ❖ Well-being should be ensured through a focus on socioemotional education.

Education is probably the single most important factor for social mobility, allowing to break the cycle of intergenerational transmission of poverty (for evidence from Europe, see Hofmarcher, 2021). However, in practice, the ‘social elevator’ function of education is often hindered by problems ranging from access to the quality of the educational provision and relations between school and families. This explains why in the EU the socioeconomic background of a learner and their family continues to be the strongest determinant of educational outcomes (see the 2022 Council recommendation on pathways to school success <sup>(25)</sup>).

Flaws in education systems may widen inequalities. Conversely, a strong education system may act as a significant reducer of inequality, positively impacting not only the direct beneficiaries but also their children.

Thus, **increasing educational performance** is key to breaking the intergenerational cycle of poverty. Evidence shows a direct relation between increased investment in education and cultural engagement and poverty alleviation (see panel data from 34 European countries in Spada et al., 2024).

The following subchapters look at aspects that are of crucial importance to ensuring that education really achieves its potential for social mobility.

The need for ambitious educational policies is all the more pressing as results of international surveys (e.g. the Programme for International Student Assessment (PISA) and the Progress in International Reading Literacy Study (PIRLS)) show declining trends in terms of educational

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<sup>(25)</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022H1209%2801%29>.

achievements across European countries, and they point out that socioeconomic background plays an increasing role in widening gaps in educational performance.

### 7.1. Increase access to education

Access to education may be hindered by **financial and informational barriers**. They may be particularly relevant in ECEC and higher education.

Financial barriers may exist even when fees are relatively low. In Europe, a programme that completely eliminated kindergarten fees for Roma children improved attendance and enrolment (Gertler et al., 2016). 'Free' public education in compulsory school years may also entail costs (for school meals, books and stationery, uniforms and school trips), which can be a barrier to access for children from disadvantaged families.

In many cases, the main barrier is the lack of adequate information. This may be particularly important in access to higher education. Research shows the importance of expanding information about the actual costs and benefits of attending university, as well as about available financing options (see Cassio et al., 2021, for an outline of the research).

### 7.2. Early start

The evidence is conclusive on the positive impact of high-quality ECEC for children from disadvantaged backgrounds. **ECEC mitigates educational inequalities** and improves academic performance at all future levels, since it deeply improves the cognitive and non-cognitive skills of children. Research (e.g. Elango et al., 2015; Cunha et al., 2006; Garcia et al., 2017) demonstrates that high-quality ECEC even leads to increased success in employment, social integration and sometimes reduced criminality.

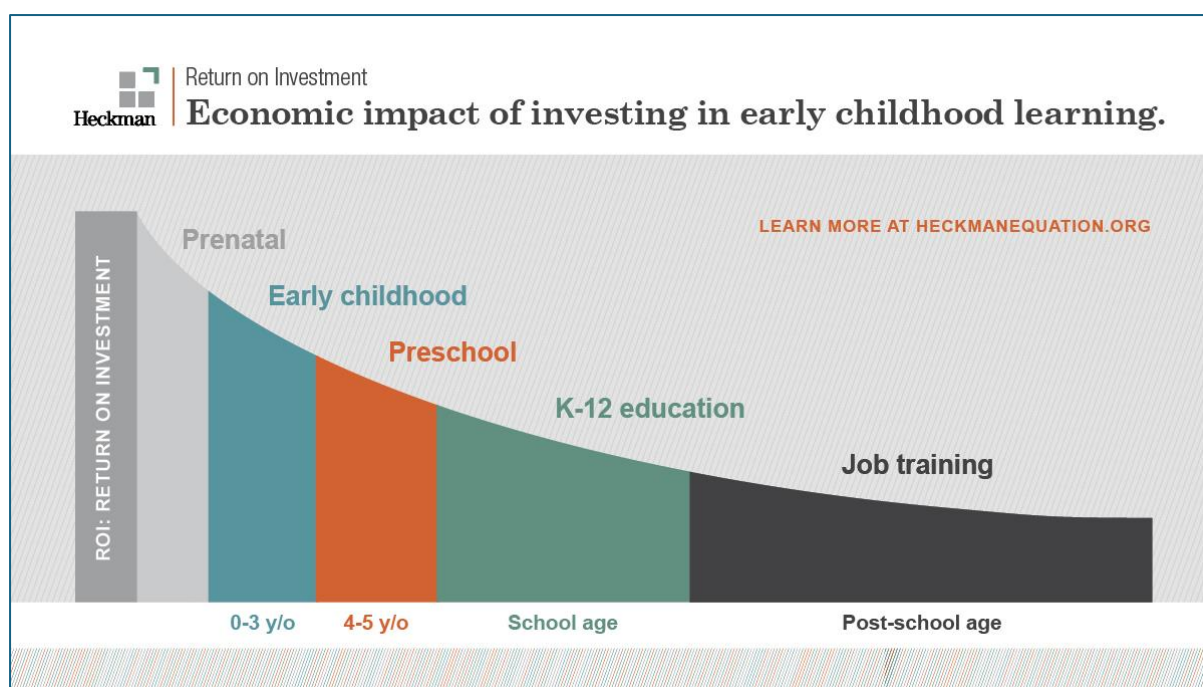
The provision of good-quality, universal and free or affordable preschooling is therefore crucial for improving the future chances of school success of children from disadvantaged families.

In terms of public policy decisions, investing in high-quality ECEC for children with low socioeconomic status is an excellent option, as evidence shows **high returns on public investment** (see the work by James Heckman <sup>(26)</sup>).

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<sup>(26)</sup> <https://heckmanequation.org>

**Figure 5.** Return on investment at different life ages



Source: <https://www.heckmanequation.org>.

Beyond the impact on children, there is also evidence that children's access to good ECEC generates positive outcomes for mothers in terms of improved life opportunities and parent-child relationships.

However, the children who would benefit most from ECEC are often the ones with the least access to it. In fact, even if participation in ECEC has increased in the EU in recent years, it still remains problematic for children from disadvantaged backgrounds, especially those aged under three. This may be because of lack of entitlements (eg for parents who do not work), practical obstacles, cost, lack of knowledge and awareness of the benefits of ECEC.

Participation, affordability and quality are unevenly distributed within and between countries. The benefits of ECEC and its existing shortcomings were recognised in the 2019 Council recommendation on high-quality ECEC systems (EU, 2019). Full implementation of these guidelines would significantly contribute to improving educational outcomes for all children.

### **7.3. Education systems that enable success**

Students with a background of social disadvantage are significantly more likely to underachieve in education and to leave school early. In turn, educational failure undermines their future chances of exiting poverty, for themselves and their offspring.

ECEC is of extreme importance, but it cannot fully compensate for unfavourable learning conditions in disadvantaged milieux in the long run. Later years in childhood, and in particular adolescence, are also key for development and can deeply influence later life <sup>(27)</sup>.

<sup>(27)</sup> A Harvard University study on institutionalisation (<https://bucharestearlyinterventionproject.org>), when looking at the brain development of children in poverty, demonstrated that children who had previously

Underachievement and early leaving from education and training are frequently intertwined. Early school leaving is the result of a process of progressive disengagement from education, often associated with mediocre educational results, the roots of which may lie in the early years. Thus, it is important to target underachievement **before** it leads to early school leaving, with serious consequences for life chances.

Children in poverty usually lack the support that other students receive in families, and they often have reduced access to educational resources at home (e.g. no quiet space for studying and doing homework, lack of digital equipment). They may be exposed to a higher level of parental stress and tension in the household, they may be asked more often to contribute to looking after other young (or elderly) family members or they may need to contribute to the household finances by getting a job alongside their studies. Thus, it is not surprising that socioeconomic background is often correlated with achievement. Socioeconomic status also strongly affects pupils' educational expectations. Reduced educational expectations and aspirations influence educational choices, can translate into a low level of actual achievement and increase the risk of intergenerational transmission of poverty. Motivation and engagement are increasingly seen as essential factors for pupils' educational success.

At the EU level, discussions among Member State authorities have been focusing on how to improve school success for all, with a particular focus on the most disadvantaged groups (e.g. the **"Pathways to school success"** initiative). They point out that students who have enriching school experiences will be more likely to stay in education and successfully transfer to the labour market. Those who struggle in the early stages but receive adequate, timely support and guidance have a higher probability of successfully completing their education, despite any difficulties in their family or social background.

This requires an **enabling system** complemented with **targeted support** tailored to individual students' needs. This approach lies at the heart of the 2022 Council recommendation on pathways to school success.

Research (see European Commission: European Education and Culture Executive Agency, 2020) points to **structural issues** in education systems, such as segregation and 'early tracking'. Decades of research have demonstrated how racial and socioeconomic segregation increases disadvantages for groups with a low socioeconomic status. Systems with school segregation by socioeconomic background are associated with higher proportions of students who underachieve in reading (see PISA results). Ensuring a **balanced distribution** of ethnic groups and groups from different socioeconomic backgrounds across schools is therefore of high importance for inclusive education policies. **Preventing segregation** whenever possible is much easier than overturning it once it has occurred. When the concentration of children with a poverty background depends upon residential distribution, it is particularly difficult to tackle. Strategies to overcome it often encounter public resistance and are the subject of difficult controversies. At the same time, the concentration of pupils from a disadvantaged background in education may also drive residential distribution (e.g. through the 'white flight' phenomenon). A key factor in preventing educational segregation, especially in systems with free school choice, is the rigorous **monitoring and enforcement of quality standards**. This can guarantee an equivalent quality of education independent of the

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been neglected in institutions, and who eventually entered high-quality foster care, recovered white-matter development.

location of the school, and it can minimise parents' concerns about the negative effects of integrated education.

Early tracking has been proven to lead to socioeconomic selectivity among pupils and result in education outcomes shaped by socioeconomic inequality. The earlier the stratification takes place, the greater the resulting educational inequalities. In spite of that, multiple education policies address and improve educational inequalities. Countries such as Germany and Italy that use tracking have managed to reduce inequalities (Volante et al. 2019), for instance by increasing instruction time, greater inclusion of children at preschool age and expanding the compulsory school age.

#### **7.4. Ensure high-quality teaching in disadvantaged environments**

On average, children in poverty receive less stimulation both at home and outside the home. Usually, they do not have the opportunity to compensate for low-quality teaching with input received from parents. Therefore, addressing issues of educational performance for children in poverty first of all means ensuring that they have access to high-quality teaching (Hanuschek et al., 1998).

In fact, while preventing segregation is important, there is also evidence of schools with a high proportion of children living in poverty that managed to support their social mobility, in spite of segregation (see Reeves, 2003; Cunningham, 2006; Jensen, 2009). Such high-performing high-poverty schools are equipped to enhance children's cognitive and social competences, set ambitious academic and work-oriented goals, express appreciation of good work and maintain a positive atmosphere. The quality of teaching is therefore essential.

Sanders and Rivers (1998) assessed the influence of individual teachers on students' academic success. They demonstrated that **placing highly qualified teachers in the most disadvantaged schools** generated the highest benefits. Unfortunately, it is common for schools with a high concentration of pupils in poverty to suffer from a high turnover of often inexperienced teachers.

As outlined in a report on equity in school education in Europe (European Commission: European Education and Culture Executive Agency, 2020), teachers who specialise in dealing with low-achieving students are in short supply, but such teachers can be of use in reducing the differences between schools in terms of student achievement, especially at secondary level.

For instance, the American pedagogist Eric Jensen, who has carried out extensive work on teaching with poverty in mind, underlines that teachers who work with students with low socioeconomic status need to be equipped with a specific understanding of the context of the students. Understanding the impact of toxic stress and what it does to students' attention may help teachers develop methodologies that are more effective. By emphasising cooperative learning, teachers may help children develop useful social skills and reduce impulsive behaviour.

**Teacher coaching** may improve student achievement. A meta-analysis (Kraft et al., 2018) of 60 studies mostly in the United States found such programmes to be effective, especially at the smaller scale.

Some approaches, such as **direct instruction** – that is, structured pedagogy where the teacher provides explanations, demonstrations and guidance to engage students – have been found to be

very effective in multiple meta-analyses, including one covering 328 experimental and non-experimental studies worldwide (Stockard et al., 2018).

**Raising teachers' expectations** for their students is also of paramount importance. In fact, studies show that having mentors or teachers with high expectations can become a life-changing boost to future success. The problem is that previous experiences of failure may make it hard for them to sustain this belief. Teachers and mentors must therefore be shown the evidence that success is possible and be trained on ways to teach hopefulness.

**Teachers' well-being and stress** also needs to be considered. There is increasing evidence that, in many countries, teachers are suffering at work, and this is negatively associated with self-efficacy. The problem tends to be more acute in disadvantaged schools. Empowering teachers and acknowledging their achievements, providing teacher support services, etc., may be crucial.

Some randomised studies, such as the 1986 Tennessee STAR experiment and a number of quasi-experimental studies (Bouguen et al., 2017), also demonstrate that **reducing the student–teacher ratio** may be particularly beneficial for students with a disadvantaged background, with some evidence of long-term effects in terms of salaries (Fredriksson et al., 2013) and reduction of poverty (Jackson et al., 2016). Reducing the ratio may help teachers who work in more difficult environments better manage their workload and support students with one-to-one attention and guidance, thereby building students' resilience and self-esteem.

**Tutoring programmes** have consistently led to large improvements in learning outcomes in maths and literacy, as shown by a J-PAL meta-analysis of 96 randomised evaluations from high-income countries (J-PAL, 2020).

## 7.5. Encourage parental involvement in education

A key issue in the intergenerational transmission of poverty concerns parental involvement in education and the support they provide. Parents and families play a key role in children's and young people's learning and development, and encouraging their involvement may improve educational achievement (Castro 2015).

Low level of parental education seems to be the strongest factor influencing early school leaving. Nevertheless, research shows that even when parents dispose of limited tools to help children in their studies, **parental involvement in education may** be a key factor for educational success. Milne et al. (2006) looked at the factors explaining the high achievement of some students in spite of their poverty background. This was driven by support by parents providing educational material, encouraging structured reading and study time, limiting television viewing and emphasising the importance of education. Parental involvement also has a widely documented impact on reducing school absenteeism, preventing school burnout, improving social skills and behaviour at school, and fostering positive relations with schoolmates.

However, the relationship between schools and families may be challenging (see the Commission staff working document on Pathways to school success<sup>28</sup>). This may be due to parents' previous education experiences, their cultural background, different parenting styles or a sense of distance

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<sup>28</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52022SC0176>

from the school ‘culture’ and ‘language’. On the other hand, teachers may also be reluctant to engage with parents from diverse backgrounds because of, for example, time and skills issues.

Some examples of evaluated practices can represent a model to support such involvement. For instance, a well-established example of programmes building a closer relationship between parents and schools is the **Home School Community Liaison Scheme (HSCL) in Ireland**. It is aimed at establishing collaboration between parents and teachers in the interest of children’s learning, focusing on families and/or neighbourhoods identified as being at risk. Its evaluation shows an attitude change by the school towards parents, greater parent participation, school development and more effective integration of the school into the community.

An experiment in France (Avvisati et al., 2014) also showed that fostering parental involvement through meetings with school officials significantly improved students’ behaviour and cut dropout rates, with effects lasting up to 18 months after the programme. Based on this research, in 2015 the French education ministry made a parental involvement programme available to all French public schools wishing to participate <sup>(29)</sup>.

Another crucial form of support that may be given to parents concerns their expectations for their children’s education and job prospects. Parents’ expectations for their children’s success is an important driver in the status attainment process because there is mutual reinforcement between parents’ and children’s expectations. Parents with a low socioeconomic status also tend to have low ambitions. Specific policies aimed at **raising parental and young people’s educational expectations** are therefore particularly relevant, for instance those providing parents with better information on educational pathways and careers (see examples detailed in Chiapa et al., 2012, Ainsworth et al., 2020, and Goux et al., 2017).

## 7.6. Rethink learning around inclusion and well-being

Learning involves a relational and emotional process, which impacts academic achievement. A stronger focus on well-being in education has been consistently advocated by several important educationalists in the last 150 years. The pedagogical methods developed by Maria Montessori, John Dewey, Célestin Freinet and Ovide Decroly, for example, all insist upon the importance of supporting social and emotional competences, active learning, respecting the individual needs of pupils and the full participation of all stakeholders (pupils, families, teachers and staff, and the broader community) in the education process.

