



EUROPEAN COMMISSION

PUBLIC CONSULTATION ON THE EUROPE 2020 STRATEGY

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A) Background for the public consultation:

The Europe 2020 strategy was launched in [March 2010](#) as the EU's strategy for promoting smart, sustainable and inclusive growth. It aims to achieve a knowledge-based, competitive European economy while preserving the EU's social market economy model and improving resource efficiency. It was thus conceived as a partnership between the EU and its Member States driven by the promotion of growth and jobs.

The Europe 2020 strategy is built around five [headline targets](#) in the areas of employment, research and development, climate and energy¹, education and the fight against poverty and social exclusion. The strategy also set out a series of action programmes, called "[flagship initiatives](#)", in seven fields considered to be key drivers for growth, namely innovation, the digital economy, employment and youth, industrial policy, poverty and resource efficiency. The objectives of the strategy are also supported by action at EU level in areas such as the single market, the EU budget and the EU external agenda.

The Europe 2020 strategy is implemented and monitored in the context of the [European Semester](#), the yearly cycle of coordination of economic and budgetary policies at EU level. The European Semester involves discussion among EU institutions on broad priorities, annual commitments by the Member States and country-specific recommendations prepared by the Commission and endorsed at the highest level by leaders in the European Council. These recommendations should then be taken on board in the Member States' policies and budgets. As such, together with the EU budget, the country-specific recommendations are key instruments for the implementation of the Europe 2020 strategy. After four years, the Commission has proposed, and the European Council of 20-21 March 2014 has agreed, to initiate a review of the Europe 2020 strategy. On 5 March 2014, the Commission adopted a Communication "Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth" ([Communication](#)  and [Annexes](#) ) drawing preliminary lessons on the first years of implementation of the strategy. Building on these first outcomes and in a context of a gradual recovery of the European economies, it is time to reflect on the design of the strategy for the coming years.

Through these questions, we are seeking your views on the lessons learned from the early years of the Europe 2020 strategy and on the elements to be taken into account in its further development, in order to build the post-crisis growth strategy of the EU.

¹ In January 2014 the Commission launched a [framework](#) for energy and climate policies up to 2030. A reduction in greenhouse gas emissions by 40% below the 1990 level, an EU-wide binding target for renewable energy of at least 27% and renewed ambitions for energy efficiency policies are among the main objectives of the new framework.

B) Questions:

1) Taking stock: the Europe 2020 strategy over 2010-2014

Content and implementation

- **For you, what does the Europe 2020 strategy mean? What are the main elements that you associate with the strategy?**

What the strategy means to EAPN is not simple, nor a static concept. How EAPN members feel about the strategy has changed through time, as a result of a shared assessment of the impact of the strategy, particularly in terms of poverty reduction. Initially, the strategy meant for EAPN an important recognition of some of the shortfalls of Lisbon; particularly that growth and jobs alone could not ensure social inclusion, but needed a balanced approach to growth that was inclusive and sustainable. The setting of 5 targets, particularly the explicit poverty reduction target, together with the other social targets (employment and education targets) underpinned by Guidelines and supported by specific flagship initiatives, were seen as an important step forward. The process seemed to offer a commitment to involving citizens and stakeholders in taking ownership of these important goals and promoting accountability to deliver National Reform Programmes, based on Recital 16 of the Integrated Guidelines². However, as Europe 2020 has failed to make an impact on poverty, with poverty increasing rather than decreasing, and with the EU's macroeconomic approach seen as being partly responsible, there has been growing disenchantment with the strategy. EAPN members are concerned that Europe 2020 runs the risk of being an empty shell, side-lined within the overall European Semester process primarily concerned with economic governance. As the macroeconomic priorities prioritize deficit and debt reduction, through austerity cuts to public expenditure, leading to a long-term shrinking of the welfare state, Europe 2020 goals seem fundamentally undermined. Furthermore these contradictions have resulted in a growing loss of trust in the EU institutions and their commitment to improving the lives of their citizens, particularly for the most vulnerable. As a result, EAPN members have struggled to maintain their optimism about the strategy (see more detail below).

- **Overall, do you think that the Europe 2020 strategy has made a difference? Please explain.**

The Europe 2020 strategy was largely welcomed by EAPN in 2010, for mainstreaming social objectives into broader economic/employment policy, and establishing for the first time a concrete poverty reduction target, combined with social targets on employment and education. However, the negative progress on the poverty target, the failure to focus on quality jobs, as well as the shortfalls on employment and education targets, have undermined its support amongst EAPN members, **particularly in the context where macroeconomic policies have been seen to prioritize austerity cuts to benefits and**

² Employment Guidelines (October 2010)

services, promoting reductions in employment and social protection rights, which are seen as generating increased poverty, exclusion and inequality.

However, having the strategy in the first place is seen as an **important benchmark for the objective of sustainable and inclusive growth**. Europe 2020 has offered a potentially positive, coherent approach, helped to keep poverty on the agenda, and has driven an expanding debate about the need to mainstream the social dimension better within macro-economic policy. The targets have also played an important role in attracting EU funds, which have been aligned with the Europe 2020 objectives, particularly with the priority of 20% of ESF on social inclusion and poverty, the ex-ante requirement to have in place an anti-poverty strategy, as well as other EU funding lines (eg FP7 and PROGRESS). **We believe that the basic tenets of the strategy and process offer important ingredients that could make a difference if properly implemented. We set out our proposals for this in the below sections – for example – on the targets (p.16), on balancing social/economic more effectively (p.21), stakeholder engagement (p.23-24) and own position paper (p.28).**

Key Positive Elements

Initially, the Strategy 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 to underpin the Semester and the development of NRPs, combined with the European Platform Against Poverty, seemed to offer the potential for a dynamic engagement of all actors and cross-sectoral delivery across different DGs. Clear references to the quality of jobs in Guideline 8 are also a significant step forward, further explored by the European Commission commitment, in the European Agenda for Skills and Jobs flagship initiative, to review the concept of quality work and develop a comprehensive framework of indicators. Participation and stakeholder engagement were supported by Recital 16, giving a strong requirement of stakeholders, including civil society engagement in the whole process, particularly the NRPs.

Failure to make progress on poverty reduction

However, as recognized by the Commission's Europe 2020 stocktaking document³, instead of progress towards the target of a 20 million reduction, **poverty and social exclusion⁴ have shockingly risen to affect 1 in 4 within the EU: 124,2 million (2012), an increase of over 6.6 million since 2010 (2008 data)**. Similarly there has been no real progress towards the employment target (75% in employment), with employment declining from 68.9% in 2009 to 68.4% in 2012 with a worrying increase of unemployment from 7.1% in 2008 to 10.9% in 2013. However, EAPN's main concern is the quality of this employment, as the employment indicator used uses the indicator of working 1 hour in the week of reference, therefore focusing on a job at any price. However, in reality, employment has become an increasingly insecure route out of poverty, with an increase from 8.6% to 9.1% of households classified as

³ EC (5.3.2014) Communication: [Taking Stock of the Europe 2020 strategy for smart, sustainable and inclusive growth](#)

