Towards a common framework for developing cross-nationally comparable reference budgets in Europe

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ABSTRACT

Reference budgets could play an important role in the work of measuring poverty and assessing income adequacy, and in the process of monitoring social inclusion policies in the European Union. As the reference budgets that are already constructed in some European countries are all developed rather independently from each other, they are not directly comparable due to substantial differences in objectives and methods used. In this paper we sketch how to move forward towards the construction of cross-country comparable reference budgets. A common theoretical framework, a common methodology and commonly agreed criteria are essential building blocks. We discuss the choices we have made in order to start developing cross-nationally comparable reference budgets for Belgium, Finland, Greece, Hungary, Italy and Spain in the project ImPRovE¹, a project financed by the European Commission.

¹ ImPRovE (Poverty Reduction in Europe: Social Policy and Innovation) is a European (FP7) research project that aims to improve the basis for evidence-based policy making in the area of poverty, inequality, social policy and social innovation in Europe (http://improve-research.eu).
1 Introduction

Reference budgets are priced baskets of goods and services that represent a given living standard (Bradshaw, 1993; Bradshaw and Mayhew, 2011). A number of EU countries have developed reference budgets which measure the cost of a list of core items required for a socially acceptable standard of living (Davis et al., 2012; Collins et al., 2012; McKay et al., 2012; Vassileva, 2009; Kemmetmüller and Leitner, 2009; Hoff et al., 2010; Konsument Verket, 2009; Lehtinen et al., 2011; Statens Institut for forbruksforskning, 2011; Preusse, 2012). In practice, they are mainly used to define a decent living standard and, given this purpose, they can be used for a variety of reasons, among which the most important are: determining of additional income support, settling income maintenance, debt rescheduling, financial education, presenting alternative credit scores, measuring poverty, assessing the adequacy of (minimal) wages and benefits and monitoring social policy.

Unfortunately, these budgets are not directly comparable due to substantial differences in objectives and methodology. Therefore, it is difficult to use them in a European context, e.g. for measuring poverty or for monitoring European anti-poverty policies. In this paper, we outline how cross-nationally comparable reference budgets could be constructed. We document the choices we have made regarding the theoretical and methodological framework as well as the most important practical agreements in the project ImPRovE\(^2\), a project financed by the seventh Framework programme of the European Commission. Within this project, we are developing reference budgets for Belgium, Finland, Greece, Hungary, Italy and Spain, based on a common theoretical framework and methodology.

We use a three-step procedure for developing reference budgets. The first step is to define the societal, minimum acceptable living standard which reference budgets must correspond to. In a second phase, minimal living standards are translated in (i) intermediary needs, (ii) concrete baskets of goods and services and (iii) priced lists of those goods and services. During the third phase – which can best be conducted in parallel with the second step – the acceptability of the baskets is tested through the use of focus group discussions. The baskets, developed in the second phase, are subsequently adjusted in accordance with focus group results.

The paper is organised as follows. In the next section, we discuss the theoretical framework that we will use to develop cross-country comparable reference budgets. We explain how this framework fits in the European discourse of social inclusion and poverty alleviation. Subsequently, in section three, we present the methodological approach that we will follow to construct comparable reference budgets. Fourthly we describe the basic practical principles and agreements we made for the ImPRovE project, which are instrumental to start developing cross-national European reference budgets. In section five we sum up the main advantages of using reference budgets, especially in the field of poverty measurement and social policy. We pay particular attention to their strengths and weaknesses in comparison with the currently used European poverty threshold. Finally, we conclude in section six.

\(^2\) http://improve-research.eu.
2 TOWARDS A COMMON THEORETICAL FRAMEWORK

In our opinion, there are at least three reasons why the construction of cross-nationally comparable reference budgets should be built on a strong theoretical foundation: (1) to ensure that reference budgets reflect a comparable standard of living; (2) to clearly explain the purpose of reference budgets and their normative character; (3) to reduce as much as possible the number of arbitrary choices that have to be made by offering concrete handles for starting to compose baskets of goods and services (cf. Vranken, 2010). By doing so, the reference budgets will more easily receive wide public support. Given our intention to use reference budgets for measuring poverty and assessing income adequacy in Europe, it will be of no surprise that we align to some extent our theoretical framework with the current European discourse on combating poverty and social exclusion. In 1975, the Council of the European Communities (1975) defined poverty as follows:

‘Persons beset by poverty: individuals or families whose resources are so small as to exclude them from the minimum acceptable way of life of the member state in which they live’.

Resources include ‘goods, cash income, plus services from public and private sources’. In other words, the targeted living standard in the ImPRovE project corresponds to the ‘minimum acceptable way of life of the member state in which one lives’. In later reports this definition was re-iterated under various forms (e.g. European Commission, 2001; 2004: 8) Later, both the European Commission (1992) and the Council (2004) further explained the consequences of this definition. Not only did they highlight the multidimensional nature of poverty, they also emphasized that inadequate income and resources exclude people from exercising their social rights and impede their full participation in society. Furthermore, they dropped the ‘member state’ as a frame of reference from the definition and included the term ‘society’ instead, which increased the sociological character of the definition, though at the price of making it also more ambiguous, as the term ‘society’ can refer to social entities of rather different kinds:

“People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate health care and barriers to lifelong learning, culture, sport and recreation. They are excluded and marginalized from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted” (Council, 2004)

This clarification is important, as it offers a clear link with the concept of being able to participate in society, a concept that makes it easier to translate the abstract notion of the minimum acceptable living standard into concrete baskets of goods and services, as we will explain below.

We start from this ‘European Union’ definition of poverty in order to link ourselves to the current European poverty discourse. Yet it is important to note that this concept of poverty shares many core characteristics with other important poverty definitions that can be found in the international
literature (for an extensive discussion, see Goedemé and Rottiers, 2011). In fact, with regard to the way the concept should be measured in an ideal world, differences with other poverty definitions such as ‘exclusion from customary – or at least widely approved - living patterns due to a lack of resources’ (Townsend, 1979); ‘a lack of basic capabilities’ (Sen, 1992) or ‘a lack of basic security’ (Wresinsky, 1994) are not large. As has been noted by Sen, once the correspondence between a minimally adequate income and minimally acceptable capability levels is established, it doesn’t matter whether poverty is defined in terms of a failure of basic capability or as a failure to have the corresponding minimally adequate income. “What is really important is to take note of the interpersonal and inter-social variations in the relation between income and capabilities” (Sen, 1983: 41). In other words, it is crucial to construct reference budgets that take account of the personal situation (household situation, competences, health problems, ...) and societal context (social expectations, economic structure, nature of the welfare state and availability of public goods and services, ...).

