

13 March 2014

To: EU Prime Ministers and Heads of State

**Refer: General Affairs Council 18 March 2014 and Spring Council 20 and 21 March 2014**

## **Require coherent 2014 CSRs that can help deliver on the poverty target and launch an ambitious participative Mid-term Review consultation**

Dear Prime Minister,

EAPN is the largest network of anti-poverty organizations in Europe, encompassing thousands of grass-root organizations working actively with and for people with direct experiencing of poverty. The rising tide of poverty, now reaching 124,5 million (2012) representing 1 in 4 of the population and an increase of over 6 million since 2010, is threatening the very fabric of the EU, undermining support for the Europe 2020 and the Semester process, and the overall EU project. Added to this, the EU has seen sharp increases in income and wealth inequalities since the crisis, with the top 20% earning over 5 times as much as the bottom 20%. (2012).<sup>1</sup> Rising inequality and poverty have been widely recognized, as the major threat societal threat, leading to social divergence that increases macroeconomic imbalances, undermining economic stability and growth, as well as social cohesion and solidarity of the EU.<sup>2</sup>

In this Spring European Council you will review progress on the European Semester and debate the follow up to the Commission's proposals on the Mid-Term Review. In the context of the European Parliament Elections and new Commission it is crucial that a sign of hope is sent. EAPN believes that the European Semester could deliver results. However, it needs to ensure coherence between social and economic policies and be seen to deliver on the promises of Europe 2020, with a tangible inclusive and sustainable growth approach that reduces poverty and inequality. Moreover, the Semester needs an effective democratic and participative process, which gains the support of national and European parliaments, and meaningful dialogue with civil society and social partners, if it is to attract support.

### **We highlight two key demands related to the European Semester**

- 1) Require balanced CSRs that deliver on the poverty/social targets and are not undermined by macroeconomic austerity requirements.**
  - 2) Use the Mid-Term Review to launch a participative process for change that can really deliver inclusive and sustainable growth based on increased democratic legitimacy.**
- 1) Require balanced CSRs that deliver on the targets and are not contradicted by macroeconomic austerity requirements.**

EAPN continues to try to engage in the European Semester at EU and national level. EAPN's 2014 assessment of the 2013 CSRs and implementation has highlighted that although there was increase in the number of positive social CSRs, the overwhelming priority continues to be macroeconomic, which require austerity; liberalization and privatisation of services without adequate safeguards for

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<sup>1</sup> EC Communication (5.03.14): Taking Stock of the Europe 2020 strategy for smart, sustainable and inclusive growth.

<sup>2</sup> IMF Staff Discussion Note (February 2014): Redistribution, Inequality and Growth.

guaranteeing affordable access; flexibilising labour markets which undermine social and employment rights. Members have found it difficult to see any consistent connection between the CSRs and the Europe 2020 targets and priorities. Our members are also concerned about the increasing similarity between the CSRs and the package of measures which has been pressed on Troika countries operating under Memorandums of Understanding.<sup>3</sup>

**EAPN therefore asks you to press in the Council for CSRs that deliver transparently on the goals of the Europe 2020 strategy and not just economic governance priorities. We call for an increase in concrete CSRs on poverty, employment and education** in all MS where no progress on the target is being made. We underline that MS should not be required to agree to economic CSRs that undermine their delivery: for example with CSRs advising cuts to social protection systems which will increase poverty.

Troika and emergency assistance programme countries operating under Memorandum's of Understanding should no longer be exempted from the Semester and the Europe 2020 agreed targets and objectives and become equal partners in the Semester - producing NRPs with their parliaments and stakeholders and receiving CSRs linked to the delivery on the Europe 2020 targets, including poverty reduction.

We urge you to take account of 12 core policy priorities to support delivery on the poverty target, drawn from national/EU members' proposals.