⁴ 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

working poor (2008-12) and over 1/3 of people in poverty in work. In many countries, the majority of poor households have somebody working (eg UK). Efforts to reach the numerical employment target, without a better definition which ensures complementary safeguards regarding the quality of jobs and employment, only undermines the achievement of the poverty reduction target. The situation for young people has been even worse with youth unemployment rising to 24.2% compared to adults (9.6%) and with an increase in young people not in education or training (NEETS) to 13.2%. This, when youth poverty stands at a staggering 29.7% in 2012. The impact across Europe also has not been equal. As highlighted by the new Social Scoreboard, inequality is also continuing to rise in most countries, particularly in the South and East. The same story is true for poverty. Divergences, reflecting social and macroeconomic imbalances, continue to grow across Europe with the poorest regions paying the highest price and facing the most serious social impact of the crisis (with the AROPE⁵ rates for poverty at 50% for Greece compared to 15% for the Czech Republic and the Netherlands). The countries with the highest rates are generally the same that have been under Troika arrangements or under greatest pressure to reduce public expenditure with austerity cuts.⁶

Economic policies seen to exacerbate social impact of the crisis

The economic crisis has generated a social crisis, which has led to an unacceptable attack on people's living standards and right to a dignified life. Although some of the social impact is clearly due to the crisis increasing unemployment, there is a proven negative impact from austerity policies, which have been supported by the EU through the Fiscal Compact, Six and Two Pack. As Commissioner Andor recently highlighted, *"recent fiscal reforms have had a regressive impact, with lower incomes hit relatively harder than others."*⁷ The Commission's Employment and Social Development report 2013⁸ further underlined the negative social and economic impact of priority cuts to social spending: *"From 2010, social benefits failed to support household incomes...due to increase of unemployed losing their entitlements, phasing-out of stimulus measures.... reducing levels or duration of benefits, tightening eligibility rules... excluding beneficiaries from schemes."* The two pack is also seen as being responsible for producing downward pressure of wages and job quality. The impact has also been clearly unequal across the EU, with recent studies highlighting that fiscal consolidation concentrated in Southern and Eastern European countries has led to unemployment, while changes to tax and benefit systems along with cuts in public sector wages have actively contributed to the decline in real household incomes (Avram et al 2013).⁹

⁵ AROPE: At risk of poverty and social exclusion, calculated as an aggregate of 3 indicators: at risk of poverty, severe material deprivation and low work intensity

⁶ EAPN (Dec 2013) [Lifeboat or Life Sentence?](#): The Troika and emergency assistance programmes and their impact on poverty and social exclusion

⁷ EC Press Release (31.03.2014): [The Europe 2020 strategy beyond the crisis](#)

⁸ EC (Dec 2013): [Employment and Social Developments in Europe 2013](#); p.22

⁹ Avram et al, 2013 '[The distributional effects of fiscal consolidation in 9 countries](#)'. Euromod Working Paper no EM 2/13

EAPN's NRP assessments in 2013 and 2014 drawn from the reality of people experiencing poverty corroborate this evidence. The EAPN 2013 NRP Assessment¹⁰ highlighted that 75% of EAPN networks considered that the austerity policies promoted in the NRPs, following the Commission's guidelines, resulted in an unequal distribution of the burden of the crisis, and would generate more poverty and social exclusion, contributing to the growing inequality gap. In 2014,¹¹ this consensus rose to 80%. This is primarily due to the priority given in deficit reductions to cuts in public expenditure, key public services and benefits which most affect the poor. In the countries under Troika arrangements, this is generally seen at its most extreme.¹² For example, in Spain all social services have suffered cuts. In Portugal 4.7 billion cuts were proposed with loss of jobs for 30.000.¹³ In Ireland,¹⁴ cuts to jobseekers allowances have been focussed on youth, with the Budget in 2014 carrying out drastic cuts to supplementary welfare allowances for those under 26. Ireland points out that 64 billion of the current public debt is banker's debt, with almost a 1/5 of revenue in 2013 going to servicing this debt. Indexation mechanisms on income support or pensions have also been reduced hitting the real value of benefits and pensions with a disastrous impact on the living standards of the poorest people (BE, ES, HU, NL, PT). However, the highest ratio of cuts to tax rises is in fact in the UK. In 2013, it was 85:15 now it is close to 90:10 and will be in the next phase of austerity measures of £12 billion, 100% cuts. Fiscal measures are focused on cutting welfare benefits ie uprating working age benefits by just 1% for 3 years, when Consumer Price Index is around 2.7%, cuts to tax credits which top up low pay, and cuts to child allowance has also reduced income for lower income groups.

Eligibility and coverage has also been reduced: for example in NL where the unemployment benefit has been reduced from 5 to 3 years, shifting people onto lower social assistance where full housing costs are not covered. A new law will now take into account household income, where children receive social assistance and live with their parents and the parents are pensioners, which is likely to increase hardship. In Portugal,¹⁵ changes in eligibility requirements have led to decreases in the number of beneficiaries from 527,627 to 420, 665 with the levels of Social Insertion Income reduced from 189.52 (2010) to 178.15 (2013). In the UK income support is means-tested after 6 months, housing costs are capped and a proportion of council tax has to be paid. There have been cuts to the amount of child

¹⁰ EAPN (2013): [Widening the Gap](#): 2013 NRP Assessment

¹¹ EAPN (2014): [From Austerity to Inclusive Growth](#) – what progress? 2014 NRP Assessment.

¹² EAPN (2013): [Life boat or Life sentence?](#) Troika and Emergency Assistance Programmes and impact on poverty and social exclusion

¹³ EAPN (2013): [Widening the Gap](#): EAPN 2013 NRP Assessment

¹⁴ EMIN project (2014): [Analysis of Minimum Income Schemes – Ireland](#): Robin Hanan and Audrey Deane

¹⁵ EMIN Project (2014): [Analysis of Minimum Income Schemes – Portugal](#): Elizabeth Santos, Helder Ferreira, Liliana Pinto, Paula Cruz

support whether in or out of work and it is also means tested. In Hungary,¹⁶ unemployment and disability benefits have been decreased and social assistance partly replaced with discretionary in-kind benefits eg food vouchers/firewood, dependent on the decision of the local authority. This, combined with the introduction of controls on behaviour of unemployed people (i.e. checks on cleanliness), attack the basic dignity of people as well as increasing their hardship.

Recent research also confirms that countries with harsher austerity measures tend to have higher death rates as well as growing health inequalities.¹⁷ There can be little doubt that poverty kills. This is surely an **unacceptable social cost**. Instead of increasing signs of social investment, short-term economic goals have been prioritized over social rights and longer term social and economic returns. The EU's macroeconomic focus on austerity delivered through the Semester is seen not only as responsible for increasing poverty but continuing to promote an unacceptable attack on human rights and to the dignity of the most vulnerable, making the poor pay for a crisis they didn't create. Supply-side labour market deregulation and interference in collective bargaining, as seen particularly in programme countries, are driving down job quality and sustainability. This severely impacts the living standards of groups disadvantaged in the labour market, and reduces opportunities for social mobility.

Missed opportunity to focus the Semester on Europe 2020 goals and targets

Europe 2020 is delivered through the governance mechanism of the European Semester. However, EAPN's view is that, **Europe 2020 has never been given a fair chance**. The overriding focus of the Semester is driven by the requirements of the Stability and Growth Pact and the Stability and Convergence Programmes primarily focussed on deficit cuts, with Europe 2020 barely visible in most of the key documents/communications (e.g. the Annual Growth Survey, the Communication on the Country-Specific Recommendations etc.). The 2 parallel strands are imbalanced and often contradictory, with the macroeconomic stability priority accompanied by sanctions, whilst Europe 2020 and particularly the social priorities have none.