Research shows that **positive environments and relationships** can catalyse learning and development (Osher et al., 2020). However, school is often a place of frustration and tension, especially for children from a disadvantaged background and those with low academic achievement. Instead of being a nurturing experience, education may often translate into a traumatic experience of failure.

Awareness about the importance of well-being in education has increased at the global and European levels over the past decade, including through the analysis of PISA results. Ensuring well-being in education is a key objective of the **Pathways for School Success** initiative, launched in the framework of the first European Education Area action plan. The initiative calls for promoting

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<sup>(29)</sup> <https://www.povertyactionlab.org/case-study/parental-engagement-improve-childrens-schooling>.

more inclusive education and better educational outcomes for all children and young people, developing more inclusive, caring and supportive learning environments.

**Developing social and emotional skills** is crucial. The results of the OECD's Survey of Social and Emotional Skills<sup>30</sup> show that students' social and emotional skills are closely related to their psychological well-being – particularly stress resistance, optimism and emotional control. Developing socioemotional skills is also key for students' future success in the labour market and beyond.

However, students' social and emotional skills differ by social background. Students from advantaged backgrounds reported higher social and emotional skills than their disadvantaged peers. Disadvantaged children are often left at home alone while caregivers work long hours; they spend more time watching television or on a mobile phone and less time taking part in extra-curricular activities. This may have significant socioemotional consequences.

This calls for focusing efforts on **reinforcing social and emotional skills for children in poverty**, compensating for the weaker support that these children may receive. Several experiments have shown the positive impacts of programmes targeting growth mindset (see Chapter 8), grit (Alan et al., 2019), patience (Alan et al., 2017), self-regulation and other socioemotional skills. Fostering such skills enables pupils to increase their concentration, persevere through hard problems and better retain knowledge, and facilitates future success in the labour market (J-PAL, 2022).

A wide review of meta-analyses (Cefai et al., 2018) on **the integration of social and emotional education into school curricula** in the EU and at the global level showed that school-based, universal social and emotional education has positive social, emotional, cognitive and academic outcomes. When such programmes are offered to all school children, they have a long-term positive impact, including on at-risk children from ethnic and cultural minorities, children with a low socioeconomic background, and those experiencing social, emotional and mental health difficulties.

Monitoring and supporting **student engagement** is also crucial. A recent randomised study, for instance, showed the impact of nurturing curiosity to enhance learning (Alan et al., 2024).

Importantly, a strategy for well-being in school also needs to include **all the stakeholders** in the education process – that is, not only the pupils but also parents and teachers.

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<sup>30</sup> [Survey on Social and Emotional Skills \(SSES\) | OECD](#)

## 8. Youth poverty: building hope and resilience

### *Key takeaways*

- ❖ Training on growth mindset is an effective and easy to implement measure
- ❖ Meaningful support through mentorships or tutorship can increase resilience
- ❖ Out-of-school support in safe places (for time after school) may be essential to personal development

A prolonged experience of poverty may breed a sense of hopelessness, as a natural adaptive response to life conditions (see Peterson et al., 1995). This, in turn, may become an important obstacle in moving people out of poverty. Thus, anti-poverty strategies should also **reflect on how to support hope**, especially for people who are starting to plan their lives.

Research shows that the situation of ‘learned helplessness’ may be overcome, and that hope may be taught (Seligman, 2000).

Psychological research shows that individual differences in children’s responses to adversities (such as poverty or other deeply negative life events) seem to largely depend on protective cultural or personal traits that foster **resilience**. Norman Garmezy, who first studied the topic, focused on protective factors for children exposed to stressful and traumatic life circumstances. Such protective factors were solid attachment relations, strong support by parents or alternative adults in charge, but also how teachers and parents support self-esteem and a “growth mindset”. (see Garmezy 1993 for an overview). Children who benefited from these protective factors were less likely to experience negative outcomes later on, and they had outcomes that seemed to level off their initial disadvantage in comparison with more advantaged children. This was confirmed by further studies (e.g. Masten et al., 1998).

It is thus essential to deploy measures to build protective factors, to contrast the impact of the environment (be it marginalised neighbourhoods or vulnerabilities in the extended family). This may mean supporting a **growth mindset** in education; developing **positive relations** that may provide guidance and support; and having **safe places** where children can spend their free time, to counter the environmental risk factors.

### **8.1. Growth mindset**

The growth mindset is a concept originally explored by Carol Dweck (2008). It is the belief that abilities and intelligence can be developed through dedication and hard work, that skills can be learned, and that failures are simply steps towards success. This contrasts with a fixed mindset, where individuals see their abilities as static and unchangeable.

Research shows that the **growth mindset is a key factor of positive change**, and in education it reliably predicts school achievement. Students’ confidence in their abilities and their fear of failure affect their performance and their well-being.

Evidence indicates that a growth mindset is less widespread among students from lower-income families. Among low-income students, however, those who do have a growth mindset are appreciably buffered against the deleterious effects of poverty on achievement (Claro et al., 2016).

Therefore, supporting the development of a growth mindset may be essential to improving outcomes, aspirations and self-esteem for people in poverty. Importantly, research has demonstrated that this is feasible, and it may also be surprisingly easy (Paunesku 2015). Some techniques in education have proved highly effective in supporting a growth mindset among students and staff, with a direct and rather dramatic impact on the achievements of students facing greater adversity and who are exposed to stereotype threats (see Cassio et al., 2021, for several examples). Such interventions are striking in terms of their scalability and low-cost applicability, and it would seem natural to recommend their systematic implementation.

## 8.2. Build protective factors: mentorships and tutorships

Sometimes parents cannot provide the secure and attached relationship that children need in order to thrive. Research on the experience of resilient children, who thrived in spite of extreme difficulties, shows the invaluable importance of having support from at least one meaningful person. It could be a relative, a teacher, a mentor or a friend.

Youth mentoring programmes may achieve this. **Mentors can act as effective role models**, affecting the way young people view themselves and the world around them.

A wide range of such programmes exist throughout the world, aimed at improving the opportunities of young people with a disadvantaged background. The tradition of mentoring originates from the United States, where mentoring programmes currently engage approximately 2.5 million volunteers per year (Preston et al., 2018). The oldest and most established of these programmes is probably the Big Brothers Big Sisters programme, which has been replicated in locations worldwide.

Following this example, mentoring programmes have emerged across the globe. In Europe, programmes were launched around the start of 2000, often aimed at the inclusion of young people with migration or minority backgrounds. These include the Nightingale programme, launched in Malmö, Sweden, in 1997 and expanded into other European countries <sup>(31)</sup>; the Roma mentor programme <sup>(32)</sup>; and projects coordinated in Spain by Mentoria Social <sup>(33)</sup>.

Substantial research <sup>(34)</sup> has looked into the impact of such programmes, mostly looking into how they support resilience (Prieto-Flores et al., 2018). A comprehensive meta-analysis (Raposa et al., 2019) of outcome studies of youth mentoring programmes between 1975 and 2017 showed that mentoring is an effective intervention for youths at risk of a range of psychosocial and academic problems across diverse outcome domains. Programmes serving a larger proportion of male youths and those deploying a greater percentage of male mentors or mentors with a helping profession background yielded larger effect sizes. A very recent randomised controlled evaluation of the US Big Brother Big Sister programme (DuBois et al., 2025) showed a statistically significant effect on violent behaviour and substance use.

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<sup>(31)</sup> <https://nightingalementoring.mau.se/>.

<sup>(32)</sup> <https://roma.education/mentorship-a-great-program-for-reducing-the-dropout-rate-and-for-increasing-school-activity-for-roma-students/>.

<sup>(33)</sup> <https://mentoriasocial.org/>.

<sup>(34)</sup> <https://www.cebmentoring.org/>.

In relation to labour and education outcomes, a randomised controlled evaluation (Resnjanskij et al., 2021) of a German nationwide mentoring programme aimed at improving the labour market prospects of school-attending adolescents from disadvantaged families showed significant effects in both fields.

Nevertheless, results vary significantly depending on the structure, clear aims of the programme and longevity of the mentoring. Raposa et al. (2019) emphasise the need to remain realistic about the expected impact, and highlight opportunities for improving the quality and rigour of mentoring practices. Evaluations have enabled the specification of criteria for good-quality mentoring programmes<sup>(35)</sup>; among them, the **creation of a long-term and stable relationship** appears to be a key factor. The quality of coordination (structure and clarity, care in recruitment, selection, interviews and vetting of applicants as well as education, support and supervision) are essential aspects for success<sup>(36)</sup>.

Even if it has a more limited focus, high-impact tutoring – an intensive individual learning support, provided in person or online – has been found to be highly effective in improving educational outcomes (J-PAL, 2020). Carlana et al. (2025) analysed the impact of an online tutoring programme matching volunteer university students with underprivileged middle school students during the COVID-19 lockdown, and found significant effects on students' maths performance but also on their aspirations and socioemotional skills (and an increase in empathy on the side of the tutors). Higher dosage yielded stronger effects, while group tutoring resulted in smaller effects.

### 8.3. Safe out-of-school places for children and young people

While school is essential for personal development, it is also essential for young people in poverty to have broader support in the **time after school**, at weekends and during holidays.

Living in a disadvantaged area often means being exposed to a higher range of risk factors (criminality, etc.) than in better-off areas. Children and young people in poverty also lack the stimuli and facilities (e.g. books, space for studying, parental support with homework, extra-curricular activities) that other children have, and which are crucial for educational outcomes and personal development.

Therefore, it may be essential to have **out-of-school support in safe places**, where young people can drop in during the afternoon or holidays and engage in arts and sports or receive psychological and academic support.

A meta-analysis in the United Kingdom looked at eight models of out-of-school support for young people based on arts and sports and found promising evidence that such interventions increase young people's self-confidence, self-efficacy and emotional regulation (Clarke et al., 2015).

Another review (Bucelli and McKnight, 2022) shows that youth services play an important role in helping young people negotiate the transition to independence and offer an opportunity for early intervention for young people who are struggling, helping reduce social exclusion and address some aspects of poverty.

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<sup>(35)</sup> See the website for the European Center for Evidence-Based Mentoring (<https://www.mentoringeurope.eu/ecebm/>).

<sup>(36)</sup> <https://nightingalementoring.mau.se/files/2020/07/A-study-of-Nightingales-mentoring-in-Malm%C3%B6-kopia.pdf>.

For example, in Hungary, a network of study halls (**Tanoda**)<sup>(37)</sup> operated by local non-governmental organisations has been established in disadvantaged areas with a large Roma population. They are places where children and adolescents can spend time after school, and where they receive both educational support (help with homework) and opportunities to engage in arts and sports activities. Evaluations show that participants highly value the empathetic atmosphere and emotional security they provide, which enhances their motivation to learn and become self-regulated learners. Often, the centres also provide support to parents such as training and counselling. The initiative has been shown to have a significant impact on behaviour, social skills and motivation, and some (although less substantial) impact on academic performance. Evaluations also greatly praise the cost–benefit value of the initiative.

In Italy, Save the Children has created a network of centres (**Punti Luce** or points of light, under the motto ‘let’s light up the future’) in some highly disadvantaged neighbourhoods. They are described as ‘high educational intensity’ youth centres. Children receive support with homework and counselling as needed and participate in high-quality arts and sports activities; the centres also provide counselling on legal, psychological and job-related issues for parents. Children receive a monetary ‘endowment’ enabling them to take part in external activities or buy equipment (musical instruments, etc.) to support their development. The use of the monetary endowment is planned with the children, families and the school, on the basis of a shared evaluation of needs. Evaluations<sup>(38)</sup> of the initiative showed a significant positive impact on socioemotional skills and resilience, and a sizable impact on motivation and aspirations – especially among younger children. The impact on school achievement was positive but more modest.

Bucelli and McKnight (2022) underline some specific aspects that are crucial for youth services to have a positive impact, such as **open access**, the **availability of good transport** links and the inclusion of such local and accessible services in **neighbourhood planning**. They also point out that youth services can facilitate assistance to young people to access services and benefits, thus increasing take-up rates.

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<sup>(37)</sup> <https://school-education.ec.europa.eu/sq/discover/resources/study-halls-roma-learners>.

<sup>(38)</sup> ‘Qui nessuno ci giudica’, an evaluation commissioned by Save the Children Italy.

## 9. Supporting the transition to adulthood

### *Key takeaways*

- ❖ Early school leaving has long term negative repercussions; prevention is much more effective than compensatory measures
- ❖ Career counselling and information usefully support decisions on career and education choices
- ❖ Young people leaving alternative care need continued support (extending child protection-like measures as long as needed after they become of age)

When the labour market weakens, young people tend to be the most severely hit and most at risk of poverty and social exclusion. As J-PAL underlines, the labour market situation of young people is so particular that assessments of policies for adults probably do not carry over to young people. Thus, an evaluation of the effectiveness of measures needs to be specific to their situation and needs.

### 9.1. Fighting early school leaving and being NEET

Since the adoption in 2011 of the Council Recommendation on policies to reduce early school leaving, extensive work has been conducted at the EU level and by Member States on this issue, leading to a substantial reduction in the number of early leavers from education and training in the EU. The Council Resolution on a strategic framework for European cooperation in education and training towards the European Education Area and beyond (2021–2030) set an EU-level target of reducing the share of early leavers from education and training to less than 9 % by 2030. In spite of significant progress, in 2023 early leavers still represented 9.5 % of young people in the EU <sup>(39)</sup>, with substantial variations across countries (up to 16.6 % in Romania). An assessment of the implementation of the Early school leaving Recommendation <sup>(40)</sup> outlines the good efforts but also the remaining gaps, and it recommends further strengthening an **integrated approach**, reinforcing the focus on prevention and intervention, implementing anti-segregation policies in schools and educational districts, and developing more flexible and individualised pathways and measures for well-being.

Evidence shows that being ‘not in employment, education or training’ (NEET) is often correlated with low socioeconomic conditions and in turn is conducive to very poor socioeconomic outcomes. A systematic review (Mawn et al., 2017) synthesises the literature on the effectiveness of interventions targeting NEET young people, highlighting gaps in the current evidence base as well as examples of effective practice. Specifically, high-intensity **multicomponent interventions**

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<sup>(39)</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Early leavers from education and training#:~:text=In%202023%209.5%20%25%20of%2018-24%20year%20olds.EU%20were%20early%20leavers%20from%20education%20and%20training.](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Early_leavers_from_education_and_training#:~:text=In%202023%209.5%20%25%20of%2018-24%20year%20olds.EU%20were%20early%20leavers%20from%20education%20and%20training.)

<sup>(40)</sup> European Commission: Directorate-General for Education, Youth, Sport and Culture, Donlevy, V., Day, L., Andriescu, M. and Downes, P., *Assessment of the implementation of the 2011 Council recommendation on policies to reduce early school leaving: Final report*, 2019, Publications Office of the European Union, Luxembourg.

**featuring classroom and job-based training** appear to increase employment among NEETs by 4 % compared with controls. While 4 % does not seem a huge impact, in real terms this represents a positive difference for thousands of young people. Importantly, although employment and earnings were the most commonly measured outcomes, some of the more promising findings emerged for mental health-related outcomes.

Wesseling et al. (2025), looking at all relevant studies on interventions, conclude that no convincing evidence has been identified on the effectiveness of a specific intervention for NEETs. However, effective ingredients of interventions include social support, providing structure, and autonomy. In conclusion, the reviews underline that, given the difficulty and cost of developing and delivering effective interventions for NEET young people, there exists a critical need to do more to **prevent** individuals from becoming NEET in the first place.

## 9.2. Career information and counselling

Living in poverty may affect aspirations, and a lack of relatable models in the family environment may limit the understanding of young people of what is possible and most rewarding in terms of future careers.

Information and counselling may provide useful support for decisions on careers and education choices, for instance in assisting students with low socioeconomic status to enter tertiary education. In certain cases, the simple provision of information may help encourage the ambitions of high-achieving but low-aspiring students. This may be information on available courses or the costs and benefits of entering higher education, as well as on available financing options (Ehlert et al., 2017). Helping immigrant students navigate schooling decisions through tutoring and career counselling (mentoring) has been shown by one experiment in Italy to have a positive impact on their schooling choices (Carlana et al., 2018). The programme, which targeted high-performing immigrant students, led to higher enrolment rates in selective academic tracks.

Low-income students are generally more concerned about the costs of entering higher education. Therefore, accessing clear **information about the cost of and returns** from attaining a university degree can be of particular importance for students with fewer financial resources. Inevitably, outcomes in terms of actual enrolment depend on existing opportunities and the cost of access. In the United States, nudging students to apply for financial aid or waiving application fees also increased their access to and success in higher education (J-PAL, 2018, 2023).

