**EAPN Input to the Mid-Term Review of Europe 2020 GA DOC N 13**

**Introduction**

In 2010, the EU launched the Europe 2020 strategy as the key policy framework to replace the Lisbon Strategy, setting 5 concrete targets to achieve its goal of smart, sustainable and inclusive growth. These included for the first time an explicit poverty target to reduce poverty by at least 20 million by 2020, as well as other key social targets (achieving a 75% employment rate and reducing early school leaving to 10%) and 7 flagship initiatives including the Flagship Platform Against Poverty. The Strategy also seemingly embraced the need for democratic governance with parliaments and increasing stakeholder engagement to achieve ownership and visibility.

In 2015, the EU Institutions, under the auspices of the new European Parliament and Commission will carry out **a Mid-Term Review** of the Strategy. This process was launched on the 5 March 2014 with the Commission’s [Stock-Taking Communication assessment of the Europe 2020 strategy](http://ec.europa.eu/europe2020/index_en.htm) and followed on the 5May, with the [launch of an on-line public consultation](http://ec.europa.eu/europe2020/public-consultation/index_en.htm) with a deadline of the 31st October.

EAPN has invested a large amount of resources in trying to engage and monitor the delivery of the strategy: inputs to the National Reform Programmes, reviewing together the NRPs and CSRs and their implementation, and making proposals for Country-specific Recommendation. [(See here](http://www.eapn.eu/en/news-and-publications/publications/eapn-position-papers-and-reports/eapn-publishes-widening-the-gap-2013-marked-the-3rd-round-of-national-reform-programmes-since-the-launch-of-europe-2020-in-2010-eapn-has-engaged-in-this-process-every-year-)). ***Our overwhelming concern is: Can the Europe 2020 Strategy be made fit for purpose enough to deliver on poverty reduction and participation***?

In this paper, we provide an initial summary of the EAPN assessment of the Europe 2020 Strategy 2000-15, and make concrete recommendations for core priorities from 2015. It will provide the basis for EAPN’s response to the on-line consultation.

**EAPN’s Assessment**

*Initial cautious welcome*

The Europe 2020 Strategy was largely welcomed by EAPN in 2010, for mainstreaming social objectives into broader economic/employment policy, establishing, for the first time, a concrete poverty target, combined with social targets on employment and education, particularly early school leaving. This was seen as an important agenda-setting instrument, which could keep poverty at the centre of the overarching policy debate, and potentially deliver real results on poverty if combined with an effective strategy. The introduction of Guideline 10 on social inclusion and poverty underpinned mainstreaming in the European Semester, while the new Flagship Initiative – European Platform Against Poverty (EPAP) seemed to offer the potential for a dynamic engagement of all actors, and cross-sectoral delivery across different DGs. Participation and stakeholder engagement were supported with Recital 16 of the Integrated Guidelines, giving a strong requirement of stakeholders’ – including civil society – engagement in the whole process, particularly the NRPs.

*But growing poverty, exclusion and inequality, rather than progress on the target*

However, as recognized by the Commission’s Europe 2020 stocktaking document[[1]](#footnote-1), instead of progress towards the target of 20 million reduction, poverty and social exclusion[[2]](#footnote-2) have risen to nearly 1 in 4 of the population of the EU: 124,2 million (2012), an increase of over 6.6 million since 2010. Employment has also steadily declined, from 68.9% in 2009 to 68.4% in 2012, with an increase of unemployment from 7.1% in 2008 to 10.9% in 2013, and of long-term unemployment by 2.1 percentage points (from 2.6% to 4.7%), rather than progress towards the 75% target. Equally worryingly, employment has become an increasingly insecure route out of poverty, with increases in 2 out of 3 Member States in the working poor. Efforts to reach the numerical employment target, without complementary safeguards regarding the quality of jobs and employment, only undermine the achievement of the poverty reduction target. As highlighted by the new Social Scoreboard, inequality is continuing to rise in most countries, particularly in the South and East. It is clear that not only are the promises on the targets being broken, but that the burden of the crisis is not being distributed equally, and is being paid primarily by the poor and vulnerable.

*Mistaken policies the culprit, not just the crisis*

Although some of this impact is clearly due to the result of the crisis negatively impacting on unemployment, it is the impact of EU and national policy, particularly the predominance of austerity and stability policies, which is of main concern. As Commissioner Andor highlighted, ‘recent fiscal reforms have had a regressive impact, with lower incomes hit relatively harder than others’[[3]](#footnote-3). EAPN’s 2013 NRP Assessment highlighted that 75% of EAPN networks considered that the policies promoted in the NRPs, within the Commission’s guidelines, resulted in an unequal distribution of the burden of the crisis, and would generate more poverty and social exclusion, while contributing to the growing inequality gap. Instead of increasing signs of social investment, short-term economic goals were seen to be prioritized over social rights and longer term social and economic returns.

