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Informal EPSCO Council –
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European social NGOs call for a more social, democratic and participative economic governance and Europe 2020 strategy

"In defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health".

- Article 9 of the Treaty of Lisbon

1. **Invest in a Social Pact to ensure an 'inclusive' growth responding to the deteriorating and worrying social situation in Europe. This Social Pact should be given the same prominent priority as the current economic policies**

2. **Ensure a wide inclusive and democratic process to decide upon economic and social priorities. Decisions with such consequences on the population cannot be taken by the Commission and heads of government alone**

3. **Open the European semester and Europe 2020 strategy processes to social NGOs ready to play their role in their areas of expertise in the economic governance and Europe 2020 strategy**

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Key messages in brief

1. **Invest in a Social Pact to ensure an 'inclusive' growth responding to the deteriorating and worrying social situation in Europe. This Social Pact should be given the same prominent priority as the current economic policies**

   In the last two years, EU priorities have been driven by austerity measures and fiscal consolidation. Now at times of record levels of poverty and unemployment, and recession we reject any fiscal, monetary and economic integration without social integration. The current approach totally contradicts article 9 of the Treaty and undermines democratic legitimacy.

   To respond to the deteriorating and preoccupying social situation in Europe, we propose to you a Social Pact that will support an inclusive growth with quality jobs, adequate social protection systems and accessible public services that ensure poverty reduction and social inclusion.

2. **Ensure a wide inclusive and democratic process to decide upon economic and social priorities. Decisions with such consequences on the population cannot be taken by the Commission and heads of government alone**

   The current process around the Europe 2020 Strategy and the economic governance is clearly suffering from a democratic deficit. The decisions are prepared and made between the European Commission and the head of states. There is neither social nor civil dialogue at EU level on the decisions taken in the economic governance and the Europe 2020 strategy.

   In order to respond to this failure, we call for a strengthened democratic debate and involvement of the European Parliament, national parliaments, local and regional authorities, civil society and social partners.

3. **Open the European semester and Europe 2020 strategy processes to social NGOs ready to play their role in their areas of expertise in the economic governance and Europe 2020 strategy**

   Social non-governmental organisations are barely involved in implementation the Europe 2020 Strategy and in the European Semester.

   We call on you to involve civil society organisations at local, regional, national and European level in the decision making process of the economic governance and the implementation of the Europe 2020 Strategy in order to give a voice to those who are directly impacted by budget and fiscal consolidation.

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Social Platform's full contribution

1. Invest in a Social Pact to ensure an 'inclusive' growth responding to the deteriorating and preoccupying social situation in Europe. This Social Pact should be given the same prominent priority as the current economic policies

We are calling for an alternative approach away from the current emergency measures with damaging social consequences. Instead EU policy should install a sustainable and inclusive long term plan for an economy that responds to the needs of the EU population.

The Europe 2020 strategy has been totally over run by the Six pack and Two pack. We reject fiscal, monetary and economic integration without social integration as this approach is totally undermining democracy in Europe and contradicts article 9 of the Treaty. Unless the Europe 2020 social targets (poverty, education and employment) are implemented with equal respect to all targets, it will not be a strategy that can help to restore the declining level of trust among citizens for the EU Institutions and the belief that Europe and national governments are responding to the social needs of their population.

At times of high poverty and unemployment, recession and absence of growth, we call on you to invest in a Social Pact in the economic governance that will support an inclusive growth with quality jobs, adequate social protection systems and accessible public services that ensure reduced poverty and reduced social exclusion. It should go beyond the investment in employment as this is not the only solution to poverty and often is not a solution at all.

How?