A clear concept of the kind of living standard for which we develop reference budgets must be complemented by a valid method to translate the ‘minimum acceptable living standard’ into baskets of goods and services. We think that the capability theory of Amartya Sen (1980, 1983; 1985c; 1985a, 1985b, 2006) is very useful in this respect: it offers a clear definition of the intended living standard; it is instrumental in drawing a distinction between a normative and a prescriptive approach; and it offers a foundation for more detailed, intermediary lists of what kind of capabilities could be considered ‘basic capabilities’, which is instrumental in developing concrete baskets of goods and services.

In several papers Sen (1982, 1987, 1993) convincingly argued that the living standard should not be understood in terms of utility (the pleasure we derive from something) or opulence (our accumulated wealth) but in terms of capabilities: what a person can be or do. Capabilities have to be distinguished from what Sen calls ‘functionings’. Whereas capabilities refer to the total set of possibilities available to persons, functionings refer to realised capabilities. These functionings can range from basic things like eating, laughing and being healthy, to very complex, interrelated actions and emotions, such as playing different social roles and having self-respect. “The capability of a person reflects the alternative combinations of functionings the person can achieve, and from which he or she can choose one collection” (Sen, 1993: 31). Starving and fasting are both functionings. Although they have the same result, they greatly differ from each other. People, who are fasting, volunteer to eat less. By contrast, poor starving people don’t have any choice at all (Sen, 1985c). In other words, fasting people may have the capability of eating, but choose not to, whereas starving people do not have this capability. Therefore, in evaluating people’s standard of living one should according to Sen not rely on functionings, but on capabilities. The strength of the capability approach is that it takes into account the parametric variability in the relation between the means and actual opportunities (Sen, 1990, 2005). People having the same or similar personal resources can have different abilities to achieve certain functionings, for a variety of reasons: physical or mental

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3 An important distinction remains, though: if poverty is defined as a failure of basic capability, the reason for this failure is irrelevant for identifying the poor. However, in the EU poverty concept, the reason for this failure is very explicitly the lack of economic resources.
heterogeneities among persons (e.g. disability, disease-proneness), disparities in social capital (e.g. whether or not one can rely on informal care) or cultural capital (e.g. one’s level of literacy), environmental diversities (e.g. climatic or geographic), distinctive societal positions (e.g. professional activity vs. retirement) and unequal access to public goods and services (e.g. education). In other words, with the development of reference budgets, the aim is to find out how much income is needed for being able to reach a consumption pattern that corresponds to the minimum acceptable standard of living in terms of capabilities: what people can be or do. The purpose is clearly not to find out how people should spend such an income, which would be ‘prescriptive’.

In order to determine the minimum acceptable standard of living it would be helpful if one could rely on a list of ‘basic capabilities’, dealing with human needs and including those capabilities that are essential to live the kind of life that is ‘worthy of the dignity of the human being’ (Nussbaum, 2000). While Sen himself never proposed such a list, we believe that the list formulated by Martha Nussbaum (2000) and the hierarchical model of human needs developed by Len Doyal and Ian Gough (1991) are promising examples, which can be well used in the operationalization of the minimum acceptable way of life. To give people the ability to fully participate in society (Doyal & Gough) or to live a flourishing life (Nussbaum), both put forward the same ‘universal needs’ or ‘basic capabilities’ namely physical health (‘bodily integrity’) and autonomy of agency (‘practical reason’), which is closely matched to the need for meaningful social bonding (‘affiliation’). For the fulfilment of these basic capabilities, both propose a non-exhaustive list of intermediate needs or universal satisfier characteristics (‘central capabilities’) which contain those ‘inputs’ that, according to the best available knowledge, contribute to the realization of basic capabilities in all countries (Doyal & Gough, 1991). An important difference between these theories is that Nussbaum’s list consists mainly of what she calls ‘combined capabilities’, which include also the suitable external conditions for the exercise of functions, while Doyal & Gough make a clear distinction between universal human needs and the requisite universal societal preconditions.

We think that this distinction between needs and social preconditions could facilitate the elaboration of reference budgets and make the process more transparent, which simplifies external evaluation. In addition, the society in which people live has its own social prerequisites in order to flourish well. We refer here to what sociologists define as ‘social institutions’. Institutions are socially constructed rules around essential social needs that indicate the rights and duties of actors (see: Vrooman, 2009: 15-110). Examples of social institutions are the family, which takes care of procreation and the education of children, the economy which handles the production and redistribution of scarce goods and services, and social security, which is the institution which “aim[s] to generate positive outcomes by protecting individual actors against economic deficits” (Vrooman, 2009: 204). In all of these institutions, people take positions (e.g. parent, employee, volunteer,…) in which others expect something from them and in which they have the permission to handle or to obtain something. Sociologists define these, socially defined and connected duties and rights associated with social positions, as ‘social roles’. With regard to social participation, it is important that people can adequately play their different social roles - i.e are not being excluded. But what’s more, they can also participate in the realisation of essential societal functions and in the process of institutional building (Barca, 2009), which has an essentially recursive character (Giddens, 1984). In other words, social participation, defined as ‘the ability of people to adequately fulfil their various social roles’,
implies elements of belonging as well as contributing. As we will explain below, asking people (and experts) to think about the various social roles people should be able to play and which goods and services people should be able to afford for playing these roles, is very helpful when composing baskets of goods and services that would match a minimum acceptable standard of living: instead of listing goods and services people should be able to afford using ad-hoc reasons, we first ask which kind of social roles people should be able to fulfil and which goods and services are required for doing so. This is especially so, if it is combined with a rather broad list of ‘intermediate needs’ or ‘universal satisfier characteristics’.

As argued above, both Nussbaum (2000) and Doyal and Gough (1991) consider physical health (‘bodily integrity’) and autonomy of agency (‘practical reason’) to be universal. Furthermore, both authors formulate a list of central capabilities or universal ‘intermediate needs’. Both stress that these lists may be non-exhaustive. As a result, we believe they offer a good tool for starting to define baskets of goods and services, but experts and citizens should check whether the list is exhaustive in terms of the minimum acceptable way of life in society. Given the distinction they make between societal preconditions and human needs, in the ImPRovE project we start from the list of intermediate needs as defined by Doyal and Gough (1991: 170), which we slightly modified to adapt it to the current European context. As shown in table 1, we identify ten intermediate needs that must be fulfilled before people can fully participate in society.