The intensity and method of providing information and counselling (personal and long-term counselling versus the simple provision of information) can make a substantial difference. Results in terms of actual enrolment may be stronger when the provision of information is **enhanced by intensive education counselling** (J-PAL, 2018; 2023).

## 9.3 Moving out of alternative care

A specific issue – for a limited group, but important because of the dramatic problems involved – concerns young people moving out of alternative care when they become of age. In many systems, measures for child protection cover people up to the age of 18. This means that when they reach this age, young people in alternative care may be left in limbo, with insufficient support to ensure a good life – no support either from families nor from institutions. They are particularly exposed to risks of homelessness and broader social exclusion. Thus, it may be essential for policies to **extend**

**child protection-like measures** for young people moving out of alternative care well beyond the age of 18, ensuring that they have access to housing, education, healthcare and financial assistance as they transition to adulthood.

## 10. Employment

### *Key takeaways*

- ❖ There is a need for more rigorous evaluation of active labour market policies (ALMPs).
- ❖ Wage subsidies may be effective.
- ❖ While public works programmes often have a negative impact, a new promising model consists of 'job guarantee' approaches.
- ❖ Addressing in-work poverty: crucial importance of child benefits

In principle, having a sufficiently well-paid job is the main avenue out of poverty. There are some conditions to this. The first is of course being able to access such jobs – which may be challenging in areas of high unemployment and for people whose qualifications do not match the labour market demands. The other is that the employment conditions (employment duration and wages) ensure sufficient income to avoid poverty.

### 10.1. Access to employment

The 2008 Commission recommendation on active inclusion<sup>41</sup>, endorsed by the Council and the Parliament, underlines the importance of labour market integration. The concept of active inclusion is based on three key elements of **inclusive labour markets**: assistance for those who can work to enter or re-enter and stay in employment that best relates to their capacity to work, income support and access to high-quality services.

This points to the importance of effective **active labour market policies (ALMP)**, that is, measures to help individuals enter or remain in the labour market.

#### *Active labour market policies*

J-PAL drew a synthesis of experimental research aimed at assessing the effectiveness of ALMPs in Europe and similar contexts such as North America. The overall conclusion was that there is a **lack of rigorous evaluation** (scientific papers based on randomised controlled trials) of many different topics related to the connection between poverty and the labour market. In particular, it laments a

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<sup>41</sup> OJ L 307, 18.11.2008, p. 11

striking lack of experimental evidence on the effectiveness of training programmes in Europe, in spite of substantial investments of EU funds. Even if not all labour market interventions lend themselves to randomised evaluations (e.g. unemployment insurance, national minimum wage legislation), often the problem in Europe is evidence gaps due to administrative barriers and a lack of coordination.

However, this gap has been partly filled by two recent meta-analyses of counterfactual impact evaluations of initiatives funded by the European Social Fund (ESF) and youth employment initiative (YEI) during the 2007–2013 and 2014–2020 programming periods (Pompili et al. in European Commission: Directorate-General for Employment, Social Affairs and Inclusion et al., 2023; updated by Haepf et al., 2025). Although not strictly experimental and often not published as scientific papers, when analysed together these evaluations offer a rather robust understanding of the effects of funded ALMP measures on employment outcomes. They show that the most effective programmes are **employment subsidies** (17.1 % increase in employment outcomes) followed by **internships** (+ 6.2 %), other **training programmes** (+ 5.3 %), **vocational training programmes** (5.0 %) and **mentoring / social support programmes** (2.8 %). Descriptive statistics further show that the largest programme effects are found in programmes taking between 13 and 24 months (+ 9.3 %), in programmes for older workers (11.3 %) and over effect horizons beyond 13 months (9.8 % for the range 13–24 months).

Furthermore, existing research based on randomised controlled trials shows the **effectiveness of intensified and tailored job search assistance**. Online programmes have shown promising results. Evaluations in Europe have found that intensifying job search assistance by increasing the frequency of meetings between job seekers and caseworkers or starting assistance earlier in the unemployment spell can in some cases reduce unemployment, help job seekers find work sooner and for longer periods, and decrease their reliance on benefits (see, for instance, Blasco et al., 2011; Van der Klaauw et al., 2022). Rigorous evidence also suggests that public provision of job search assistance is often more effective and more cost-effective than private provision (see, for instance, Rehwald et al., 2017, and a broader compilation by J-PAL).

In North America, evaluations of **sectoral (demand-led) employment training programmes** found that they boosted employment and earnings by empowering workers to move into higher-wage jobs. Features that characterise the most effective training programmes are their sectoral focus; a rigorous upfront screening of participants; training targeted to high-wage sectors; an industry-recognised certification; the inclusion of soft-skills training; job placement support services; and strong connections to employers (J-PAL, 2022).

Inevitably, such results cannot assess the comparative return on investment (e.g. was the result worth it or would it have been preferable to invest elsewhere?).

J-PAL also notes that it is important to take into account the ‘displacement risks’ of labour market policies: for instance, targeting job search assistance towards specific job seekers may come at the expense of others. Such effects may, at times, be acceptable if a population that has historically lacked opportunity is intended to benefit from the programme, for example by being better matched with employers. Regardless, it is important that policymakers are able to point to rigorous research to identify and analyse these risks.

### *Subsidised jobs*

Subsidising jobs may be a key way to fight poverty in underprivileged areas, with trickle-down positive effects in the community. This is particularly relevant for people who have been in long-term unemployment, and whose probability of finding a job in the free market is low.

The effectiveness of such programmes, however, greatly depends on the context, aim (is it employability or tackling poverty?) and approach.

**Employment subsidies**, provided to private companies to hire or retain workers from vulnerable groups, have generally shown great effectiveness, as pointed out by the meta-evaluations of ESF–YEI interventions (European Commission: Directorate-General for Employment, Social Affairs and Inclusion et al., 2023 and Haepf et al., 2025). J-PAL also points to projects that were evaluated through randomised controlled trials: for example, in North Macedonia, providing wage subsidies for vulnerable unemployed individuals increased long-term employment for participants, particularly when that employment was in the private sector. The intervention had additional positive effects on work-related and non-cognitive skills, such as performance and motivation (Armand et al., 2020).

However, the meta-analyses of ESF-funded programmes found **negative effects of public employment programmes** on employment rate outcomes (– 7.4 percentage points). Such programmes differ from employment subsidies, as jobs are uniquely paid by public funds and artificially created for the purpose of job creation. While the meta-analyses do not enable an assessment of the specific reasons for this negative impact, scientific literature, especially research focused on aid to developing countries, points to some of the most frequent pitfalls (see, for example, Gehrke et al., 2018). Such programmes may have high costs that do not generate productive effects unless they are very well designed, with a focus on local needs and opportunities. Often, they do not increase employability or business earnings via skills development. Gehrke et al. (2018) conclude that public works programmes are preferable over alternative interventions (such as cash transfers) only if they generate substantial investments among the target group, if there is clear evidence that private-sector wages are below the equilibrium wage, or if the public infrastructure generated in public works programmes has substantial growth effects.

An alternative recent model is the **‘job guarantee’** approach pioneered by **Territoires Zero Chomeurs de Longue duree**, started in 2016 as a governmental pilot initiative in France. The initiative inspired several other programmes across the EU (analysed by Markowitsch et al., 2024): Austria’s Marienthal Job Guarantee Pilot (MAGMA), the Belgium’s adaptation of the French model, Germany’s Solidarity Basic Income (SBI) project and the Netherlands’ Basisbaan. All these initiatives are rather recent (the oldest being TZCLD), and they mostly target people aged over 45 who have been unemployed for more than three years. They share common features, such as a local focus on addressing long-term unemployment in specific geographical areas that suffer from high poverty rates and unemployment; voluntary participation; and offering fair remuneration and flexible working hours. The programmes are based on the principle of employment as a fundamental right. They seek to create subsidised enterprises to generate job opportunities and therefore need to be distinguished from basic income experiments that do not offer jobs, and from public works and ‘transitional’ employment schemes that only focus on activating and returning participants to the primary labour market, often including the loss of benefits.

A key feature that distinguishes them from the traditional public works programme approach is that projects are based on a **full assessment of local needs and opportunities**, in concert with

a wide range of stakeholders. Another difference is that they provide predictable and continued support, and are tailored to the capacities of participants. In addition, the programmes include a **coaching** component, addressing other issues faced by clients, such as geographical mobility, health, addiction, finances and personal behaviour in the workplace.

The investment is assessed against the costs of unemployment and its consequences.

As to the functioning, for TZCLD the implementation of a project begins with the establishment of a local committee for employment, including local stakeholders. The committee identifies and reaches out to individuals facing long-term unemployment, finding appropriate solutions to their needs, and identifying unmet needs within the community that can be addressed through productive work. The final step is to establish one or more enterprises for employment purposes. The enterprises are designed to match community needs with the skills and desired skills development of the prospective clients, aiming for economic self-sustainability. Their activities are non-profit and do not compete with other enterprises in the territory. The national TZCLD association provides local organisations with a general methodology, but developments at the local level are tailored to local needs.

The impact of the programme extends beyond employment, as it improves the well-being of individuals, helps build communities and acts as a basis for experimentation and innovation. Participants reported a sense of purpose in their work, increased self-confidence, improved family relationships and better material living conditions.

Markowitsch et al. (2024) analysed the results of job guarantee initiatives, and they concluded that the **first results are successful**, positively impacting the economic and social well-being of communities. It is a promising approach to combat long-term unemployment while improving services and enhancing quality of life in communities. Participants do indeed achieve financial independence, experience professional development and report increased self-confidence. Overall high levels of participant satisfaction and low drop-out rates testify to the potential of these initiatives to successfully combat long-term unemployment. Challenges include difficulties in the transition to the open labour market and the complex nature of securing cooperation between local employment actors. Additionally, the issue of financial sustainability and the absence of comprehensive cost-benefit analysis complicate the long-term viability of initiatives. A few projects have undergone counterfactual analytical assessments; however, non-monetary benefits and long-term impacts have not been fully explored.

### Box 8. A (European) job guarantee?

The idea of a European job guarantee has recently gained currency among several constituencies. A job guarantee is a voluntary programme open to every working-age person who is ready, willing and able to work. It provides living-wage employment opportunities in public service projects that tackle social and environmental needs <sup>(42)</sup>.

A report commissioned by the European Trade Union Institute (ETUI) (Antonopoulos, 2024) explores the concept and the feasibility of such an approach at the EU level.

The ongoing experiences of job guarantee schemes (outlined by Markowitsch et al., 2024) demonstrate success in creating tailored jobs by involving local stakeholders and positively impacting the economic and social well-being of communities; they testify to the potential of successfully combating long-term unemployment.

Therefore, it may be relevant to scale them up at the EU level. ETUI (Antonopoulos, 2024) points to the reasons why such an approach could be worth exploring. A job guarantee may be an effective countercyclical measure; in addition, having such measure in place across the whole EU might prevent negative externalities across Member States in the event of economic downturns. A coordinated effort to combat long-term unemployment would assist the EU's stability.

ETUI explores avenues for funding the measure through national and EU funds (including loan mechanisms such as SURE). It argues that measures such as job guarantees must be seen from an investment perspective: they generate tax revenues and contribute to increasing GDP. It also argues that the benefits of the measure would cover several aspects: it would reduce the risk of poverty and social exclusion; it would prevent workers' labour from being exploited; it would prevent the loss of skills; it would promote upskilling and reskilling; and it would enable a labour-driven recovery in times of crisis.

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<sup>(42)</sup> <https://www.jobguarantee.org/>.

## 10.2. Making work pay: addressing in-work poverty

Getting people into work is not always sufficient to lift them out of poverty. As previously outlined, in-work poverty is present in the EU, even if the phenomenon has different causes and therefore requires different measures to be put in place.

One cause of in-work poverty is an **insufficient level of wages**. This problem is the focus of the EU directive on minimum wages, and of efforts around decent working conditions.

In most cases, however, in-work poverty is related to **job precariousness**: low work intensity, large spells of unemployment or income insecurity among vulnerable categories of workers, such as platform workers working part time. The forthcoming EU initiative on high-quality jobs should address the specific issues around platform work.

The literature also demonstrates that **in-work poverty increases with the transition to parenthood** and subsequent births, because children increase household needs and reduce household resources, especially if one earner (usually the mother) reduces their labour supply (Polizzi et al., 2022). However, as households dissolve, the needs of each single-earner household decrease only marginally, while the resources available to the household head are dramatically diminished (Polizzi et al., 2022). This may call for designing **child benefits** (and related tax credits) with a specific focus on the needs of single parents.

## 10.3. Tackling the informal economy

In 2020, nearly one in six of the working-age population of the EU was in informal employment<sup>43</sup>. It is primarily people living in poverty who staff this sector. There are inevitably two sides to the issue. The informal economy may actually contribute to poverty reduction, especially where fewer formal economic activities are in operation (Sharma and Adhikari, 2020). However, employment in the informal economy can often lead to exploitation, and a lack of contributions to social protection eventually leads to insufficient pensions, etc. In addition, the coexistence of substantial informal employment with generous income support may reduce public support for welfare redistribution.

Thus, a wide strategy to address poverty should include measures that enable **the emergence and regularisation of informal employment** (see ATD Fourth World contribution to the EU's anti-poverty strategy). It is a particularly challenging ambition, for many reasons. A meta-evaluation (European Commission 2023) shows that the forms and drivers of undeclared work are manifold and that policy success is often difficult to identify. The damaging effects of the phenomenon may differ depending on the context, so the main focus of policies should be on the most damaging forms of undeclared work for society more broadly, protecting those individuals who are most vulnerable and transforming their un/under-declared work situation into a declared one. A combination of enforcement and behavioural insights can be used effectively to this purpose.

The **European Labour Authority** actively supports Member States in tackling undeclared work<sup>(44)</sup> with a number of key activities and research, and the support of a permanent working group of national experts (European Platform on tackling undeclared work).

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<sup>(43)</sup> See World Bank database: <https://www.worldbank.org/en/research/brief/informal-economy-database> *Economy Database* (and Elgin et al. 2021)

<sup>(44)</sup> <https://www.ela.europa.eu/en/topics/tackling-undeclared-work>

## 11. Income support

### *Key takeaways*

- ❖ Substantially improving the adequacy and coverage of MI schemes in the EU may be within reach.
- ❖ Perceptions of deservingness need to be considered to ensure public support: prioritising child benefits and child support may be an effective avenue.
- ❖ Material support works better when combined with support services (from simple information to long-term coaching).

Income support is a necessary measure to support households whose revenues are insufficient to ensure a life lived with dignity. A large variety of instruments may be employed to this purpose. There is an immense volume of literature on this; this chapter limits itself to a short analysis of the measures most directly aimed at poverty reduction, such as minimum income (MI) schemes.

Leventi et al. (2018) examined the most cost-effective policies in reducing poverty or limiting its increase in seven diverse Member States, using Euromod microsimulation methods. They considered commonly applied policy instruments with a direct effect on household income: child benefits, social assistance, lower income tax thresholds and a benchmark case of rescaling the whole tax and benefits system. They found that, while the assessment of the most cost-effective instrument may depend on the measure of poverty used and the direction and scale of the change, the most cost-effective options for poverty reduction are increasing child benefits and social assistance.

### 11.1. Minimum income: adequacy and coverage

All Member States now have MI schemes, but their **nature, as well as their effectiveness, varies** significantly (for a comparative overview, see Coady et al., 2021, and Caritas Europa, 2025). Even establishing a comparable definition of MI across Member States is challenging, as the concept of MI covers different schemes that may have different aims. For instance, Casas, cited by Almeida et al. (2025), notes that some countries and authors include unemployment assistance as a form of MI support.

A general description of MI schemes is that they are ‘anti-poverty cash benefits, with means-tested and non-contributory characteristics, which usually work as a top-up depending on family size and composition’ (Almeida et al., 2025). That is, they complement all other incomes, including other benefits, up to the MI threshold. Member States’ spending on MI schemes varies considerably, ranging from 0.02 % GDP in Latvia to 0.78 % in France. The differences in spending across Member

States may reflect several factors, including the strictness of the eligibility criteria, take-up rates and the rules applied when calculating the amount of MI benefit for each beneficiary.

Two main elements have an impact on MI effectiveness: (1) **coverage**, that is, the extent to which support reaches individuals in need, and (2) **adequacy**, that is, the generosity of the support provided.