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. Sometimes, the CSR and particularly the Staff Working Document assessment (SWD) appropriately identifies the problem but then offers an inappropriate solution, which can make the problem worse, and contribute to undermining the effectiveness and efficiency of welfare states and public spending. For example, in 2014, a significant number of MS received CSRs on adequacy of minimum income and other

¹⁶ EMIN project (2014): "The Progressive Realization of Adequate Minimum Income Schemes - Hungary"; Dr. Krisztina Jász, coordinator of the leader body of HAPN, in cooperation with Johanna László, Katalin Juhos, Ágnes Néray

¹⁷ D Stuckler and S Basu: ['The Body Economic, why austerity kills'](#) (2013)

benefits. ie (BB, IT, HU, HR, LV, PT, RO). For EAPN, as well as Alliance members, this was an important step forward for strengthening this crucial pillar of the Active Inclusion Strategy to ensure people on the poverty line receive adequate financial support, to keep them out of poverty and closer to the labour market..(access to adequate minimum income, inclusive labour market and access to quality services).

However, most of the CSRs whilst underlining the importance of adequacy, make it conditional to increasingly aggressive activation strategies. Whilst wrap-around support approaches are crucial, helping people on minimum income to prepare for and seek decent jobs, the CSRs could put more pressure on MS to increase harsh conditionalities and sanctions ie to threaten vulnerable people with cuts or reductions in benefits if they fail to take up or access jobs regardless of the availability, quality or location. This is likely to increase poverty risk and deprivation, storing up longer terms of exclusion for people already facing enormous challenges to get and sustain themselves in decent jobs or to maintain a dignified life, and undermining household incomes at a time when a sustainable recovery needs to encourage demand for goods and services.

For example in Bulgaria, the CSR proposes to increase coverage and effectiveness of unemployment benefit but linked to activation. The CSR is also undermined by CSR 1 on reducing public deficits. Other examples follow a similar recipe.

In Italy, the CSR proposes comprehensive social protection by scaling up the pilot social assistance, but with a focus on targeting, strict conditionality in the link to activation. Whilst this is a welcome step forward towards a national minimum income scheme, the focus on targeting rather than universal access is likely to undermine the commitment to universal services, as a key pillar of the social model and to undermine its effectiveness to prevent as well as alleviate poverty risk.

Even the positive recommendations are often undermined by the predominance of CSRs 1 and 2 focussed on the macroeconomic and fiscal requirements, which are currently promoting austerity policies. For example almost all MS received CSRs related to budget consolidation with cost effectiveness and cutting the visible focus in Health and/or Care Services (BE, CZ, IE, ES, FR, HR, LV, LU, MT, NL, AT, RO, PT, SI, SK, FI), which have a major impact on the living/health standards of people in poverty, without requirements on quality, coverage and affordability. **Europe 2020 needs to be the driving partner in the Semester, promoting a coherent and balanced economic and social vision, if its goals are to be delivered.**¹⁸

- **Has the knowledge of what other EU countries are doing in Europe 2020 areas impacted on the approach followed in your country? Please give examples.**

¹⁸ EAPN (March 2014): [Getting progress on poverty and participation: EAPN assessment and proposals for Country-Specific Recommendations 2014](#) and [Letter to June Council](#) with Flash Assessment of 2014 CSRs.

EAPN is an EU-wide network, and is therefore not able to give an assessment for one country. We have encouraged our members to make their individual inputs. It is also difficult for national, regional and local NGO members to know how far governments have been influenced by other Member States in the development of their policies, as this is rarely acknowledged transparently in the public arena. However, we attempt to give some examples from the national level, of positive and negative impact.

EAPN France emphasizes that France has been strongly influenced, for example, by Finland and Austria in developing the youth guarantee. Another positive example has been the active participation model from Belgium, involving people experiencing poverty in their stakeholder dialogue processes France is now adapting their model based on the Belgium experience. A more negative influence has been seen in the growth of mini-job models from Germany. Other good examples are given by **EAPN Estonia**, which highlights the positive impact of Europe 2020 exchange from other MS experience of the positive benefits of universal services and child benefits as productive social investment, eg particularly the example from the Nordic Countries. As a result, Estonia is now proposing increasing child and universal benefits as an investment in people. As EAPN involves networks from **candidate and accession** countries, the influence of Europe 2020 is also very clear as countries prepare their candidature – for example SE Europe 2020 involving Serbia, Croatia and Macedonia.

There is also a consensus that the greatest impact is seen where Europe 2020 builds on, and is synchronized with, existing open coordination methods particularly in the social field, ie the **Social Open Method of Coordination**. The Social OMC was particularly effective in supporting mutual learning, through the Peer Review programme as well as through internal SPC peer review exchanges and broader thematic conferences and seminars, involving a wide range of stakeholders, beyond governments. This helped to build shared agenda's and common approaches. A key example would be the consensus-building work done in preparation for the Investing in Children Recommendation, working with the French and Belgian Presidencies, the SPC. This approach has been integrated into the EPAP and now the SIP. A clear impact is seen by several national networks of an increased awareness of the importance of integrated action on child poverty issues– eg Denmark, Estonia, Hungary, Spain. In the EAPN 2014 NRP Report 7 Governments were highlighted as having or working on integrated strategies to tackle child poverty.

Other examples can be seen regarding integrated approaches to inclusion (Active Inclusion), which again developed under the Social OMC from 2008, highlighted by CZ, ES, HU, IE, PL, SK, RO)¹⁹ although members highlight that the use of the name is more common than the full integrated approach. Ireland is one of the few examples that refer to the 3 pillars, whilst in Hungary and Slovakia, the concept is misused, as in reality what is proposed is workfare measures. A further example is action/strategies on homelessness. FEANTSA²⁰ in their annual review of the 2014 NRPs highlight at least 7 MS who refer to homelessness and

¹⁹ EAPN (2014) From Austerity to Inclusive Growth – what progress? 2014 NRP Assessment.

²⁰ FEANTSA (2014). Review of 2014 NRPs.

outline progress towards integrated strategies. (BG, BE, CZ, DK, FR, LU and PT). Ireland and Spain have put into place national integrated homeless strategies.

- **Has there been sufficient involvement of stakeholders in the Europe 2020 strategy? Are you involved in the Europe 2020 strategy? Would you like to be more involved? If yes, how?**

EAPN members' responses in 2013 and 2014 highlight clearly that there has been insufficient involvement of stakeholders in Europe 2020 and the Semester, particularly anti-poverty and other social NGOs, despite the initial commitments made. Even where some engagement has been established, it's evaluated as tokenistic and of low quality, and with uneven progress in different Member States. Our members have shown great perseverance in trying to get engaged, despite continual setbacks. Most show great willingness to be further involved, however this commitment is predicated on the following assumptions: 1) that the NRP itself is a meaningful document and the process is linked to national policy development. 2) That the engagement with stakeholders is pro-active and meaningful, and has the chance to have an input into policy. The added value of stakeholder involvement needs to be better understood and promoted. It provides opportunities for governments to get valuable inputs from NGOs as well as individual people experiencing poverty with specialist knowledge and practical experience of meeting new needs and dealing with implementation on the ground. It also enables NGOs to have the chance to better understand the constraints on government possibilities for action and to take this into account in their work. See [EAPN Handbook for Stakeholder Engagement and Guidelines for Decision-makers – Giving a Voice](#) to Citizens, for further arguments.

The most effective way to build trust and opportunities for exchange, learning and better policy implementation is through on-going structured dialogue with stakeholders at national and EU level, developed through regular meetings and inputs throughout the year, building on EU guidelines and enabling engagement at all stages of policy development and implementation. A recognition that such engagement will need political will, financial support, capacity building and training of both stakeholders and institutional actors, as well as creative methodologies is a core concern, if people with direct experience of poverty are to be involved as key stakeholders.

