

16 May 2012

To: László Andor,  
European Commissioner for Employment, Social Affairs and Inclusion,  
Rue de la Loi 200,  
European Commission,  
B - 1049 Brussels

***Re: EAPN Initial Key Messages on NRPs and Shadow Country-specific Recommendations***

**Insist on country-specific recommendations requiring urgent integrated action on poverty and meaningful stakeholder engagement in the NRPs**

Dear Commissioner Andor,

Last week, the people participating in the 11<sup>th</sup> People Experiencing Poverty meeting showed a “Red Card” to the EU institutions for their pursuit of austerity and failure to seriously follow up the EU poverty reduction target. We welcomed your positive response. Today we are writing to highlight EAPN’s members’ initial **key messages on the 2012 National Reform Programmes** and their proposals of **shadow country-specific Recommendations**. The messages highlight a disappointing failure to take poverty reduction or meaningful stakeholder engagement seriously in the majority of countries. This not only jeopardizes the credibility of Europe 2020, it undermines support for an EU that appears incapable to many of finding solutions that prioritize people over markets.

The **shadow country-specific Recommendations** reflect our members’ assessment of the delivery on the poverty target and stakeholder engagement in their NRPs. For EAPN it will be vital that Country-specific Recommendations are proposed on the follow up of the poverty target, where progress has not been made, on an equal basis with the other targets. The recommendations should also reflect the commitments made to stakeholder engagement in Recital 16 of the Employment Guidelines.

An EAPN full written assessment of the NRPs will be finalized in June, based on a questionnaire and scoreboard survey. **We urge you to take on board these proposals in the Commission’s current assessment of the NRPs and country-specific recommendations.**

Last year, EAPN members carried out a detailed survey and scoreboard assessment of the NRPs ([EAPN Analysis report of the 2011 NRPs](#)) and lobbied for an increased commitment to poverty reduction in 2012. With the launch of the 2012 Annual Growth Survey, [EAPN response](#)<sup>1</sup> welcomed the improved focus on inclusion, particularly in relation to the new Objective 4: tackle unemployment and the social consequences of the crisis. However, EAPN voiced strong concerns that this new objective was strongly undermined by the dominant fiscal consolidation approach promoting austerity measures through the EU economic

<sup>1</sup> EAPN (Feb 2012): EAPN Response to the Annual Growth Survey and Employment Report

governance six-pack and Euro Plus Pact. This was done without a clear commitment to integrated strategies to prevent as well as alleviate poverty and to tackle growing inequalities.

In 2012, our members have attempted to engage in the NRP and NSR process at national level, to promote the new objective 4, but felt there was no serious commitment to this objective or to dialogue. On 4-5 May, 40 representatives of EAPN national networks and European Organisations met to assess the NRPs and NSRs and reviewed stakeholder engagement in the process and progress on the delivery of the poverty reduction target in all policy fields. Key messages and proposals for Recommendations were discussed at this meeting with EU representatives (Egbert Holthuis from the European Commission and Marije Cornelissen from the European Parliament/Rapporteur on the Opinion on the AGS). In this letter we confirm these key messages and detailed country-specific Recommendations.

## **EAPN Initial Key Messages on NRP 2012**

### **1. Austerity policies are generating poverty and undermining an inclusive recovery**

Macroeconomic policy in the 2012 NRPs is focussed almost entirely on rapid deficit reduction, (as required by the Commission's Guidelines and Economic governance six-pack) with austerity strategies in most countries prioritising cuts to services, benefits and wages which penalize the poor, generate new poverty risks and increase inequality in income distribution and access to services. Only a few countries (eg Belgium, Cyprus, Denmark, France) appear to have made positive steps towards defending social protection systems as automatic stabilisers and protecting the vulnerable, despite the insistence on the importance of this approach in the AGS and the 3<sup>rd</sup> Report on the Social Impact of the Crisis from the Social Protection Committee (SPV). There is also little evidence of attempts to deliver fairer, more balanced strategies, increasing revenue and reducing inequality through tax justice measures. EAPN networks ask, where is the evidence that 'Austerity' is working, even within the EU's own priorities of economic growth, deficit and debt reduction? Why is this approach still pursued, whilst the evidence mounts of the growing social, health, economic and political costs resulting from this approach, in terms of increasing poverty and social exclusion and the failure to reduce inequality and prioritise social cohesion.

### **2. Poverty not a visible priority in the NRPs**

The focus on poverty in the NRP is largely invisible. Whilst quality job creation is vital, there is a lack of integrated anti-poverty strategies beyond employment, or clear assessments of the need to mitigate and prevent the increase of poverty for key groups and little or no focus on addressing the growth in inequality. Of particular concern is the case of Spain, where there is no specific section focussed on poverty reduction. EAPN members highlight the continued difficulty over the calculation of the poverty target, the lack of comparability of indicators, and failure to set crucial sub-targets for key priority groups, including children or sufficient integrated strategies (eg on homelessness). Members had high hopes that the new National Social Reports would deliver a stronger social emphasis, drawing on integrated and more multi-dimensional approaches based on the Common Objectives of the Social OMC, however the failure to have more than 6 publically available at the time of the NRP, made it impossible to assess their impact.