The 2022 Council recommendation on Minimum income aimed to improve these two dimensions. In order to assess if and how they actually improved, it is necessary to establish ways to compare the effectiveness of systems. This may be challenging because of under-reporting when data are collected through surveys, and failure to capture actual non-take-up rates in abstract microsimulation models. A recent JRC study (Almeida et al., 2025) tried to overcome the difficulty by calibrating the simulation of MI schemes in Euromod with the aggregate numbers collected and reported by each national administration (thus referring to actual expenditure in Member States).

The analysis shows that the coverage rate of existing MI schemes is quite heterogeneous across Member States but generally insufficient, with most countries reaching less than 50 % of households in extreme poverty (defined as 40 % of median income) and some having coverage rates below even 10 %. Furthermore, MI support is often less adequate for larger families vis-à-vis single-person households. This suggests that the complementary amounts provided for children through MI support may be insufficient to adequately cover the expenses of raising them. While many Member States ensure adequate income levels for families with children by providing additional child-related benefits alongside MI support, in some countries the combined support remains insufficient. The combination of the different coverage and adequacy levels across Member States results in heterogeneous effects on poverty alleviation.

The study also remarks that MI schemes do not enable the convergence of disposable income of the poorest citizens across the EU, as the best-performing countries before MI support are also those with the highest increases in disposable income through MI support.

Therefore, the study explores possible reforms of MI schemes that are aimed at increasing coverage and adequacy using different sets of simulations: an 'increased adequacy' scenario, increasing the generosity of MI entitlements for current beneficiaries by the amount needed to lift them out of extreme poverty; and an additional extension of this scenario to increase MI coverage by 10 %. The study shows that, although with high heterogeneity across Member States, extending the coverage to all poor working-age households, such that extreme poverty is fully eliminated, would imply an overall additional cost of 0.20 percentage points relative to the expenditure to GDP ratio produced by existing MI schemes, at the EU level. Therefore, the authors conclude that the **additional cost of providing MI support to lift all poor households in the EU out of poverty (relative to the status quo) would be relatively low** and, arguably, far from unattainable.

## **11.2. Targeting (or not)**

A priority question for the delivery of social programmes, and in particular income support, is who the programme should target. Decisions on targeting depend on political considerations and practical factors.

Designing an appropriate targeting strategy is key to optimising the effectiveness of social assistance. In addition, the way that cash transfers are framed may have a significant impact on how much support among the general public there is for measures of welfare redistribution.

#### Box 9. Perceptions of deservingness

When it comes to redistribution, a major driver of the perception of such measures by the public is the **evaluation of the deservingness** of the people who will benefit from it.

There may be a backlash when policies are perceived to be giving resources to people who do not deserve them at the expense of people who do deserve them (see Cassio, 2024, for an additional overview).

van Oorschot (2000) investigated attitudes towards welfare, and found that they are strongly based on a moral judgement. The public is more or less supportive of redistribution through welfare on the basis of the following series of factors (summarised by van Oorschot in the CARIN model).

- **C – control over neediness.** People who are seen as being personally responsible for their neediness are seen as less deserving (if at all).
- **A – attitude.** Needy people who are likeable, grateful, compliant and conform to our standards are seen as more deserving.
- **R – reciprocity.** Needy people who have contributed to our group before (who have ‘earned’ our support), or who may be expected to be able to contribute in future, are as seen as more deserving.
- **I – identity.** Needy people who are closer to ‘us’ are seen as more deserving.
- **N – level of need.** People with greater need are seen as more deserving.

Of these criteria, control over neediness seems to be the most important, closely followed by identity.

Such perceptions may play an important role in public support towards measures; therefore it is important to take them into consideration in the framing of and narratives around welfare distribution.

For instance, Leventi et al. (2018), in relation to child benefits, observe that universal benefits appear to be less cost-effective in terms of poverty reduction than a benefit targeting low-income families, but they have the advantages of high take-up and political support.

Targeting is usually based on income. In practice, targeting errors may be frequent, because a person’s income may not reflect their actual earning ability, and because of the dynamic nature of poverty, which may lead to the exclusion of individuals if databases are not up to date.

Given existing challenges, some researchers have proposed making programmes accessible for all. A much-debated suggestion is the implementation of a universal basic income, where each individual receives a fixed amount of money or goods regardless of their income level.

This debate has acquired new relevance in view of possible future developments such as the advent of general artificial intelligence, which might generate job redundancies and thus make income from labour more difficult to attain.

Such a measure would avoid targeting errors, would have lower administrative costs and would have less impact on labour supply, as it would be less likely to affect individuals' willingness to participate in the labour market. In addition, universal transfers can mitigate potential misuse of authority by officials. The main drawback, of course, is that a universal basic income that is sufficient to meet basic needs would require substantially larger budgets (J-PAL, 2023).

**Box 10.** What we know about the effects of universal basic income, in practice

Given the growing interest in the approach, a number of studies have focused on the effects of guaranteed income measures such as universal basic income. Early studies looked at measures of this kind in the late 20th century. They were quasi-experiments and early randomised evaluations in the United States, with varying degrees of quality and different ranges of transfer amounts, target populations and durations (the negative income tax experiments (1970s), the Alaska permanent fund dividend (1979–2015) and the Eastern Band of Cherokees casino dividend programme (1990s–2000s)). In general, these early studies found either no effect on labour market supply or slight reductions in work and earnings, with positive effects on quality of life (including education, crime reduction and mental health).

Recently, several dozen pilots or studies have emerged in the United States to assess the impacts of such programmes. Some are part of broader efforts to understand the effects of guaranteed income (e.g. the Cook County Promise Guaranteed Income Pilot) while others have a stronger anti-poverty focus (Baby's First Years or Open Research Unconditional Cash Study). These studies have different designs (e.g. one-time versus recurring payments) and target populations, but lessons can nevertheless be drawn from them. Researchers are testing different variations of programmes (amount, frequency, bundling with other support services) targeting low-income households and adults experiencing homelessness.

For instance, the study on babies' first years assigned new mothers with low incomes to receive an unconditional cash transfer of USD 333 (high-cash group) or USD 20 per month (low-cash group) and measured the impacts on different childhood development outcomes. The impact on children's nutrition, health and sleep remain unclear. Children in the high-cash group displayed different brain activity patterns, which have been associated in other studies with the development of cognitive skills.

In another study, researchers randomly assigned 3 000 low-income participants in Illinois and Texas to receive either USD 50 or USD 1 000 per month for three years. The cash transfers increased spending on basic needs, improved self-reported financial health and equipped low-income households with the ability to handle short-term financial shocks. However, transfers of this size, frequency and duration may not increase wealth or improve financial outcomes in the long term.

In Europe, there is some evidence from experiments in Spain, Italy and Finland. The Finnish basic income experiment replaced minimum unemployment benefits (EUR 560) with an unconditional transfer of equal size. The evaluation found no employment effects (Verho et al., 2022). In Italy, researchers evaluated a cash transfer of EUR 2 500–3 500 per year targeting low-income individuals. They found no labour market effects if the transfer was provided unconditionally (Aparicio Fenoll et al., 2022). In Spain, researchers evaluated a cash transfer that provided subsistence-level assistance targeting economically vulnerable households. They found that individuals receiving the transfer were 20 % less likely to work, seemingly driven by households with care responsibilities. This negative effect was mitigated when the cash transfer came with partial rather than full withdrawal (Verlaat et al., 2023).

### 11.3. Income support: benefits and limitations

Cash transfers play a crucial role in reducing poverty, but they can also support human capital accumulation, increase productive non-remunerated activities such as caregiving (suggestive evidence from Spain; Verlaet et al., 2023), promote leisure time (evidence from the United States; Vivalt et al., 2024) and lead to improvements in mental well-being, health and home conditions.

On the flip side, some evidence points to a possible negative impact on labour supply. The ultimate goal of measures such as minimum income is to help individuals transition from welfare dependence to stable, self-sufficient employment in the regular labour market, ensuring access to protections, including pensions and job security. To achieve this goal, the design of income support may need to take account of behavioural aspects and perceptions that play a crucial role in the effectiveness of measures.

J-PAL evidence shows that designing cash transfer policies requires **careful navigation between promoting autonomy and ensuring incentives for labour market participation**.

For instance, some evidence on means-tested cash transfers (conditional on income not going above a threshold) shows that they may distort returns to work, as recipients may reduce their earnings / hours worked to preserve benefits. However, unconditional cash transfers can also result in reductions in employment through the ‘income effect’ (e.g. recipients prefer leisure or strongly dislike the jobs available to them).

An extensive analysis on how variations in the tax and benefits system can provide incentives to take up (or give up) jobs and to work and earn more (or less) can be found in Jara et al. (2017). The analysis (based on the EU tax and benefits model Euromod) compares short- and long-term participation tax rates and marginal effective tax rates across European countries, showing how variations may generate a wide range of effects. Also, Coady et al. (2021) reviews existing MI schemes across Europe, analysing how countries balance the primary objective of poverty alleviation against managing the work disincentives inherent in such programmes and containing the fiscal cost.

### 11.4. ‘Cash plus’ initiatives

While income support is necessary, it may not be sufficient to meet the multiple support needs of people in poverty. In fact, even if cash transfers have broad-ranging benefits, they often fall short of achieving longer-term and second-order impacts related to nutrition, learning outcomes and morbidity. This is fully recognised in the EU ‘active inclusion’ approach, which insists on an inclusive labour market, income support and provision of high-quality services as necessary components of measures to support people in poverty.

Roelen et al. (2017) reviewed a series of ‘cash plus’ initiatives, in which cash transfers are combined with one or more types of complementary support. These programmes **complement regular cash support with additional support** to help people build knowledge and skills, access coaching or mentoring, or connect with other services that they may not have been aware of or have been unable to access. Evidence points to a significant positive impact of such approaches.

The experiments conducted in Spain, comparing different modalities of delivering MI support, offer important lessons on the effectiveness of complementary interventions. In 2020, when introducing the first national MI scheme (*ingreso mínimo vital*), the Ministry of Inclusion, Social Security and Migration decided to accompany the scheme with a rigorous experiment to assess which policies are most effective in complementing cash transfers. The initiative (the Inclusion Policy Lab) produced 32 randomised evaluations of pilot programmes, involving 200 000 participants across the country. It looked at the specific impacts of different measures, such as in-person and online tutoring, personalised social support, intensive job search assistance, digital skills development and measures to increase the take-up of social benefits. Among the main findings is the crucial importance of **combining cash transfers with complementary measures**. Targeted support, intensive in-person assistance and simplified access can significantly enhance the effectiveness of cash transfers, particularly for vulnerable groups. In particular, programmes targeting highly vulnerable minorities may require more tailored and more intense in-person assistance than programmes targeting broader population groups.

### 11.5. Conditional or unconditional?

A contentious point in social policy research is whether cash transfers are more effective when distributed with conditions attached or as unconditional support.

Unconditional cash transfers have a longer tradition in aid programmes in low- and middle-income countries. In that context, the arguments for implementing unconditional cash transfers were the lower programme costs. Arguments in favour also included psychological benefits among recipients resulting from self-determination of spending (Verlaet et al., 2023) and avoiding welfare traps. Evaluations of these programmes in low- and middle-income countries showed that they improved health, psychological well-being and education, with no or small labour effects (Verlaet et al., 2023).

In high-income countries the situation may be different, as safety nets often already allow for basic support, and the labour market is structured in a different way (Verlaet et al., 2023).

The few experiments on unconditional transfers in the EU show that they may bring positive impacts on quality of life and mental health, but can reduce labour participation. For instance, a randomised controlled trial in Spain studied the employment effects of a generous and unconditional transfer targeting low-income families and found that, two years into the programme, subjects assigned to treatment were 20 % less likely to work than subjects assigned to a control group. It appears that effects are driven by subjects with children, suggesting substitution of labour with care tasks (Verlaet et al., 2023). However, research in the Netherlands conducted by the same team (Verlaet et al., 2021) gave different results. They analysed the impact of conditionality on social assistance programmes and found that individuals receiving an exemption (e.g. from job search requirements, monitoring and sanctions or from intensive personalised counselling) experienced higher probabilities of employment and self-sufficiency. The results also indicated comparative improvements in terms of re-employment (job) quality.

In Italy, providing cash transfers on the condition of participation in mentoring courses led to improvements in men's labour market outcomes such as employment and hours worked. Similar effects were not observed for households assigned to universal cash transfers (Del Boca et al., 2021). Aparicio Fenoll et al. (2022) found similar results while comparing unconditional and conditional cash transfers (on the condition of re-employment training), noting that only the

conditional cash transfers had a sizable, positive and significant effect on labour income for men, persisting for two years after the transfer ended.

All in all, it can be said that **conditional cash transfers, especially those linked to activities like training, have shown more favourable labour market outcomes** than unconditional cash transfers, suggesting that targeted conditions can help recipients exit the poverty trap.

### 11.6. Addressing non-take-up of benefits

Non-take-up of support – people choosing not to claim benefits that they are entitled to – can be extensive. According to a report by the UN Special Rapporteur on Extreme Poverty and Human Rights (De Schutter, 2022), an estimated 40 % of Europeans who are eligible for some type of welfare benefits do not take up support that they have the right to receive.

To address the non-take-up of social benefits, it is essential to understand **where the barriers are**. They may include:

- lack of information, which can prevent beneficiaries from knowing about the programme or recognising themselves as possible recipients; there can also be uncertainty about compatibility with other social benefits;
- application costs such as paperwork, supplying documentation on income and family verification, travel and meeting time required;
- language barriers;
- difficulties in understanding forms and procedures;
- a digital divide;
- the stigma of programme receipt (receiving benefits is seen as demeaning for oneself or for one's reputation);
- economic trade-offs.

The most vulnerable groups, such as people with lower educational attainment and digital skills, those with health problems and immigrants, are more likely to face these difficulties.

Complex application procedures have often been identified as the main challenge in the take-up of social benefits. A J-PAL analysis of evidence shows that **application assistance** is often effective in increasing take-up, for instance in Spain, through outreach activities, support with the application and coordination with the administration, and in France, through meetings with social workers to learn about eligibility and start the application; similar results were found both in the United States and in low- and middle-income countries. However, application assistance is not sufficient to bridge the majority of the take-up gap. Instead, programmes may want to simplify the application process, for instance by prefilling the forms using administrative data. Among eligible individuals for subsidised health insurance in Massachusetts, **administrative simplification**, which provided a streamlined path to enrolment, had the largest effect on take-up.

Evidence from France, Spain and the United States (summarised by J-PAL) also shows that the simple **provision of information** on eligibility and messages aimed at reducing stigma have only **limited effects**. In France, receiving a letter with additional information on the benefits or with information aiming to combat the potential stigma associated with social benefits did not increase likelihood of attending the meeting with social workers. Moreover, the increase in take-up was observed only for those benefits that social workers could help individuals sign up to directly,

suggesting that complex application procedures were the principal barrier, as opposed to a lack of information or stigma. In a second evaluation, an online simulator that gave personalised information on benefit eligibility did not increase take-up. In Spain, a campaign on Instagram and Facebook linking information on the MI and an eligibility simulator did not have an impact on take-up of the MI scheme. However, experimental research in the United States showed that providing information had some modest effects on increasing take-up of health and nutrition programmes, and federal student aid, particularly when complemented by application assistance or simplified applications.

## 12. Other material support

### *Key takeaway*

Material support (be it on housing, food or other needs) is most effective when combined with provision of personalised assistance services.

### 12.1. Housing

Access to affordable housing is of course a central element in inclusion policies. The complexity of the issue does not allow for sufficient coverage in the context of this report. Housing has been the object of recent substantial effort at the European Commission, which has culminated with the recently proposed **European Affordable Housing Plan**<sup>45</sup> – a comprehensive initiative aimed at addressing the housing crisis across Europe. It focuses on increasing the supply of affordable housing, mobilizing investment, providing immediate support, and driving reforms.

The main focus here is on the '**Housing first**' approach to combat homelessness. The provision of **immediate, unconditional housing with tailored support** (such as community-based support services) have been shown to be effective in addressing homelessness, also in terms of costs (when the long term impact and costs of rough sleeping are considered). Housing First Europe has gathered significant evidence on the benefits of this approach, and it operates to share best practices and offer training to drive its implementation.

