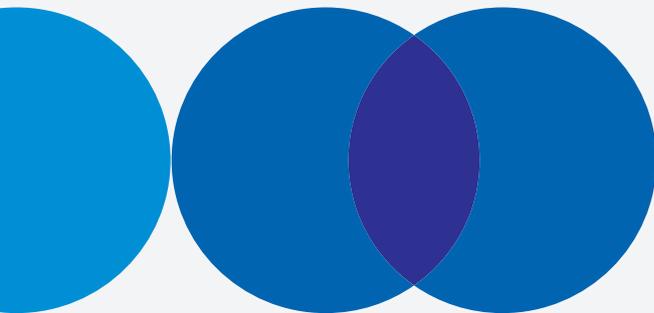




FRANCE STRATÉGIE
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THE FIGHT AGAINST POVERTY IN THE TIME OF CORONAVIRUS: Recommandations of the evaluation committee of the National Strategy for the prevention and fight against poverty PROGRESS REPORT

The time of economic and social crisis we are currently going through is of an unprecedented scale since the post-war era, a greater one than the 2008 crisis. It has already and will undoubtedly have an intense effect on the situation of the most deprived persons. The evaluation committee of the National Strategy for the prevention and fight against poverty wishes to express its views on this topic before the publication of its next report in March 2021. The present progress report aims to review the impacts on the most vulnerable of the current health crisis and the confinement put in place between March and May 2020, specify the expected effects of the economic downturn caused by the crisis on their situation, and raise vigilance points concerning the political response to the crisis. To achieve this, the evaluation committee drew on hearings held since the beginning of the coronavirus crisis¹. The committee has also consulted the “college” of persons in poverty or precarious situations (5th college) of the “Conseil national des politiques de lutte contre la pauvreté et l’exclusion sociale (CNLE)” (National council against poverty and social exclusion) and the citizens’ panel².

THE CORONAVIRUS CRISIS HAS PARTICULARLY AFFECTED THE POOREST

The health crisis and the confinement put in place between March and May 2020 have led to important and specific difficulties for the most vulnerable, particularly in terms of subsistence (significant reliance on food distribution), health (higher exposure to the virus and higher risks of developing severe forms of the disease³, discontinuity of healthcare services) and access to distance learning (lack of equipment, difficulties for families to provide support, insufficient space at home). Excess mortality linked to health, housing and employment conditions of the population has been observed in the poorest municipalities⁴.

The health crisis has thus unveiled shortcomings of current policies to reduce poverty. It has shown the extent to which housing is at the heart of the poverty issue and has shed a harsh light on poverty pockets that exist today in France, particularly in the priority neighbourhoods identified under the urban policy and in the overseas territories.

The most vulnerable have been particularly affected by the confinement. This must be taken into account in policy responses to the crisis. Otherwise, costly situations, in both human and financial terms in the long run, will arise.

Young children (0 to 3 years) and children⁵ (3 to 15 years) have experienced, following the closure of schools and collective daycare structures, an interruption in their education, a lack of access to basic needs and isola-

tion in family environments that can sometimes be violent. Young people aged 16-18 fostered by child welfare services (“Aide sociale à l’enfance”) have sometimes had to return home⁶ without any follow-up or assurance that they had a home. Withdrawal of visiting rights and placements have been operated⁷ instead of providing parents with the support they would have needed. More young people have dropped out of school, and not all of them could be reintegrated into the programs. Young people seeking employment did not have access to the services of the ‘missions locales’ (access points for employment and social services). Students in precarious situations were unable to get to work to finance their studies and had to resort to food aid following the closure of campus restaurants. Isolated elderly persons, people with disabilities and single-parent families have seen their initial difficulties worsen. Precarious people have had to continue living in overcrowded environments (prisons, shanty towns). Legal immigrants (asylum seekers, foreigners who have been legal residents for less than five years) have not fully benefited from existing aid or exceptional aid programs because of the conditions under which these are granted. Persons in particularly precarious situations of undeclared labour have seen their situation deteriorate due to income loss. People experiencing homelessness have faced complex situations, such as housing refusals and degraded sanitary conditions due to the closure of day shelters and public toilets.

