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Sustainability Growth Innovation

Position Paper

The EU Anti-Poverty Strategy

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Position

Introduction

SGI Europe welcomes the initiative to prepare a future EU Anti-Poverty Strategy. Despite progress since 2019, poverty and social exclusion still affect over 20% of the EU population, and nearly one in four children remains at risk. The EU is still **far from reaching its 2030 target to lift 15 million people out of poverty**.

Eurofound data[1] confirm that progress in reducing poverty and housing cost burdens has been limited and that gaps between Member States and between social groups are widening. Worrying signals, such as the rise in unmet medical needs and a growing disability employment gap, show that inclusive growth is not yet a reality. Strengthening social inclusion, reducing poverty and supporting people into employment allows us to unlock untapped potential in the labour market while supporting enterprises in addressing labour and skill shortages. A strong and resilient workforce is also crucial to ensure the effective and sustainable delivery of services of general interest.

As highlighted in the Opinion of the European Committee of the Regions on the EU Anti-Poverty Strategy[2], poverty is "**multifaceted, ranging from individual circumstances to more systemic and structural causes**", calling for a **comprehensive approach to address it at European level**. We therefore support an Anti-Poverty Strategy that **strengthens social cohesion, addresses territorial disparities and the impacts of climate change, and supports labour market participation while allowing Member States to tailor solutions**.

The EU should focus on enabling measures, good practice exchange and targeted funding that help employers and providers of SGIs tackle poverty in a way that is sustainable and proportionate.

[1] Eurofound (2025), Working for children matters: An overview of service delivery and workforce in Europe, Publications Office of the European Union, Luxembourg, https://www.eurofound.europa.eu/en/publications/all/working-children-matters-overview-service-delivery-and-workforce-europe

[2] European Committee of the Regions (2025), Opinion - An EU Anti-Poverty Strategy, Adopted on 14 October 2025

Accessible and affordable SGIs as buffers against poverty

Access to affordable and high-quality services of general interest remains uneven across Europe and is under additional pressure from climate change, ageing infrastructure and the cost-of-living crisis. The ACCES[3] project, led by SGI Europe and partners, shows that **nearly one in five households struggles with energy poverty, that water losses can exceed 40% in some regions, and that renovation rates of the EU's building stock remain far below what is needed to achieve climate and resilience goals**. These combined challenges risk leaving entire groups of citizens behind and deepening territorial divides if they are not addressed with urgency.

The **impacts of climate change add significant disruptions and serve as catalysts for poverty**. Extreme weather events, such as droughts, floods and heatwaves, damage infrastructure, disrupt water supplies, cause power outages, and isolate communities via damaged transport networks. These disruptions impose immediate financial burdens on communities and households, risk **compromising access to SGIs, and raise the costs for end-users**.

For employers and providers of SGIs, these combined challenges translate into **higher labour shortages, reduced productivity, and growing pressure on local and regional authorities to sustain SGI delivery**. Providers of SGIs also expressed concerns that the **costs linked to the decarbonisation and modernisation of SGI infrastructure may be passed on to end-users through higher tariffs, further eroding their affordability for households and enterprises.**

Access to affordable and quality SGIs (education, healthcare, public transport,…) is instrumental to ensure that workers can take on new jobs and remain in employment.
SGI Europe calls for the Anti-Poverty Strategy to **prioritise access, affordability and quality of SGIs**. The Strategy should support closing the persistent investment gaps in infrastructure through EU and national instruments, create a framework that facilitates long-term planning and fair cost-sharing, and promote cross-sectoral coordination. It should also ensure that the digitalisation of SGIs is inclusive and does not create new barriers for vulnerable users.

Addressing poverty by strengthening SGIs is both a social and economic necessity: it can further enable participation in the labour market, improve health and education outcomes, and underpin Europe's competitiveness and territorial cohesion.

BEST PRACTICE: Banco dell'Energia (Italy)
On the initiative of the A2A multi-utility group, Fondazione Banco dell'Energia is a non-profit foundation in Italy. Its mission is to combat energy poverty by supporting individuals and families in economic or social difficulty: it does so by financing energy bills (from any operator), promoting and implementing energy efficiency interventions in homes and in third-sector premises, and fostering the creation of Renewable & Solidarity Energy Communities. The foundation also invests in education and awareness, helping beneficiaries and communities adopt more sustainable, cost-effective energy practices.

