

# What progress on Social Europe?

## EAPN Assessment of the National Reform Programmes 2016 Executive Summary

**PROPOSE A TRANSFORMATIVE, SOCIAL AND  
ECONOMIC AGENDA**

**DEMONSTRATE A CLEAR SOCIAL DIMENSION:  
SOCIAL RIGHTS, SOCIAL INVESTMENT AND SOCIAL STANDARDS,  
WITH AN EU ANTI-POVERTY STRATEGY**

**DEMOCRACY NOW! ESTABLISH CLEAR MECHANISMS  
TO ENSURE EFFECTIVE NGO PARTICIPATION AND IMPACT**

October 2016

## Scope of this report

This report provides a summary of EAPN's report "*What progress on Social Europe. EAPN Assessment of the National Reform Programmes 2016*".

The full report is based on EAPN members' assessment of the 2016 National Reform Programmes (NRPs), reflecting on the effectiveness of policies and their implementation in relation to the social targets (poverty, but also employment and education targets), the use of EU funds in support of the targets, and the extent and quality of civil society engagement. It is based on the questionnaire responses of 17 EAPN National Networks (BE, HR, CY, CZ, DE, EE, FI, IE, LV, LT, MT, NL, PL, PT, SK, ES, SE) with input from EAPN Iceland and Macedonia as a benchmarking exercise. It also incorporates the results of workshop exchanges from 31 national networks in the EAPN EU Inclusion Strategies group meeting in June 2016. The report was drafted by the EAPN policy team: Sian Jones and Amana Ferro, with support from Viola Shahini as policy intern.

This summary contains the following sections (from the full report):

- Executive Summary
- Key Messages and Recommendations to the AGS 2017
- Eapn Summary Scoreboard

## Executive Summary

The **main message** from the report is that although there has been a welcome shift away from austerity in several countries, **the European Semester is still moving away from Europe 2020 goals**, prioritizing macroeconomic and fiscal priorities, often to the detriment of poverty reduction and other social goals. Whilst some increased focus is given to the poverty target in sections of the NRPs, the overall priority, within the Semester is low. Strong concerns are raised about the lack of policy coherence, and failure to promote a balanced economic and social agenda that prevents economic policies from undermining social goals. Although there are some positive examples of progress on anti-poverty and social inclusion strategies, the lack of a coherent EU integrated strategy to fight poverty based on access to quality social protection and adequate minimum income schemes, quality services and jobs, is evident. In the NRPs, it is clear that the increasing focus is for Member States to respond to the Country Specific Recommendations rather than a systematic appraisal of all Europe 2020 target areas and concerns. This **undermines the message that the Semester is a key instrument for delivering social goals, and raises serious concerns about whether the EU will show sufficient political will to impact on poverty**, despite 1 in 4 of its population continuing to be at risk.

Although there had been increased positive rhetoric about the importance of civil society engagement, the review of the NRPs indicates that civil society engagement is generally still given a low priority in the Semester. Whilst some progress is indicated in a few countries, generally the engagement is of poor quality, with even the better cases of a more structured dialogue and partnership approach struggling to provide concrete examples of real policy impact. While there are some positive examples, the role of the European Semester Officers is still not being sufficiently exploited to support and encourage effective stakeholder engagement, particularly of NGOs and the people directly experiencing poverty and social exclusion.

On the **macroeconomic front, a welcome message is sent from members about a reduction in austerity approaches and an increase in investment in some countries** (a decline from 76% to 38% say that austerity is the dominant focus in the NRPs, generating more poverty). However, 3 out of 4 members' responses see the NRPs as still primarily aimed at macroeconomic and financial management, not on Europe 2020 targets (75%). There is also evidence of a growing divide as countries that do face deficit challenges are still put under pressure from the CSRs to reduce deficits as the main priority. EAPN members say this is still primarily focused on cuts in social spending, which is generating more poverty.

Although there is more focus on investment, only a few countries indicate an increase in social investment. Lack of public investment and increased privatization is seen as impacting negatively on people's access to universal quality services, particularly in access to universal, free or affordable health services. The deregulation of the labour and housing markets, carried out without any social impact assessment, is seen as contributing to loss of social rights, undermining the potential to access a quality job and or to access affordable housing. Whilst there is an increased focus on tax, particularly shifting tax away from labour and on increasing tax collection, it is not generally being used as an instrument to reduce inequality and finance welfare states, through more progressive taxation, but rather as an instrument to growth. Concerns are raised about a lack of impact analysis of the poverty and distributional impacts.