EAPN Assessment of Stakeholder Engagement (2013 and 14)

EAPN members have attempted to actively engage in the entire Semester process throughout the year, focussed on getting delivery on the poverty and other social targets. This has meant attempting to engage in the NRP process as stakeholders at national level – providing inputs to the NRP, responding to drafts, and attempting to be involved in the implementation and evaluation. This work has been supported by regular EAPN-run capacity building workshops, a yearly updated to support stakeholder engagement in Europe 2020, and regular update and exchange sessions between members. Members have provided their own [proposals of Country-Specific Recommendations](#), also assessing the implementation of the previous years' CSRs. Together at EU level, a synthesis document of these findings has been developed and sent to the Commission in March/April. In May-July,

Members have made an assessment of the NRPs together in a workshop, and based on a questionnaire produced an EAPN NRP assessment report. This year (2014) entitled – [From Austerity to Inclusive Growth – what progress?](#) Drawing key messages from this assessment, a letter is sent to the Commission and other EU institutions, highlighting our key recommendations for the AGS. Following the AGS, an appraisal is carried out, before initiating the cycle again.

EAPN is also coordinating an EU-wide coalition of 16 Social, Environmental NGOs and trade unions to engage with the Semester (The EU Alliance for a more democratic, social and sustainable Semester) and have jointly produced a broader Europe 2020 Tool Kit, capacity building training, developed common proposals on CSRs and are currently finalizing a joint report on the Semester. See below and <http://semesteralliance.net/>

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 in 2013²¹ highlights 12 National Networks managing some type of engagement, but with 75% of networks assessing the engagement as weak and low quality, with little or no evidence of their engagement or 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 the 2014 EAPN NRP Assessment, 50% could not get the draft from their Government, and 75% felt that the opinion of Social NGOs was not taken seriously. Where promising examples exist (PL, FR, BE, LU, ES), there has been limited encouragement to promote cross-national mutual learning or exchange of good practice within the Semester. Such encouraging examples include the establishment of working thematic groups (PL and LU), the use of the group to develop an integrated anti-poverty strategy linked to the ex-ante conditionality in Structural Funds (PL); the establishment of a National Platform Against Poverty (BE); a compact with regular structured consultation on the NRP with a chance to make detailed inputs to the draft, many of which were taken on board in the final draft (ES); and the annexing of stakeholders views to the NRP (FR). In terms of the engagement of national parliaments, debates are rarely organized. Although examples were given in BE, IE, LU, CZ, DE and ES, in general these were seen more as a rubber-stamping exercise with little impact on content. In Ireland, the debate in the Irish Parliament did result in some changes, but the implementation and the process for continuing engagement is unclear. This clearly underlines a growing democratic deficit, that risks undermining the legitimacy of the Semester. (See detailed Recommendations for improvement in Question 3. P. 23-24.)

See EAPN Main Europe 2020 Documents

EAPN [Tool Kit](#) for stakeholder engagement in Europe 2020 2014:

²¹ EAPN (2013) [Widening the GAP: EAPN 2013 Assessment of the NRPs](#).

EAPN Assessment of the [NRPs 2013](#) and [2014](#),
EAPN Assessment and Alternative proposals for CSRs [2013](#) and [2014](#).
EAPN [Response to the AGS 2014](#)
[Giving a Voice to Citizens](#) – Handbook for Stakeholder Engagement – Guidelines for Decision-makers.

EU Semester Alliance

[Alternative proposals for CSRs 2014](#)

[Tool Kit for engaging in Europe 2020 and the Semester](#)

Tools

- **Do the current targets for 2020 respond to the strategy's objectives of fostering growth and jobs? [Targets: to have at least 75% of people aged 20-64 in employment; to invest 3% of GDP in research and development; to cut greenhouse gas emissions by at least 20%, increase the share of renewables to 20% and improve energy efficiency by 20%; to reduce school drop-out rates to below 10% and increase the share of young people with a third-level degree or diploma to at least 40%; to ensure at least 20 million fewer people are at risk of poverty or social exclusion].**

The question, focusses on the objectives of growth and jobs, rather than the broader objectives of smart, sustainable and inclusive growth. This seems to undermine the purpose and added value of Europe 2020. We recall the lessons learnt from the Lisbon Strategy, when the Growth and Jobs priority was reinforced, following the Wim Kok review in 2005, but still failed to reduce poverty, with poverty remaining at 16% from 2000 to 2010, despite record increases in growth and jobs. Neither did this approach avoid the unsustainable growth model and banking crisis which has cost so much in lost growth and jobs and increased poverty and deprivation.

Targets can be useful instruments, particularly in terms of agenda-setting, and awareness-raising, but also for bringing EU funds. The 20% funding on social inclusion and poverty for ESF, which is now linked to delivery on the Europe 2020 targets, in the new Funding round as well as FP7 and PROGRESS funding streams are vital. However, their usefulness depends on the development of an effective strategy for their delivery, as well as good reporting and monitoring mechanisms. The final judgement is whether they had a positive impact on policy success.

In general, EAPN highlights that although the social targets have not been achieved, 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, they need to be backed by effective strategies and delivery mechanisms if there is to be a chance of progress. The loss of a **high-profile Annual Progress Report** launched at the same time and as a central pillar of the Annual Growth Survey, monitoring transparently the progress on the targets, crucially undermines the role of the targets in the Strategy.

Inconsistencies and areas for improvement in the EU targets

- **The poverty target is not designed on an equal basis** with the other targets - ie it is the only Europe 2020 target which sets a numerical amount (at least 20 million), not a percentage figure. This sets the poverty target apart from the other targets, and tends to undermine its translation into national targets, as complex calculations have to be made to work out the contribution of each country to this target, rather than setting the same percentage reduction for all. The poverty target is the only one where 3 indicators are used and aggregated – making it difficult to communicate and to use, or to be comparable with the other targets. Ideally the poverty target should be set as a % figure, across the 3 indicators (at risk of poverty, severe material deprivation and low work intensity).
- **All social targets should be disaggregated** according to gender/age/group break down and a next step would be sub-targets for key groups facing increased risk of poverty – eg children, youth, older people, but also women, homeless, ethnic minorities like Roma, people with disabilities, to test the reach and effectiveness of EU poverty-reduction policies.
There are weaknesses also with the **employment target**. The employment target only captures whether people have worked for 1 hour in the week of reference and does not account for the quality or sustainability of the employment. Consideration should be given to complementing the numerical employment targets with binding criteria on quality.
- Other refinements on the targets could also be considered. The **education targets** are currently only focused on formal education. The EU should commit to an adult literacy target.
- A strong argument can be made for an additional target on **reducing inequality**, but this should not replace the poverty target. Whilst some have argued that inequality is a price worth paying for growth, the growth of inequality in income and wealth is now being widely acknowledged as one of the major challenges facing the EU. This includes the OECD, IMF, World Economic Forum 2013 and 2014, as well as the Commission in its yearly review (Employment and Social Development Outlook 2013, 2014). Concerns are raised regarding the impact, both in terms of widening the gap between rich and poor, undermining social cohesion and well-functioning and performing societies, but also as a major barrier to internal demand and sustainable growth (IMF 2014). However, the choice of indicator needs to be further explored, to ensure that distributional impact on the richest and poorest, as well as the squeezed middle is made clear.
- Finally, targets can be useful, but **alone they are not enough**. They must be backed by effective integrated strategies and adequate funding, ensuring delivery involving the grass-root NGOs organisations and providers, otherwise they encourage MS to engage in numbers games, which have little impact on the policy objectives.
- **Among current targets, do you consider that some are more important than others? Please explain.**

We consider all the targets to be important, and underline the **need for them to be treated equally**. As we have highlighted above, the poverty target appears to be given less importance and treated differently (it is the only target which is expressed in numeric values – and with 3 indicators) whereas the others are set with a single common % figure. We underline the need for a coherent approach across the targets. The poverty target also gets less priority in key monitoring documents, eg the Annual Growth Survey, where it is not given a high profile, nor a separate section, underlining the lack of a consistent approach to monitoring the progress and developments for each target in the Semester process.