**Table 1: Social participation and intermediate needs**

<table>
<thead>
<tr>
<th>Intermediate needs to live healthily and to act autonomously</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthy food</td>
<td>Security in Childhood</td>
</tr>
<tr>
<td>Suitable clothing</td>
<td>Meaningful social relations</td>
</tr>
<tr>
<td>Personal hygiene</td>
<td>Lifelong learning</td>
</tr>
<tr>
<td>Accessible healthcare</td>
<td>Rest and relaxation</td>
</tr>
<tr>
<td>Adequate housing</td>
<td>Mobility</td>
</tr>
</tbody>
</table>

In order to live healthily and act autonomously, people need a **balanced diet**. Food and nutrition play a decisive role in the maintenance of good health and in the prevention of various diseases. Besides healthy food, people also need **suitable clothing**. Clothes serve different purposes in our society, the most important of which are arguably to offer protection against the weather elements and to provide individuals with a certain identity. Like food and clothing, adequate **personal hygiene** and **accessible healthcare** are essential intermediate needs that must be fulfilled if an individual is to participate in society. Proper hygiene serves two important purposes. First and foremost, it contributes to maintaining a good health by combating infectious micro-organisms, both at a personal level and in relation to individuals’ environment. Second, personal hygiene serves a psychological and social purpose. Without adequate personal hygiene, there is a danger of social exclusion due to a perceived failure to adhere to the social norm. Regarding accessible health care, there is a moral case for treatment whenever it can improve people’s health. Therefore universal and

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4 The reason is twofold: (1) not all (basic) human needs are related to social roles and (2) a list of basic capabilities or human needs may help to remind people of all necessities that are associated with being able to play a social role.
equal access to good quality health care will always be a necessary input to good health. A next intermediate need that must be met in order for people to be able to live healthy and autonomous lives is that of **adequate housing**. Compared with food, clothing and healthcare, the content of this basket is more open to cultural relativity. Still, there are three universal criteria that each dwelling must fulfil such that the health of the occupants would not be jeopardised (Doyal, & Gough, 1991: 196-197). First and foremost, the dwelling must offer its occupants security and protection, both against the elements and against pests and bearers of disease. Second, a dwelling must be conducive to a hygienic lifestyle. And third, it must be sufficiently spacious.

Beside these five intermediate needs that are required to guarantee people a good health and to enable them to act autonomously, we identify another five that are essential for full participation in society.

While the first five intermediate needs are more relevant for health, the next five refer mainly to autonomy and are even more culturally sensitive. In order to be able to act autonomously as adults, individuals must have experienced **security in childhood**. Doyal & Gough (1991: 204-207) outline four more or less universal psycho-social needs that must be fulfilled in order for children and youngsters anywhere in the world to experience adequate security in childhood. According to them, all children need love. They also require new experiences in order to be able to develop cognitively, emotionally and socially. All children need praise, recognition and positive feedback. Finally, all children need a gradual broadening of responsibilities (WHO, 1982). It could be argued that the first three needs are not specific to children: they also hold for adults. Still, we choose to work out a separate basket for children because the fulfilment of these needs implies very different products and services for respectively children, youngsters and adults. If we want children to be able to participate fully in society, we need to explore how this can be achieved in practice. Beside security in childhood, people must be able to maintain **meaningful social relationships**. After all, humans are social creatures and they have a fundamental need for social connectedness. Without a social environment, individuals are unable to develop an identity (Butter, 1997). People maintain the most frequent and intense contacts with relatives and friends. It is through daily contacts with relatives, neighbours and friends that individuals are, from their childhood, familiarised with the ideas, values and norms of the culture and society in which they live. People are also social creatures out of need. Even if individuals are adequately supported by qualitatively satisfactory provisions, they are confronted on a daily basis with all kinds of practical problems or issues that can only be resolved if they possess the necessary knowledge and skills or are able to acquire them, or by calling on help from others. Other problems may require emotional or practical support. Although the maintenance of mutual relationships primarily requires cultural capital, people also need some minimal economic resources to meet, see and hear each other. Turning from the social to the cognitive component of personal autonomy, an eighth intermediate need is related to the capability of **lifelong learning**. In modern societies, both employability and active citizenship are dependent upon having adequate social competences for taking part in and making a contribution to economic and social life. Therefore people should have the opportunity for lifelong learning and a corresponding basket should be developed. A next intermediate need that one has to take account of in order to guarantee people full societal participation is the need for **rest and relaxation** time. There is overwhelming evidence on the positive effects of proper sleep and recreation on individuals’ functioning and general health.
However, while there is a broad consensus on the need for recreation and leisure time, it is far more difficult to reach agreement on what this entails exactly in a specific cultural context. Furthermore, for most countries it is probably not possible to rely to a great extent on legislative initiatives to determine which products and services people require in order to be able to relax adequately. Finally, people need to move around to fulfil their various social roles adequately (shopping, working, going to school, visiting friends, ...). As is true for the other nine intermediate needs, the minimal mobility requirements depend on the individual’s living situation (e.g. health, employment) as well as on the structural societal conditions (e.g. availability of public transport).

We have now described the main two elements in our approach that help to translate the minimum acceptable standard of living into priced baskets of goods and services: a list of intermediate needs and looking at the minimum acceptable standard of living from the perspective of social roles. These elements offer researchers useful handles for composing baskets of goods and services that represent a concrete realisation of what the minimum acceptable standard of living means in various societies. At the same time they can bring the much needed focus to maximise cross-national comparability (Vranken, 2011, p 27) and reducing as much as possible the unavoidable amount of arbitrariness in the entire exercise. In figure 1 we summarize the key concepts we used in this theoretical framework and the way they are related to each other.
3 A COMMON METHODOLOGICAL FRAMEWORK

Apart from common theoretical foundations, we need a common methodology to make sure that the same principles and quality criteria will be applied in each Member State. In this section, we present the methods that we will use for constructing cross-national reference budgets.