The reduction of homelessness in the long term may be ensured through a combination of immediate, permanent and unconditional housing support for people who find themselves homeless and prevention measures to avoid this happening. When it comes to rough sleeping, the **rapidity of interventions** is also essential, as the first few days may have long-lasting negative consequences. Prevention measures include:

- emergency financial assistance, such as one-time funds to cover arrears, prevent eviction, reduce shelter entry and increase housing stability;
- legal representation and assistance for tenants facing eviction, ensuring fair representation to prevent homelessness;

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<sup>(45)</sup> COM/2025/1025 final

- critical time intervention – transitional support for individuals with severe mental illness to ensure stability;
- housing vouchers – rent subsidies help low-income tenants secure stable housing.

Evidence on housing vouchers in the United States shows that the **combination of housing vouchers and personalised assistance** is particularly effective in reducing the learning, compliance and psychological costs of using housing vouchers, enabling participants to expand their residential choices (DeLuca et al., 2023).

## 12.2. Food

Food insecurity disproportionately affects the most vulnerable population groups, including low-income families, children, the elderly and single-parent households. Children from disadvantaged socioeconomic backgrounds are especially at risk of malnutrition, which can negatively impact their health, cognitive development and educational outcomes.

Food insecurity is often the first issue that comes to mind when thinking of extreme poverty. In reality, J-PAL points out that there is very little evidence on the effects of interventions seeking to reduce food insecurity in Europe. In relation to school meals, in Greece, a study compared students receiving both a healthy meal and an educational intervention focused on healthy eating with students receiving only the educational intervention and students receiving neither of the two. A significant reduction in household food insecurity was found in the group that received both the meal and the educational intervention compared with the group that received the education intervention only. The positive impact was consistent among students from food-insecure households and overweight/obese students.

Some promising avenues outlined in the literature include combining the provision of healthy meals and educational activities at the school level. In the United States, there is some evidence on the positive effects of information provision on the take-up of nutrition assistance programmes (including through text reminders and benefits enrolment assistance). In addition, **targeting women** with cash transfers has been proven to increase household spending on food.

## 12.3. Energy poverty

Energy poverty – defined in Directive (EU) 2023/1791 on energy efficiency as the inability of households to secure essential energy services, such as heating, cooling, and electricity – affects a substantial portion of the EU population, with pronounced regional disparities and varying degrees of severity across different socioeconomic groups.

Recent JRC work (Koukoufikis et al. 2014; Ozdemir et al., 2024) outlines the importance of looking at the **persistence and severity** of energy poverty. While several indicators of energy poverty saw a decrease in 2021 in comparison with a peak in 2013–2015, nearly half of the individuals classified as energy poor in the EU in 2020 had been persistently so between 2017 and 2020. The likelihood of being persistently energy poor increases with the number of years an individual spends below the at-risk-of-poverty threshold or faces a heavy financial burden due to housing costs.

Additionally, individuals are less likely to experience persistent issues with keeping their homes warm or having leaks, damp or rot in their dwellings if the total share of social protection expenditure on social exclusion benefits and housing allowances in the country's GDP increases.

Furthermore, the findings indicate that higher average energy efficiency of dwellings in a country is associated with a lower probability of individuals being persistently energy poor.

This points to the need for targeted interventions to break the cycle of energy poverty. Insufficient heating and poor housing standards may increase vulnerability to illness, particularly in winter, leading to further issues.

Nevertheless, J-PAL points out that rigorous causal evidence on how to explicitly address energy poverty remains scarce.

Measures may include supporting families in the upgrading of technologies or housing and nudging them towards more efficient energy use.

In relation to **upgrading technologies**, public investment in more efficient technologies to reduce energy costs for low-income households may be an important strategy, but rigorous research on the impact of such measures is scarce. Evidence from Spain's Inclusion Policy Lab in 2024 showed that investments to improve energy efficiency were effective at doing so, and at improving (one measure of) quality of life, but it found no impact on energy consumption, savings or bills, or self-reported quality of life. Furthermore, a randomised evaluation (Allcott et al., 2024) of two home energy retrofit programmes in the United States showed that actual savings were only 68 % of the predictions provided to participants. One of the issues was that a reduction in energy prices had a boomerang effect on energy consumption.

Another key issue is **therefore how to induce more efficient energy consumption patterns**. The problem is that even if more efficient energy consumption could significantly reduce costs, and even if solutions to achieve this were available at an affordable cost, people in poverty may encounter substantial barriers in implementing them. These barriers may include access to information, limited time and cognitive bandwidth, and unstable housing conditions, which may make the investment seem not worthwhile.

**Behavioural interventions** can bridge the information gap and nudge households towards more efficient energy use. For instance, home energy reports may reduce household energy use in two key ways: through technology adoption and habit formation. Other nudge interventions have shown that behaviour change is more likely when general advice is paired with personalised information (e.g. warning about the adverse health effects of indoor air pollution or a similar approach in the context of nutrition). The most cost-effective nudge would be frequent, personalised home energy reports to encourage energy-saving habit formation.

In principle, technological interventions such as smart meters can have a positive impact. However, they are costly, and evidence is mixed on their differentiated impact. They are certainly very impactful in high-consumption households with more potential savings, but it is less clear if they have significant positive results among low-level consumers.

## 12.4. Transport

Lacking access to transport may severely inhibit people's capacity to access services, take up opportunities for jobs and high-quality education, and access culture, etc. Thus, limited transport options can be a substantial obstacle to inclusion in society, and can reduce poverty reduction efforts.

Meija Dorantes et al. (2022) conducted a systematic literature review on transport poverty (that is, the lack of available, affordable and accessible transport options) in the EU. They observe that the issue often compounds the vicious circle of poverty. Poorer households move to suburban areas to reduce their dwelling costs, forcing them in many cases to spend more time and money on carrying out activities or to become reliant on private transport by car. This generates extra costs, which can oblige people to give up certain activities and can hinder professional and educational opportunities, thus reinforcing social exclusion. Addressing the issue requires deep coordination of policies at the territorial level, based on extensive consultation with stakeholders. The report outlines examples of inspiring practices that provide effective responses to specific issues.

The JRC created and maintains the Transport Poverty Hub <sup>(46)</sup> – a platform assessing transport poverty across Europe. It offers detailed spatial indicators to study the availability dimension of transport poverty (access to services and opportunities via walking, cycling, driving and public transport).

### 13. Services for people in need

#### *Key takeaways*

- ❖ The provision and quality of social services are of extreme importance.
- ❖ Services should be built around the multidimensional needs of families and individuals.
- ❖ Ideally, services should work in networks to respond to the multidimensional needs of participants.
- ❖ Approaches such as coaching may be more effective than top-down services in empowering participants.
- ❖ Developing methods together with people in poverty may ensure that their dignity is respected and secure the capacity of services to reach out to those people.
- ❖ Behavioural insights should inform service design.

All the evidence outlined in the previous chapters insists on the crucial importance of **integrating any form of material support with personalised assistance services**.

Evidence consistently shows that measures such as cash transfers, housing vouchers, energy vouchers and food support can make a difference **only when they are complemented by high-quality assistance**; in some cases, such as food support, the added value of providing material support may mainly reside in establishing a relationship between people in need and a support service. This is particularly important for people who have been in poverty for a long time, and who

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<sup>(46)</sup> [TransportPovertyHub](#).

may have multiple needs and lost capabilities. In this case, supporting people to exit poverty requires the activation of a range of services.

If, as Amartya Sen indicates, poverty is above all a loss of capabilities that hinders the capacity to flourish, addressing it requires that both material support and services work together in tackling the obstacles to such flourishing, through multiple tools. On the one hand, material support reduces pressure and enables people to regather their energy; on the other hand, support services should help people identify and find the resources needed to (re)build capacity.

#### **Box 11. Services as scaffolding**

Some practitioners compare the role of services to that of scaffolding on a building (Ruiz de Luzuriaga, 2015). The scaffolding should be held in place as long as the building needs support. The aim is to enable participants to build capacities and unlock their own self-agency. Over time, once participants have (re)acquired the capacity for self-support, the scaffolding naturally falls away.

Indeed, access to high-quality services is one of the three pillars of the active inclusion approach identified in the 2009 Council recommendation.

The **way that these services are organised, and the way that they understand the task**, may be crucial to the outcomes.

### **13.1. Addressing multidimensional individual needs**

Poverty affects many dimensions of life, especially when in place for generations. Usually, problems are intertwined and inextricable, so they have to be understood and addressed in a connected way. Difficulties in one part of someone's life can create difficulties in another: for instance, poor education leads to less chance of finding a good job, leading to housing problems, leading to health problems, and thus reducing employment chances, affecting chances for children, self-esteem and aspirations, etc.

Also, people may be hit by poverty in different ways, experiencing different combinations of disadvantages. Thus, each pathway out of poverty is different. That is why it is necessary to tailor support to the specific needs, capacities and values of the clients.

Thus, it is essential for services to take account of the whole range of interconnected issues, on the basis of individual situations. Not doing so may jeopardise the effectiveness of interventions, as the overlooked dimensions may constitute insurmountable obstacles at a later stage.

The first step in this approach is a **multidimensional assessment of needs**, carried out together with the people experiencing poverty. Services should then work in networks to support people in the different areas of need (see also Subchapters 13.2 and 13.3).

The multidimensional assessment enables the identification of deprivation, but also of areas in which the client is not deprived. **Identifying the available resources** and/or previous achievements can help to reframe existing deprivation and contribute to an increased feeling of agency. Looking at the big picture may also help support a sense of self-efficacy, as success in one dimension can reinforce success in another.

There are several examples of effective practices in implementing this type of multidimensional and individualised support; a number of them are outlined in Cassio et al. (2023). Most practices identify similar key areas for multidimensional assessment. They are:

- income and financial management;
- employment;
- physical and mental health;
- family and social environment;
- education and training;
- housing and infrastructure;
- social network and relations.

To support the assessment, in some cases **structured tools** were developed to help clients identify their needs and opportunities. These tools help ensure that all necessary dimensions are covered, and that goal setting builds on the full identification of needs. The tools must be easy to understand and use, pointing to issues or dimensions that are achievable.

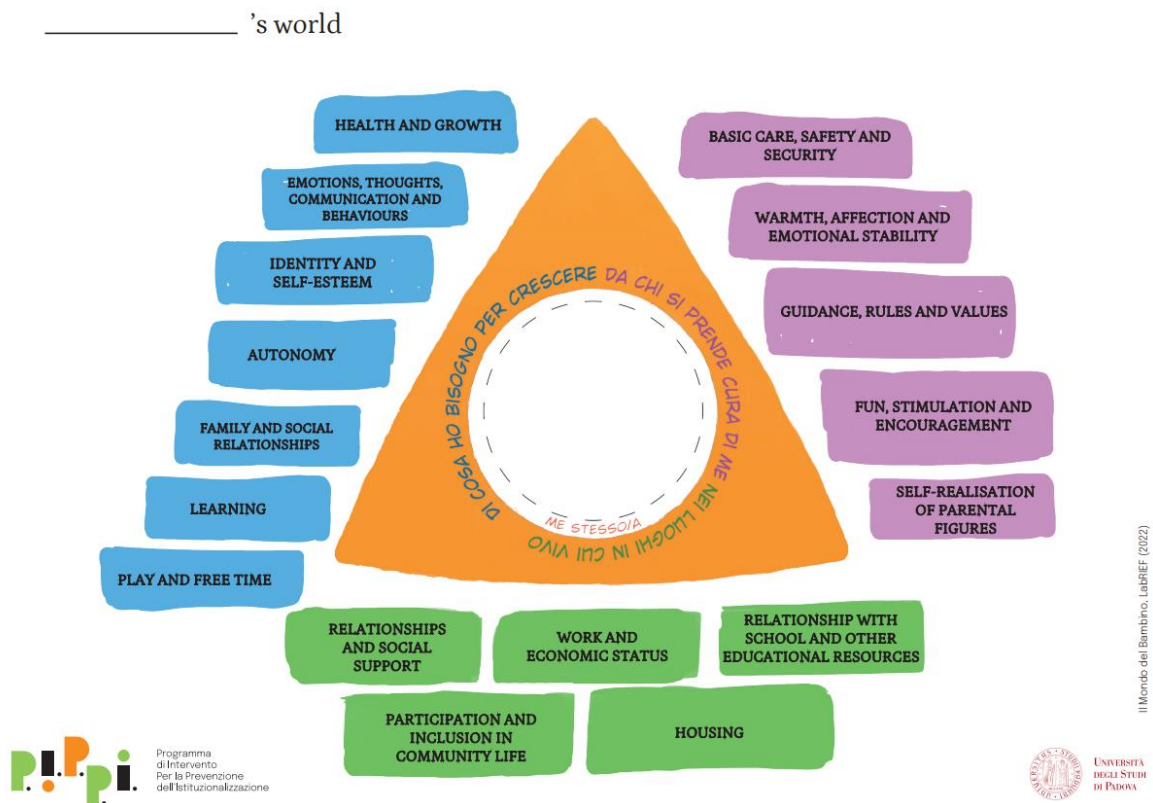
For instance, the Italian **P.I.P.P.I.** (Programme of Intervention for Prevention of institutionalisation)<sup>(47)</sup>) is an intensive care programme for vulnerable families with young children. Its name is inspired by the fictional character Pippi Longstocking as a symbol of child resilience. The programme, launched by the Ministry of Labour and Social Policies in partnership with the University of Padua in 2011, is based on a multidimensional assessment of the needs and resources of families, assisted by social services in an integrated manner and with a coaching approach. Since 2022, the approach has been extended as a national public measure. While the programme initially targeted only a small number of families with particular risk factors, it has been extended (with support from the EU Recovery and Resilience Facility) as a standard support measure provided to all families in poverty with young children. The methodology <sup>(48)</sup> focuses on three aspects: children's needs, parenting skills and environmental factors.

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<sup>(47)</sup> <https://pippi.unipd.it>

<sup>(48)</sup> The methodology is inspired by the British framework for the assessment of children in need and their families

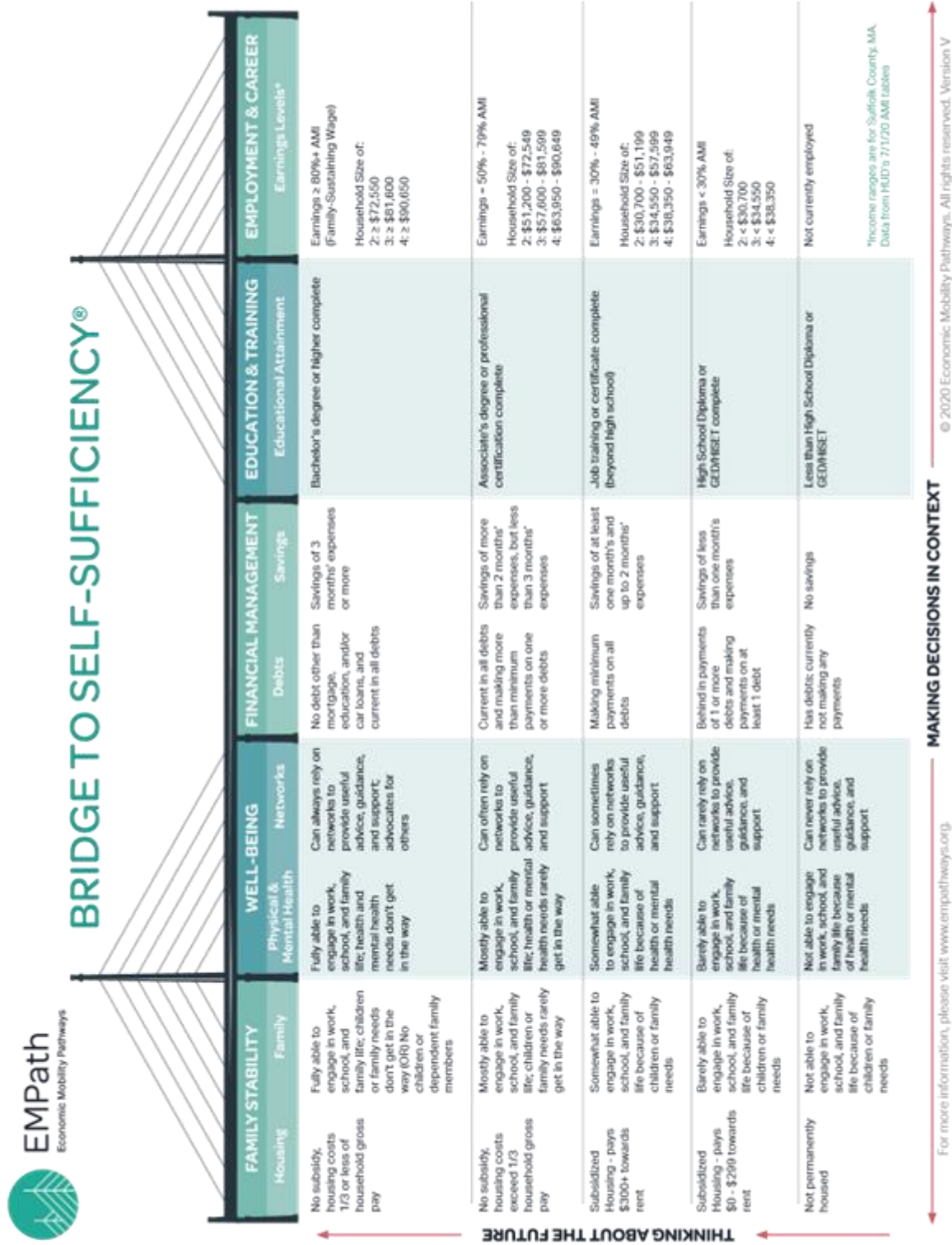
**Figure 6.** PIPPI: mapping of children’s needs and framework for assessment



Source: <https://pippi.unipd.it>.

