



21 February 2012

To: Mr José Manuel Barroso
President of the European Commission
1049 Brussels
Belgium

**Ref: All countries must contribute equally to Europe 2020's poverty reduction target.
Ensure countries receiving economic support are not forced into generating more poverty.**

Dear President Barroso,

On the 19th July 2011, 5 EAPN National Networks in the EU Member States receiving economic support and surveillance¹ from the IMF, ECB and EC, wrote to you requesting the publication of more detailed recommendations on the National Reform Programmes, specifically in relation to the poverty reduction target, highlighting the “overwhelming experience ...**that measures outlined in the programmes for financial assistance have led directly to an increase in poverty and social exclusion**”. These members were unanimously supported by the entire EAPN network (30 national anti-poverty networks and 22 European Organisations).

In your reply letter (2011), you highlighted that no Country-Specific Recommendations had been addressed to the 5 Member States, because the assistance received was “tied to the execution of ambitious policy programmes tailored to the individual country and focussing on fiscal consolidation and structural economic reforms”. You further highlighted that the Country-Specific Recommendations made last year did not imply that Europe 2020 Strategy's overall priorities and objectives were being disregarded: “There is a natural synergy because sound public finances are a prerequisite for sustainable growth and job creation, and higher growth and lower unemployment make it easier to bring deficits and debt under control.”

For EAPN, it seems clear that this view has been modified in the new Annual Growth Survey². The new AGS confirms the increasing risks of rising poverty and exclusion, resulting from the negative social impact of the crisis and of the austerity measures affecting growth, jobs and social inclusion. It calls on Member States to follow a new social priority 4: Tackling unemployment and the social consequences of the crisis. It highlights that the “social tissue of the EU is being put to the test”, recognizing that “the crisis has disproportionately hit those who were already vulnerable and created new categories of people at risk of poverty”. It advises Member States to:

- Further improve the effectiveness of social protection systems and make sure automatic stabilisers can play their role,

¹ European Financial Stability Facility (EFSF) and the European Financial Stabilisation Mechanism (EFSM)

² EC: Annual Growth Survey 2012 (23.11.2011) European Commission (Brussels)

- Implement active inclusion strategies including targeted support towards inclusive labour markets, and adequate and affordable social services to prevent the marginalisation of vulnerable groups. The third pillar is adequate income support.
- Ensure access to services supporting integration in the labour market and society.

However, in the 2012 Guidelines for the preparation for the new NRPs³, EAPN is disturbed to see that these important new priorities are not expected to be applied in countries receiving EU/IMF/ECB economic support/surveillance. In the 2012 Guidelines, whilst all the other Member States are advised to report on measures to deliver on the new priority 4, as well as progress on the poverty and social exclusion reduction target, the countries receiving economic support and surveillance have been told that they **do not need to develop a National Reform Programme**, as the regular reporting to the EU/IMF/ECB lending programme is seen as “largely satisfying reporting requirements”, and are only asked to **produce a letter** outlining their national Europe 2020 targets, state of play and updates, amongst other requirements.

This immediately appears to exclude these countries from the overarching Europe 2020 Strategy, its commitments to inclusive growth and poverty reduction and delivery on the targets. This is particularly unacceptable when it appears that poverty in these countries is rising more quickly than in other countries. This can only contribute to a divided, 2 or 3-speed Europe, giving double punishment to people on low incomes in these countries, who are already suffering the consequences of the crisis and austerity measures. The message these Guidelines send is a particularly worrying one - that the EU is only concerned with fiscal austerity and macro-economic objectives, and not with the social impact of the measures proposed on the lives of ordinary people.

Last week in Brussels, EAPN members⁴ unanimously called for the EU to support the bail-out countries and take a strong stand to actively defend the rights of the vulnerable, promote social justice and deliver on these important new priorities. To do this, the EU must demonstrate policy coherence to its supposed commitment to inclusive growth and social justice **in all EU countries**, including the countries receiving economic support and surveillance, even in the context of debt/and deficit reduction.

EAPN calls for:

- 1) **Countries in receipt of economic support should receive equal treatment under Europe 2020**, requiring all countries to produce NRPs with the same guidelines and reporting requirements, monitored by the same criteria and indicators, delivering on all the agreed targets, including poverty reduction.
- 2) **All NRPs should be required to ensure that proposed fiscal austerity measures do not disproportionately hit people already experiencing poverty**, defending social protection, adequate minimum income schemes and access to affordable services, in line with the proposals in the new priority 4 (AGS).
- 3) **All NRPs should actively engage civil society and other national stakeholders**, as required by Recital 16 of the Employment Guidelines and in the new 2012 Guidelines,

³ EC: Guidelines for NRP process 2012

⁴ Representatives from 30 EAPN National Networks and 22 European Organisations in the EAPN EU Inclusion Strategies Group.

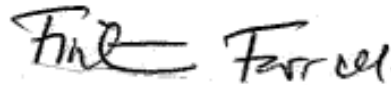
- including the bailout countries. The effectiveness of this engagement should be monitored by the Commission and also subject to country-specific recommendations.
- 4) **A specific delegation from the Commission/SPC should work with the countries receiving economic support/surveillance from the EC, IMF and ECB countries** to ensure that the conditions of the assistance are not likely to result in increased poverty and that they contribute to reducing inequality, building on the approach proposed to implement the new Youth Opportunities Initiative.
 - 5) **All Member States, including the countries receiving economic support, should receive at least one specific recommendation**, regarding progress on the poverty target and supporting the new priority 4.

Only in this way will it be clear that, even in the context of debt reduction requirements, the EU is committed to preventing fiscal austerity strategies from attacking the welfare state, ensuring a consistent, coherent policy framework for all countries and delivering on the promises to reduce, not generate poverty. We further urge the EU to send a strong message of solidarity to the people in these countries, who desperately need EU backing and financial support, not abandonment, nor a gun held to their head to carry out cuts to basic incomes, jobs, services and fundamental rights.

Yours faithfully,



Ludo Horemans
President



Fintan Farrell
Director

Cc:

President Van Rompuy, President of the European Council
President Schulz, President of the European Parliament
Christine Lagarde, Managing Director of the International Monetary Fund
Mario Draghi, Governor of the European Central Bank

See:

- EAPN Position Paper on the Annual Growth Survey
- EAPN Position Paper on the Joint Employment Report
<http://www.eapn.eu/en/news-a-events/news/eapn-news/3057-new-eapn-response-to-the-ags-and-the-draft-employment-report>
- EAPN NRP report: *Deliver Inclusive Growth- put the heart back into Europe: EAPN analysis of the 2011 NRPs in Europe 2020 (November 2011)*: <http://www.eapn.eu/en/news-a-events/publications/eapn-position-papers-and-reports/2880-eapn-report-deliver-inclusive-growth-put-the-heart-back-in-europe>
- EAPN's report: *Is the European Project moving backwards: the social impact of the crisis and of the recovery policies in 2010* here: <http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/crisis-report-2011-en.pdf>