[3] SGI Europe (and project partners BDEW, UFE and USH) (2025), Accessible Climate-Conscious Essential Services (A.C.C.E.S.) – Policy pathways for sustainable, affordable and accessible water, energy and housing services across Europe, https://sgieurope.org/files/ACCES%20-%20Final%20report_long%20version.pdf

Position

Promoting investments over short-term fixes to crises

Across the EU, **public investment in education, health, social care and housing remains well below pre-financial-crisis levels**. Net public investment in several high-debt Member States has hovered close to zero since 2010, leading to a cumulative 40% reduction compared to the pre-crisis period.

The **2018 High-Level Task Force on Investing in Social Infrastructure in Europe**[4], which brought together experts from various sectors, including the European Association of Long-Term Investors and SGI Europe, identified an **annual investment gap of approximately €142 billion in health, education and affordable housing**. More recently, the 2023-2024 Informal Working Group on Social Investment, convened under the Belgian Presidency of the Council, confirmed that spending in these areas delivers some of the highest economic and social returns available to public budgets[5].

Early childhood programmes achieve benefit-cost ratios between 3:1 and 10:1, and education investment yields lifetime public returns of around € 31,000 per student. Despite this evidence, social investment is often the first item to be cut during fiscal consolidation, while short-term subsidies are maintained, which risks trapping people in dependency and eroding Europe's productivity capacity.

When Member States favour short-term transfers over structural investment, they risk creating instability for SGI providers and fewer opportunities for people to build the skills and resilience needed to stay in work and out of poverty. The experience of SURE and short-time work schemes during the COVID-19 crisis demonstrated that well-funded active labour market policies can protect consumption, prevent mass unemployment, and accelerate recovery.

Building on those reports, the Anti-Poverty Strategy must make social investment a central pillar of the EU approach and embed it firmly in the European Semester process. Country-specific recommendations should systematically identify priority areas for social investment with high social and economic returns, such as early childhood education and care, active labour market policies and affordable housing. Member States should be encouraged to include these investments in their medium-term fiscal and structural plans, benefiting from the flexibility foreseen in the reformed economic governance framework in exchange for credible, front-loaded, and verifiable commitments.

Additionally, the EU Social Climate Fund (SCF) is a structurally vital asset due to it is the primary instrument designed to directly address the **regressive impacts of both climate change effects and climate mitigation policy,** specifically the extension of carbon pricing such as under the Emission Trading System (ETS), on vulnerable households in the key sectors of energy, transport, and housing. It is a **structural necessity** that ensures the financial means and political accountability are in place to address the interconnected crises of climate change, infrastructure vulnerability, and social inequality.

[4] High-Level Task Force on Investing in Social Infrastructure in Europe (2018), Boosting Investment in Social Infrastructure in Europe, Publications Office of the European Union, Luxembourg, https://economy-finance.ec.europa.eu/document/download/82a1420f-5475-4466-a3de-860a3a8553d3_en?filename=dp074_en.pdf

[5] Service Public Fédéral – Sécurité Sociale, Ministerio de Inclusion, Seguridad Social y Migraciones (2023), Social Investments for resilient economies, https://socialsecurity.belgium.be/sites/default/files/content/docs/en/international/iwgsi_-_working_document.pdf

Furthermore, the Just Transition Fund (JTF) continues to be a vital instrument for poverty prevention by structurally addressing the economic upheaval caused by climate transition policies under the EU Green Deal, especially the Energy Performance in Buildings Directive (EPBD), Energy Efficiency Directive (EED) and the Renewable Energy Directive III (REDIII). It supports regions dependent on fossil fuels and high-carbon industries, directly mitigating job losses and economic collapse. By funding **re- and upskilling, as well as support for inclusion policies and energy-efficient technologies**, the JTF prevents communities from falling into poverty. It ensures the costs of the climate transition are shared fairly, transforming vulnerable regions into resilient, diversified economies.

The 'Freedom to Stay' at the heart of the Anti-Poverty Strategy

Poverty and social exclusion are not evenly distributed across Europe. Eurostat data, compiled by Eurofound in its report "*From Gothenburg to Porto: Upward convergence through the European Pillar of Social Rights*"[6], show that, in several Member States, the highest rates of people at risk of poverty or social exclusion (AROPE) are often concentrated in rural, outermost and shrinking regions. SGI Europe underlines that strengthening access to services of general interest, such as affordable housing, digital connectivity, and quality health, education, and care services, can help avoid pockets of poverty and ensure that no region or community is left behind.