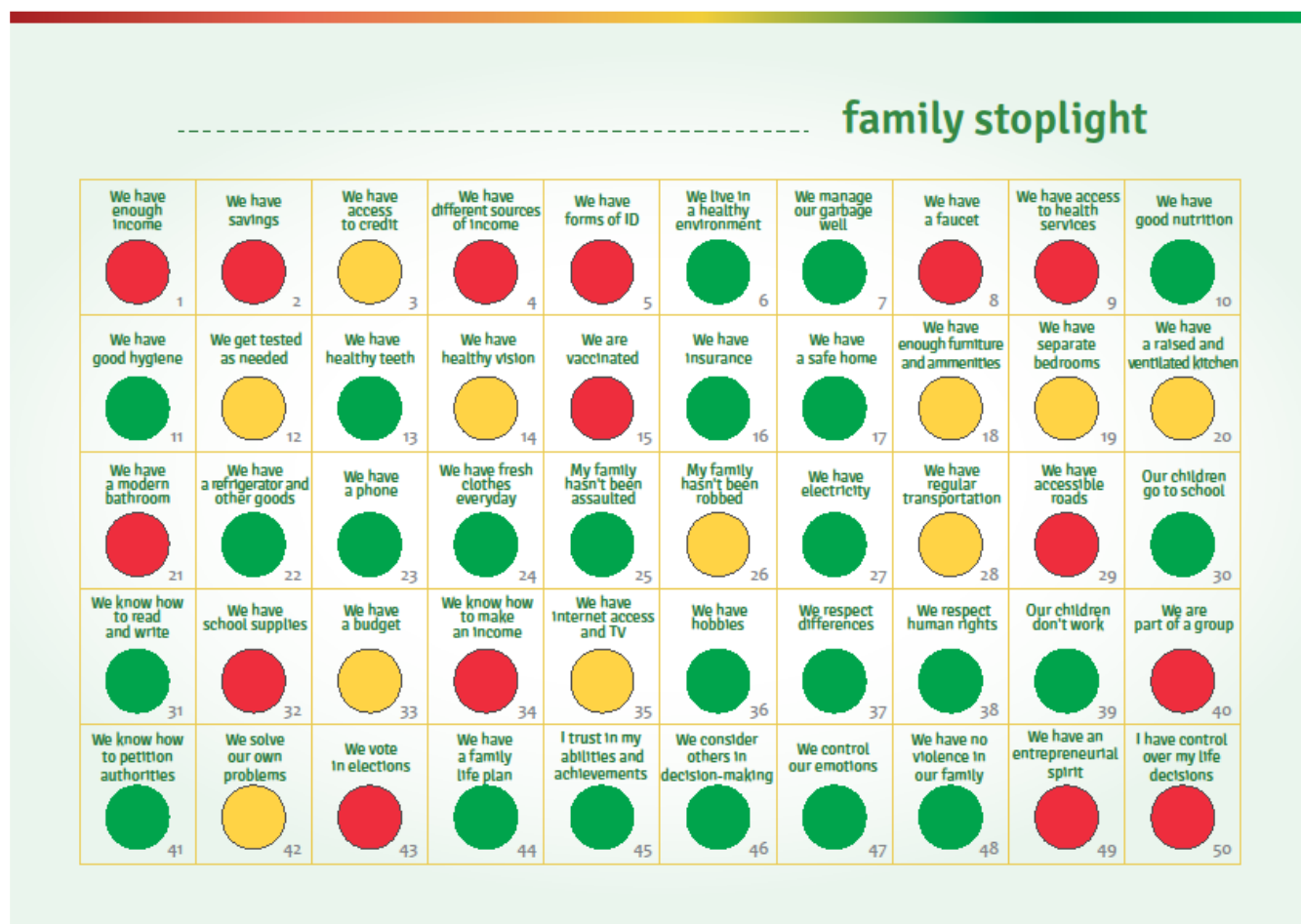
The Boston-based organisation **Economic Mobility Pathways (EMPath)** developed a framework (‘Bridge to self-sufficiency’; see Figure 7) that provides a clear and practical orientation of what self-sufficiency looks like in practice. This tool helps chart a path to economic self-sufficiency by helping families plan, reach and sustain their personal goals in five essential areas: family stability, well-being, education and training, financial management, and employment and career management.

**Figure 7.** EMPath framework for needs assessment - Source: EMPath, <https://empathways.org>



The tool developed by the **Poverty Stoplight** initiative in Paraguay, now used in several programmes across the world, consists of a digital self-evaluation survey based on colour coding, where clients select their level of poverty (red for extreme poverty, yellow for poverty and green for no poverty) across a number of indicators (typically 50 indicators, although the number varies across adaptations), looking at six dimensions of well-being. Both clients and coaches can monitor progress with the easy-to-use and readily understandable application.

**Figure 8.** Example of the Poverty Stoplight assessment tool



Source: Poverty stoplight <https://www.povertystoplight.org/>

### 13.2. Comprehensive frameworks of support

When it comes to providing support, and in particular supporting children to break the intergenerational transmission of poverty, the ideal standard may be to have **comprehensive frameworks of support around the child and the family**. This support may consist of individualised plans addressing the specific needs of the members of the family. It may work optimally through multidisciplinary collaboration, leveraging existing resources in and around the family, and looking simultaneously at the needs of the children and parents through a 360-degree support system. This requires the close alliance of a wide range of actors and agencies (in education, health, social and community services).

An example is the **Sure Start** programme (relaunched in 2025 under the name Best Start). It was introduced in 1999 to provide holistic support to families with children under the age of five in England. The programme consisted of a network of local 'one-stop shops', bringing together a range of services (health, parenting support, ECEC, support for parental employment) to support local families with the aim of enhancing the development and life chances of young children. The programme initially targeted the most disadvantaged areas, and eventually it became a universal programme; at its peak in 2010–2011, it had a network of close to 3 500 centres throughout the country. However, the change in government in 2010 brought a substantial reduction of the programme. In spite of the policy change, research – such as a recent longitudinal evaluation (Carneiro et al., 2024) – found that Sure Start had a substantial inequality-reducing effect on children from early childhood all the way through adolescence; it strongly benefited the academic performance of children from low-income families, and it reduced the proportion of children from disadvantaged families recorded as having special educational needs.

In principle, a full integration of social services for vulnerable groups is desirable. Better integration of services may contribute to improving users' access and take-up, and the ability for services to address new types of social risks and meeting the growing need for prevention (Scharle, 2015). In terms of efficiency, service collaboration for users with a high level of support needs may lead to a reduction in repeat services, while providing a better idea of who needs which services, in which order, and the priority levels attached to decision-making. Well-designed integrated approaches can enable tailor-made, flexible and responsive policy options; cost-effectiveness and efficiency by sharing knowledge, expertise and resources across cooperating actors; and capacity building and innovation, etc.

A literature review for the European Commission, DG Employment, Social Affairs and Inclusion (Scharle, 2015) explored different models of integration of social services, with a particular focus on activation, and particularly on the **coordination between employment policy and social policy for low-income households**. One of the main challenges is the coordination and balancing of the provision of income support with job search incentives and other forms of activation. This may become increasingly important, as changes in the nature of labour market risks may require the partial or full integration of unemployment insurance and poor relief. Public employment services may be expected to extend their services to cover a wider range of groups, either by assuming the main responsibility for their activation or by cooperating more closely with other government agents charged with their activation.

The report outlines the factors that may determine the success of integration initiatives, such as the clarity and harmonisation of goals across the cooperating agencies, or the clear division of responsibilities between agents. A successful integration reform requires strong governance. It should include carefully designed financial or administrative incentives for cooperation. Integration reforms should entail the adjustment of performance indicators to account for joint efforts, in order to eliminate dysfunctional competition between service units. Also, when service integration at the local level entails increased autonomy and new types of tasks, this should be supported by capacity building in planning, evaluation and case management.

Another aspect of service integration concerns the **coordination of social and health services**. The OECD (2015) carried out an analysis of integration practices, with a particular focus on those that focus on early intervention and prevention practices. The OECD report reviews a number of established practices of collaborative forms of service delivery across OECD countries, ranging from

small-scale pilots to national policy priorities. However, the available insights from evaluations show that, while the concept of integrated services is promising, the evidence base on its impact on both social outcomes and cost savings in the long term is still insufficient. The OECD report lists some aspects that may ensure a good model of integrated service delivery, including clarity on goals, a solid system of data sharing and a suitably long-term time frame to ensure the optimal development of the policy and appropriate evaluations, and ensure benefit from cumulative investments in cases of success. The report warns that **although integration may ultimately be very effective in producing positive outcomes, it is complex to implement**. The cost of integration can be substantial, especially for set-up, and may increase in the short term as better identification of need and better services drive increased demand. This may require considerable upfront investment. Budgets to meet the running costs of services need to be sustainable, which highlights the need for mechanisms to link upstream cost savings to these budgets.

A more recent umbrella review (de Matos et al., 2024) focused on **evidence on health and social assistance integration**, looking at practices combining medical, behavioural and social services. It found that most examples of such practices are still highly localised, which means that evidence of impact is still limited. At any rate, the evidence shows that while integration enables moderate improvement in social and health sectors, it does bring about a wide range of improvements in health outcomes and service quality. For instance, integration improves access to care, clinical outcomes, quality of life and quality of care. Nevertheless, implementing the integration may be challenging and time-consuming for the services, and practitioners complain that policymakers may overestimate the impact and benefits of integrating services.

### 13.3. The coaching approach

Evidence (reviewed in Cassio et al., 2023) shows the potential benefits of adopting a coaching approach in service delivery.

The approach consists of a **systematic, structured and intensive collaboration between the person in poverty and a coach/mentor**.

Coaching differs from traditional social assistance delivery in that it requires a move away from compliance and control towards a **partnership** between people in poverty and social services. It transforms the framing of people experiencing poverty: people are seen not as passive, needy recipients, but as active, resourceful decision- and change-makers. In such approaches, the assessment of needs, the identification of resources to address them and the setting of goals are **carried out by the person in poverty**, with the support of the mentor, rather than imposed in a top-down manner.

Structured coaching for people in poverty should be accompanied by **goal setting** by participants. Research demonstrates that the process of goal setting for oneself is a crucial element of change and central to any pathway of development (see Cassio et al., 2021).

The coach assists clients in breaking down identified goals into manageable steps, and then encourages them and accompanies them in monitoring progress over time. This process is often based on structured tools developed by the programme (see Subchapter 13.1). Providing such support requires substantial skills and specific training.

Cassio et al. (2023) and Sumanthiran et al. (2023) examine a range of models applying this approach in different contexts and through different protocols. A well-evaluated example of coaching in support of adults in poverty is the Boston-based EMPATH mobility mentoring programme. The programme supports participants in improving problem-solving and goal attainment across the whole range of domains necessary to complete the pathway out of poverty. The coaching model takes into account findings from brain science on how poverty affects behaviour and decision-making.

Coaching approaches working with people experiencing long-term poverty require a **long-term perspective**. Rebuilding agency, aspirations, resilience and hope should be seen as a long-term endeavour. Monitoring progress through careful data collection is particularly important.

#### **Box 12.** The coaching effect

Several practices of coaching for people in poverty (see Cassio et al., 2023) have undergone rigorous impact evaluations, showing significant results.

For instance, participation in the Boston-based EMPATH mobility mentoring programme led to a 168 % average increase in annual earnings to more than USD 48 576 per year; a 94 % increase in college completion; and average personal savings of USD 3 500.

In the Italian initiative PIPPI, impact is measured using indicators such as children's and parents' participation, parental response to children's needs, reduction in risk factors and increase in protective factors. The evaluation shows that in the 18 months of intervention protective factors increase and risk factors decrease for 90 % of the families involved, and parental responses to children's needs improve in a statistically significant way. The objectives that have been designed are achieved by 80 % of the families involved, and the family is present at 80 % of the meetings where the objectives of their plan are discussed. Such attendance is a crucial indicator of the effectiveness of the participative approach of the programme and the effectiveness of related training.

The Health and Social Development Foundation programme in Bulgaria measures the impact on school readiness of children aged 3–5 years and on parental skills. Results of the developmental assessment of young children and assessment of state educational requirements show that, although on entering the service children have a much lower level of achievement than their peers in the general population, on leaving the service their achievements are comparable with the achievements of their peers. The programme has increased parental responses to their children's needs, with a decrease in children's screen time, an increase in time spent by parents playing with their children and a substantial increase in knowledge about the needs of children and the main achievements for their age. In addition, 40 % of the families improved their employment situation and 80 % of families were able to pay back loans for improvements to housing conditions.

### **13.4. Enabling peer-group support**

Peer pressure and the social network may play against social mobility. In some cases, breaking away from a negative social network may be essential for personal development. However, often simply being exposed to somebody from the community who has succeeded can change what

people imagine for their own future. As Ray (2003) puts it, groups are repositories of information, which they can credibly share with and transmit to every member of the group. The **experience of peers is fundamental guidance** in deciding what is feasible and worthy of effort and investment. Additionally, according to Ray, groups are 'coordination devices', as aspirations align with those of the majority of the group. For instance, if one's neighbours are known to save on a regular basis, it will spur one's own desire to save. This is the reason why, for example, savings groups have proven very effective in developing countries.

Along the same lines, several programmes have integrated **peer-group support** into a broader set of measures to support people in poverty. The idea behind peer support is that people who have encountered, endured and overcome adversity can offer useful support, encouragement, hope and perhaps mentorship to others facing similar situations. Shared experience, which can often be negative or challenging for the individual, is the connecting point. Peer support can inspire others, giving them hope through self-disclosure and by being an example of recovery.

Peer support has been widely used in the health field. It has been found to increase participants' sense of hope and control; their ability to effect changes in their lives; their self-care; their sense of belonging in the community; and their satisfaction with various aspects of their life. It has also been found to reduce recipients' levels of depression.

Mikolajczak-Degrauwe et al. (2023) carried out a rapid scoping review of evidence showing the impact and the limitations of peer support among disadvantaged groups. Evidence showed that peer support has positive effects on the quality of life of vulnerable people. Nevertheless, there are limitations, such as the risk of peers being too involved or focused on their own personal interest, and peers lacking expertise and knowledge. Thus, they suggest that peer support needs to be robustly framed to ensure its sustainability and long-term positive effects.

Barker et al. (2017) reviewed studies looking at the effectiveness of intentional peer support as an intervention with young adults and homeless adults (including rough sleepers and those in the care of services). Even with some limitations due to the quality of the studies, they concluded that peer support has significant impacts on quality of life, drug/alcohol use and social support. They point to the sharing of experiences, role modelling and provision of social support as common elements of effective peer support. An increasing number of services are developing peer support and peer worker roles in the fight against homelessness. The European Federation of National Organisations working with the Homeless (FEANTSA) reviewed examples of practices and proposes guidelines for the effective implementation of peer support groups (FEANTSA, 2015).

### **13.5. Taking account of behavioural insights in service design**

The literature on scarcity (see Mullainathan et al., 2013) shows how lacking essential things, and the stress deriving from it, also has a significant impact on cognitive bandwidth.

Taking this into consideration may be essential for the design of effective service delivery. The **insights on scarcity** may explain, for example, why policies such as cutting off access to benefits after a fixed number of years does not motivate people to find jobs – a deadline of several years is too distant to feature in the calculations of people only concerned with paying the next bill.