*Europe 2020, the poor sister in the European Semester*

Europe 2020 is delivered through the governance mechanism of the European Semester. However, in reality, the overriding focus of the Semester is driven by the requirements of the Stability and Growth Pact, with Europe 2020 barely visible in most of the key documents/communications – eg, the Annual Growth Survey, the Communication on the Country-Specific Recommendation etc give hardly a mention to the Europe 2020 strategy, its goals nor its targets). Although there has been a welcome increase in the number of ‘anti-poverty CSRs’ from 3 in 2011 to 11 and 12 in 2013 and 2014 (across 28 MS), these are often ambiguous in their impact on poverty, overly concerned with increasing efficiency of welfare states rather than reducing poverty, and are undermined by the predominance of CSRs focussed on the macroeconomic and fiscal requirements, which are currently promoting austerity policies. Europe 2020 needs to be the driving partner in the Semester, if its goals are to be delivered.

*A lack of seriousness about the poverty target and clear strategies for delivery*

From the beginning, the poverty target has been undermined by a lack of commitment to its delivery by Member States, with an 8 million shortfall on national targets set by national governments. The target with the 3 indicators is also complex to communicate, compared to the other targets with only one common indicator, however the 3 different indicators go some way to capture the multidimensionality of poverty – each indicator reflects a different aspect, eg relative and more absolute forms of poverty, which are crucial to charting progress. During the crisis, median incomes fell, so at-risk-of-poverty indicators were not accurate in capturing the real impact of loss of income of people, whereas material deprivation did this better. However, relative poverty indicators are fundamental for capturing how far people are able to participate on an equal basis in a specific country. Currently, Member States are able to select which indicator they wish to use. This has meant that too many Member States are guilty of gaming, having cherry-picked the indicator which can show off their best performance, sometimes ignoring the EU indicators entirely (eg Germany and Sweden), and often settling for very unambitious national targets, without clear explanations of how they arrive at their figures. This undermines the credibility of the indicators, the target, and the support to achieve them. However, even good targets can only make a difference if backed by the right policy.

*Missing an integrated strategy to achieve the target and short-term Action Plan*

It is difficult for the poverty target to be taken seriously without a medium-term, integrated, multidimensional strategy to deliver on it. Many of the current elements, outlined below, are useful instruments (ie social investment, integrated active inclusion, social scoreboard), but cannot replace an overarching approach, that tackles in a coherent manner the causes and solution of growing poverty, exclusion and inequality, with thematic strategies for key groups, targeted on ensuring access to rights, resources and services. However, this will not necessarily deal with urgency of the current situation, with rising poverty, deprivation and inequality particularly in Southern and Eastern Member States.. An urgent investment plan is needed to be put in place, which ensures an urgent response to social impact of the crisis and austerity policies, combined with a medium term strategy.

*A confusing social infrastructure*

The current social infrastructure is also not clear, and does not provide a substitute for such an integrated, overarching strategy. For EAPN, there is confusion between the roles of the European Platform Against Poverty, the Social OMC, and now the Social Investment Package, as well as the role of the Social Scoreboard in the social dimension of the EMU. The EPAP is meant to be a ‘platform for horizontal cooperation’, providing a dynamic framework for action’[[4]](#footnote-4). In EAPN’s view, the main benefit has been the inter-institutional working (delivering action across the policy spectrum) between different DGs on specific initiatives, but with minimal implementation at national level, nor clear mainstreaming into the dominant European Semester, it is difficult to see any impact. The lack of link to the national stakeholders, being reduced to a one-off event (the Annual Convention), and irregular and limited exchange meetings with the Commission at EU level also undermines the ‘dynamic’ delivery.

The Social Investment Package provides an important basis for seeing social policy as an investment, not a cost, and includes key initiatives for specific groups and themes (Investing in Children, Tackling Homelessness and implementing Active Inclusion). However, it should not be seen as a substitute for a strategy to fight poverty, more as one of the instruments. Care also has to be taken to ensure that a social investment approach does not undermine support for social protection systems, which are fundamental to preventing, as well as tackling, poverty.

The Social Scoreboard offers a set of key indicators to measure growing social imbalances within and between Member States, including NEETs, unemployment, poverty and inequality. However it is not clear how this relates to the overarching set of social indicators, or how it will be made effective to prevent negative impact of macroeconomic and other policies.