EAPN, has particular concern for the **3 Social Targets**: poverty, employment and education, but they must be used to demonstrate whether any growth policy ensures a fairer and more equal distribution of the benefits of growth that can result in social progress – less poverty, more and better employment, services and social protection, and inclusive education.

For example, there are clear **synergies between the employment and poverty targets**. Employment needs to contribute to the delivery of the poverty target and visa versa. The current employment indicator only measures an extremely precarious form of employment²², without any consideration of the quality or sustainability of the job, with a very limited indicator in terms of contractual time worked. As in-work poverty is on the rise from 8.6% to 9.1% in 2012, and where over a 1/3 of the poor are in work, and a much higher percentage in many countries, employment has become an increasingly insecure route out of poverty. Efforts to reach the employment target without complementary safeguards regarding quality of jobs and employment are only likely to increase rather than reduce poverty.

Equally the **poverty target can contribute to the employment target**, as supporting people of working age to access quality and sustainable jobs will reduce poverty and unemployment at the same time. A narrow approach which sees any kind of employment as the only route out of poverty for people of all ages, opens the door to forcibly activating those unable to work, pushing people into low quality jobs, thus only worsening poverty and hardship, for them and for their families. Employment alone can also not be the only strategy to reduce poverty for those who cannot work, or access decent work, and who are outside working age. A broader strategy which aims to guarantee adequate income and access to rights, through decent work, quality minimum income and social protection and access to quality services is a well-tried recipe for success.

- **Do you find it useful that EU-level targets are broken down into national targets? If so, what is, in your view, the best way to set national targets? So far, have the national targets been set appropriately/too ambitiously/not ambitiously enough?**

If the EU level targets are to be delivered, then it is essential that they are broken down into national targets. However, apart from some of the difficulties regarding the EU target itself

²² One hour worked in the week of reference (Eurostat definition underpinning the employment target).

(highlighted above), the major weakness is the **lack of ambition in national target-setting and in their implementation**. In our recent assessment (2014), 80% of members felt that the EU should be more prescriptive around the setting of the national targets – **ie by proposing a common basis for designing the targets, at least to enable effective cross-national comparison**.

Key challenges for the poverty target

- 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, even before attempt to implement it.
- Although the target based on the 3 indicators is **complex to communicate**, compared to the other Europe 2020 targets which have only one % based indicator, the 3 different indicators²³ go some way to capture the **multidimensionality** of poverty – each indicator reflecting a different aspect, e.g. relative and more absolute forms of poverty, which are crucial to charting progress. Although EAPN consider that the low-work intensity indicator is not really a measure of poverty but of one of many factors. During the crisis, median incomes fell in many countries, so at-risk-of-poverty indicators were not accurate in capturing the real impact on living standards, whereas the severe material deprivation indicator did better in doing this. However, relative poverty indicators are fundamental for capturing how far people are able to ‘keep up’ with their society or are getting further behind it, with implications for social cohesion and sustainable growth.
- **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, (e.g. Bulgaria which focuses on at risk of poverty with falling disposable incomes disguising a real rise in material deprivation) or ignoring the EU indicators entirely (e.g. Germany, Sweden who focus their poverty targets only on unemployment) or the UK that does not set an employment or poverty target), or settling for very unambitious national targets (e.g. Poland aiming for the same level as 2008 or Belgium aiming for a reduction of 380.000 although poverty has increased by 77.000 by 2008), without clear explanations of how they arrive at their figures. This undermines the credibility of the indicators, the target, and ultimately the Europe 2020 strategy as a whole. A large number of EAPN networks feel the EU should insist on a common approach based on all using the same EU indicators when setting national targets (BE, BG, CZ, CY, DE, DK, ES, IT, NL, PL, PT, SE, UK).
- **Further issues are the lack of timeliness and scope of the indicators used**. Social data based on EU-SILC is currently only available for 2012, compared to economic and employment data that is available now for this year. This undermines the potential for the social impact to be seriously considered when taking economic decisions, and has

²³ The 3 AROPE indicators: at risk of poverty (60% median household disposable income), severe material deprivation, low work intensity.

been particularly damaging during the crisis. Moreover, the data collected still exclude key groups facing poverty e.g. homeless people and migrants which mean that current data is not capturing the reality of poverty. However, even good targets and indicators can only make a difference if backed by the right policies.

A Way Forward for the Poverty Target

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 make medium to long-term projection planning** in the NRPs and NSRs showing how the targets will be reached, over what period and by what policies, requiring them to provide yearly updates 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 policy priority groups – e.g. children, youth, homeless, migrants, Roma, long-term unemployed, single parents.
- **Invest in more timely social data** and the development of new indicators/data collection mechanism that can capture the most vulnerable groups – e.g. homeless and migrants and the access to affordable key public services for all groups.
- **Explicitly monitor and report on the broader dashboard** of social indicators, e.g. 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 (A proposal could be to use the 20/80% quintile, although further debate would be needed on the appropriate indicator to capture better the distributional impact on the wealthiest and the poorest, as well as the squeezed middle.
- **Consider a target for adult lifelong learning** and adult literacy.

What has been the added value of the seven action programmes for growth? Do you have concrete examples of the impact of such programmes? [*Flagship initiatives*]: "*Digital agenda for Europe*", "*Innovation Union*", "*Youth on the move*", "*Resource efficient Europe*", "*An industrial policy for the globalisation era*",

In this response, we make particular reference to the **European Platform Against Poverty (EPAP)**. EAPN welcomed the initial launching of the EPAP, and felt that it brought a clear added value if it was to operate as a genuine platform and framework for action to deliver on the poverty target, engaging national and EU level. However, three major difficulties are seen:

- 1) **The confusion between the role of different EU instruments/mechanisms** in the social policy field ie between the EPAP, the Social Investment Package (SIP), the Social OMC (Open Method of Coordination), and the Social Dimension of the EMU. (Economic and Monetary Union).
- 2) **The delivery of the EPAP itself**, with its main added value in terms of agenda-setting but failure to connect with stakeholders at the national level, or with the main drivers to have impact.
- 3) **The missing reference of the need to develop an explicit EU integrated strategy** to fight poverty and to achieve the target.

- 1) The EPAP is meant to be a 'platform for horizontal cooperation, providing a dynamic framework for action.'²⁴ However, **the current social infrastructure is not clear**. EAPN finds confusion between the roles of the European Platform Against Poverty (EPAP), the Social OMC, and now the Social Investment Package (SIP) as well as the role of the Social Scoreboards in the Social Dimension of the EMU.

The **Social Investment Package** provides an important basis for seeing social policy as an investment, not a cost, and includes guidelines and some interesting strategies for specific groups and themes (Investing in Children, Combatting Homelessness and implementing Active Inclusion). However, little progress has been made to encourage and support Member States to deliver on these priorities. Care has to be taken to ensure that a social investment approach supports and does not undermine effective universal social protection systems, which are fundamental to preventing, as well as tackling poverty, and operating as an automatic stabiliser for the economy.