For employers and SGI providers, territorial inequalities lead to **difficulties in attracting and retaining workers, as well as higher costs for end-users**. Enterprises face additional costs to reach citizens in remote areas or to maintain infrastructure in regions where demand is falling, but SGI provision must be continued.

Supporting the "**Freedom to Stay**", the Anti-Poverty Strategy must address regional and territorial disparities. The Strategy should support place-based solutions that enable people to stay, including investment in social and physical infrastructure, digital connectivity, and affordable housing. The Strategy should promote integrated planning between housing, transport, education, health and employment policies, making disadvantaged regions more attractive and resilient.

Improved labour market integration

Strengthening labour market participation is essential to tackling poverty and social exclusion. For the employers and providers of SGIs, it is important to reach the untapped employment potential. If basic skills are lacking or when training pathways are disconnected from labour market needs**, individuals face persistent barriers to securing stable employment and advancing in their careers.** These gaps limit individual opportunities, while holding back Europe's ability to reach its 2030 employment and poverty reduction targets (set in the European Pillar of Social Rights Action Plan) .

The **Anti-Poverty Strategy should take the new Action Plan on Basic Skills, as a part of the Union of Skills Package**, into account. Europe's competitiveness and social cohesion start with strong basic skills and calls for action to reverse the decline in reading, numeracy and digital proficiency. Strengthening basic skills is essential for creating pathways out of poverty and ensuring that disadvantaged learners can fully participate in education, training and work.

[6] Eurofound (2025), From Gothenburg to Porto: Upward convergence through the European Pillar of Social Rights, Publications Office of the European Union, Luxembourg.

The Anti-Poverty Strategy should address labour market integration and skills pathways, while fully respecting the division of competence as established by the TFEU article 165 and 166. It should **promote early interventions to address basic skills deficits and participation in vocational education and training as a first-choice pathway**. apprenticeships and work-based learning, with the close involvement of social partners, are crucial to providing genuine opportunities to young people and adults at risk of exclusion. EU funding should remain accessible and targeted to support training and **local partnerships that connect employment services, education providers and enterprises**. These partnerships are key to **creating pathways out of poverty, tailored to regional needs and focused on addressing labour shortages, especially in SGIs and essential services**.

BEST PRACTICE: UP2 project (Sweden)[7]
Ran by the Swedish Association of Local and Regional Authorities (SALAR), the UP2 project builds on the success of the PlugIn project and provides a compelling example of how locally coordinated action can prevent school dropout and re-engage young people who are neither in education, employment nor training. By combining warning systems, targeted support and intensive individual mentoring, the project reduced the share of NEETs among participants from 64 % to 10 %. Such results show that integrated approaches can successfully prevent exclusion and help young people build a future in education and work.

Involvement of Social Partners in design and implementation

For employers and providers of services of general interest, a lack of structured involvement can mean missed opportunities to align poverty reduction policies with labour market realities and SGI delivery. Social partners can help ensure that initiatives are practical, proportionate and targeted where they will have the most impact. They are also well-placed to contribute to mutual learning and the dissemination of good practices across sectors and regions.

SGI Europe calls for the Anti-Poverty Strategy to embed structured and meaningful involvement of social partners at the EU and national level. The Strategy should encourage Member States to involve social partners early in the policy design and throughout implementation, ensuring that poverty reduction measures are realistic, supported by those who deliver them, and aligned with employment and competitiveness objectives.

Implementation and simplification of existing EU instruments

The EU has developed different initiatives to address poverty and social exclusion, including the European Pillar of Social Rights Action Plan, the Child Guarantee, the Youth Guarantee, the Council Recommendation on Minimum Income, and targeted funding under ESF+, InvestEU and the Recovery and Resilience Facility, the EU Social Climate Fund and the EU Just Transition Fund. **While each of these initiatives has its own value, they risk overlapping, resulting in complex monitoring requirements**. For SGI providers and local authorities, this patchwork of instruments can be challenging to navigate, resulting in fragmented implementation and a delayed impact on the ground.

For employers and providers of services of general interest, **complexity and duplication result in higher administrative costs and slower delivery of support**. In several cases, EU initiatives have introduced new reporting requirements or definitions without sufficient alignment with existing national frameworks.