Since the end of the confinement, the situation remains marked by numerous difficulties experienced by the most vulnerable. The CNLE’s 5th college has notably

1. The list of persons auditioned can be found in Appendix 1.

2. The contributions to these consultations are attached as Annexes 2 and 3.

3. Dubost C-L., Pollak C. and Rey S. (2020), “Les inégalités sociales face à l’épidémie de Covid-19. État des lieux et perspectives”, *Les dossiers de la Drees*, n° 62, July.

4. Brandily P., Brébion C., Briole S. and Khoury L. (2020), “A Poorly Understood Disease? The Unequal Distribution of Excess Mortality Due to COVID-19 Across French Municipalities”, Working Paper No. 2020-44, Paris School of Economics, July.

5. On this subject, see in particular the testimony on the health crisis of 12 children of the High Council for Family, Children and Age: HCFEA (2020), “Covid-19, la parole des enfants adressé au président de la République : le courrier et les témoignages”, July.

6. Abassi É. (2020), “Les établissements et services de l’aide sociale à l’enfance pendant le confinement. Résultats de l’enquête Flash sur le fonctionnement des établissements et services de l’aide sociale à l’enfance pendant la période de confinement liée au Covid-19”, *Les Dossiers de la Drees*, n° 56, May.

7. *Ibid.*



highlighted examples of the non-use of rights to healthcare by particularly frail individuals, the impossibility of physical access to public services, and the advent of intense anxiety about the future, health issues and unemployment. The citizens' panel shares this concern regarding health, economic and social uncertainty and is worried about the eventual slide of many into poverty or extreme poverty.

EXPECTED IMPACTS OF THE CRISIS ON POVERTY

The economic and social crisis resulting from the pandemic and the measures taken to combat it, will undoubtedly have an intense effect on poverty, which will occur over the course of different time scales.

After the immediate income decline and spending increase experienced by some of the population, the major economic downturn is expected to result in large-scale job losses, important numbers of bankruptcies or a significant drop of economic activity in the short term, especially for the self-employed⁸. The incomes of employed persons are expected to decline. The economic downturn impacts the beneficiaries of the national Active Solidarity Income (RSA) who are active in the labour market or those who were close to getting employed before the crisis. This will represent an important pressure to bear on the income of young people aged 18-24 who are currently studying and will make it more difficult for young graduates to enter the job market in the next autumn.

The crisis will also trigger the fall into precarious conditions of persons belonging to professional categories that were hitherto protected from precariousness. The very high exposure of the self-employed to the crisis, for instance, is unprecedented. Sliding into poverty could be experienced with great difficulty by persons who have not previously been part of this group. Expected social and political effects of this phenomenon remain unknown to this day.

The situation could lead in the coming months to a significant increase of the number of potential recipients of means-tested benefits and minimum welfare benefits, particularly the number of recipients of the Active Solidarity Income (RSA), resulting from the decline in financial resources and job opportunities.

The crisis may have gender-related effects that are worth our attention, as many sectors affected by the health crisis (services, tourism, etc.) rely on an important feminine workforce and part-time unemployment, knowing that women have provided a large share of the childcare at home during the confinement⁹.

An increase in the number of dropouts among pupils and young students due to the educational disruption will have lasting effects on their chances of employment. Generally speaking, the educational disruption and the psychological disorders caused by the pandemic and "social distancing" measures will have significant consequences in the long run, beyond the known immediate effects.

When judging the effects of the crisis on poverty, particular attention to the monetary poverty rate must be paid. It is a relative indicator, calculated in relation to the median standard of living of the population. If the median standard of living declines in France following the crisis, the poverty line will automatically fall with it, so that individuals previously considered as poor may no longer be categorized as such after the shock, even though their standard of living has not changed or has even worsened.

