

11 October 2016

President of the European Commission
Mr Jean-Claude JUNCKER

Dear President Juncker,

AGS 2017: “Better Europe” needs a transformative, social and economic agenda

We are writing to you on behalf of the **European Anti-Poverty Network (EAPN)** the largest platform of anti-poverty organizations in Europe, representing more than 6000 organisations across 31 countries, working with and for people with direct experience of poverty.

You are currently preparing the **2017 Annual Growth Survey**, which will drive the European Semester in 2017. In your **State of the Union address: Towards a Better Europe**, EAPN welcomed your recognition of “*existential crisis*” facing the EU. You underlined “*the loss of common ground... the risk of fragmentation*”. You recognized “*the risks of high unemployment and social inequality....as well as the huge challenge of integrating refugees*”. You highlighted the need for the EU to be “*a world leader when it comes to the fight for human rights and fundamental values*”. We also welcomed in the Letter of Intent sent to President Schulz, the reference to the “*presentation of the European Pillar of Social Rights*” as part of the 5th priority for a deeper and fairer Economic and Monetary Union.

However, in the main substance of the speech, there was **little reference to social rights, social investment and social standards defending EU welfare states and quality jobs**. Neither were there proposals on how the EU will ensure that economic, social and other policies work hand in hand to urgently reduce social inequality and make a **significant impact on the unacceptable levels of poverty and social exclusion in the EU faced by 1 in 4 of the population**.

If the EU is to respond to the **current social, economic and political post-Brexit crisis**, and other challenges such as the Hungarian referendum on migrants and the threat of suspending the EU funds in Portugal and Spain, concrete actions will be needed to **convince people on the ground that the EU is worth supporting** and a **clear priority given to effective participation of civil society**.

The **AGS 2017** marks the priorities for the European Semester in 2017. It is crucial for the credibility of the EU and continuing support for its processes that these issues are reflected in it. The European Semester cannot just be **treated as instrument for ‘economic coordination’**, equal weight must be given to **‘thematic coordination’ to ensure delivery on**

Europe 2020 goals, particularly the poverty target, underpinned by real democratic accountability and participation. We urgently call on the European Commission to **reject business as usual** and embrace a **more transformative social and economic agenda**, underpinned by real democratic accountability and participation, starting with the **AGS 2017 priorities**.

EAPN has actively engaged with its members in the European Semester at national and EU level since 2010, in order to get progress on Europe 2020 goals, and in particularly the poverty and social targets. In October, we have now finalized with our members the **EAPN Assessment of the European Semester and the National Reform Programmes 2016: What progress for Social Europe?**

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**.

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.

We highlight **Key Messages for the AGS 2017 to promote 'Better Europe'**

1. Propose a transformative, social and economic agenda

- The AGS 2017 must demonstrate a coherent determination to promote an economy that benefits 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 effective and transparent, ex-ante and ex-post social impact assessment including through the new Regulatory Scrutiny Board.
- 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 should 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

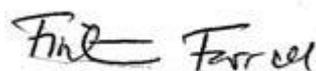
- If the EU is to have a chance of support, the European Semester needs to become visibly accountable, not only to national and EU parliaments but to the people living on the ground. This means giving priority to effective NGO participation, particularly those that work with people who are suffering 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.

We hope that you will take on board our proposals in your deliberations and would welcome the opportunity to discuss them further with you.

Yours sincerely



Sergio Aires
EAPN President



Fintan Farrell
EAPN Acting Director