[7] More information available on SALAR's website

The Anti-Poverty Strategy should **focus on enabling measures rather than introducing legislative proposals**. The Strategy should **streamline and better coordinate existing initiatives, align objectives and indicators, and simplify reporting obligations**. It should also ensure coherence with the European Semester so that funding and policy guidance reinforce each other. EU monitoring should focus on outcomes rather than process indicators and utilise existing Eurostat data. The Strategy should aim at reducing the administrative burden, freeing up resources for concrete action, and delivering faster and more visibly.

Climate change as a cross-sectoral catalyst for poverty

Local public transport authorities to address transport poverty
Strengthening the role of public transport authorities will allow them to design policies adapted to their territories. This includes providing financial support for fleet renewal, the implementation of urban mobility strategies and the development of sustainable transport solutions in rural and low-density areas. Such investments not only facilitate the environmental transition but also ensure that the needs of vulnerable and middle-income households are met.
Rail services will remain a vital pillar of sustainable mobility. Regional and suburban railways already account for 90% of all rail passengers, making investment in infrastructure and improved market access indispensable. Yet inclusivity must go beyond rail: in areas with lower passenger numbers, express coach lines and on-demand services can provide efficient and sustainable alternatives.

Climate change must be addressed within the context of the Anti-Poverty Strategy as a **multi-dimensional catalyst for poverty across Europe, posing escalating threats to the essential functioning of society, the environment, and economic foundations**. **Natural disasters**, such as droughts, heavy rainfall, flooding and storms, **disproportionately affect the most vulnerable households**. The Anti-Poverty Strategy can effectively contribute to preventing and responding to the increasing social impacts of climate change by **highlighting the need for climate-resilient plans for critical infrastructure**.

A shift from reactive protection to structural, **multi-dimensional resilience to climate change is more than needed.** This requires moving beyond protecting existing assets and advancing towards ensuring the continuity of essential services from the outset.

The European Environment Agency (EEA) underscored this growing challenge in its March 2024 Risk Assessment Report[8], emphasising the **urgent need to integrate climate risk into infrastructure planning and investment.** Climate adaptation and anticipation must become a common practice, with a focus on making critical systems more accessible, affordable, robust and capable of withstanding immediate shocks and future problematic issues.

[8] European Environment Agency (EEA). European Risk Assessment Report. March 2024: https://www.eea.europa.eu/en/analysis/publications/european-climate-risk-assessment

SGIs are essential in safeguarding Europe's societal and economic foundations. To achieve this, SGI Europe recalls the **importance of the "Preparedness by Design" principle outlined in the EU Preparedness Strategy**, ensuring that:

- **Prevention is embedded**: Climate risk is factored into all new infrastructure investments and planning from the earliest stage, mandating standards that guarantee resilience to expected climate shocks.
- **Protection is anticipatory**: It shifts the focus from repairing damage to developing robust systems that can absorb and rapidly recover from climate events.
- **Readiness is structural**: It creates a framework that empowers SGIs with the necessary financial tools, regulatory incentives, and cross-border coordination mechanisms to reinforce the EU's structural resilience.

> **Energy, water and economic stability**
> The energy sector faces a severe threat, with extreme heat affecting hydroelectric production, increasing peak demand, and challenging grid stability, and flooding endangering the physical integrity of energy infrastructure. These climate-induced disruptions introduce greater unpredictability, complicating supply forecasting and planning. A resilient energy system requires a strategic framework that focuses on a diversified and resilient energy mix, flexible planning, backup capacities, and robust coordination of cross-border infrastructure.
> Similarly, the effects of climate change are directly impacting groundwater sources and networks, disrupting supplies, causing pollution and damaging infrastructure. This necessitates a significant expansion and reorganisation of water management planning that first and foremost puts in place prevention measures through control at source to avoid costly cleaning and filtering processes, alongside other measures like water reuse and water efficiency.
> The integrity of water systems is crucial for maintaining public health, supporting agriculture, and sustaining industry. A single-sector failure, like a flood-damaged energy grid that shuts down a water treatment plant, immediately compromises public health and economic activity.

The "Preparedness by Design" principle must be referenced in the Anti-Poverty Strategy, aligned with the upcoming EU Climate Adaptation Plan.