The **Social Dimension of the EMU**²⁵ Social Scoreboards offer key indicators to measure growing social imbalances within and between Member States. At the moment these are two separate scoreboards. The first set are part of the Alert Mechanism²⁶ whilst the second set with different indicators form the new social and employment scoreboard covering unemployment, NEETS, disposable income, at-risk-of-poverty and inequalities (S80/S20). However the relationship between the two is not clear, nor how this relates to the overarching set of social indicators, (i.e. Social Protection Performance Monitor) or

²⁴ 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, 4) Building on the legacy of the European Year against poverty and social exclusion.

²⁵ EC Communication (2.10.2013) 'Strengthening the Social Dimension of the Economic and Monetary Union'

²⁶ MIP Indicators: participation rate, long-term unemployment, youth unemployment complimented with NEETS, at risk of poverty and social exclusion (AROPE)

what mechanisms will be set in place to trigger policy change – ie how it will be made effective to prevent negative social impact of macroeconomic and other policies.

The **Social OMC** has provided an essential framework for shared social knowledge amongst governments, academics and stakeholders, built on partnership, working towards Common Objectives on the 3 pillars (social inclusion, pensions, health and long-term care), with national reporting involving stakeholders, based on access to rights, resources and services. However, this is currently being put at risk. The Social OMC is largely invisible and lacks clear mechanisms to impact on the overall policy agenda in Europe 2020. National Social Reports are no longer obligatory, with limited stakeholder engagement and without a clear feed into the National Reform Programmes, with few NSR's being produced in time for the NRPs (only 8 this year). The lack of a Joint Social Report (between the Commission and the SPC) undermines the impact of the Annual SPC report. Whilst Peer Reviews have become increasingly restrictive both in their content, and also in their reduced commitment to engaging civil society and have unclear policy follow up in the Commission's and SPC work programme. This represents a grave loss of a vital social dialogue space and agenda to underpin Europe 2020 partnership working and to support detailed cross-national social policy and practice development. **There must be clarity on how these instruments are to be strengthened and will work together to ensure that the social dimension of Europe 2020 is taken seriously.**

- 2) **Implementation of the EPAP.** The major added value from the EPAP has been agenda-setting and a more developed process of cross-DG working (delivering action across the policy spectrum) between different DGs on specific initiatives – clear examples of this are seen in the work on the poverty target and the ESF and General Regulation, providing guidelines for the follow up on the 20% ring-fencing of ESF on poverty. However it has been difficult to see concrete results of the EPAP at national level, with weak implementation and lack of mainstreaming/link into the dominant European Semester. The weak link to the national stakeholders, reduced to a one-off yearly event (the Annual Convention) which fails to make a consistent link to national stakeholder engagement in Europe 2020 and the European Semester or to have clear policy impact, combined with the irregular and limited exchange meetings with the Commission at EU level, also undermines the supposed commitment to a 'dynamic' partnership approach.

3) No substitute for an overarching strategy to fight poverty. The major weakness of the EPAP, is that does not set out an integrated strategy to deliver on the target, but only aspires to be a loose framework for action. Unlike the other flagship initiatives which set out a clear 'policy agenda' (Agenda for Skills and Jobs, Industrial Policy, Digital Agenda etc). EAPN stresses that such a policy agenda or strategy is vital if the poverty target is to be reached, providing effective guidelines for the development of national strategies. This EU anti-poverty strategy needs to be built on the learning, principles and common objectives of the Social OMC, focussed on access to rights, resources and services and to support access to quality jobs, social protection and public services. See proposal for integrated strategy to fight poverty in [EAPN's Mid-Term Review Position Paper](#)).

- 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) **Reduce inequality** by promoting fairer income distribution, and redistribution through promoting tax justice and access to services.
 - 3) **Support a Social Investment approach**, which invests in people through essential universal social protection/minimum income as well as enabling services with the explicit objective to reduce poverty and inequality.
 - 4) **Progress the development of EU wide social standards**, starting with a Framework Directive on minimum income under TFEU Art 153 1(h) to ensure decent living standards to keep people close to the labour market and ensure a dignified life.
 - 5) **Promote Integrated Active Inclusion**: Adequate income support, inclusive labour markets and access to quality services for people in working age, insisting 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 benefits and services: 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.
 - 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 and implement sub-strategies** for key target groups and themes as endorsed by the Social Investment Package: e.g. Investing in children, combating homelessness, Roma inclusion strategies, but also for older people and migrants (including undocumented).
 - 10) **Promote social innovation that prioritizes ‘more effective services and methods’** without undermining existing effective public services, and that gives priority to supporting local initiatives that respond to community needs.

2) Adapting the Europe 2020 strategy: the growth strategy for a post-crisis Europe

Content and implementation

- **Does the EU need a comprehensive and overarching medium-term strategy for growth and jobs for the coming years?**

Our starting point is a rejection of the ‘old’ growth and jobs model that failed to reduce poverty during the Lisbon Strategy. The questions for this consultation should **instead be asking if the EU needs a comprehensive and overarching medium and long-term strategy**

for smart, sustainable and inclusive growth. Even more, EAPN believes that the EU should be going beyond a focus on growth to a new inclusive and sustainable development approach.

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. Growth alone will not ensure a reduction in poverty, quality jobs, nor sustainable livelihoods (nor delivery on climate change and resource efficiency). This requires a shift towards a more sustainable development model which puts the economy at the service of an inclusive and sustainable society, and beyond only considerations of GDP. Will the EU take on this long-term challenge? A dialogue space is urgently needed to articulate how such a model could be developed.

In the short and medium term, the European Semester must be made the instrument to deliver a rejuvenated Europe 2020, focused on delivering its 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, increasing competition by reducing employment conditions and rights, as well as through a narrow employment-only focus as the only solution for addressing poverty and social exclusion, rather than supportive, integrated active inclusion approaches based on universal access to social protection and public services. All parts of the Strategy and Semester mechanisms should then reflect this rebalancing including the Annual Growth Survey (AGS), the Commission's Guidance for NRPs, and the CSRs. The Commission's proposals on reducing income taxes to make them more 'growth friendly', whilst important for their focus on tackling tax evasion and avoidance, are also liable to have a negative impact on resources for social welfare and on fairer distribution. Further, an increased reliance on consumer and indirect taxes falls disproportionately on those on the lowest incomes.

For this reason, EAPN sees the need to **move forward towards a Social as well as an Economic Union** as a key priority for the EU. But it will be necessary to have **a distinct social strategy and agenda – a 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 at the highest level, or it risks being side-lined. **Key to this approach is the need to take the poverty guidelines out of the employment guidelines and Joint Employment Report, with its own guidelines and report – to allow an integrated approach on social protection and social inclusion to provide a balanced focus with employment policies.**

The Lisbon Treaty social clause (Article 9) must be operationalized and applied to all areas of policy, including Structural Funds, EMU etc, to ensure delivery on these commitments as the Treaty requires. Ex-ante and ex-post **Social Impact Assessment** must be converted into an operational tool to ensure 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 Scoreboards promoting the social dimension of the EMU influence policy is essential. If this is not done then the social, and particularly the poverty reduction commitments will continue to be undermined by the regressive impact of the current macro-economic goals.

- **What are the most important and relevant areas to be addressed in order to achieve smart, sustainable and inclusive growth?**

We set out below concrete proposals to make progress on a balanced social and economic agenda to achieve smart, sustainable and inclusive growth.