**Poverty is still not a main focus in the NRP** (75% of members confirm this), despite the failure to progress on the poverty target and the widening differences and imbalances between Member States (MS). Although nearly all MS dedicate a specific section to the poverty target in the NRP, there is a

general lack of seriousness about the targets and the policy responses needed. Piecemeal approaches which individualize the responsibility for ‘being poor’, rather than blaming failed structural economic and social policies, are increasingly dominant. A job is proposed as the main or only route out of poverty, with little regard to the lack of quality jobs and the difficulty for excluded people and communities to access them. In-work poverty is generally not tackled, or the need to ensure social standards or social rights, particularly to ensure an adequate income through the life cycle. Whilst improvements are noted in some countries in relation to addressing accessible minimum income schemes, in others, cuts or detrimental changes in eligibility or duration are being carried out. In Hungary for example, minimum income has been abolished. This is linked to a worrying increase in work fare and increased punitive conditionality. The weakening of public services, particularly the principle of universality, in response to the CSRs’ focus on cost effectiveness and efficiency is a major concern. The erosion of universal affordable health care systems raises major alarm bells for all our members.

Whilst **welcome references are made to an integrated anti-poverty strategy** in several countries, most fall short in terms of a rights-base or comprehensiveness (i.e. ensuring access to quality jobs, services and social protection, and combating discrimination). This is also true for integrated, rights-based ‘Investing in Children approaches’ and tailored strategies for other target or thematic groups, with 63% of responses highlighting that insufficient progress has been made on implementing key EU social investment priorities particularly Investing in Children and tackling homelessness. In the area of homelessness, although some new positive measures are highlighted, NRPs sometimes fail to mention other existing positive developments. Little is being done to tackle the diminishing supply of affordable homes to deal with market failure and through investment in social housing.

Some **welcome progress is seen on the Employment target, but widening gaps** are evident between Member States. Serious concerns are raised about whether the statistics capture the reality, and whether the right policies are being put in place (81% of responses highlight that no mention is made of increasing quality jobs or tackling in-work poverty as a key priority). Quality of work is rarely mentioned and low paid, insecure and precarious jobs are on the rise, with several NRPs containing explicit provisions that support lower wages, precarious contracts and erosion of employment rights. Comprehensive strategies and investment for job creation are mainly missing, and the results unclear. More positive initiatives are seen in promoting social economy and entrepreneurship, with new legal frameworks. Activation policies continue to focus on negative conditionality, rather than providing comprehensive, tailored support for the groups most in need, with worrying cuts in public funding. Youth are overwhelmingly the prioritized group, rather than promoting an inclusive labour market for all. Key groups facing multiple obstacles are often left behind e.g. people with health problems including mental health, refugees, older workers, ethnic minorities including Roma and Travelers, lone parents, people with disabilities. A clear approach to address gender equality issues, particularly gender pay gap in employment, is missing.

In relation to the **Education targets**, members also report **progress on the Europe 2020 school leaving target**, but highlight an unequal distribution of results, both geographically as well as for specific groups (particularly Roma, Travelers, migrants, and those with special education needs and/or a disability). Where the target has been met, governments often seem to lose interest in the topic. Quality and inclusiveness is a major concern, as is the tendency to deal with lifelong learning as a labour market issue, rather than a comprehensive approach that ensures personal development, with 69% highlighting that proposed education and training measures are primarily aimed at increasing skills rather than ensuring a comprehensive, inclusive, quality education system for all.

**When assessing the implementation of the 20% earmarking of ESF for social inclusion and poverty**, as highlighted in the NRP, concerns were raised about the effectiveness and quality of the spending (only 37.5% agreed it was being used effectively). Although higher average spends on social inclusion are being made in several countries, most programmes prioritize supporting integration in the labour market and social economy, but without necessarily ensuring quality or sustainable jobs or demonstrating how these measures will result in poverty reduction and social inclusion. Although Active Inclusion is a thematic priority and there is an ex-ante requirement to have an integrated antipoverty strategy in place, there are few signs that this approach is being effectively implemented beyond employment. The Code of Conduct on partnership was a welcome step forward, but the review indicates continuing low participation of NGOs in monitoring committees, and major obstacles for NGOs to access funding, with some important exceptions.

Finally, on the issue of **governance and participation**, EAPN members regret that the NRPs continue to merely report on existing initiatives, rather than setting out a strategic vision and future plans, with full involvement of stakeholders. The NRP is still mainly drafted by the Ministry of Finance or Prime Minister's office, with low priority to social ministries or social issues. Although 56% of EAPN respondents said that anti-poverty NGOs were consulted, 69% said that anti-poverty NGO views were not seriously taken into account. There was also a growing divide between those MS where consultation had actually deteriorated, and those who showed more encouraging signs of better involvement (FR, NL, PL, RO, ES, SE). Even where better processes took place, severe doubts were raised about policy impact by the majority.