Additionally, well-intended interventions, such as financial education or job-readiness training, could backfire when perceived as yet another class to attend and yet another item to tick off the to-do list.

Taking scarcity into consideration may mean targeting interventions so that they occur at times when the recipients are likely to be least constrained by the scarcity mindset and most open to listening and absorbing. Research <sup>(49)</sup> shows that introducing simple nudges may lead to beneficial behaviours and that small adaptations can complement or improve the efficiency of measures. For example, behaviours that require constant, energy-depleting vigilance (like trying to resist non-essential spending) should be replaced by one-off actions (like automatically transferring a percentage of your wages to a savings account). Processes can be automated through default settings. Systems can be designed so that inattentiveness leads to better outcomes, for example by making savings schemes opt-out, not opt-in.

Taking into account participants' reduced bandwidth, **programmes should incorporate prompts and reminders** – for example by introducing deadlines that frame a future action as important and urgent, and discourage the tendency to prioritise today's needs over tomorrow's needs (e.g. 'All you need to do is come to the office by 29 March'). Messages should be simple and include techniques such as colour coding (e.g. a tip sheet that says 'For these forms you need to have (1) a signature in every place that asks for it; and (2) a date next to every signature'). Prompts can be used to encourage the completion of an action, often in the form of a text message or a postcard (e.g. 'Your payment is due in three days; pay on time to avoid penalties'). Some adaptations of the physical environment can also be useful for the same purpose – for instance making sure that signage and other aspects of logistical design are easily understood.

Behavioural insights can be used to improve participant outcomes through social influence. Participants may be encouraged by references to the positive outcomes of their peers. Additionally, loss aversion can be used as a trigger for beneficial outcomes by using incentives and language that capitalise on people's natural preference to avoid losses over acquiring gains (e.g. 'By not attending your appointment, you may LOSE up to XX euro a year in benefits').

Furthermore, services addressing people in poverty (from education to social and health services) need to take into account the traumatic impact of stress deriving from living in poverty and exclusion. To reduce such stress, it is important to **emphasise physical, psychological and emotional safety**. Environments that feel physically and emotionally safe by being calm, predictable and consistent are less likely to activate a hyper-alert stress response system. To promote a sense of safety, services should emphasise trustworthiness and transparency; enhance opportunities for peer support; recognise the inherent strength and worth of all participants by fostering individual personal control, agency, decision-making and self-advocacy; and recognise and mitigate the impacts of stereotypes and biases (see Cassio et al., 2021).

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<sup>(49)</sup> The BIAS project, cited by Elisabeth Babcock in Cassio et al. (2021). Subtle and modest nudges introduced to help improve individual decision-making (such as reminders or simplified, personalised letters) had a statistically significant impact on at least one primary outcome of interest – for instance increases in payment rates for child support, attendance at scheduled programme appointments, subsidy renewals and engagement in programmes. While the gains were modest, the costs were extremely low (on average, less than USD 2 per person per month), and the nudges improved human services outcomes for tens of thousands of clients.

Finally, to reduce stress effectively, the **way that places are designed** is also important. Research in environmental psychology shows that environmental design can improve human cognition, behaviour and health outcomes. For example, some changes to the physical environment (conscious use of colours, sound reduction, natural lighting, artwork, etc.) in places where people are supported may help reduce stress, improve focus and concentration, promote self-regulation and increase self-efficacy and well-being (Babcock, 2018).

## 14. Territorial strategies

### *Key takeaways*

- ❖ More granular data at the local level would enable better targeting of measures.
- ❖ Quantitative analysis is not sufficient to understand the reasons for territorial disadvantage; combining big data, ethnography and history may enable a better understanding of the mechanisms that created poverty, and thus point to effective policy solutions.
- ❖ The issues are often similar: low quality of education provision, violence, loss of social infrastructure, corruption and low administrative capacity. It would make sense to develop strategies around these issues.
- ❖ Evidence shows that territorial strategies are effective when physical regeneration (housing) is combined with community development, social inclusion, environmental improvement, and employment and training.

Even in Europe, the area where one is born may still shape one's chances in life. An effective strategy against poverty needs to take the territorial dimension into consideration.

### 14.1. Identifying territorial pockets of poverty

Poverty is often concentrated in territories, even if granular data at the EU level may be difficult to obtain. The Horizon Europe-funded EXIT project, using detailed socioeconomic data at the local administrative unit (LAU) level 2, identifies **three types of 'left-behind areas'** in Europe – rural, post industrial and urban – all characterised by high poverty indicators.

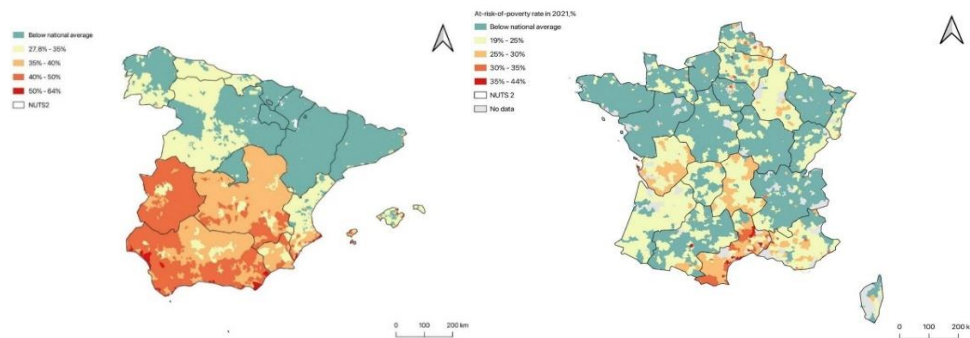
**Rural areas** typically face depopulation, economic stagnation, high unemployment and poor access to services and infrastructure. Geographical isolation – due to insularity, border proximity or mountainous terrain – often exacerbates these conditions.

**Post-industrial areas**, once employment hubs, now suffer from economic decline and limited job prospects, prompting youth outmigration and population ageing despite relatively good infrastructure.

The third category highlights **urban neighbourhoods** within or near major cities that are economically marginalised, with high rates of precarious employment, poverty and concentrations of minority or immigrant populations.

Regardless of national context, such 'left-behind areas' are consistently characterised by high AROPE rates

**Figure 9.** AROPE estimates at the LAU level for 2021 for Spain and France



NB: Based on microcensus population censuses.

Source: EXIT (Karasz 2025)

The analysis confirms that **spatial patterns of poverty** – only detectable through data at finer spatial scales – also exist **within regions and countries considered wealthy**, well developed and well connected, and that more granular data are needed to have a realistic picture of the issues.

It also emerges that a pure quantitative analysis, albeit indispensable, does not provide sufficient elements to understand the reasons for the existing problems. Understanding and addressing the issues requires approaches that consider the **structural, cultural and policy-driven factors underpinning them** (Karasz, 2025). History often casts a long shadow, and it is necessary to understand it (Edin et al., 2023).

Edin et al. (2023) show how **combining big data, ethnography and history** may provide a way to reveal the mechanisms connecting the past to the present. In turn, uncovering such mechanisms can lead to innovative, specific and tractable policy solutions.

**Box 13.** A more granular understanding of territorial poverty

To fully grasp the extent and the dynamics of poverty in places, and to better target programmes, more granular data are needed. Work is currently ongoing between the Commission (DG Regional and Urban Policy) and the World Bank to increase the **use and quality of subnational data** on poverty and social exclusion in the EU.

Poverty research might benefit from recent advances in mapping technologies (including satellites and big data) for small-area estimation <sup>(50)</sup>.

Furthermore, the **integration of quantitative with qualitative analysis** may be necessary for a deeper understanding of the drivers and depth of poverty in a given territory.

Complementing big data with ethnographic research (see Edin et al., 2023) might be a promising avenue. In addition, the integration of participatory methods for poverty mapping might be worth exploring. Participatory mapping is a process in which community members contribute their own experiences, relationships, information and ideas about a place to the creation of a map. The practice is usually conducted in an inclusive, or participatory, way (Cochrane et al., 2018). As outlined in Chapter 1, the real experts on poverty are the people suffering from it, yet the incidence of and trends in poverty are usually measured on the basis of top-down assumptions. While mainly used in the context of developing countries, participatory poverty mapping might enable the identification of the real issues and possible solutions.

## 14.2. Policy measures against territorial disadvantage

Anti-poverty strategies should be **place based**, because opportunities largely depend on the local context and infrastructure.

Analyses of concentrated collective poverty in territories often point to similar issues, as has emerged from the work of Edin et al. (2023) in the United States and the provisional results of the Horizon Europe EXIT project.

They systematically point to:

- low quality of education provision;
- high incidence of violence in territories, undermining opportunities and threatening enterprise creation;
- loss of social infrastructure (places where people can meet), which in turn may be associated with loss of social connections and infiltration of drugs, etc.;
- corruption, low administrative capacity and systemic discrimination;
- exploitation mechanisms.

Thus, policies to overturn the situation should aim to both **develop economic opportunities** (job creation) and look at the following elements: **investing in education, creating social infrastructure, providing high-quality services enabling fair access to public opportunities, rooting out corruption and addressing violence by ensuring safety for all.**

In short, **all the elements outlined in the previous chapters should be included and reinforced in strategies directed at areas suffering from concentrated poverty.**

**Territorial regeneration strategies** have been the focus of many efforts at the regional, national and EU levels. In many western European countries, **area-based initiatives** such as community anti-poverty programmes, community-led regeneration, neighbourhood planning and

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<sup>(50)</sup> <https://povertyevidence.org/using-big-data-to-transform-the-poverty-conversation-a-small-area-estimation-approach/>.

other area-based programmes have emerged over the last three decades as key tools for regenerating deprived urban areas, tackling poverty and increasing employment (Siza, 2024). Such initiatives are designed to address poverty in deprived areas and improve the active participation of local residents, as well as economic and social outcomes, by adopting a multisector and multidisciplinary approach and providing a coordinated investment package in different sectors.

For instance, in Sweden, 'area-based development' is used as an umbrella term for a wide range of activities in areas characterised by socioeconomic challenges, such as high rates of people who receive social assistance or a high percentage of residents with low incomes and high unemployment rates. In the United Kingdom, a succession of area-based initiatives have aimed to regenerate areas where poverty and related forms of disadvantage are concentrated by seeking to bring about economic, physical, social and environmental improvements (Siza, 2024).

According to Siza (2024), effective area-based interventions require three key aspects: **a place-based approach, coordinated activities in different sectors and the active participation of citizens.**

Evidence shows that these initiatives are complex to implement because of the many stakeholders and interests involved, and because they need to be conceived for a long-term impact, which may be difficult to match with the short duration of political mandates. Therefore, they call for deep analysis and building on good practices.

Unfortunately, many experiences labelled as area-based initiatives lacked a crucial component: their implementation focused on a single economic or social disadvantage and did not encompass a broad range of interventions; the design and implementation of innovative programmes did not interact with and impact regular programmes; or there was a lack of coordinated investment in social initiatives and the physical environment (Siza, 2024).

An issue that is regularly pointed out is that such policies are often designed in metropolitan centres, reflecting top-down, growth-driven logics and overlooking place-based, endogenous strategies that harness local assets and capacities (EXIT). Ivan Tosics of the URBACT programme argues that without understanding the reasons for and processes of deprivation, public interventions can easily miss the target. This may lead to contradictory interventions, such as building against the desires of original residents or creating new transitory areas.

Crisp et al. (2015) conducted a meta-evaluation to understand if and how area-based initiatives in the United Kingdom addressed poverty effectively. They found that **investment in bricks and mortar alone often fails** to see positive outcomes sustained, highlighting the erosion of improvements due to vandalism and graffiti; uncertainty and disruption during the implementation of regeneration schemes; and issues linked to gentrification processes. Also, regeneration initiatives are unlikely to have a transformative effect if they are only centred around piecemeal programmes in targeted areas, because of the broader spatial imbalances that constrain the potential impact of such programmes.

Analysing regeneration programmes focused on promotion of growth and employment, Crisp et al. (2015) found that evidence on poverty reduction was mixed, mainly due to a problem in the design of the measures and the number of unverified assumptions. Physical regeneration through large-scale business and infrastructure development was used as an opportunity to create jobs through, for example, engaging residents in construction work on housing. Some regeneration programmes

did create large numbers of additional jobs; however, there is scarce evidence on who took them up and any changes in pre- and post-employment incomes that resulted. Evaluations found that only some of the additional jobs created were taken by people who had previously been out of work; there was no conclusive evidence on whether large-scale, private sector-led regeneration initiatives made significant inroads into poverty.

Instead, past regeneration programmes were effective when **tackling the place-based elements of non-material poverty** – that is, the psychosocial aspects, particularly in terms of housing, community safety and the physical environment. Improving the quality of place, primarily through improvements to housing and the physical environment and reducing crime, were shown to have an impact on social capital and social cohesion, enhance economic vitality and increase the possibility of sustaining improvements across a range of outcomes. More effective initiatives included a **mixture of interventions combining housing with crime prevention, community development, social inclusion, environmental improvements, and employment and training**. Successful regeneration programmes saw synergies among relevant authorities, combining funding for housing to build or refurbish stock in disadvantaged areas while trying to connect residents in poverty to the jobs generated as a result. Such an approach seems to be quite effective, leading to reduced crime levels, enhanced community spirit, greater commitment to the area, enhanced skills and increased employment, and positive changes in residents' satisfaction with their neighbourhood and overall quality of life. Evaluations also showed that – housing aside – interventions to improve the physical environment and community safety were delivered at relatively low cost <sup>(51)</sup>, thus underlining their value as effective investments.

#### **Box 14.** Public-private partnerships for anti-poverty strategies

Given the size of the challenge, it is important to ensure that measures for poverty reduction are effective, but also that all efforts and resources converge in a coordinated way towards the aim.

Collaboration with private philanthropy (namely foundations) may be particularly relevant, especially around aims such as the reduction of child poverty and local initiatives. The potential for such collaboration was noted in the EU's Social Economy Action Plan, adopted in 2021, which highlighted the relevance of partnering in joint missions to address core societal challenges in Europe, and listed among its actions the need to support a more enabling environment for philanthropy, understand philanthropy better and engage with philanthropic capital through co-investment and collaborative grant-making.

All across Europe, manifold examples of such collaborations already exist, as private sponsors often contribute to supporting (for instance) local regeneration initiatives, community centres and scholarship programmes. They are particularly present in the United Kingdom (see for instance place-based initiatives sponsored by the BBC <sup>(52)</sup>).

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<sup>(51)</sup> Crisp (2015) mentions that give one example, in the United Kingdom, the average annual spend on regeneration was GBP 9.1 billion in 2009–2011 compared with GBP 182.8 billion in 2010–2011 (at 2009–2010 prices) spent on tax credits and benefits.

<sup>(52)</sup> <https://www.bbcchildreninneed.co.uk/grants/communities-for-children/>.

**Box 15.** The importance of social infrastructure

Research (Klinenberg, 2019) points to the crucial importance of shared physical spaces – such as libraries, community and childcare centres, and parks – for a number of essential quality of life dimensions. Their presence, or absence, generates inequalities in health, education, crime, climate vulnerability and social networks. Klinenberg powerfully demonstrates how the opportunity for people to meet builds societal resilience, which can be crucial in supporting development. Also, Edin et al. (2023), in their ethnographic analysis of territorial poverty across the United States, highlight how people indicate that the absence of such social infrastructure is a key aspect of several problems affecting the community.

Thus, supporting the creation and running of social infrastructure (community meeting places) should be a key part of territorial anti-poverty strategies.

## CONCLUSIONS

The evidence gathered in the report shows the following.