Therefore, it will be essential to rely on other statistical indicators, such as poverty in relation to living conditions and on-field observations. Monitoring the evolving number of recipients of the Active Solidarity Income (RSA) will also provide an element of understanding the crisis's social effects.

Finally, as indicated by the 5th college, special attention will have to be paid to the situation of invisible groups, which requires them to be identified and contacted.

THE PUBLIC POLICY RESPONSE TO LIMIT THE EFFECTS OF THE CRISIS ON POVERTY

The social and fiscal system in place in France before the crisis can alleviate these effects – the Active Solidarity Income (RSA), for instance, can act as a shock absorber for individuals sliding into poverty, who will be eligible to this allowance and benefit from the government's measures taken since the advent of the crisis¹⁰.

8. According to INSEE forecasts of September 2020, salaried employment, after having fallen by 715,000 in the first half of 2020, would be relatively stable in the second half of 2020. The unemployment rate, 7.1% in mid-2020, could exceed 9.5% of the working population by the end of the year. The unemployment halo could remain higher at the end of 2020 than at the end of 2019. See Insee (2020), "Point de conjoncture 2020", 8 September 2020.

9. Albouy V. and Legleye S. (2020), "Conditions de vie pendant le confinement : des écarts selon le niveau de vie et la catégorie socioprofessionnelle", Insee Focus, N° 197, June 2020.

10. The shock-absorber effect of the socio-fiscal system will sometimes be limited by the system itself. For example, recipients of the activity bonus benefit ("prime d'activité") who will lose their jobs and, as a result, the additional aid granted to them, will experience an accentuated income decline.

Facing the consequences of the crisis caused by the coronavirus and the effects of the confinement measures taken to limit its spread, the government initially set up an economic support plan in March 2020 mainly aimed at companies and their employees, amounting to €45 billion – rising to €110 billion by 15 April 2020¹¹. Emergency measures were put in place in the areas of unemployment insurance benefits, prevention of economic lay-offs, health insurance, pensions, loss of autonomy, and in the fields of poverty, housing and family¹². Governmental reforms (unemployment insurance, individual housing assistance “APL”, pensions) have been interrupted and postponed.

The “safety net” provided by the social protection system has acted in this way as an economic and social stabilizer. The measures taken since March have made it possible for many to maintain full or large parts of their incomes (pensions, minimum social benefits, daily allowances, unemployment benefits, partial unemployment, broadening the scope of sick leave), to safeguard the economic activity and general access to the health care system.

At the same time, a large part of the population, a less protected one, has experienced increased difficulties related to subsistence matters due to income decline (turnover loss for the self-employed, partial unemployment in the private sector, job loss which affected mainly precarious workers and persons employed on fixed-term contracts), sometimes coupled by an increase in spending (meal preparation in the absence of access to schools canteens’ reduced prices, energy consumption, etc.).

The Prime Minister subsequently announced on 3 September 2020 the launch of “France relance”, a recovery plan designed to rapidly and sustainably revive the French economy. With a budget of 100 billion euros for two years. The plan divided into three different axes includes a “cohesion” component of 36 billion euros aiming at “guaranteeing solidarity between generations, between territories, and between all French people¹³. Under this component are included “supporting measures to persons experiencing precariousness¹⁴”

for a total budget of only 800 million euros, with 533 millions allocated to the exceptional increase of the back-to-school allowance (ARS) – measures which concern only for a total of 208 million euros the people actually living in conditions of monetary poverty (38% of ARS recipients live below the monetary poverty line¹⁵). Although other measures should also target people experiencing monetary poverty, such as young people, the committee notes that the share allocated to people experiencing poverty in the recovery plan is very limited.

THE CORONAVIRUS CRISIS AND THE NATIONAL STRATEGY OF PREVENTION AND FIGHT AGAINST POVERTY

In September 2018, France has adopted a strategy to prevent and combat poverty based on two major axes: acting from an early age to prevent the social reproduction of poverty and overcoming poverty through education and supporting measures for jobseekers.

Prime Minister Jean Castex indicated in July 2020 in his general policy speech that the strategy would be adapted “according to the economic situation”.