The Social OMC has provided an essential framework for shared social knowledge built on partnership, working towards Common Objectives based on access to rights, resources and services. This is currently being put at risk. The Social OMC is largely invisible. National Social Reports are no longer obligatory, with limited stakeholder engagement and without a clear feed into the National Reform Programmes. Whilst Peer Reviews have restricted engagement with civil society and unclear follow up. The loss of this important social space and agenda to underpin the detail of Europe 2020 work developed through partnership is of serious concern.

*Employment-only solutions won’t work*

Within the Europe 2020 Strategy and the Semester, employment is mainly promoted as the only viable route out of poverty, despite the fact that unemployment is rising, and that the jobs themselves do not necessarily offer a route out of poverty, with in-work poverty rising to 9.1% in 2012. Quality employment is crucial, but it is not always a solution for everybody across the life cycle, and will not by itself ensure people´s access to fundamental right to resources and services, which can prevent them from experiencing poverty and exclusion and maintain their living standards. It does not take on board the crucial role of social expenditure, which reduces at risk of poverty (from 25.9% to 16% after social transfers – 2012). In the employment policies proposed, less priority has been given to quality job creation and ensuring access of those most excluded, and more to ‘employability’ and to supply side measures, through activation. These policies often force unemployed people into ‘poor jobs’ or training activities, by threatening them with sanctions of withdrawing vital income support if jobs are not accessed. Such a policy fails to ensure sustainable jobs that can take people out of poverty, and is manifestly against social justice, increasing deprivation and hardship for the most excluded. The employment priority is institutionally reflected within the Europe 2020 strategy, where Guideline 10 related to the poverty target is hidden within the Employment Guidelines, and reporting on progress on the poverty target submerged in the Joint Employment report.

*Limited implementation of social investment, and particularly active inclusion*

Although the new social investment approach, promoted by the Social Investment Package, offered new potential to approach social policy as a benefit, not a cost, with a view to long-term benefits for the economy and society, in reality little mention is made of an overarching social investment approach by national governments in the NRPs, nor in the CSRs, with the emphasis still primarily on deficit/debt reduction, through cuts in expenditure. Although an integrated Active Inclusion approach (combining the three pillars of adequate income support, inclusive labour markets, and access to quality services) has been made a core priority in the recent AGSs (2012, 13 and 14), almost no visible progress has been made on the implementation, and few references made in the CSRs, with a greater focus given to activation and ’reforming’ income support so as not to reduce the ‘motivation to work’, ie by reducing benefits. Even in the majority of Member States already with minimum income, the focus is not on adequacy, but on restricting ‘over generous’ benefits as a disincentive to a work, as reflected in several key CSRs (eg ). Negative, punitive conditionality is being used to force people into poor jobs or bad quality training, which can result in increased poverty. Some welcome progress has been noted in increased focus around thematic priorities – ie child poverty, homelessness, Roma, but falling far short of an integrated approach.

*Underused potential of Structural Funds*

The importance of the commitment to 23% of Structural Funds to be spent on ESF, and 20% of ESF to be spent on reducing poverty and fostering social inclusion is fully backed by EAPN, as seen in the EU coordinated [campaign](http://www.eapn.eu/en/what-we-do/our-campaigns/eu-money-for-poverty-reduction-now) (EU Money for Poverty Reduction). EAPN recent NRP reviews highlight that SF are still falling far short of their potential to deliver on poverty reduction, with a primary focus on support for activation policies, rather than active inclusion. Neither is the partnership principle still not being enforced at national level, ensuring that NGOs and civil society actors can play their full role at strategic and project level, with little sign of serious adoption of the new Code of Conduct, or take up of Global Grants and Technical Assistance mechanisms or clarity about sanctions that might be imposed if these requirements are not fulfilled.

*Cosmetic approach to participation*

The Commission’s stocktaking assessment recognizes that awareness and ownership are lacking, and national stakeholder engagement and Parliament engagement needs to be improved. EAPN’s own assessment[[5]](#footnote-5) highlights 12 National Networks managing some type of engagement, but with 75% of networks assessing the engagement as weak and low quality, with little impact. There is little sign of improvement in the extent or quality of engagement, despite a continued priority given by the Commission in the AGS and internal NRP guidelines. EAPN members highlight a focus on formal consultation, with a tendency to have one-off, primarily information meetings, often without an agenda or minutes, with little opportunity to comment on drafts. When comments are possible to the draft, few members feel that adequate feedback is provided, or that any real input is achieved. In terms of the engagement of national parliaments, debates are rarely organized, although examples were given in BE, LU, CZ, DE and ES, and were seen more as a rubber-stamping exercise than a chance to change the content. This clearly underlines a growing democratic deficit, that risks undermining the legitimacy of the Semester. Where promising examples exist (PL, FR, BE, LU), limited mutual learning or exchange of good practice is being prioritized.