3.1 METHODOLOGICAL CHOICES AND INTERNATIONAL LITERATURE

There are not many methodological nor comparative papers on the construction of reference budgets and the underlying methodological choices. Exceptions are Fisher (2007) and Deeming (2010). In his paper, Deeming considers two main strands in social research that attempts to define publicly acceptable minima that meet participation standards. The first is the Low Cost budget methodology (Bradshaw, 1993) that uses empirical survey data (relating to levels of consumption in society) to deduce budget standards. This approach has been criticized by – among others – Walker (1987) who argues that it attempts to produce social consensus using statistical coincidence. Furthermore, this approach bears a significant risk of circularity by equating the necessary resources for being able to afford the minimum acceptable living standard with some level of existing consumption patterns, which are of course constrained by people’s command over economic resources. The second approach is the ‘consensual approach’ for developing minimum income standards (MIS, Bradshaw et al., 2008). There are several variants, but one common characteristic is that the approach makes use of focus group interactions. Within these focus groups, people negotiate about the essentials of life with each other during informed discussions. The resulting baskets are considered an expression of cultural conventions.
We are convinced that a consensual approach is the best way to develop internationally comparable reference budgets. Use of the term 'consensual' does not necessarily imply that we assume there is unanimity on the full list of items included in the baskets of goods and services, nor does it mean that everyone would immediately agree with the final level of the reference budgets as a poverty threshold. However, it means that the reference budgets are based as much as possible on observable social norms and that it is empirically tested that after an informed discussion people can largely agree with the proposed baskets of goods and services and the resulting level of the reference budgets.

We assume that (inter)national legal standards and guidelines, complemented by scientific and experientially grounded knowledge, are an important expression of social norms regarding the minimum acceptable standard of living. This means that in the approach we present here, experts have a crucial role to play. Additionally, focus groups are integrated in the exercise in an iterative procedure of triangulation and knowledge and consensus building.

3.2 Building upon international and national legal standards

In order that reference budgets would be responsive to policy interventions and provide a sufficient level of cross-country comparability as well as to make sure that they are socially broadly based, reference budgets should be built on existing international and European scientific and legal frameworks. Therefore, we propose a multi-stage process, starting from international legal standards or conventions, supplemented by national and – if applicable – regional directives in order to compose the baskets. These legal standards and guidelines can be interpreted as very explicit formulations of social norms regarding which way of life is minimally acceptable in the society in which one lives.

European Social Rights and European directives and recommendations must be used as a common legislative framework on which reference budgets can be built. European social rights can be understood as a commitment from the European Member States to their citizens. They give them inalienable economic, social and cultural rights in order to be able to live a life in human dignity. When claiming their rights, people are no longer dependent on the goodwill of others (Verschraegen, 2009). On the other side, social rights not only refer to individual needs, from a perspective of institutional building, they refer also to social cohesion and solidarity (Daly, M. in: Peña Casas, 2005, Stroobant, 1995) and they confirm the recursive character of social life. We mention the Commission’s Recommendation on active inclusion of people excluded from the labour market (2008), as it explicitly pays attention to the structural conditions of ‘active inclusion’. In the introduction to this recommendation, the Commission refers to the respect for human dignity, as a founding principle of the European Union, as well as to Article 34 of the Charter of Fundamental Rights of the European Union that provides for the right to ensure a decent existence for all those who lack sufficient resources.

When, in some countries, national or regional legislation sets higher standards than those established in European charters and conventions, and when national guidelines make the European legislation more concrete, we assume these national guidelines better reflect the minimum acceptable way of life in that society. Therefore, whenever available, one must use these national
standards as guidelines into the search for the best available knowledge in order to construct national cross-country comparable reference budgets.

3.3 CONSENSUAL BUDGETS, BASED ON SCIENTIFIC AND EXPERIENCEDLY GROUNDED KNOWLEDGE

As we want to use the best available knowledge, we aim at bringing together ‘scientific expert’ and ‘experientially grounded’ knowledge, which people develop through self-reflection (Doyal and Gough, 1991; Habermas, 1981; Nussbaum, 2000; Sen, 1985c).

3.3.1 THE IMPORTANT ROLE OF EXPERTS

Expert knowledge is based on scientific research, which, at its best, is the subject of continuous collective evaluation. The task of experts consists in setting the criteria that goods and services in the baskets have to meet and of laying down the necessary structural and individual preconditions. European standards (e.g. European conventions, directives, regulations, recommendations, decisions, ...), supplemented by national and regional laws, directives, guidelines or recommendations (e.g. national dietary recommendations, regional guidelines for quality housing, ...) should guide their work, while being aware that these guidelines and recommendations may be constrained by political factors. As already mentioned, such a normative starting point must be clearly distinguished from a prescriptive approach. Reference budgets are not intended to prescribe what people should or should not do; they show what the conditions (esp. financial conditions) are that must be present to ensure full social participation of every citizen.

Experts must do their work in close consultation with citizens through focus group consultation, as they often lack concrete guidelines and factual knowledge (e.g. What are the minimum requirements for maintaining meaningful social relationships?). Through informed discussions within focus groups the necessary experientially grounded knowledge can be made explicit in search of a well-argued consensus about which goods and services are essential in the light of playing adequately various social roles.

Our approach differs from the Anglo-Saxon one (e.g. Bradshaw et al., 2008; Vincentian Partnership for Social Justice, 2008) in the sense that the focus group discussions with citizens do not have the same central role as in the Anglo-Saxon approach. In particular, we propose not to start the development of baskets of goods and services from scratch within the focus group discussions, but from existing rules, recommendations and the judgement of experts. In our opinion, the involvement of experts is indispensable. Firstly, expert knowledge is based on scientific knowledge, which is frequently verified and subjected to revision. This enables experts to build upon a large number of observations and to weigh well pros and cons against each other. This is much more difficult for citizens without access to the scientific literature. In other words, we strongly believe that the input of experts regarding existing social rights and scientific knowledge is crucial for having a well-informed discussion with the focus groups. Although people can agree or cannot agree to include certain items in the baskets, their arguments are always based on their own particular experiences, which are essentially limited. Secondly, as expert knowledge is mostly well documented, the degree of arbitrariness is reduced. However, for a number of products and services, it is not easy for experts
to determine whether or not they belong in a reference budget. Relevant recommendations are lacking or it is not immediately clear whether they fulfil essential social needs. Therefore, scientific knowledge should, from the outset, be complemented by ‘experientially grounded’ knowledge that citizens develop on the basis of self-reflection. In addition, citizens should be involved to ensure acceptability, both in society in general and more particularly by those who have to make ends meet with such incomes.