- Poverty is a complex problem: a strategy to tackle it needs to capture such complexity in order to be effective. Isolated measures are not sufficient to address a problem that is multifaceted and that requires synergies of policies.
- Poverty is not only a problem of material deprivation; it also affects people's sense of power, dignity and freedom. An effective strategy must try to address such dimensions.
- A prolonged experience of marginalisation in itself constitutes an obstacle to social mobility through its impact on mindsets and executive functions; thus it is vital to break the cycle of transmission as early as possible.
- Prioritising children is crucial to breaking the intergenerational transmission of poverty. This is the investment that yields the highest chance of changing things in the long term. It is also the angle that will gather the most public support.
- Prioritising children starts with ensuring high-quality education in disadvantaged areas / for disadvantaged groups; high quality of teaching and well-being in education are crucial.
- Supporting children requires supporting the whole family, so that parents may give their children the support and protection they need. The ideal standard of support consists of comprehensive frameworks of support around the child and the family. Such frameworks should combine material support with personalised, long-term assistance and parenting support.
- The environment has profound effects on the transmission of poverty. The concentration of risk factors in disadvantaged areas may substantially play against people's chances of exiting poverty. Besides focusing on supporting children at school and at home, it is essential to ensure that they have opportunities for safe and stimulating time out of school.
- In Europe, poverty is largely concentrated in places (often small areas, at the postcode level). Thus, it makes sense to implement territorial strategies to support children, gathering local actors to address the range of issues related to child poverty. The strategies may focus on reinforcing education provision, creating safe places for young people (youth centres etc.), increasing the provision of services, creating multidimensional services for families based on individual plans or supporting opportunities for job creation.
- Evidence shows that substantially improving the adequacy and coverage of MI schemes in the EU might be within reach. At the same time, perceptions of deservingness need to be considered to ensure public support. Prioritising child benefits and child support may be an effective avenue. Addressing undeclared work should also be seen as part of the efforts.

- Exiting poverty requires long-term support from services, especially for people with a prolonged experience of poverty. The provision and quality of services is therefore of extreme importance. They must be built around the needs of families and individuals. There are examples of effective practices of support services working in networks to respond to the real multidimensional needs of participants. Approaches such as coaching may be more effective than top-down services in empowering participants. Developing methods together with people in poverty may ensure that their dignity is respected and secure the capacity of services to reach out to those people.
- As the needs are great, it makes sense to catalyse investment from different actors. Collaborating with private philanthropy may be fruitful, especially in relation to child poverty.
- Given the complexity of the issue and the difficulty of tackling it effectively, learning about effective measures is essential and must be done continuously. There is now a considerable amount of evidence on what works; such evidence should be considered and drawn upon. On some aspects of tackling poverty, however, evidence is more scattered. It will be important to collect and further share data to help fine-tune strategies, and evaluate and disseminate results.
- More granular data, based on multidimensional indicators at the local level, might usefully complement the current measurements, to better capture needs and policy achievements.
- At the EU level, the exchange of evidence and sharing of promising practices may contribute to the efforts of national and local governments and organisations tackling poverty and exclusion. Mutual learning at the EU level may also be beneficial for social services; consideration should be given to integrating the network of social services into Commission work, like is currently done with public employment services.

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## ANNEX – Possible actions for an EU strategy, based on evidence in the report

What	Purpose	Who	How
<b>Enabling measures (meta level)</b>			
<b>Adopt a measure of absolute poverty to complement AROPE</b>	<i>To enable measurement of progress</i>	Commission with Member States	See evidence gathered by ABSPO project and other literature: options are available.
<b>Measure territorial poverty</b>	<i>To focus efforts in areas of concentrated poverty,</i>	Academia, with support from Commission (DG Regional and Urban Policy, JRC, DG Research and Innovation) and Member States	Combine big data with qualitative (participatory, ethnographic) analysis, to identify concentrations of poverty and their specific features.
<b>Always combine material support with (high-quality) services, to increase the long-term impact</b>	<i>To increase impact of support</i>	Policy designers and implementing authorities (EU, Member States, local-level authorities)	Evidence shows that measures such as cash transfers, housing vouchers, energy vouchers and food support make a long-term difference only when complemented by high-quality assistance.  Systematically couple the provision of material support with the provision of services.
<b>Audit service delivery to understand perceptions of stigma or pejorative treatment</b>  <b>Ensure participation of people in poverty in the design, implementation, monitoring and evaluation of policies</b>	<i>To develop policies built on dignity</i>	Policy designers and implementing authorities (EU, Member States, local-level authorities)	Implement methodologies to guarantee the meaningful participation of people living in poverty – for instance the tool for the Inclusive and Deliberative Elaboration and Evaluation of Policies (IDEEP) (developed by ATD Fourth World with the UN Special Rapporteur on extreme poverty and human rights).

<b>Explore synergies with private philanthropy (e.g. foundations)</b>	<i>To mobilise all available funding</i>	Commission, Member States and civil society	Explore social innovation measures, enabling synergies with philanthropy around specific projects of common interest.
<b>Ensure rigorous data collection and evaluations of all measures in the strategy</b>	<i>To ensure correct direction of strategy</i>	Commission, Member States and civil society	<p>Request rigorous data collection in projects. Rigorous evaluation should consistently accompany social investment.</p> <p>Establish a research call to support the priorities identified in the anti-poverty strategy, to test and scale innovative solutions, and to ensure that EU and Member State policymakers have effective policy tools for tackling poverty. Investing in solutions backed by rigorous evidence will enable European actors to better leverage and accelerate the impact of spending through mechanisms like the ESF+, to create demonstration models of social programmes with quantifiable impacts that are locally grown but replicable across the EU, and to promote a culture of rigorous innovation in social policy.</p> <p>Develop participatory methods for evaluating policies together with stakeholders, namely people experiencing poverty.</p>
<b>Education</b>			
<b>Identify barriers and audit existing issues through participatory methods</b>	<i>To provide real access to high-quality education for all</i>	Member States, through collaboration (expert guidance, peer learning) at the EU level	<p>Where funding is required, create synergies (public national and EU funds, private philanthropy) to meet the needs.</p> <p>EU-level engagement would support this.</p>
<b>Depending on nature of the barriers, put in place administrative measures or funding to overcome them</b>			
<b>Ensure the availability, quality and affordability of ECEC</b>	<i>To ensure a strong start from the early years</i>	Member States, through collaboration at the EU level and with support from EU funds	Full implementation of the 2019 Council Recommendation on high-quality early childhood education and care systems (EU, 2019).

<b>Ensure the quality of teaching in disadvantaged environments</b>	<i>To enable success for all in education</i>	Member States, through collaboration at the EU level and with support from EU funds	See 2022 Council recommendation on Pathways to School success.  Rigorous monitoring and enforcement of quality standards.  Improve working conditions and training for teachers in schools in disadvantaged areas.
<b>Put in place programs to build a closer relationship between parents and schools</b>	<i>To reinforce parental involvement in education</i>	MS, through peer learning at EU level	Programmes could take inspiration from existing and well evaluated practices, such as the Irish Home School Community Liaison Scheme (HSCL).  Also regular meetings with school officials, and provision of better information to parents about educational pathways and careers
<b>Reinforce focus on wellbeing at school and socio-emotional education</b>	<i>To make education a positive, nurturing experience</i>	Member States, through collaboration at the EU level	Integrate social and emotional education into the school curricula. Monitor and support student engagement. Also focus on the well-being of teachers and parents.  Guidelines in 'Pathways for School Success' initiative.
<b>Resilience and hope for young people</b>			
<b>Ensure the systematic provision of growth mindset training</b>	<i>To foster hope and motivation</i>	Member States, with support from EU funds	Deliver short training programmes in schools and youth centres, etc. Training content is already well developed and ready to be used'
<b>Provide mentoring schemes and high-impact tutoring</b>	<i>To provide meaningful support and social capital</i>	Member States, in partnership with civil society	Develop youth mentoring programmes, focusing on quality criteria such as stability and duration.  Also (for educational outcomes) develop high-impact tutoring, even online.
<b>Create physical places in disadvantaged neighbourhoods/areas and safe places to spend free time after school (youth centres)</b>	<i>To provide safe alternatives to the street, for healthy development</i>	Member States/local authorities, with support from EU funds (partnership programmes)  Conceptual support also from new European Bauhaus	Establish infrastructure but also, more importantly, staff/services to run the places, providing activities (arts, sports, homework support); psychological support also to families.  Partnerships with civil society are important.  Put in place peer learning among national and local authorities to improve quality.

<b>Transition to adulthood</b>			
<b>Maintain and reinforce the focus on preventing early school leaving</b>	<i>To ensure that young people complete upper secondary education (as a precondition of decent employment, etc.)</i>	Member States, with support from EU	<p>Continue working on the 2011 Council recommendation on policies to reduce early school leaving.</p> <p>Follow the guidelines in the 2022 Council recommendation on the pathways to school success initiative: ensure that school provides an enabling system complemented with targeted support tailored to individual student needs.</p> <p>Develop integrated approaches and reinforce the focus on prevention and intervention, implementing anti-segregation policies in schools and educational districts, and developing more flexible and individualised pathways and measures for well-being.</p>
<b>Provide career counselling and information</b>	<i>To support aspirations and understanding of what is possible and most rewarding in terms of future careers</i>	Member States (education and labour authorities), with support from EU funds (ESF)	<p>In relation to higher education options, provide robust information services on available courses and on the costs and benefits of entering higher education, as well as on available financing options.</p> <p>Where useful, combine information with intensive personalised and long-term counselling.</p>
<b>Provide support to care leavers</b>	<i>To ensure that moving out of alternative care is safe and protected</i>	Member States, with support from EU funds if needed	Extend child protection-like measures for young people moving out of alternative care to well beyond the age of 18, ensuring that they have access to housing, education, healthcare and financial assistance as they transition to adulthood.
<b>Access to employment</b>			
<b>Reinforce the evaluation of the effectiveness of ALMP measures</b>	<i>To invest in measures that actually work</i>	EU, with Member States and academia	Collect rigorous evidence of the effectiveness of ALMPs, ideally using administrative data, including comparative return on investment, displacement effects, etc.
<b>Provide intensified and tailored job search assistance</b>	<i>To support job searches</i>	Member States, with EU (ESF) funding	<p>Intensify job search assistance by increasing the frequency of meetings between job seekers and caseworkers or by starting assistance earlier in the unemployment spell.</p> <p>Online programmes may also work well.</p>

<p><b>Provide employment subsidies to companies</b></p> <p><b>Establish a job guarantee model for the long-term unemployed in specific geographical areas with high poverty rates and unemployment</b></p>	<p><i>To support employment in disadvantaged areas</i></p>	<p>Member States and EU, through specific funding</p>	<p>Employment subsidies, provided to private companies to hire or retain workers from vulnerable groups, have generally been shown to be very effective, as pointed out by the meta-evaluation of ESF–YEI interventions.</p> <p>Another successful model is the job guarantee model pioneered by the French initiative Territoires Zero Chomeurs de Longue duree, aimed at creating subsidised enterprises, based on a full assessment of local needs and opportunities.</p> <p>Such a model could be the subject of an EU-wide initiative.</p>
<p><b>Develop measures to enable the emergence and regularisation of undeclared work</b></p>	<p><i>To support the regularisation of undeclared work among vulnerable individuals</i></p>	<p>Member States and EU (European Labour Authority)</p>	<p>Focus on the most damaging forms of undeclared work for society more broadly, protecting those individuals who are most vulnerable, transforming their un/underdeclared work situation into a declared one.</p> <p>A combination of enforcement and use of behavioural insights can be used effectively to this purpose, also looking at tax and benefits systems that do not discourage formal employment.</p> <p>Encourage collaboration among Member States through the European Labour Authority.</p>
<p><b>Addressing in-work poverty</b></p>			
<p><b>Ensure adequate minimum wages</b></p>	<p><i>To make work pay</i></p>	<p>Member States and EU</p>	<p>Fully implement legislation on minimum wages and working conditions.</p>
<p><b>Address the rights and working conditions of workers whose social protection is currently insufficient (e.g. platform workers)</b></p>	<p><i>To address job precariousness</i></p>	<p>EU and Member States</p>	<p>Fully implement the EU directive on improving working conditions in platform work (Directive (EU) 2024/2831).</p> <p>Fully implement the forthcoming EU quality jobs initiative.</p>
<p><b>Design adequate child benefits (and tax credits)</b></p>	<p><i>To ensure that having children does not drive people into poverty</i></p>	<p>Member States, with support from EU (also scientific support, Euromod)</p>	<p>Revise tax and benefits systems with a specific focus on the needs of single parents.</p>

<b>Income support</b>			
<b>Ensure sufficient coverage and adequacy of MI schemes</b>	<i>To provide a safety net to all those in need</i>	Member States, with support from EU (also scientific support, Euromod)	Implement the 2022 Council recommendation on MI.  Assess (and implement) options for increasing the adequacy and coverage of MI schemes (see Euromod simulations).
<b>Focus on ensuring adequate child benefits</b>	<i>To prevent the intergenerational transmission of poverty</i>	Member States, with support from EU (also scientific support, Euromod)	Increase child benefits (both for workers and within social assistance transfers), as the most effective, and most supported, poverty reduction measure.
<b>Design cash transfers to maintain incentives for labour market participation</b>	<i>To avoid an inactivity trap</i>	Member States, with support from EU (also scientific support, Euromod)	Develop peer learning across Member States; use Euromod simulations
<b>Address non-take-up of benefits</b>	<i>To ensure that support reaches target groups</i>	Member States, with support from EU	Consider and tackle stigma attached to benefits, and implement application assistance and administrative simplification.  Peer learning across Member States.
<b>Other material support</b>			
<b>Systematically implement housing-first or housing-led programmes</b>	<i>To provide effective support for the homeless</i>	Member States, with support from EU	Ensure immediate, unconditional housing for the homeless, with tailored support.  Implement prevention measures. For rough sleeping, rapid intervention (within the first week) is essential.  Develop peer learning through EU platform; possible EU-level recommendation.
<b>Promote food programmes combined with educational interventions</b>	<i>To ensure inclusion also through healthy nutrition</i>	Member States, with support from EU, civil society	Combine food aid with services.  Target women with cash transfers to increase household spending on food.
<b>Social services</b>			
<b>Build comprehensive frameworks of support around people, and in</b>	<i>To address families' multidimensional problems</i>	Member States, with EU support	Structure social services support so that they assess and tackle the multiple dimensions of deprivation faced by clients.  Such support may be most effectively delivered through multidisciplinary collaboration, through a close alliance of a

<b>particular around children and their families</b>			<p>wide range of actors and agencies (in education, health, social and community services).</p> <p>This may require both an overall reinforcement of social services (with possible support from EU funds, partnership programmes) and a revision of the way they operate in a structured framework.</p>
<b>Develop individualised plans to address the specific needs of members of the household</b>	<i>To assess and address individual needs</i>	Member States (social services), with EU support	<p>As different members of the household may have different issues and aspirations, interview them separately and develop an individualised plan together with each.</p> <p>This may follow already established methodologies, and may require an overall reinforcement of services (see above).</p>
<b>Adopt a coaching approach in social assistance delivery</b>	<i>To shift from compliance and control to empowerment</i>	Member State (social services), with EU support	<p>The coaching approach consists of a systematic, structured and intensive collaboration between the person in poverty and a coach/mentor. In such approaches, the assessment of needs, the identification of resources to address them and the setting of goals are carried out by the person in poverty, with the support of the mentor, rather than imposed in a top-down manner.</p> <p>Implementing the approach can often be done with existing resources, but it requires training and a mindset shift among professionals.</p> <p>Peer learning across Member State can be useful.</p>
<b>Provide peer-group support</b>	<i>To allow sharing of experience</i>	Social services, civil society	Integrate peer-group support into a broader set of poverty reduction measures.
<b>Use behavioural insights in service design</b>	<i>To increase the effectiveness of services</i>	Social services, academia	Integrate evidence from research into service design (e.g. by incorporating nudges, prompts and reminders, and emphasising physical and emotional safety).

<b>Territorial context</b>			
<b>Reinforce the provision of multidimensional services in deprived areas to respond to people's manifold needs</b>	<i>To adequately respond to needs where they are most acute</i>	Local authorities, with Member State support and EU funding (partnership plans)	Evidence shows that services are an essential element of poverty reduction efforts, but in deprived areas they are often overwhelmed and understaffed. Reinforcing services should therefore be a priority; it may also offer job opportunities at the local level, thus creating a positive cycle.
<b>Create social infrastructure (community centres, etc.)</b>	<i>To foster social cohesion at the local level</i>	Local authorities and Member States, with EU support	Create and staff physical places where people can meet and exchange. They can act as one-stop shops for social services, providing counselling, educational services and information, etc., as well as recreational activities.
<b>Develop comprehensive strategies combining physical regeneration with job creation, education and training, reinforcement of social services, community development and measures for safety and crime prevention</b>	<i>To strategically address territorial poverty</i>	Local authorities and civil society, with Member State and EU support (partnership plans)	A strategy to reduce poverty should be place based, because the structure of opportunities largely depends on the local context and infrastructure. It should focus on development of economic opportunities (job creation) and investing in education, creating social infrastructure, providing high-quality services, enabling fair access to public opportunities, rooting out corruption and addressing violence by ensuring safety for all.

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