**A summary of the key challenges:**

* The dominance of the wrong macro-economic policies over social priorities undermining poverty/social targets, rather than social investment and poverty reduction as pre-requisites for inclusive growth.
* The failure to take on board the social indicators and poverty target in the EMU, within and beyond the Eurozone.
* Concerns that mainstreaming poverty into Europe 2020 and neo-liberal macroeconomic governance puts at risk a separate social ‘space’/process to develop effective policy solutions.
* The failure to establish credible national poverty targets with common indicators or to implement them is undermining support for the strategy and for the role of the EU.
* The lack of an effective integrated strategy to fight poverty, developed together with stakeholders, underpinned by a social investment approach and effective social architecture.
* An over-emphasis on employment as the sole/best route out of poverty, without regard to quality aspects, while poor jobs for poor people only guarantee that they remain poor.
* The missed opportunity to use Structural Funds’ potential to have an impact on poverty
* The democratic deficit and the limited and low quality stakeholder dialogue, including with people experiencing poverty, undermining legitimacy and ownership

**Our Demands: A Transformative Agenda to make Europe 2020 fit for purpose**

EAPN calls for ambitious changes to Europe 2020, to stop the tide on rising poverty and inequality and to bring credibility and legitimacy to the process through increased participation. To do this, the Mid-Term Review must convert Europe 2020 into a coherent and balanced social and economic strategy committed to delivering smart, sustainable and inclusive growth. The Semester must be made the tool of this revitalized Europe 2020 and its targets, rather than being dominated by the Stability and Growth Pact focus on austerity. It must prioritize an explicit, integrated, rights-based EU Strategy, capable of reducing poverty, social exclusion and inequality, developed through democratic and participative engagement. To give meaning to implementation it must be effectively backed by EU funds. Reinforcing the social dimension of the EU and the EMU must goes beyond social indicators, and changes in governance. This means a short-term, emergency “Marshall Plan” to combat poverty and rising inequality, to alleviate the impact of the recession and austerity measures on the poor, with a medium term plan to deliver adequate minimum income, quality services, and quality jobs and to progress towards EU social standards that can ensure this.

**5 Key Priorities for Change**

1. **BUILDING A COHERENT ECONOMIC/SOCIAL STRATEGY AND GOVERNANCE MODEL**

**What**

It is essential that Europe 2020 refocuses on restoring balance to economic and social objectives, which can deliver shared prosperity and a sustainable future for the EU, and to achieve its promises of smart, sustainable and inclusive growth. The European Semester must be made the instrument to deliver Europe 2020, it objectives and targets, rather than primarily a tool to deliver the Stability and Growth Pact, delivered through Stability or Convergence Programmes. Currently, even many of the stated means of achieving the social dimension are determined by other economic goals e.g. the over emphasis on compulsion and cost-cutting in public services and benefits, as well as in the labour market as a solution for addressing poverty and social exclusion, rather than supportive, integrated active inclusion approaches and negative interpretations of ‘efficient and effective social protection systems’ to mean reduced rights and benefits.

All parts of the Strategy and Semester mechanisms should then reflect this rebalancing. The Annual Growth Survey (AGS), the Commission’s Guidance for NRPs, and the CSRs must reflect these balanced priorities. For example, CSRs must be proposed for every country that is not progressing on the poverty target.

A dialogue space is needed to articulate how an inclusive and sustainable economic model, based on inclusive and sustainable as well as smart growth, can be developed. To date, there has been insufficient debate on this. Commission’s proposals on reducing income taxes to make them more ‘growth friendly’ is one example of an economic policy that can have a negative impact as it can result in greater indirect taxes on those on the lowest incomes and cuts to benefits and services.

For this reason, EAPN still sees the need for a separate social strategy and agenda – Social OMC, to work out the detail of how the social dimension of the EU can be delivered. This should include more specific social objectives, but must feed into Europe 2020, or it risks being side-lined.

The Lisbon Treaty social clause (Article 9) needs to be operationalized and applied to all areas of policy, including Structural Funds, EMU etc., to ensure delivery on these commitments, as the Treaty requires. Social Impact Assessment to policy should be a key tool in ensuring that social goals are mainstreamed across the whole Europe 2020 and Semester process at all stages (ex-ante to ex-post). The EU could lead the way in demonstrating that it could be done effectively. For the Eurozone, ensuring that the new Scoreboard on the social dimension of the EMU goes beyond monitoring to policy impact is essential. If this is not done, then the social, and particularly the poverty reduction commitments, will continue to be undermined byrestrictive macro-economic goals.