3.3.2 The Indispensable Contribution of Focus Group Discussions

We use the focus group methodology to consult persons living in various households and household types in order to examine whether the baskets are perceived as fair and purchasable and if not, how they should be adapted. The focus group discussion is “essentially an act of interpretation, one that attempts to convey the meanings people construct from shared or individual experiences” (Brotherson and Goldstein, 1992). In focus groups, four to ten people come together to discuss a particular problem. “The hallmark of focus groups is the explicit use of the group interaction to produce data and insights that would be less accessible without the interaction found in a group” (Morgan, 1998). We strongly believe that this type of interaction is essential for making sure that the targeted standard of living is clear for everyone and for reducing as much as possible arbitrariness in the composition of the baskets of goods and services. Therefore, surveys are a much less well-suited method for this purpose.

It is important that these focus group discussions are well-guided and prepared. In particular, participants should understand that the aim is to discuss the minimum acceptable living standard in society in general, and not what they consider a standard of living worth pursuing for themselves. In other words, they need to start from a publicly-oriented point of view and should not confuse what they consider to be universal needs with their personal wants (Goedemé and Rottiers, 2011). For this reason it is helpful to develop reference budgets for well-defined ‘abstract’ model families or ‘reference households’. These are very concretely defined households with clearly-described characteristics in terms of where they live, the household composition, the sex and age of household members, their health status, tenure status and activity status. If relevant, other characteristics may be added. During focus group meetings, the discussions are centred on one (or more) of these model families.

An important question relates to the composition of focus groups and how personal characteristics of focus group participants are related to the model families they discuss. In addition, given the limited number of participants in these focus groups (as compared to surveys based on a national representative sample), the question is to what extent results are reliable, reproducible and can be generalised. Recently, some European countries have developed consensual reference budgets and used focus groups with citizens to determine (in close consultation with experts) which goods and services are necessary (Lehtinen et al., 2011; Storms and Van den Bosch, 2009a; Vincentian Partnership for Social Justice, 2008; Bradshaw et al., 2008; Davis et al., 2012; Hoff et al., 2010). Reflecting on the results, the studies come to different conclusions on comparable methodological choices – e.g. the consensus building capacities of focus groups is evaluated univocally positive in Davis et al. (2012), while Hoff et al. (2010) have formulated more balanced conclusions about their reliability.
Even though we are convinced that the focus group methodology is the most appropriate method to grasp the experientially grounded knowledge, and is therefore a valuable supplement to expert opinions, a lot of questions regarding the use of the focus group technique remain unanswered and require further research. In particular, the following questions are in need of more solid answers:

- How to reconcile the methodological requirement of a homogeneous composition of focus groups (Morgan, 1998; Krueger, 1994) with the goal of a valid answer to the question about the minimum necessary that reflects a consensus in society? (Should focus groups be composed such that they are as much as possible representative of the entire income distribution? Should people only discuss reference budgets for model families that are very similar to their own household situation?)
- Is it true that if only people living of a low income are consulted, the scope or content of the goods and services that are deemed ‘essential’ are downwardly biased (Bradshaw et al., 2008)? Or, is it rather the opposite (Hoff et al., 2010)?
- How to ensure the comparability between reference budgets of different model families when they are discussed in different focus groups?
- Should different focus groups be used in different phases of the research or should they be part of an iterative process (cfr. Hoff et al., 2010; Lehtinen et al., 2011)?
- How to ensure that the research results are reliable (i.e. consistent and replicable) and comparable between countries?
- How to treat differences between the value judgments of the households and the findings of experts – i.e. when should experts be overruled?

### 3.4 Necessary Resources for an Acceptable Living Standard

When deciding on the precise characteristics of the model families for which reference budgets will be constructed, an important choice must be made regarding what ‘minimum’ necessary resources and an ‘acceptable’ living standard precisely mean. As the relation between means and actual opportunities to fully participate in society partly depends on individual capacities, it is a huge balancing act to determine the minima in satisfiers to produce an optimal, universal outcome (i.e. the ability of everyone to fully participate in society). Conflicting views between individuals with their own moral, professional or political priorites complicate this crucial task.

There is no right answer on this topic (Doyal & Gough, 1991). We see two extreme ways to handle this problem. The first is to ascertain a minimum budget needed by well-informed and competent persons who are in good health. In this case, it is assumed that people have full information about how to optimally allocate a certain budget. This is the Rowntree (2000 [1901]) approach: the result is a reference budget that defines the lower bound below which no one can lead a life compatible with human dignity – both in terms of the composition of the baskets of goods and services and in terms of the price attached to these baskets. Of course, since many persons do not have the presumed competences, have limited access to information and since full accessibility of public goods and

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5 Currently we are working on a small-scale project that aims to answer at least some of these questions.
services is not always guaranteed (and especially people living on low incomes may encounter barriers), many people will need more economic resources to be able to fully participate in society.

The opposite extreme option to determine adequate minima is to assess a level of resources that will be sufficient for all kinds of circumstances, and for all people irrespective of their competences and health. This implies of course a level of need satisfaction at which almost everyone can lead a life compatible with human dignity. If this option is chosen, no extra knowledge on individual and structural preconditions is needed to evaluate whether the reference budget will suffice to escape poverty. However, the level of resources might be perceived as unrealistically high as many persons may be able to fully participate in society on a lower income level. Of course, the ideal solution would be to develop reference budgets for additional model families with special needs in terms of food, health care, competences,... (Storms and Van den Bosch, 2009b; Van Thielen et al., 2010), but even with a substantial budget for research, it will not be possible to develop reference budgets for all relevant model families.

We will choose a middle path that is admittedly closer to the low extreme than to the high extreme. We set minimum quantities at a level that is sufficient and feasible for persons who have ‘normal’ capacities, who have good access to public goods and services and who do not have any special needs in terms of personal (health) care. By doing so, we would like to avoid that reference budgets would be perceived as being too high or as being unrealistically low for different types of real households. By making the social preconditions (e.g. the accessibility of public goods and services) and what could be considered as ‘normal competences’ an explicit object of discussion in the focus groups, important knowledge is generated. In other words, focus groups can also discuss the competences that persons need to fulfill their needs within the proposed budgets, and ways to acquire those competences. Such exchanges can make a valuable contribution to the social inclusion processes and the empowerment of vulnerable groups in society.

Even though we focus on the low extreme of what is minimum acceptable, we intend to construct reference budgets that would allow to fully participate in society for an extended period of time. In other words, the reference budgets should be sufficient also in cases people would have to live on them for several years. Among others, this means that the reference budgets should take the depreciation of durable goods into account.