The evaluation committee, the citizens as well as the 5th college have made the same observation: the most vulnerable are particularly exposed to the consequences of the crisis, and the governmental aid put in place to limit the crisis’ effects, does not tackle all the needs revealed and generated by the crisis to combat poverty. The recovery plan measures should help prevent new individuals’ massive inflows into poverty, but there is little concern to those already experiencing poverty. In the committee’s view, it is, therefore, necessary to supplement these measures.

The committee wishes to raise points of vigilance addressing the political response to the coronavirus crisis that would be provided through an evolution of the National Strategy for the prevention and fight against poverty:

11. The support measures put in place for businesses: sectoral support plans and emergency measures are detailed on the website of the Ministry of the Economy, Finance and for the Recovery: <https://www.economie.gouv.fr/covid19-soutien-entreprises>.
 12. The measures taken with regard to unemployment insurance, prevention of lay-offs, health insurance, pensions, loss of autonomy and in the fields of poverty, housing and the family are detailed in Annex 4.
 13. The measures of the recovery plan are listed in Annex 5.
 14. These measures are detailed in Annex 6.
 15. Source: INSEE, Tax and Social Income 2016 survey (updated 2018); Ines 2018 model, DREES calculations.



- **Recommandation 1:** The recovery plan has not compromised the strategy's long-term vision and its associated financial means. This vision shall be maintained. However, it is also necessary to ensure that the volume and the modalities, including financial ones, of the strategy's measures remain in line with the current needs, and to increase them if necessary. Taking into account new needs cannot be done on a same budget.
- **Recommandation 2:** As the citizen panel noted, there are significant territorial differences regarding poverty. Attention must be paid to ensure that the differences observed between territories in terms of social needs, financial resources of territorial collectivities and the different levels of commitment to anti-poverty policies, do not create unacceptable territorial inequalities.
- **Recommandation 3:** Confinement has led to an increase of barriers in accessing social rights (care centres operating in limited capacity mode, cumbersome procedures, inability to travel and commute, degraded processing of submitted requests). The crisis will result in new potential beneficiaries of solidarity benefits, who will not all take-up these benefits, as the newly eligible individuals will be hard to identify by the competent bodies. The fight against the non-take up is even more essential in this context. It must be based on efforts to simplify procedures and make access to rights more automatic.
- **Recommandation 4:** Young children and children are important victims of the crisis, especially those growing in the poorest settings. The confinement has constrained their entire lives to the family environment, whereas the strategy aims to bring children together to reduce social inequalities. The major learning disruption that has taken place over several months has produced educational inequalities that will need to be addressed. The lack of socialization that weighs on their quality of life and psychological health impacts their well-being. Sufficient resources must be allocated to them and action must be taken quickly to make up for these with regard to both learning achievements and extra-curricular activities (games, sports, artistic expressions, etc.).
- **Recommandation 5:** School dropouts have increased with the confinement. Immediate implementation of compulsory education for the 16-18-year-old group is necessary, and its effectiveness must be monitored as of now, involving all concerned players.
- **Recommandation 6:** The confinement has shed light on the consequences of the digital divide ("white" areas, digital literacy, lack of access) and the limits of the all-digital world. It is necessary to guarantee effective access and right to digital means for all while maintaining a reliable physical system to secure the right for all to access physically to public services.
- **Recommandation 7:** The measures taken since the confinement have provided adequate protection to those already best protected from precariousness, but the crisis has reduced incomes and worsened the situation of those little concerned by the measures taken, due to eligibility requirements. Increased attention must be paid to these populations. In particular, it is crucial to ensure that any new reforms to be introduced will not worsen the situation of the most precarious, already significantly impacted by the crisis.
- **Recommandation 8:** Several associations have reported financial difficulties, affecting their ability to cope with the increase in the number of people seeking support, as a result of the confinement. It will be necessary to ensure that the amount allocated to these structures in the recovery plan is well distributed and adequate. It will also be required, as specified by the 5th CNLE college, to support them in their actions.



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