**How**

* Develop a new Communication, which sets out a coherent and combined smart, sustainable and inclusive growth model, which can deliver on the goals and targets of Europe 2020, and align macroeconomic policy objectives accordingly, making the Semester the servant of Europe 2020.
* Introduce a new Golden Rule, which operationalizes the horizontal clause and ex-ante social impact assessment methodology, by requiring economic and other policies to prove their contribution to social goals and the targets.
* Encourage a more equal role for employment and social/equality actors to monitor the social impact of economic priorities and to support the development of an integrated inclusive growth approach within the Commission and within Council formations, ie between EPC, EMCO and SPC.
* Effectively mainstream the social and employment scoreboards into the Alert Mechanism on the same basis as other economic indicators, and ensure that they act as triggers to policy change when the imbalances increase beyond an agreed level.
* Make the Annual Progress Report on Europe 2020 goals and targets the central document to drive the European Semester and/or rename/refocus the Annual Growth Survey to mainstream the core objectives of Europe 2020, aligning the Stability and Growth goals to not compromise these.
* Organize all instruments in the Semester systematically, to reflect the main objectives and targets and the necessary policies to achieve them, ie separate sections on all objectives and targets, with an assessment of how the total package contributes to their achievement.
* Restore balance to economic and social CSRs. Country Specific Recommendations should be addressed to all MS who are not making progress on the poverty target, and the other social targets.
* Support the development of a separate EU Social Agenda and mechanism, to feed into Europe 2020 in order to ensure the detailed development of effective policies and the strengthening of the social area within Europe 2020. National Social Reports should be obligatory and be timed to feed into this section, enabling detailed documenting of Member States’ progress on integrated strategies to fight poverty, including on minimum income. These should then underpin the reporting on the poverty-reduction and other social targets in the NRP.

1. **ESTABLISHING CREDIBLE POVERTY AND SOCIAL TARGETS**

**What**

The social targets have not been achieved, but this is not a reason to abandon them. They provide a vital litmus test of the social priorities of the European Union, and should be placed even more at the core of Europe 2020 and the European Semester**.** However, the targets need to be made more effective and better implemented. The poverty target is the only target not expressed in a %. It needs to be put on the same basis as the other targets and given equal weighting.

The triple indicators on poverty are complex and difficult to communicate to the general public. However, we recognize that politically any change to the basis of the target is unlikely. But more must be done to ensure that the 3 EU indicators are used and monitored consistently by all Member States, if the target is to have any credibility.

It is also important to set the target within the broader dashboard of social indicators, currently captured in the Social Protection Performance Monitor, which should be give more visibility in the overall assessment. An indicator capturing at-risk of poverty anchored in different years is also useful. For example, measuring how much at-risk of poverty levels have changed to date based on income levels fixed at the beginning of the crisis.

For all the social targets, a next step would be sub-targets for particular groups or situations which face higher risk of poverty, ie unemployed or not at work due to illness or disability, lone parent households, young people, people with disabilities and special needs, but also homeless, ethnic minorities including Roma and migrants are other key groups.

Some refinement or additions to the targets may also be considered. The education target currently is focused only on formal education. The EU should commit to an adult literacy target under the education targets. This would strengthen and prioritise adult literacy responses on a European level and within EU Member States.

The employment target is also problematic, as only captures whether they have worked for 1 hour in the week of reference, and does not account for the quality or sustainability of the employment, and indeed its role in delivering people from poverty. Complementing the purely numerical employment targets with binding criteria on quality, most of which are already present in the Social Scoreboard and the Joint Assessment Framework, is a pre-requisite to ensure that achieving the employment target does not undermine achieving the poverty-reduction target. Moreover, achieving precarious, unstable employment, which can only be counted in the week of reference, does not ensure the sustainability of progress achieved on the employment rate in the medium and long run. Sub-targets focusing on particular groups at risk, as above, are also needed.

A strong argument can also be made for a new target focusing on inequality. The growth of inequality in wealth and income is widely acknowledged a one of the major challenges facing the EU, by a range of disparate actors (OECD, IMF, World Economic Forum 2013 and 2014). This is further highlighted by the European Commission in its yearly review (Employment and Social Development Outlook 2014) and with the inclusion of inequality indicators in the new social scoreboard of the EMU. The price of inequality is not only increasing poverty, but undermines social cohesion and well-functioning and performing societies[[6]](#footnote-6). Increasingly it is recognized as a major barrier to a return to sustainable growth (IMF 2014).