## Key Messages and Recommendations to the AGS 2017

The EU is in crisis: business as usual will not be sufficient. The State of the Union address and Bratislava Declaration and Road Map all highlight this concern. However, the current proposals seem unlikely to make a significant difference. They are not sufficient to ensure economic policies deliver on social goals, nor do they set out a road map for how they will implement Europe 2020 goals and targets, or the new European Pillar of Social Rights. Most importantly, they do not show how progress on Social Europe will be made, and growing rates of poverty, exclusion and inequality in the EU effectively tackled to ensure a real impact on people's lives.

### *1. Propose a transformative, social and economic agenda*

The AGS 2017 must demonstrate a coherent determination to promote an economy that is beneficial to all. This means putting social objectives on a par with macroeconomic priorities, backing policies that contribute to Europe 2020 social goals/targets, implementing social rights as well as preventing policies that generate increased poverty and inequality. A more transparent and democratic process that can ensure effective ex-ante and ex-post social impact assessment including through the new Regulatory Scrutiny Board, will be crucial. This balanced approach must be consistently reflected in the guidance note for the NRPs and at all stages of the Semester, including the Country Reports and CSRs. An explicit reference should be made to link Europe 2020 and the Sustainable Development Goals 2030 Agenda, setting out a roadmap for how this will be implemented including through the European Semester.

## ***2. Demonstrate a clear social dimension: social rights, social investment and social standards, with an EU anti-poverty strategy***

The 2017 AGS must also include an explicit 'social priority/objective' to rebalance other priorities:

- Set out a road map for the implementation and mainstreaming of the European Pillar of Social Rights in all policies;
- Recognize that social policy, particularly social protection, is an investment not a cost with potential for disregard as part of MS deficits. Social investment must become an explicit priority in the EFSI;
- Underline the need for the EU to establish a level playing field and reduce inequalities between and within MS, through concrete measures and EU frameworks to ensure social standards – e.g. with a Framework Directive on adequate minimum income, and EU framework for minimum living wages and progress on an EU unemployment benefit;
- Back the development of an explicit integrated anti-poverty strategy, based on access to quality minimum income and social protection, quality services and jobs, developed together with stakeholders.

## ***3. Democracy now! Establish clear mechanisms to ensure effective NGO participation and impact***

If the EU is to have a chance of support, the European Semester needs to become visibly accountable, not only to national and EU parliaments but to the real people living on the ground. This means giving priority to effective NGO participation, particularly those that work with people who are suffering the worst impact. The Semester must set out clear mechanisms, with concrete guidelines for effective, quality participation, and provide the necessary financial resources to support such engagement, on an equal footing with social partners. Lessons can be taken from the EU Code of Conduct of partnership (ESIF), promoting mutual learning and peer review of good practices to increase the quality. Most importantly, participation must go beyond mere consultation and become a partnership approach through regular structured dialogue, where participants' views are taken into account and incorporated into solutions, as well as being made publically visible (e.g. by annexing to the NRP). The European Semester Officers should play a more explicit role to promote and fund effective civil society engagement.

## **Eapn Summary Scoreboard**

The EAPN Summary scoreboard, gives an overall picture of the views of EAPN members concerning the effectiveness of the NRPs in delivering on poverty and participation. In the base questionnaire, members are asked to rate their degree of agreement with the statements (strongly agree, partly agree, strongly disagree, partly agree, not sure). The overall scores are captured in the scoreboard table. The first table highlights the aggregated scores (overall agreement or disagreement), whilst the detailed scoreboard highlights the range.

