

18 June 2012

To: Ministers of Social Affairs,  
EPSCO

**Re: EPSCO Meeting on the 21-22 June**

**EU needs a new Social Vision, Process, and Strategy to Fight Poverty based on strong social protection systems and services, as well as quality jobs and financed by fair tax!**

Dear Ministers of Social Affairs,

**Austerity is still the dominant message from the NRPs/NSRs – generating increased poverty, undermining social infrastructures and an inclusive recovery**

In May, EAPN wrote to the Commission and to Ministers highlighting our deep concerns about the process and content of the 2012 NRPs and proposing shadow Country-Specific Recommendations.<sup>1</sup> We are still completing a fuller assessment with our national and members of the NRPs and NSRs and the Commission's Recommendations. However, the central worries remain undiluted. The NRPs, within a Europe 2020 strategy dominated by economic governance, are still primarily focussed on fiscal consolidation driving austerity measures. This represents a fundamental attack on Welfare States, particularly in countries under Troika programme arrangements. This is increasing poverty and social exclusion, and undermining chances of a sustainable recovery, reducing the social floor, social rights and standards that have underpinned the European Social Model. Where poverty is mentioned, employment is the main solution proposed, but with few concrete measures to create quality jobs or ensure integrated active inclusion for those excluded from the labour market. More worryingly, social protection systems are being explicitly attacked, despite the references to their role as automatic stabilisers, and their crucial role in supporting adults and children, throughout the life cycle, who are unable to work, or find jobs that take them out of poverty.

### **Can the Social OMC champion Social Europe?**

EAPN supported the inclusion of the objective to fight poverty within Europe 2020, as a medium-term target towards the goal of the eradication of poverty, as long as economic and employment policies contributed to fighting poverty. However, we also argued that the Social OMC and a separate, social process would continue to be vital to defend these objectives and to make progress on the detail of strategies to promote social inclusion and social protection, to underpin more social NRPs. For similar reasons, we also argued<sup>2</sup>, that there should be a separate social/poverty guidelines delivering on the poverty target *outside* the Employment Guidelines. However, it is difficult to see any evidence that the poverty target and objective is being taken seriously - with a shortfall of 8 million on the current

<sup>1</sup> EAPN (May 2012) Letter to Commissioner Andor on initial messages on NRPs and Recommendations

<sup>2</sup> EAPN (2010) Proposals on Integrated Guidelines

target by the Commission's calculations (12 instead of 20 million),<sup>3</sup> with each Member State using different indicators, (unlike in the other EU2020 targets) and almost half rejecting the agreed EU indicators. Meanwhile poverty and social exclusion has increased by 2 million<sup>4</sup>. The solutions are even more scanty. Poverty references in all NRPs remain very limited, (for example, in the Spanish NRP there was no section or mention), mainly proposing employment through activation, without concrete measures for quality job creation, reducing the poverty target to being an annex to macroeconomic priorities. Only 5 countries have country-specific Recommendations on Poverty reduction, the vast majority of CSR's focussed on fiscal consolidation and delivering the requirements of the Euro Plus Pact. For the Troika countries, this situation is even more grave, as they are not required to produce NRPs, only letters, with no way of monitoring the targets implementation or to assess the impact of Austerity measures imposed.

EAPN had high hopes that the revitalised Social OMC, could help to bridge this gap, ensuring that both the social impact of the crisis was taken seriously and promoting integrated strategies to fight poverty and social exclusion and strengthen social protection systems. However, at the moment this does not seem to be the case. EAPN was deeply disappointed that only 6 National Social Reports were presented on time with the NRPs<sup>5</sup> and minimal priority given to participation of national stakeholders, including NGOs and people experiencing poverty. This is particularly worrying and frustrating. This is a missed opportunity to influence the NRPs, building on the better practice of effective regular stakeholder dialogue<sup>6</sup> developed through the Social OMC since 2000, and enshrined as one of the 3 overarching Common Objectives.<sup>7</sup>

### **Europe is in crisis – can a Social Vision help?**

Europe is in deep crisis in a world full of uncertainties and profound changes. Solidarity and the European vision based on peace, justice, security, dignity, and solidarity is being daily undermined, matched by the decline in support from people in most Member States for the EU.<sup>8</sup> Showing that Europe can promote a social Europe, defend social rights and the Social Model and promote integrated strategies to fight poverty and social exclusion, and defend social protection, could make all the difference. And this could be the basis for a new and desperately needed hope in a better future, particularly for those living in poverty and facing the most severe consequences of the crisis.

#### **What needs to be done in the short and medium term:**

- 1. Urgently stop attack on Social Protection Systems and Prioritise Social Investment.**
- 2. Re-launch a high-profile independent Social Process, built on the OMC, based on meaningful dialogue with national stakeholders and parliaments, to underpin EU2020**
- 3. Launch a Task Force to develop together with stakeholders (including people experiencing poverty) a new EU strategy to fight poverty and social exclusion, based on strong social protection systems**

<sup>3</sup> European Commission (May 2012) EC Communication: Country-specific Recommendations

<sup>4</sup> Eurostat (2010 and 09 data)

<sup>5</sup> Only 6 National Social Reports were presented at the same time as the NRPs.

<sup>6</sup> For examples see EAPN (2012) Breaking barriers, Driving Change.

<sup>7</sup> Council (2006): Common Objectives of the Social OMC.

<sup>8</sup> Eurobarometer 2012.