**How**

* Give new priority to the poverty target based on the 3 indicators, but require a percentage decrease overall for each indicator by all Member States, as with the other targets.
* Require Member States to use all 3 EU indicators to establish ambitious national targets towards reducing poverty, by the agreed percentage, rather than cherry-picking the indicator which allows them to appear to perform best.
* Review and establish new targets for MS who claim to have met the poverty target already.
* Reformulate the Eurostat definition underpinning the employment target, and complement it with indicators which measure also the quality and sustainability of the employment, and consider the introduction of sub-targets for key groups.
* Require Member States to propose a 5 year projection planning in the NRPs and NSRs on how the targets will be reached in the 5 year period and by what policies, explaining the trends and shortfall, and setting out the plans for adjustment of policy to achieve the targets.
* In the Annual Progress Report and Annual Growth Survey, provide comparable information on the progress reached and the reasons for this, including the shortfalls.
* Establish sub-targets for key priorities – eg children, youth, homeless, migrants, Roma, long-term unemployed, single parents.
* Explicitly monitor and report on the broader dashboard of social indicators, eg those established in the employment and social protection performance monitor, and ensure coherence within the overall Joint Assessment Framework.
* Establish a new target for reducing inequality, based on the indicator used in the social scoreboard (20/80% quintile)
* Consider a target for Adult lifelong learning and adult literacy.

1. **PRIORITISING AN INTEGRATED STRATEGY TO FIGHT POVERTY, A COHERENT SOCIAL ARCHITECTURE, AND SHORT-TERM ACTION PLAN**

**What**

One of the reasons that the current targets are failing is the lack of a coherent strategy for delivery. In the case of the poverty target, no coherent, overarching, EU integrated strategy for all groups has been developed and agreed, although individual strategies have been developed for some specific groups: eg Roma Inclusion, or Investing in Children, or tackling homelessness. As has been highlighted, employment is promoted as the only viable route out of poverty, despite the fact that unemployment is rising; that the jobs themselves do not necessarily offer a route out of poverty, and without a priority given to quality employment or ensuring access for excluded groups. Such a strategy needs a short and long-term perspective and embrace the potential to move forward on social standards through EU benchmarking. An immediate response to the crisis, with a short and long-term plan for social investment to reduce poverty and mitigate the negative social impact of the crisis, is a major priority.

The current social infrastructure needs to be clarified by revitalizing the Social Open Method of Coordination as the ‘social space’ dialogue on a renewed Social Agenda, with the European Platform Against Poverty refocused on an integrated strategy on poverty, and linked institutionally to the national level. The role of the SIP in reducing poverty must be made more explicit.

The needs of specific groups are also not consistently supported and need to be highlighted much more strongly within the strategy. Many need specific strategies to support them to achieve social and economic inclusion, not just into employment, within an overarching strategy. Important work has been done in this respect through the Social Investment Package particularly the Commission Recommendation supporting the 3 pillar approach to investing in children (access to resources, services and participation), and to tackling homelessness, but it appears a rather piecemeal approach, and they are weakly reflected in the follow up, particularly in the CSRs. Key groups, such as young people, are only addressed from the perspective of employment and education (Youth Guarantee, Youth Employment Initiative), while their broader needs in terms of access to resources (including adequate income), services (including affordable housing) and rights (including participation and empowerment) are not taken into account, and a thematic strategy is badly needed to avoid a lost generation.

Discrimination is also completely absent from Europe 2020, as well as the issue of gender, particularly how the crisis has impacted, the gender pay and pension gap, and key vulnerable groups like migrant women. This should include issues related to social welfare, tax, employment opportunities, access to services.

Social Innovation is a core concept in the guidelines, however there is an over emphasis on identifying new ways to address poverty and social exclusion, when successful measures are being cut or undermined. Social Innovation should not also be just about privatising mainstream services, and needs to support grass-root, bottom up innovation as well as large-scaling up operations developed by mainstream government.

**How**

* Give urgent priority to the development of an effective, integrated and multidimensional EU strategy to fight poverty and social exclusion, built around agreed core elements as highlighted below, and require Member States to develop integrated strategies along the same lines.
* Develop separate guidelines for the poverty target, outside the employment guidelines or give them equal treatment within, reflecting the double objective in the title and require the development of a separate Joint Social Report, on an equal footing with the Joint Employment Report.
* Such an Integrated strategy should:

1. ***Aim to eradicate poverty and promote social inclusion for all groups****, ensuring access to rights, resources and services and implementing the Charter of Fundamental Rights and the horizontal social clauses (Art 9 and 10, TFEU).*
2. ***Support a Social Investment approach****, which invests in people through essential social protection/minimum income as well as enabling services and explicitly aims to reduce poverty and inequality.*
3. ***Progress the development of EU wide social standards****, through a Framework Directive on minimum income, under TFEU Art175 to ensure decent living standards to keep people close to the labour market and ensure a dignified life.*
4. ***Require a short term action plan to reduce poverty*** *– in the short term the investment into an integrated Marshall Plan to create quality jobs, and invest in social protection and public services in order to stem the spiralling poverty levels.*
5. ***Promote Integrated Active Inclusion****: Adequate income support, inclusive labour markets and access to quality services for people in working age, but insist on rights to income support and services for all across the life-cycle regardless of their employment situation.*
6. ***Invest in durable quality of work and employment*** *– Support people, and especially key groups facing multiple obstacles, into good and sustainable jobs, pro-actively tackling in-work poverty and supporting transitions from school to work, between jobs, and from work to retirement.*
7. ***Ensure access to quality services****: particularly universal access to education and training and lifelong learning, employment support and counselling, affordable health and long-term care, affordable housing and quality social services, essential public services including energy and transport services, should be included.*
8. ***Promote empowerment and participation*** *as an essential pre-requisite for social inclusion and active citizenship in the management of the services as well as in the overarching policy development.*
9. ***Pro-actively tackle discrimination and establish sub-strategies*** *for key target groups and themes as endorsed by the Social investment Package: eg children, older people, Roma, migrants and homeless.*
10. ***Promote social innovation that prioritizes ‘more effective services and methods****’ without undermining existing effective public services, and that gives priority to supporting bottom-up initiatives that respond to community needs.*

* Refocus the European Platform Against Poverty on the development of the integrated strategy to fight poverty, clarifying the individual strands and how they will be delivered through Europe 2020 and the SIP. Require the establishment of national platforms against poverty to feed into the European Semester. Create 2 EU-wide conventions to ensure feed in to the Semester at crucial moments (ie Feb/March and Oct/Nov).
* Financially support a yearly Meeting of People Experiencing Poverty with decision-makers which provides direct proposals to the EU Conventions on Poverty.
* Clarify the relationship of the Social Investment Package to the EPAP and its contribution to the antipoverty strategy to achieve the poverty target, and establish yearly work programmes to implement the antipoverty strategy as a whole and the thematic strategies (investing in children, tackling homelessness, active inclusion)[[7]](#footnote-7).

1. **ESTABLISHING DEMOCRATIC AND ACCOUNTABLE GOVERNANCE**

**What**

There is a lack of debate at EU and national level on Europe 2020, particularly on the need for an integrated strategy to fight poverty, beyond employment. This debate is particularly lacking at national level where all stakeholders need to be engaged, including antipoverty NGOs, people with direct experience of poverty and national parliaments. Europe 2020 strategy has not progressed on getting ownership from stakeholders or national parliaments. The Commission’s Communication rightly highlighted this as one of the key challenges for the future success of the strategy. EAPN’s own assessments have demonstrated the growing gap (See above). A clearer and more transparent process must be put in place, with adequate resources – staff and financial.

None of these instruments will make a difference without political will and recognition of the added value brought by such engagement for better policy solutions, as well as increased credibility and accountability. For this reason, strong direction is needed from the Commission through EU guidelines or code of guidance, through promoting mutual learning and good practice and by allocating EU Social Innovation and Structural Funds.

The European Semester Officers have a new role to engage with stakeholders to communicate the strategy. At the moment this seems primarily economic. Their role could be transformed to become dynamic agents, whose job it is to promote effective dialogue on the Semester process with all key stakeholders.

National Parliaments are also currently rarely consulted. The Commission could require that NRPs should be debated and approved by national parliaments not just by governments.

Finally, the strategy needs high visibility and ownership. This means public awareness –raising, but not just by EU or government-organized communication campaigns which are unlikely to have much impact on a highly sceptical public, but by supporting/financing independent stakeholders, particularly civil society which have a high level of credibility with the public to build capacity and promote wider debate and discussion through a wide range of different tools.

**How**

* Develop together with MS and stakeholders obligatory transparent EU guidelines for engagement of stakeholders at all stages of Semester and in the design, delivery and evaluation of policy (ie NRPs, CSRs and feed into the AGS) with an implementation handbook providing inspiring practices and tips on effective methodologies (See EAPN model).Mainstream these into the Guidance note on the NRPs, ensuring systematic monitoring in the NRPs.
* Invest in participation and democratic accountability, take the time to rethink methods of operating, evaluating the benefits and cost of failure to engage people in the Semester.
* Ensure that people with direct experience of poverty, together with the NGOs that support them, are explicitly involved in the dialogue process at EU, national and sub-national level
* Require the involvement of national parliaments through all stages of the Semester, with the organization of a national debate on the progress on the strategy, including on the poverty target, and in the approval of the NRP.
* In the AGS and Annual Progress Report, make a specific analysis of the state of play on the extent and quality of democratic and stakeholder engagement, developing common indicators and reporting process, including stakeholder satisfaction surveys.
* Make the European Semester Officers stakeholder engagement promoters with a specific task to engage all stakeholders, including civil society and people experiencing poverty in the Semester, with a budget to support capacity building, awareness-raising and mobilisation activities around Europe 2020/ the Semester and its impact.
* Include stakeholders in the bi-lateral meetings between Government and Commission on planning and review of policies and funding to deliver on the targets.