The Social Pact should at least comprise actions to:

a. **Ensure the implementation of the commitment to lift at least 20 million people out of poverty and social exclusion**, to improve the lives of people while bringing economic benefits for society, including through social protection systems with adequate minimum income schemes. **All member states should receive a country specific recommendation (CSR) on the poverty target each year**.

b. **Invest in quality and sustainable employment** to counter the increase of precariousness, indecent working conditions, labour market segmentation and in-work poverty and to guarantee decent wages. Look into the creation of quality employment in the social economy. Ensure that discriminatory practices in the field of employment are fully and effectively prohibited.

c. **Invest in quality education and training** to achieve equal opportunities, social inclusion and full participation, to include the disadvantaged groups as well as to safeguard the education of the new generations and the prosperity of our society. Ensure that education and training are accessible to all, without harassment, discrimination or bullying and promote diversity.

d. **Invest in quality social and health services** as a potential source of quality employment and as an answer to the ageing population, the need to support early childhood interventions and the marginalisation of vulnerable groups as an investment in our future generations. Make sure that health inequalities that affect members of all minority groups, are adequately tackled.

e. **Ensure affordability of housing** to respond to the current housing market crisis and to address the growing need for affordable housing – in particular rental housing – for an increasing part of the population including the most vulnerable, who are often overlooked in times of crisis.

Why?

- **Despite the recent declarations on the need for growth, the main focus of the economic governance is still primarily on austerity measures and budget cuts**. The first priority of all the CSRs is always on correcting an excessive budget deficit and requires "rigorous implementation of budget strategy".

- **The fight against poverty is obviously absent from your top priorities. Your commitment to lift 20 million people out of poverty is not being implemented.** National commitments amount to a maximum of 12 million people. Meanwhile, only a limited number of countries have received a CSR on alleviating poverty. All of them limit their focus to the mere creation of incentives to work as the only means to tackle poverty and social exclusion.

- **Increasing precariousness in the labour market is detrimental to an inclusive growth. The word quality is never linked to employment in the CSRs and most of them aim at lowering employment protection and thus the quality of employment.** They request for example: "reform of the system of wage indexation", "ensure that the minimum wage adaptation support competitiveness and job creation", "limit use of civil law contract and extend the probation period for permanent contract", or "adjust employment protection legislation as regards permanent contracts in order to reduce labour market segmentation"[1].

- **The European Parliament stresses that the failure to apply the principle of 'equal pay for equal work of equal value' undermines the Europe 2020 employment objectives.** In addition it points out that the more active involvement of women in the employment market helps enhance the sustainability of insurance schemes, particularly in the light of demographic trends[2].

- **Cutting social and health services and social protection as proposed in some member states will threaten the economic recovery prospects for Europe.** Not investing in health and social services will mean both worse health and social outcomes and higher expenditure since patients will need more intensive and expensive interventions in the longer term. NGOs have noted the rise in the need for services, increases in disease, transfer of care and payments to households, and the denial of universal and equitable access to quality health care. This destabilises social values and undermines Europe.

[1] Country specific recommendations to Belgium, Cyprus, Luxembourg, Malta and Sweden, Slovenia and Poland.
[2] Parliament Report with recommendations to the Commission on application of the principle of equal pay for male and female workers for equal work or work of equal value (2011/2285(INI))

2. Ensure a wide inclusive and democratic process to decide upon economic and social priorities. Decisions with such consequences on the population cannot be taken by the Commission and heads of government alone

We call for a strengthened democratic debate and involvement of the European Parliament, national parliaments, local and regional authorities, civil society (as looked at more specifically in point 3) and social partners in order to respond to the democratic deficit of the current process around the Europe 2020 Strategy and the economic governance.

We furthermore call for a **strengthening of the role of the EPSCO Council** in its competence for social issues, implying a more independent role from the ECOFIN Council, while creating further dialogue between both Council formations.

How?

a. **Organise twice a year a Social Summit on inclusive growth** as a high level forum for a civil dialogue between EU institutions and EU civil society organisations focusing on quality employment and the reduction of poverty and social exclusion, besides the Annual Convention of the European Platform Against Poverty and Social Inclusion. This will complement the already existing Tripartite Social Summit for Growth and Jobs.

b. **Set clear and compulsory procedures that allow for true involvement of the European Parliament and national parliaments, local and regional authorities, and of civil society and social partners** in drafting and concluding National Reform Programmes (NRP), National Social Reports (NSR) and CSRs (building on improvements in the Two pack). A structured dialogue should exist throughout the whole policy cycle of the European semester, not only in the preparation phase of proposals, but also during their elaboration, implementation and evaluation.

c. **Ensure that the NSR's main recommendations are integrated in the relevant parts of the NRPs** including commitments from member states on how these recommendations would be implemented in order to ensure the integration of the inclusive criteria of the Europe 2020 Strategy and shaping the Country Specific Recommendations (i.e, social impact of budget consolidation, implementation of employment, education and poverty targets).

d. **Ensure full transparency of the processes that make up the European economic governance and the implementation of Europe 2020** from the design of NRPs and NSRs to Commission CSRs and the final Council Recommendations, and set clear rules on how these different instruments are related.