- **Make progress towards a Social as well as an Economic and Banking Union** as part of the post 2015 road map.
- **Progress the debate on how the EU can deliver social progress beyond GDP**, supporting an inclusive and sustainable development model ensuring shared prosperity and well-being.
- **Prepare a Communication which sets out guidelines for coherent smart, sustainable and inclusive growth** which can deliver on the goals and targets of Europe 2020 and confirms the macroeconomic objectives as the servant to a more inclusive and sustainable EU.
- **Make Europe 2020 the key focus of the Semester** and introduce a **new Golden Social Surveillance 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 and not to undermine them.
- **Give priority to reducing inequality** through redistribution and resourcing a more equal society – particularly with a focus on more progressive taxation and tax justice.
- **Develop separate social protection/social inclusion guidelines** for the poverty target, outside the employment guidelines and require the development of a separate Joint Social Protection/Inclusion Report on an equal footing with the Joint Employment Report developed by the SPC with the Commission.
- **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, i.e. 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 the central document monitoring Europe 2020 goals and targets** 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, i.e. 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 Social OMC** promoting a detailed EU Social Agenda and mechanism, to feed into Europe 2020 in order to ensure 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 the NRPs, documenting Member States' plans to implement on integrated strategies to fight poverty, including on access to an adequate minimum income. These should then underpin the reporting on the poverty-reduction and other social targets in the NRP.

- **What new challenges should be taken into account in the future?**

The major new challenge, as highlighted above, is how to **ensure a coherent and balanced economic and social agenda**, where the economy delivers on social (and environmental objectives), rather than as a goal in itself. This should be linked a social/sustainable development approach deepening the sustainable development goals. The second is how to ensure access to **Quality jobs** and **adequate social protection** systems which provide people with an income to live with dignity.

A further new challenge that must be confronted is **growing inequality** and social divergences. As highlighted by the new social scoreboard, inequality continues to rise in most countries, particularly in the South and East of the EU. Inequality, not only widens the gap between rich and poor, undermining social cohesion and increasing social polarisation and antagonism, but specifically undermines economic stability and growth, as highlighted by the Social Dimension of the EMU.

Discrimination and Gender Equality must be more convincingly mainstreamed to ensure that all needs are faced and equal opportunities and outcomes promoted.

Above all, increasing meaningful participation, empowerment and democratic legitimacy, as outlined above, must be the overarching new core priority to gain strengthen EU credibility.

- **How could the strategy best be linked to other EU policies?**

EAPN supports the **development of Europe 2020 as an overarching framework**, if significant steps are taken to transform Europe 2020 into an ambitious social, inclusive and sustainable strategy, which is focussed on protecting as well as enabling people in Europe, and ensuring that economic goals deliver on social objectives. However, the strategy and Semester process will not be able to deal with the detail of the necessary policies. It will be crucial to support the **detailed development of the specific policy areas and to enable the space for adequate exchange, and mutual learning**, which can then inform and feed into the Europe 2020 reports and process. For example in the area of poverty and social exclusion, the **deepening of the Social OMC** is crucial, covering the

3 pillars (social inclusion, pensions, health and long-term care) in order to systematically engage with the broad areas of social inclusion and social protection, with the development of detailed national social analysis and exchange. The National Social Reports These should be timed to feed into the Europe 2020 and Semester ie to the NRPs, and include systematic mutual exchange processes, that include national governments, national and EU stakeholders through Peer Reviews.

- **What would improve stakeholder involvement in a post-crisis growth strategy for Europe? What could be done to increase awareness, support and better implementation of this strategy in your country?**

EAPN members highlight that in many Member States the social crisis is not over. EU poverty and exclusion, as well as inequality levels, continue to increase at an alarming rate, in and between most countries, exacerbated by continuing austerity measures. However, EAPN also warns that the **narrative of the crisis has been used for six years to prevent any improvement and only a worsening attack on social support** and welfare, leading to a permanent weakening of the scope and ambition of the welfare state. EAPN asks therefore whether it is not time for a new vision, and an open debate on what needs to be done to build it? Is it not time for the EU to address the future rather than business as usual? Short-term investment must be a priority to tackle urgently the social impact, but this must be linked to the development a new inclusive and sustainable development model beyond only growth. Concrete and visible actions which can be seen to have a direct impact on improving living standards and a sustainable future for people and our planet are a pre-requisite to restoring confidence in the strategy. Without this, it will be difficult to animate stakeholders to get involved in a process which does not seem to be concerned with them, their needs and their concerns.

In terms of **specific actions to increase stakeholder involvement**, EAPN has produced numerous assessments and proposals, building on its experience in the Social OMC since 2000 and more recently in Europe 2020. A valuable [handbook](#) providing guidelines for decision makers on ensuring a voice for citizens has been produced. (See reference at end). The first step is to gain explicit expressions of political will and recognition of the added value that such engagement can bring for better policy solutions.

A recognition must be made of the need to **counterbalance the dominant influence** of stakeholders representing powerful interests, often through non-transparent engagement in policy making – particularly business and financial interests, with a **genuine engagement of people on the ground**, particularly people in poverty and those experiencing the brunt of EU policies.

A new commitment then must be made to **developing guidelines for transparent and effective participative dialogue structures** at the national and EU level – where citizens can feel that their voice is heard and their views are taken on board, as equal partners. This should be matched by increased role and powers in democratic decision-making with national and EU Parliaments.

The strategy needs to be **effectively monitored**, through Europe 2020, with explicit responsibility at the highest level for the success of the engagement.

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. Independent grass-roots stakeholders, particularly civil society who have a higher level of credibility²⁷ with the public, could become key partners to help build capacity but also promote wider debate and discussion through a wide range of different tools.

How

- **Develop together with MS and stakeholders obligatory EU guidelines** for engagement of stakeholders to provide input at all stages of Semester and in the design, delivery and evaluation of policy (i.e. NRPs, CSRs and feed into the AGS) with an implementation handbook providing inspiring practices and tips on effective methodologies.²⁸ Mainstream these into the Guidance note on the NRPs, ensuring systematic monitoring in the NRPs.
- **Invest in participation and democratic accountability**, and take the time to rethink methods of operating, evaluating the benefits and costs 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.
- **Increase democratic legitimacy** by requiring 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.
- **Support the call for of an inter-institutional agreement** regarding the Semester between the European Parliament, Council and Commission as called for by the EP.²⁹
- **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.
- **Transform the European Semester Officers** into comprehensive promoters for stakeholder engagement 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.

[See: EAPN \(Oct 2014\) Giving a Voice to Citizens- Building stakeholder engagement of effective decision-making – Guidelines for decision-makers.](#)

²⁷ See [Flash Eurobarometer 373](#) (March 2013) which highlights 59% of people support that NGOs share their values and interests and trust them to act in the right way to influence policy

²⁸ See EAPN Handbook for stakeholder engagement: Give a voice to citizens (*coming out Aug 2014*)

²⁹ EP [Report on European Semester for economic coordination - the AGS](#). Feb 2014

Tools

- **What type of instruments do you think would be more appropriate to use to achieve smart, sustainable and inclusive growth?**

The Europe 2020 strategy operates as a **soft open method of coordination**, (OMC) focusing on establishing together shared objectives, common indicators, common national reporting and evaluation mechanisms on a yearly cycle. It is crucial however, that ownership is taken at national level by national parliaments, and by engagement of grass-root stakeholders. A first step would be to ensure that the National Reform Programmes become coherent integrated action plans across the economic and social pillars, which are developed together with stakeholders, then debated and approved by national parliaments.

The added value of such instruments is agenda-setting and helping to build consensus about common problems and common solutions. However, without citizen engagement, they became inter-governmental reporting mechanisms with little chance of ownership or accountability or effective implementation. Without Member State agreements, implementation remains a key challenge. Regular and effective monitoring is therefore crucial.