1. **USING EU MONEY FOR POVERTY**

**What**

For Europe 2020 to be effective on the delivery on poverty, EU Structural Funds are a crucial instrument, and should be an integral part of the delivery strategy. Under the new regulations and thematic ex-ante conditionalities, Structural Funds should have already started to help delivering on the poverty target as proposed in the EU flagship initiative of the European Platform Against Poverty. However, from EAPN assessments, the 20% use of ESF for the purpose of social inclusion has been modest so far with an overemphasis on funding for activation policies, rather than social inclusion and integrated active inclusion, as required by the thematic priorities. The ex ante requirement for an antipoverty strategy to be in place, needs to be implemented and monitored. The commitments to improving engagement and access for NGOs through the new Code of Guidance also need to be implemented if the funds are to ensure NGO active engagement in the management and delivery of SF projects. The new Community Led Local Development guideline, offers an important opportunity to support integrated local and bottom up initiatives in partnership with local authorities with the active participation of people experiencing poverty.

**How**

* Member States should prioritize delivery on the commitment of 20% earmarked for poverty reduction in their Operational Programmes and support the coordinated use of ESF and ERDF, including actively promoting CLLD (Community Led Local Development) and monitoring the effectiveness of the actions taken.
* The ex-ante conditionality requiring an integrated active inclusion strategy (as part of a comprehensive anti-poverty strategy) should be actively promoted and closely monitored. Such strategies should not focus on activation alone but ensure an integrated approach promoting inclusive labour markets, ensuring access to quality services and adequate income support.
* The use of Structural Funds to pilot or improve minimum income schemes is welcomed, however, the adequate co-financing and long-term sustainability of financing from national budgets needs to assured.
* Member States should be required to report in detail on the use of Structural Funds to achieve the poverty target of the Europe 2020 strategy, including delivery on the ex-ante conditionality on an active inclusion strategy in their National Reform Programmes and assess the impact.
* The European Commission should monitor and ensure the compliance by Governments and Managing Authorities of the ring-fencing of 20% ESF for social inclusion and actively require and monitor delivery on the ex-ante conditionality on integrated active inclusion strategy including adequate income support.
* The Commission could help Member states by documenting good practices from countries in the use of the ESF for innovative approaches to fight poverty and social exclusion, in particular on integrated active inclusion linking adequate MIS with inclusive labour market measures and measures to guarantee access to quality services, and not limited to just activation measures.
* The partnership principle and the Code of Guidance should be properly enforced to ensure access to the structural funds for NGOs, and engagement in the design, delivery and evaluation of the funds, including for organizations representing people experiencing poverty and for other relevant partners. Community Led Local Development (CLLD) should be actively supported and monitored as the key instrument in Structural Funds dedicated to bottom-up, and people-led development.
* As part of a commitment to increasing transparency and accountability, the European Commission should also ensure a good management of Structural Funds at regional level, by putting in place a centralized mechanism to collect and deal with information, questions and complaints sent by NGOs and other relevant actors.

1. EC (5.3.2014) Communication: Taking Stock of the Europe 2020 strategy for smart, sustainable and inclusive growth. [↑](#footnote-ref-1)
2. Measured by 3 indicators: AROPE (at risk of poverty and/or exclusion): at risk of poverty, severely materially deprived and people in households with very low work intensity [↑](#footnote-ref-2)
3. EC Press Release (31.03.2014): The Europe 2020 strategy beyond the crisis. [↑](#footnote-ref-3)
4. 1) Delivering Action to fight poverty and social exclusion across the policy spectrum; 2) Making EU funding deliver on social inclusion and social cohesion objectives; 3) Developing an evidence-based approach to social innovation and reforms; promoting a partnership approach and the social economy; stepping up policy coordination among MS, 6) Building on the legacy of the European Year against poverty and social exclusion. [↑](#footnote-ref-4)
5. EAPN (2013) Widening the GAP: EAPN 2013 Assessment of the NRPs. [↑](#footnote-ref-5)
6. R Wilson and K Pickett: The Spirit Level (2008 and 2012) [↑](#footnote-ref-6)
7. See Independent Experts Report 2014. [↑](#footnote-ref-7)