4 DEVELOPING CROSS-NATIONAL REFERENCE BUDGETS: A COMMON START

A common theoretical and methodological framework as discussed above does not provide an answer to all choices that have to be made. Unavoidably, arbitrary elements can easily sneak in. We believe that for reference budgets to be cross-nationally comparable, whenever arbitrary choices are unavoidable, the choices made should be as much as possible similar for all participating countries. We believe that common choices must at least be made regarding the geographical scale that is kept in mind when developing reference budgets, the selection of a core list of model families, the procedure for attaching prices to the baskets of goods and services, and the way reference budgets
will be adjusted over time. In this last section we will explain why common choices are needed in these areas and which choices we have made within the ImPRovE project.

4.1 The scale

Opinions about what is considered the minimum acceptable living standard differ across societies. However, what are the boundaries of a society? Moreover, even if opinions about the minimum acceptable living standard would be the same, societal preconditions in terms of mobility requirements, housing costs, accessibility of publicly-provided goods and services etc. vary not only between countries, but also within countries. Such factors have an impact on the cost of households for realising a minimum acceptable living standard. Therefore, from the outset, there is the question of the relevant geographical scale. Should the reference budgets be drawn up at the national, regional or sub regional level? To some extent, this is an empirical question: one can check whether people, when discussing the conditions for a decent life, refer to a neighbourhood, village or city, region, country or to an even higher level and whether opinions about the minimum acceptable living standard vary from one place to another. On the other hand, this is also a normative question: for policy makers – and others – it may be unacceptable that reference budgets, when used for national policy evaluation (e.g. poverty measurement) differ from one part of the country to the other. However, in countries where sub-national governments have significant powers, the accessibility of public goods and services may greatly vary; which is an important argument in favour of the use of regional scales. Obviously, there is no general solution to this problem and researchers should always adduce arguments for the choices they make.

Given the encompassing nature of the development of reference budgets and the important impact of the social environment both on the composition of the basket and the cost of this basket for private households, we are convinced that the only realistic approach for a meaningful discussion regarding the composition of the baskets and the price attached to these baskets is to develop reference budgets for model families that are assumed to live in a well-defined location. As the ten baskets of goods and services are priced separately, it is easy to adapt them to other locations, e.g. with different housing costs. Furthermore, if reference budgets need to be informative for an entire country, the impact of the choice for one location or another should be clearly documented. The MIS-standards (Smith et al., 2010) for example are separately constructed for households living in a rural or an urban area and also the Finnish reference budgets differentiate between metropolitan, urban and rural areas in the construction of the mobility and housing basket.

In a first attempt to construct cross-national comparable reference budgets, we choose in the ImPRovE project to develop reference budgets for the following cities in an urbanized environment: Antwerp, Helsinki, Athens, Budapest and Barcelona. The choice for Antwerp, Athens and Barcelona is also motivated by the existence of model family simulations of minimum income benefits for people living in these cities (see: Van Mechelen et al., 2011).
4.2 THE SELECTION OF MODEL FAMILIES AND LIVING CONDITIONS

A next question concerns the selection of family types for which reference budgets are calculated. As satisfiers are time and place-specific, they may vary significantly, even within the context of one country. Since it is impossible to develop reference budgets for all possible situations, researchers have to limit themselves in the development of reference budgets to a number of typical model families, who are reasonably common in each country, or that are the subject of special interest (such as lone parent families). To ensure maximal comparability between reference budgets for different regions and Member States, one must agree on a joint core list of representative model families – with the possibility to develop reference budgets for additional model family types, adapted to the local situation.

If the model family types are well chosen, and making a number of assumptions, it is possible to extrapolate the reference budgets to a large number of household types by calculating a generally applicable equivalence scale. Learning from the experiences of the UK and Belgium, about 15 different living situations (differing the number, the age and the activity status of household members) seem sufficient to derive reference budgets for almost all household types in one particular geographical or institutional region. This means it is possible to take account of much variation in needs and possibilities across households (though more model families would be necessary to take full account of differing (health) needs).

Because of limited time and means, we have agreed in ImPROvE to develop reference budgets for four household types: 1) a single woman, single man; 2) a couple (male and female), 3) a single woman / man + 1 child (boy, primary school, preferably 10 years), 4) a Couple + 2 children (boy, primary school, preferably 10 years and girl secondary school, preferably 14 years).

Living conditions are fixed as regards the age of the adults and the health of the family members: all adults are on active age and family members are in good health. Furthermore, we suppose that family members are well-informed persons, having the necessary competences to be self-reliant and consume economically (know their social rights and how to access public goods and services, are able to compare prices and buy the products with best value for money, etc.).

Living conditions will vary as regards the working status and the housing conditions of family (members). We have opted to develop reference budgets for non-working adults as well as for working adults. Concerning the working adults, we choose for full-time working one earner households (full-time working adult in single and one parent families and one full time working adult in the case of couples). Regarding the housing conditions, we will develop reference budgets for tenants in private and public housing and for outright homeowners and for homeowners that have to pay mortgage.
4.3 Pricing

Once it is clear which goods and services belong to the basket, a price must be fixed for each item in the basket. Calculations must take account of the depreciation period of durable consumer goods. In some countries or regions retailers have a transparent price policy which makes it relatively easy to determine modest price levels. In other countries, this is not the case and consumers will have more difficulties to economise. Consequently, for those countries it is more difficult to establish which price level can reasonably be regarded as 'modest'. It is important to stress that we do aim to find out the most rock-bottom prices, given practical limitations people face in daily life. Another difficulty in comparing prices cross-nationally is that in some countries (e.g. Bulgaria) a significant proportion of the population produces its own essential products (e.g. food or cloths) at home or receives it from relatives. As there is an inadequate capacity of market “players” in these countries (Vassileva, 2009) it is more appropriate to take into account these home economics rather than buying the essential products on the market.

It is important to choose a limited number of retailers, as it is highly impractical to frequent different shops for regular purchases. Later this choice will be discussed in the focus groups and possibly it may need to be adapted.

If a significant proportion of the population doesn't buy food, cloths, ... in shops but produces this at home, it is more appropriate to take into account the price of these home economics rather than buying the essential products on the market. Concrete agreements must be made about how this should happen

The life span of the kitchen equipment and durables will be calculated for all the country baskets in a similar way by an economist later on. His calculations will be discussed in the focus groups and possibly they may need to be adapted.