## SUMMARY SCOREBOARD: EAPN MEMBERS VIEWS ON 2016 NRPS

75 %	NRPs are primarily aimed at macroeconomic and financial management not on Europe 2020 targets (19% strongly agree + 56% partly agree)
38 %	Austerity is generating more poverty and social exclusion and is still the dominant focus of NRPs (19% strongly agree + 19% partly agree)
50 %	The NRPs are more focused on investment, but not on social investment (19% strongly agree + 31% partly agree)
68 %	The burden of the crisis is NOT being equally distributed (25% strongly disagree + 43% partly disagree)
75 %	The NRPs do not have poverty as a main priority, and employment (with increased conditionality) is seen as the only solution to fight against poverty (37.5% strongly agree + 37.5% partly agree)
75 %	The NRPs lack an integrated strategy on poverty, supporting active inclusion – access to quality jobs, services and adequate minimum income (37.5% strongly disagree + 37.5% partly disagree)
63 %	No progress has been made on implementing key EU social investment priorities – particularly investing in children and tackling homelessness (19% strongly disagree + 44% partly disagree)
81 %	The NRPs do not mention increasing quality jobs and tackling in-work poverty as keys priorities in the NRP (31% strongly disagree + 50% partly disagree)
56 %	The employment measures proposed in the NRPs are not the right ones to ensure access to quality jobs for all (25% strongly disagree + 31% partly disagree)
69 %	The education and training measures are primarily aimed at increasing skills not at ensuring a comprehensive quality education system (6% strongly agree + 63% partly agree)
62 %	Social protection is seen as a cost not a benefit, nor as a social investment (19% strongly agree + 43% partly agree)
37.5%	Structural Funds are being used effectively to reduce poverty and to deliver on the 20% ear-marking of ESF
56%	Anti-poverty NGOs were consulted in the development of the NRPs (6% strongly agree + 50% partly agree)
69%	Anti-poverty NGOs' views were not taken seriously into account in the NRPs (44% strongly disagree + 25 % partly disagree)

### DETAILED NRP GENERAL SCOREBOARD

Questions	Strongly Agree	Partly Agree	Strongly Disagree	Partly Disagree	Not sure
1. <i>The NRP is primarily aimed at macroeconomic/financial management not Europe 2020 targets</i>	19%	56%	6%	13%	6%
2. <i>Austerity is still the dominant focus, and is generating more poverty and social exclusion</i>	19%	19%	13%	19%	30%
3. <i>There is more focus on investment, but not on social investment</i>	19%	31%	6%	25%	19%
4. <i>The burden of the crisis is being equally distributed</i>	13%	6%	25%	43%	13%
5. <i>Poverty is not a priority, and employment is seen as the only solution with increased conditionality</i>	37.5%	37.5%	6%	19%	-
6. <i>An integrated strategy on poverty, supporting active inclusion – access to quality jobs, services and adequate minimum income is proposed</i>	6%	6%	37.5%	37.5%	13%
7. <i>Progress has been made on implementing key EU social investment priorities – particularly investing in children and tackling homelessness</i>	-	37%	19%	44%	
8. <i>Increasing quality jobs and tackling in-work poverty is a key priority in the NRP</i>	6%	13%	31%	50%	-
9. <i>The employment measures proposed are the right ones to ensure access to quality jobs for all</i>	-	25%	25%	31%	19%
10. <i>Education and training measures are primarily aimed at increasing skills not at ensuring a comprehensive quality education system</i>	6%	63%	-	31%	-
11. <i>Social Protection is seen as a cost not a benefit, or a social investment</i>	19%	43%	13%	19%	6%

12. Structural Funds are being used effectively to reduce poverty and deliver on 20% of ESF	6%	19%	-	37.5%	37.5%
13. Anti-poverty NGOs were consulted in the development of the NRPs	6%	50%	19%	19%	6%
14. The opinion of anti-poverty NGOs was taken seriously into account in the NRPs	6%	19%	44%	25%	6%

75% of responses still see the NRPs as overwhelmingly a macroeconomic instrument, with insufficient focus on Europe 2020 and particularly the poverty target. However, some improvement is seen in some countries, with a significant drop in the domination of austerity approaches (38% compared to 76% last year), and an increase in investment approaches, while not sufficient social investment (50%). However, in the countries where austerity persists, it is seen as a predominant reason for increasing poverty, exclusion and inequality. 68% still see the burden of the crisis not being equally distributed (although an improvement on last year is noted – 88%). 50% say that social protection is still being treated as a cost not a benefit.

Poverty is not seen as a major focus in the NRP, with employment-only solutions still being too dominant, without commitments to quality employment or tackling in-work poverty and involving increased conditionality (75%). The lack of an integrated, rights-based poverty strategy promoting access to quality jobs, services and social protection is still underlined by most as the major obstacle to effective policies to tackle growing poverty and exclusion (75%).

When it comes to using EU funds to support anti-poverty policy delivery, only 37,5% see the 20% earmarking for social inclusion and tackling poverty as currently effective. Finally, on participation, although EAPN members continue to try to engage with the European Semester at national level, only 56% say that they were consulted on the NRP, with 57% saying their input wasn't taken seriously into account.



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**The European Anti-Poverty Network (EAPN) is an independent network of nongovernmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union, established in 1990.**



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