#### **EAPN's Members' priorities for CSRs for 2014<sup>4</sup>**

- 1) Ensure coherent economic and social policy: preventing austerity penalizing the poor.
- 2) Require a comprehensive long-term strategy to fight poverty with effective targets including for child poverty.
- 3) Tackle inequality, including through tax justice.
- 4) Guarantee Adequate Income Support across the life cycle, for all groups.
- 5) Promote quality of work and employment, through decent jobs and inclusive labour markets.
- 6) Mainstream integrated Active Inclusion into all areas.
- 7) Promote an inclusive education system, tackling segregation and ensuring equal access for all.
- 8) Implement Youth Guarantee and support Youth Inclusion, beyond employment.
- 9) Tackle Homelessness and promote social housing.
- 10) Ensure equal access to health to reduce rising unmet health needs.
- 11) Require meaningful participation and stakeholder involvement, including civil society.
- 12) Support effective use of EU Funds for Poverty Reduction through partnership approaches involving civil society.

#### **2) Use the Mid-Term Review to launch a participative process for change that can really deliver inclusive and sustainable growth based on increased democratic legitimacy.**

The Commission's Communication provides a stocktaking of progress on Europe 2020, building on the Annual Growth Survey and the CSR implementation report. Whilst no policy proposals are made, it underlines the 'reasons for having Europe 2020... are equally pressing in 2014 as in 2010', whilst recognizing its weak implementation. The EU is seen to be no longer a 'convergence' machine, but increasingly promoting divergence, including fuelling the growing gap in income and wealth inequality. The current targets are recognized as 'weaker' political agenda-setting tools without legal binding status, and the failure to advance on poverty reduction or employment targets is underlined, but without recognizing the causes 'beyond the crisis' and the key role that austerity policies have played in undermining the targets. It recognizes the additional need for qualitative assessment, ie to focus on the quality of work, training or other measures, but without reflection on the negative impact of the economic governance priorities reducing employment rights in the Semester. It calls for greater

<sup>3</sup> See EAPN (2014), Duffy K: Life boat or Life Sentence – the Troika and emergency assistance programmes and their impact on poverty and social exclusion

<sup>4</sup> See EAPN March 2014: Making Progress on the Poverty target: EAPN assessment and proposals for CSRs 2014.

commitment from the 'collective capacity' of EU actors whilst increasing 'awareness and ownership' of all relevant stakeholders at the national, regional and local levels, but without specific references to civil society actors or recognition of the EU role. It finally calls for an EU-wide consultation of all stakeholders on lessons learnt and the main factors for shape the next phase, but without clear objectives or timetable.

EAPN therefore calls on the Council to press for the Commission to urgently **launch a meaningful, transparent consultation process, with clear objective and timetable, which not only asks for individual inputs from organisations, but carries out structured dialogue** and review with stakeholders who are already engaged or trying to engage with Europe 2020 and Semester process, particularly with vital grass-root civil society organizations working with people experiencing poverty at the EU and national level.

The inputs should include both an **evaluation of the first 5 years delivery on policy impact as well as the process and the lessons learned**, including whether Europe 2020 goals are fit for purpose, how well Europe 2020 goals are being delivered through the European Semester, and how far the European Semester economic governance is consistent with the Europe 2020 goals.

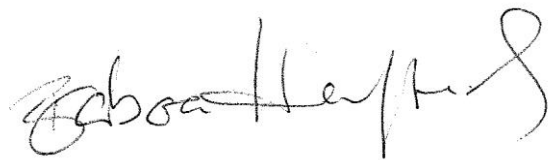
**The scope for change must be sufficiently ambitious:** business as usual will not be enough. The EU must offer the opportunity to **re-think the coherence of EU policies** to ensure that economy is the servant of social inclusion and equality, if Europe 2020 and the Semester are to "strengthen its smart, sustainable and inclusive growth strategy, so that it can deliver on the expectations of its citizens...".

We hope that you will take on board our concerns, and welcome any opportunity to continue the dialogue.

Yours faithfully.



Sérgio Aires  
President



Barbara Helfferich  
Director

Cc: Commissioner László Andor, European Commissioner for Employment, Social Affairs and Inclusion;  
Pervenche Berès, Chair of the Employment and Social Affairs Committee, European Parliament.