**3. Double punishment for Troika countries exempted from full reporting on Europe 2020 targets**

Members from the Troika countries felt deceived and discriminated against by the EU, with the exclusion from presenting NRPs, (required only to submit letters), with no requirements to carry out social impact assessments of the Troika programme measures. In effect, this inflicts a double punishment on people facing poverty and social exclusion in Troika countries, exacerbating the loss of solidarity with regions facing difficulties, with no confirmation of the need to 'red-line' social standards to ensure the continuation of strong welfare state systems.

**4. Missed opportunity for social investment in quality jobs, social protection + integrated Active Inclusion.**

EAPN members welcome the new focus on job-creation and support in the AGS and in the new Employment package, but do not find strong examples of quality job creation, nor a clear analysis of how employment will contribute to poverty reduction in the NRPs. Members highlight an increased emphasis on supply-side solutions, prioritising punitive activation, with increased sanctions on the unemployed and vulnerable. When few quality jobs are available this approach is exacerbating hardship as well as in-work poverty. Integrated Active Inclusion approaches, which ensure adequate minimum income, personalized pathway support into quality jobs and access to quality services, are generally absent as a key strategy to ensure inclusive labour markets and reduce poverty as a key crisis recovery measure. The absence of a focus on ensuring access to adequate minimum income and affordable access to quality services, particularly social services undermines the achievement of a vital social floor as the basis for an inclusive recovery.

**5. Little sign of increased Structural Funds use for poverty-reduction.**

The NRPs give little impression of how Structural Funds are being used in poverty-reduction. This may be due partly to reporting inadequacies, but underlines the continuing priority given to infrastructure, over human capital needs and low priority to integrated approaches supporting social inclusion. There needs to be a much clearer link between NRPs, NSRs and Structural Funds delivery on the Europe 2020 targets, clearly earmarking ESF and ERDF to promote access to quality employment for excluded groups, promoting active inclusion and affordable access to quality services. This underlines the importance of backing the Commission's proposals for 25% of Cohesion Policy dedicated to ESF and 20% of ESF on poverty reduction. (See EAPN-led campaign [defending the 20% ring-fencing of ESF](#) or see [www.eapn.eu](http://www.eapn.eu))

**6. No visible improvement on stakeholder engagement**

EAPN strongly highlighted last year the weak engagement of stakeholders in developing the NRPs. There is little evidence of improvement this year, despite the Commission's affirmations. Whilst 12 National Networks had some engagement in the NRP and made an input (BE, BG, CY, CZ, DK, FR, LU, MT, NL, PL, SE, UK (Scotland)), with 8 also making inputs in the NSRs (DK, BE, LU, FI, CY, CZ, BG, LT), only 4 felt that the engagement was meaningful (Scotland, Cyprus, Denmark and France). A key good practice from France was the annex of stakeholders contributions attached to the NRP. Key issues were highlighted about lack of timeliness, the seriousness and quality of the engagement,

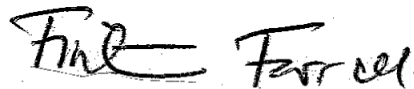
including feedback or evidence that proposals were taken on board. Many members felt the engagement was “virtual”, “lip-service” and “theatre”. A common concern was the continued domination of the NRPs by economic and finance ministers, minimising the input and impact of Social Ministries and social priorities. The absence of any clear engagement of national parliaments or of the wider public emphasized the serious democratic deficit. EAPN members said: *“We increasingly feel the EU is not serious about building ownership and accountability through strong national <sup>2</sup>stakeholder engagement? If they are – then tell us – where are we meant to intervene and how?”* This failure may prove hugely costly, as the EU struggles to retain voter’s confidence in its ability to find an inclusive route out of the crisis and to believe that the EU is a people’s project. A requirement to financially support meaningful stakeholder engagement in the NRP, based on explicit EU guidelines and annexing stakeholders’ views to the NRP would be a major step forward.

We are sure that you and others in the Commission share our concerns and would like to meet with you, together with some EAPN national and EU representatives, to discuss what can be done and how we can contribute.

Yours faithfully,



Ludo Horemans  
President



Fintan Farrell  
Director

Cc:

Catherine Day, Director General, Secretariat General, European Commission.

Koos Richelle, Director General, DG Employment, Social Affairs and Inclusion, European Commission.

Pervenche Berès, Chair of Employment and Social Affairs Committee, European Parliament.

Laurens Beets, Chair of the Social Protection Committee (SPC).

Mik Woolley, Chair of the Employment Committee (EMCO).

Attached:

- EAPN member’s proposals of country-specific Recommendations by country
- Contact list of EAPN members proposing Recommendations

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<sup>2</sup> Katherine Duffy, EAPN UK, spokesperson in Round Table with EAPN EUISG on NRPs assessment, held with Egbert Holthuis and Marije Cornelissen on 4<sup>th</sup> May 2012, Brussels