EAPN would underline the need for new instruments: 1) New Social Investment plans and 2) An EU strategy to fight poverty 3) Instruments to more explicitly harness EU funds for poverty and 4) Progress towards promoting EU-wide legal instruments to promote core social standards.

- 1) **An urgent Marshall-type investment plan** is needed which can put into practice the Europe 2020 goals. This is particularly important, to deal with the urgency of rising poverty, particularly in Southern and Eastern Member States. In the short-term public investment is needed to develop an integrated plan to create quality jobs, invest in public services and defend universal social protection.
- 2) **The EU needs an explicit EU integrated strategy to fight poverty beyond employment measures** and to reach the poverty target. All the other targets appear to have a clear policy strategy or agenda, except the poverty target. As EAPN has already set out in the previous section, this EU multi-dimensional framework, needs to ensure access to rights, resources and services; investing in access to quality jobs, affordable services and universal social protection; tackling discrimination and promoting empowerment and active participation, financed through fairer distribution and tax justice.
- 3) **New priority to make effective use of EU Structural and Investment funds.** Explicit monitoring of compliance by Governments and Managing Authorities of the ring-fencing of 20% of ESF, is crucial in the coming period involving the review of stakeholders through the partnership principle. Member States should be required to report in detail on the use of Structural and Investment funds to achieve the poverty target, including delivery on the ex-ante conditionality on the antipoverty strategy, also as in the NRPs. This should be reviewed in detail in the Annual Progress Report,

linked to the Annual Growth Survey. Most importantly, the EU needs to find a way of to support grass-root initiatives not only funding large-scale, top-down government programmes, often involved in scaling up existing approaches. The EU should invest in a new poverty programme to support bottom-up innovation – a well-resourced local action programme to fight poverty which could support new models of social delivery and cross-national learning accessible to NGOs and other actors.

- 4) **Some explicit progress needs to be made on EU-wide instruments to promote social standards.** The EU strategy needs to be seen to be defending the European Social Model, based on access to universal services for all, protecting people against risks across the life-cycle. Targeting, without a universal right to services, embed ‘poor services for the poor’, fail to promote equality or to prevent as well as alleviate poverty. The EU must move forward on defining common principles and a framework for social standards, to ensure a level playing field and to reduce the increasing divergences and inequalities between different MS, particularly in the South and East. For EAPN the starting point should be progress towards a Framework Directive on minimum income³⁰, which EAPN has found legal justification to be carried out under existing Treaties - ie TFEU Art 153 1h, to ensure minimum decent living standards across the EU, to keep people close to the labour market and to ensure a dignified life. EAPN is currently coordinating a Commission-funded project 2013-14 (EMIN) researching, raising awareness on the state of play and the gaps on developing an adequate minimum income across the EU and proposing an EU road map for progress, including towards a legal framework. See <http://emin-eu.net/>

- **What would best be done at EU level to ensure that the strategy delivers results? What would best be done at Member State level?**

As highlighted above, EAPN believes in a **strong EU role, as long as a Social and Inclusive Europe is being promoted with a balanced economic and social agenda**, where economic policy contributes to social objectives rather than as an end in itself. The EU role is to set common objectives and targets, agree indicators, establish common guidelines and principles, build consensus on a common strategy, supported by EU funds, promote mutual learning and monitor the impact and results. We strongly believe that the EU must insist on guidelines for effective engagement with national parliaments, the EU Parliament and national and EU stakeholders.

The main obstacle named preventing the development of common EU frameworks in the social field is **subsidiarity**. However, when EU economic governance mechanisms are increasingly intervening directly in the specifics of national budgets, through the six and two pack, requiring cuts in social expenditure, it is difficult to understand where subsidiarity really lies? The EU needs to provide a common vision and inspiration, based on a common EU framework of social standards, if people are to believe that the EU is there for them.

³⁰ See EAPN Working Document on a Framework Directive on Minimum Income (Sept 2010)

At the MS level, Member states should decide **how they deliver on the shared strategies, but according to EU-wide common standards**. It is up to MS to decide on the detail of the policies, to engage stakeholders and national parliaments in the delivery, according to EU guidelines and to feedback to the EU level and other MS, the reality, the risks and the gaps, of current policies as well as the successes and recommendations for the future.

A new relationship between MS and the EU needs to be forged on the basis of a transparent and consistent relationship across all spheres, based on accountability and partnership.

- **How can the strategy encourage Member States to put a stronger policy focus on growth?**

A short answer – by not insisting on further austerity. By encouraging/requiring MS backed by relevant CSRs to invest in inclusive and sustainable growth and building to a more long-term sustainable development model based on investment in quality jobs, social protection and public services, and funded through progressive redistributive tax policies. Making EU funds available for social investment is therefore crucial, including the funds of the EIB.

- **Are targets useful? Please explain.**

This is already explained in the Question 1 above. For EAPN the targets are useful, as agenda-setting instruments, raising visibility of the impact of policy on reducing poverty and inequality and to drive policy change, including through attracting EU Funds. But they are only useful if the targets are credible, ambitious enough and progress made. This will only happen if they are linked to effective strategies. See previous section.

- **Would you recommend adding or removing certain targets, or the targets in general? Please explain.**

See answers to the questions on Targets in section in Question 1:

- We defend the poverty target, but propose the obligatory use of all three indicators consistently by all Member States with the setting of ambitious targets to reach the EU target.
- We support the development of sub-targets for key groups – eg child poverty, homeless.
- An employment target linked to quality indicators.
- An education target that looks beyond formal education.
- A specific target on inequality (for example 20%/80% - although further debate would be needed to explore the best indicator to capture the real distributional impact at the very bottom and the top).

- **What are the most fruitful areas for joint EU-Member State action? What would be the added value?**

We think that all the core objectives and targets of Europe 2020 are priorities, and underline the importance of the poverty, as well as the other social targets. Reducing poverty and

inequality is a concern of all Member States in order to reach their commitments, as well as providing the most sustainable basis for inclusive growth, and underlines the need for common EU frameworks. The imbalances between Member States are undermining social cohesion as well as an inclusive recovery and development. Anti-poverty policies pursued by any MS inevitably impact on others – for example countries without adequate strategies to tackle growing poverty, risk increasing emigration of adult men and women, and increasingly youth, with implications for their p stability of their countries, social protection systems and long-term prosperity as well as agreed social rights. Piecemeal approaches will not work. Joint EU-MS actions are needed to set common standards and approaches on minimum income, social protection, minimum wage and quality work, as well as investment in quality jobs and services. Agreeing common frameworks to outlaw discrimination are also crucial.

5) Do you have any other comment or suggestion on the Europe 2020 strategy that you would like to share?

We would like to highlight EAPN's comprehensive position paper – on how Europe 2020 can deliver on poverty, developed together with EAPN national and European Organisation members over the last year (2013-14). The paper includes an assessment of performance until now and concrete recommendations.

EAPN make 5 overarching demands for a transformative EU agenda

- 1. Building a coherent economic/social strategy and governance model**
- 2. Establishing credible poverty reduction and social targets**
- 3. Prioritising an EU integrated Strategy to fight poverty and an urgent Marshall-type investment plan**
- 4. Establishing democratic and accountable governance**
- 5. Using EU money for combatting poverty.**

For detailed recommendations: [See: EAPN Input to the Mid-Term Review: Can the Strategy be made fit for purpose to deliver its promises on poverty reduction? \(July 2014\)](#)

Thank you for completing the questionnaire. Please send your contribution, along with any other documents, to SG-EUROPE2020-CONSULTATION@ec.europa.eu.