## 1. **Urgently Stop Attack on Social Protection Systems and Prioritise Social Investment**

If fiscal consolidation measures continue to undermine social protection systems, poverty will be even further increased, as acknowledged by some Member States in their NRPs. The social, economic and health costs will be enormous and difficult to reverse. This must be measured and acted on. The work done by the SPC to monitor the social impact is useful, but does not go far enough. We need a pro-active programme with a shift to Social Investment – creating quality jobs, ensuring access for disadvantaged groups through integrated active inclusion approaches, but built on a solid social floor of adequate quality social protection systems and services. This must be combined with urgent short-term and immediate action to save our Welfare States before it is too late.

- ✓ **Red-line social protection and minimum income systems** and agree a process to intervene in their defence i.e. agreeing a target to defend adequate spending levels on social protection systems, and monitoring the impact, as a core indicator for Europe 2020; establishing Action Teams to intervene to ensure fiscal consolidation requirements do not attack social protection systems, particularly in Troika countries.
- ✓ **Urgently agree ambitious Poverty Targets**, with sub-targets for key groups and require equal numbers of country-specific Recommendations on poverty, including defending adequacy of social protection and social security systems.
- ✓ **Require MS to urgently carry out social impact assessments**, including of austerity measures at national and EU level involving independent experts but also the other stakeholders and ensuring transparency, visibility and political accountability – discuss the outcomes in the EPSCO, European Parliament and the European Council.
- ✓ **Give priority to a Social Investment Pact**<sup>9</sup> which balances the Fiscal Compact, which can stimulate our economies and promote inclusive growth, built on an adequate social floor: with concrete measures to support quality job creation, active inclusion, ensure strong social protection/adequate minimum income systems and quality services, financed by fairer, inclusive-growth friendly taxation.

## 2. **Re-launch a high-profile, independent, social process, building on the OMC, based on meaningful dialogue with national stakeholders and parliaments, to underpin EU2020**

There is little evidence that Europe 2020 will give equal weight to ensuring that fiscal consolidation and even growth and jobs contribute to poverty reduction, without a strong Social OMC and independent Social Process. But the Social OMC cannot remain a closed-door intergovernmental exchange. It must also move beyond mere reporting if it is to have the necessary impact. It must seize the challenge to become a promoter of public debate and co-developed solutions: working with national stakeholders and national parliaments in a coherent fashion across all pillars, and promoting national debate on social Europe, which can help to drive more social solutions in Europe 2020.

- ✓ **Support a new high-profile Social Strategy and Process, built on the OMC** that champions a partnership approach to co-developing national social strategies, based on meaningful and regular dialogue forums with stakeholders, including people experiencing poverty and antipoverty NGOs.
- ✓ **Promote public awareness-raising and debate** including regular debates in national parliament on NSR's and follow up on strategies

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<sup>9</sup> See EAPN final declaration from General Assembly 2012.

- ✓ **Agree guidelines for active stakeholder engagement** across all pillars of the Social OMC and promote their adoption in the NRPs, monitor delivery through agreed indicators and promote mutual learning on results<sup>10</sup>
- ✓ **Ensure that Social Reports/strategies are developed prior to the NRPs** to ensure effective input and impact and require equal weight to social indicators.

3. **Launch a Task Force to develop a new EU integrated strategy to fight poverty and social exclusion underpinned by strong social protection, together with stakeholders**

The poverty target is not working. We need new, real, easy-to-monitor commitments by Member States to set ambitious targets and make progress on poverty, rather than contributing to its increase. **A major difficulty is the lack of an explicit, high-profile comprehensive EU strategy to fight poverty for all groups, across the life cycle**, supported by Article 9 of the Lisbon Treaty and not subservient to the macroeconomic guidelines and economic governance requirements. The Common Objectives of the Social OMC are a vital basis, but are no longer enough. They have to be made operational, visible and accountable.

**We therefore call on the EU to set up Task Force to develop a new high-profile integrated strategy to fight poverty and promote social inclusion for all groups, across the life cycle, based on wide-ranging stakeholder engagement.**

**This Task Force should:**

- ✓ **Develop a coherent, integrated strategy to fight poverty, exclusion and inequality** for all groups, setting out the contribution of all policies (macroeconomic, employment and social). This should draw on the Common Objectives of the Social OMC, rooted in quality universal social protection and social investment, and financed through fairer, inclusive-growth friendly taxation. It should include targeted approaches to support different groups to inclusion, across the life cycle.
- ✓ **Coordinate between Council and Commission and other EU decision-makers and consult actively with key stakeholders in the development of the strategy**, including NGOs and people with direct experience of poverty at EU and national level, through a well-publicised, transparent consultation procedure.
- ✓ **Provide input to the Annual Growth Survey, report findings and recommendations** to the EPSCO and European Council in Spring 2013, with a high profile summit.

We call on the EPSCO to take urgent steps to show that the Social Ministers demand progress on poverty, and are prepared to take the lead on defending a more Social Europe.

We welcome any opportunity to discuss these proposals further.

Yours faithfully,



Sergio Aires  
EAPN President



Fintan Farrell  
EAPN Director

<sup>10</sup> This was proposed initially in the Commission's communication on the European Platform Against Poverty (2010)

Cc:

Commissioner Andor, Commissioner for Employment, Social Affairs and Inclusion  
Koos Richelle, Director General, DG Employment, Social Affairs and Inclusion,  
Pervenche Berès, Chair of Employment and Social Affairs Committee, European Parliament.  
Lauris 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
- [EAPN's GA Final Declaration – Oslo, 10<sup>th</sup> June 2012](#)