4.4 Adjustment of budgets over time

A last challenge in the development of cross-national reference budgets is the adjustment to changes in social norms, societal preconditions and changing prices over time. For a period of one to three years, such adjustments could be based on the consumer price index (prices per product group). However, one has to be prudent with these adjustments by indexation, as the consumer price index is calculated for the consumption package of the average consumer whereas the prices for goods and services that are included in the reference budgets are mostly calculated at a lower price level. Sometimes lowly priced products evolve differently from products that the average consumer buys (e.g. the price of the cheapest computer on the market evolves rather differently from the price of an average computer)(Storms and Cherenti, 2013). In the medium to long term, the prices of each item in the basket must be re-examined and adjusted accordingly. In the even longer term, certain items in the basket will inevitably become obsolete, so that they need to be eliminated and, as the case may be, replaced by others on the basis of the same criteria as used in the composition of the present basket. As a rule-of-thumb we would suggest to adjust the price levels on a yearly basis and the composition of baskets of goods and services at least every five years. Once the reference
Budgets have been constructed it will be necessary to repeat the exercise every few years in order to find out at which time interval they should at minimum be completely updated.

5 Advantages and Limitations of Using Reference Budgets for Measuring Poverty and Evaluating the Adequacy of Minimum Income Benefits

In the previous sections, we discussed the choices we have made in order to start developing cross-nationally comparable reference budgets. We are convinced that reference budgets, if developed in a consistent and comparative way, could and should play an important role for the measurement of poverty and assessing income adequacy, and in the process of monitoring social inclusion policies in the European Union. In this section, we put forward arguments in support of this thesis, while also pointing to some of the major pitfalls in the construction and use of (cross-national) reference budgets.

The greatest advantage of reference budgets is their ‘clear interpretation’. Because the baskets of goods and services refer to a concrete standard of living, people can easily understand them. Moreover not only do they reveal what level of income is required for citizens with regard to full participation in society; when they are related to criteria of human needs and social rights, they also imply a commitment to social cohesion and social inclusion. Therefore, reference budgets have a great potential to be accepted as a valid indicator for measuring and monitoring poverty and for assessing the adequacy of social benefits by social scientists, policy makers and the general public.

By empirically investigating which level of income is needed to have a minimum acceptable standard of living, assumptions regarding the relation between the median income in society and the minimum necessary income level are avoided. For instance, the ‘at-risk-of-poverty’ indicator, which is nowadays an often used indicator of poverty in the EU (e.g. Atkinson et al., 2002; Atkinson and Marlier, 2010; Marlier et al., 2007; European Commission, 2002, 2007, 2009) defines the poverty threshold as 60 per cent of the national median equivalent disposable household income. In other words, it assumes a proportional relation between the minimum necessary resources and the national median income, an assumption that received considerable criticism in the past (Beblavy and Mizsei, 2006; Juhász, 2006; Sen, 1983; Whelan and Maître, 2009; Bradshaw and Mayhew, 2011; Van den Bosch, 2001; Soede and Vrooman, 2008; Goedemé and Rottiers, 2011). The development of cross-country comparable reference budgets could provide an interesting tool for validating or falsifying this assumption.

Second, reference budgets take into account the societal context and the way public goods and services facilitate access to social rights. Changes in the provision or price of public goods and services are taken into account through the adaptation of the reference budgets (for instance, if a government raises school fees, this will be reflected in the reference budget for families with children). This is not the case with the ‘at-risk-of-poverty-threshold’, which clearly overlooks the possession of non-cash income resources (e.g. own house, home production of food, benefit of socially provided goods and services). This problem has been recognised for a long time by researchers, and a number of studies have appeared that address it, using a variety of approaches and methods (e.g. Smeeding et al., 1993; Garfinkel et al., 2006). The most obvious and popular method is to assign a money value to the service received, and add this amount to the cash income.
The resulting income concept is called “extended income” (Aaberge et al., 2010). A difficult issue is then how to value such services. The most common approach is to value them at their production cost to the government. However, this may be an overestimate of the amount that individuals and families would be willing to pay for such services. Researchers have spent a lot of ingenuity trying to devise better valuation methods, but fundamental conceptual and practical problems remain that are not satisfactorily resolved (OECD, 2008, 2011; Verbist et al., 2012; Marical et al., 2008).

A related potential benefit of developing cross-country comparable reference budgets is the possibility to use reference budgets for generating equivalence scales to correct income levels for differences in household composition and household needs, which, of course, can greatly differ across and even within countries. For instance, in countries with relatively high housing costs, reference budgets will reflect larger economies of scale than in countries where housing costs account for a relatively small share in the total household budget. The same is true for differing housing costs within countries. While social rents mostly do not change very much as the size of families and homes increase, this is not necessarily the case for private renters and owners with a mortgage. Similar arguments can be made about the costs of children. Primary and secondary education, even when compulsory, is not completely free in any country, as some costs have to be borne by the parents. Again, there is a large variation in these costs (e.g. Bradshaw and Finch, 2002), and this of course affects the costs of children. Higher education is much more expensive, and variation across countries is even greater. Furthermore, as fixed costs take a larger share in the household budget of low income families than in the household budget of higher income groups, it is very likely that economies of scale are not the same (proportional) across all levels of consumption. The European headline poverty indicator ignores these differences in living conditions that have an impact on the costs of households and imposes the same equivalence scale in all countries and for all kinds of households, namely the modified OECD-scale. However, it is rather unlikely that economies of scale are similar in all EU member states (e.g. Atkinson and Micklewright, 1992; Förster et al., 2005; Brandolini, 2007). In contrast to the modified-OECD equivalence scale, an equivalence scale derived from reference budgets would take into account more characteristics of households that impose differences in needs (including those related to the use of publicly-provided goods and services (cf. Salanauskaite and Verbist, 2010: 22)).

Because of these advantages, we believe that reference budgets, when developed in a consistent and comparative way, have a great potential to make further contributions to the measurement of poverty, and the evaluation of the adequacy of minimum income protection, as well as in the field of monitoring anti-poverty policies. However, one should not be blind for the pitfalls associated with the development of reference budgets and limitations associated with their use. Firstly, the reliability and robustness of poverty lines derived from reference budgets are threatened by arbitrary elements inherent to the way they are constructed. In order to avoid arbitrary choices as much as possible, it is important that reference budgets are built on a sound theoretical framework and a robust method to assess which products and services should be labelled as essential. Unavoidable arbitrary decisions should be transparently documented and should, as far as possible, be taken in a similar way in different countries. Striving for maximum transparency and extensively documenting the underlying perspectives and choices made, should enable users of reference budgets to evaluate whether the reference budgets represent a minimum acceptable standard of living and not just a minimum level
or an overly generous standard. Transparency makes it possible that reference budgets become the subject of meaningful societal debate.

Secondly, there is the risk that reference budgets are constructed to represent what is needed to survive (i.e. physical needs), which (i) would be in contradiction to the poverty definition of the Council of Europe quoted above, and (ii) not reflect what is required to live a life in dignity or to fully participate in society.

Thirdly, because of their detailed description of essential goods and services, professionals and policy makers could interpret the budgets as ‘ideal consumption patterns’, prescribing how people should spend their money. Of course, this is contrary to their objective, namely offering a reference framework for determining the necessary minimum income that allows people to fully participate in society and for which autonomy, including ‘freedom of choice’ is an essential precondition.

Finally, there is a danger that reference budgets are blindly used as a ‘standard’ ceiling for measuring poverty or assessing the adequacy of social benefits. Unavoidably, reference budgets are developed for a limited number of ‘model family types’ or ‘reference households’, with precisely described characteristics and competences. For the measurement of poverty and for evaluating the adequacy of minimum income benefits, the reference budgets have to be generalised to the entire population, which is much more diverse than the diversity that can be covered by the original range of model families for which reference budgets are constructed. Such generalisations may be to a large extent acceptable for producing poverty estimates. When reference budgets are used for policy purposes and evaluating the adequacy of minimum benefits, it is necessary to take the particular circumstances and characteristics of ‘real families’ into account. Within the ImPRovE project we agreed to develop reference budgets for households where all members are in relatively good health and have good capacities to consume economically. Therefore, they represent a lower limit for what can be seen as the minimum necessary resources. If one wants to use the reference budgets as a ceiling for assessing the adequacy of minimum incomes and decide on social assistance top ups, they should be fine-tuned and take into account the actual characteristics (health status, special needs, living conditions, social and cultural capital) of real families (especially low income families). Furthermore, when reference budgets are used to produce a poverty estimate, this will result in an underestimation of poverty in so far as people with special (health care) needs are assumed to be living on a reference budget for persons in perfect health.
6 Conclusion

Reference budgets are priced baskets of goods and services that represent a given living standard for well-described model family types. When related to human needs and social rights, they have a clear normative interpretation. They can play an important role in research on poverty, poverty measurement and the adequacy of minimum income protection, as well as in the field of monitoring anti-poverty policies. In this paper we described how to move forward in the development of cross-country comparable reference budgets. A common theoretical and methodological framework is an essential part of this. In its peer review on ‘Using reference budgets for drawing up the requirements of a minimum income system and assessing adequacy’, the European Commission recommended “to use more abstract terms and concepts as a framework for criteria to assess which articles and services should be labelled as essential” (Vranken, 2010: 19). Given our intention to use reference budgets for measuring poverty and assessing income adequacy in Europe, we aligned our theoretical framework with the European discourse on combating poverty and social exclusion, while ensuring that it is rooted in the international literature on poverty. More specifically, we rely on the, slightly adapted, list of intermediate needs of Doyal and Gough (1991) to develop baskets of goods and services that would reflect the minimum acceptable living standard in society in terms of what people can be or do.

Apart from common theoretical foundations, a common methodology is needed to assure comparability as well as to further reduce arbitrariness in the composition of baskets of goods and services. We are convinced that a consensual method is the best way to move forward in the development of internationally comparable reference budgets. In order to make sure that the reference budgets receive broad public support and that they are responsive to policy interventions, consensual reference budgets should be built on international and European standards supplemented by national and regional laws, guidelines and recommendations. Starting from the existing guidelines, experts can set the criteria that goods and services in the baskets have to meet in order to fulfil an essential purpose with a view to household members’ participation in society. However, for a number of products and services, it is not easy to determine whether or not they belong in a reference budget. Sometimes, relevant recommendations are lacking and for other items, it is not immediately clear whether they fulfil essential social needs. Therefore, and in order to examine whether the baskets are perceived as fair and purchasable, scientific knowledge should be complemented by ‘experientially grounded’ knowledge that people develop by self-reflection in well-informed focus group discussions. Even though we are strongly convinced of the use of focus groups to reveal this information, many questions concerning the reliability and the comparability of the focus group results remain unanswered and should be the subject of further research.

To conclude, in this paper we sketched how to move forward towards the construction of cross-country comparable reference budgets for Europe. For doing so, we proposed a theoretical framework and a common method. In addition, we discussed the common agreements we made in the ImPRovE project in which we aim to develop reference budgets for Belgium, Finland, Greece, Hungary, Italy and Spain. Some issues remain unresolved and need to be subject of further research. This implies that in the future, we may need to adapt some of the theoretical and methodological recommendations we made in this paper. Nonetheless, we are convinced that cross-country
comparable reference budgets can make a substantial contribution to the measurement of poverty, the evaluation of benefit adequacy and the monitoring of policy in Europe, if they are developed and used with due care and caution.


Mary Daly Queen’s University (2002), *Access to Social Rights in Europe*, Strasbourg.


ImProvE: Poverty Reduction in Europe.
Social Policy and Innovation

Poverty Reduction in Europe: Social Policy and Innovation (ImPRovE) is an international research project that brings together ten outstanding research institutes and a broad network of researchers in a concerted effort to study poverty, social policy and social innovation in Europe. The ImPRovE project aims to improve the basis for evidence-based policy making in Europe, both in the short and in the long term. In the short term, this is done by carrying out research that is directly relevant for policymakers. At the same time however, ImPRovE invests in improving the long-term capacity for evidence-based policy making by upgrading the available research infrastructure, by combining both applied and fundamental research, and by optimising the information flow of research results to relevant policy makers and the civil society at large.

The two central questions driving the ImPRovE project are:

- How can social cohesion be achieved in Europe?
- How can social innovation complement, reinforce and modify macro-level policies and vice versa?

The project runs from March 2012 till February 2016 and receives EU research support to the amount of Euro 2.7 million under the 7th Framework Programme. The output of ImPRovE will include over 55 research papers, about 16 policy briefs and at least 3 scientific books. The ImPRovE Consortium will organise two international conferences (Spring 2014 and Winter 2015). In addition, ImPRovE will develop a new database of local projects of social innovation in Europe, cross-national comparable reference budgets for 6 countries (Belgium, Finland, Greece, Hungary, Italy and Spain) and will strongly expand the available policy scenarios in the European microsimulation model EUROMOD.

More detailed information is available on the website http://improve-research.eu.

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