Why?

- **Following to a great extent the adoption of EU led austerity measures, we all witnessed the social unrest and demonstrations** in Greece, Spain, Italy, Portugal, and the UK and in many other countries, reflecting the breakdown of trust in national and EU institutions and democratic process.

- **At the EPSCO Council meeting in June, Ministers of Employment and Social Affairs furthermore expressed the need for the EPSCO Council to fully retain ownership of cross-cutting issues of common concern**, such as pensions, wage policies and the tax wedge on labour, which are also being addressed by the ECOFIN Council.

3. Open the European semester and Europe 2020 strategy processes to social NGOs ready to play their role in their areas of expertise in the economic governance and Europe 2020 strategy

We call on you to involve civil society organisations at local, regional, national and European level in the decision making process of the economic governance and the implementation of the Europe 2020 Strategy in order to give a voice to those who are directly impacted by budget and fiscal consolidation. Our involvement will help to reduce the current democratic deficit of the European governance.

Non-governmental organisations are barely involved in implementation of the Europe 2020 Strategy and in the European Semester.

How?

a. Ensure that civil society organisations and people from disadvantaged groups are engaged as part of a meaningful regular dialogue process with all relevant stakeholders at national, regional and local level, by taking the following actions:

- Involve and treat as equal partners organisations representing different sectors of civil society, taking into account their specific expertise. More ownership and accountability of these processes will also trigger more input from NGOs.

- Involvement has to happen at all governance levels. Local and regional authorities should consult and rely on the specific expertise of the organisations working within their area.

- The value of engaging civil society in the process must be acknowledged by appropriate funding and structural support, absolutely essential in times of the economic crisis.

- National Stakeholder involvement for developing NRPs and NSRs needs to be organised in a structured way to ensure meaningful participation for example through a platform approach, as it is done in Belgium, with joint debates and public hearings, and regular conferences on the monitoring of EU 2020 in member states. For the involvement of NGOs, member states should:
  - Consult with them on the design, delivery and evaluation of NRPs and NSRs.
  - Allocate adequate time for stakeholders to contribute effectively in the process.
  - Provide specific funding for national civil society organisations to contribute to independent assessments of Stability and National Reform Programmes and to raise awareness on the European Semester process.

- NGOs should be considered as a reliable partner for managing and co-managing the EU funds and programmes as proposed by the Commission in article 5 of the general regulation of the structural funds. The opportunities for financing capacity-building of NGOs should not be restricted e.g. to less developed regions, but should at least also be available in other regions.

- Facilitate mutual learning between civil society and the national authorities through the expansion of the existing tools, such as the peer review under the Social OMC, into other areas. The topics should reflect the thematic priorities and support the member states in implementation of Europe 2020. This will enable member states to tap into the existing knowledge of the NGOs and strengthen the structural framework for their involvement.

b. As regards poverty and social inclusion we ask national governments to:

- Take a multidimensional approach to poverty and social exclusion in order to combat it, by engaging several policy areas and civil society sectors.

- Establish appropriate participative structures that involve: organisations that represent people living in poverty and organisations working with them; organisations working on equality to take into account the link between social exclusion and discrimination, and social services of general interest and health services which are essential in supporting people in getting out of poverty.

- Involve these organisations in all measures to alleviate poverty in member states, from minimum income schemes and social protection to defining the access to services and the access to employment for people furthest away from the labour market. The participatory process should be adapted to the needs of participants.

c. As regards employment we ask national governments to:

- Establish appropriate participative structures that involve: organisations that represent people living in poverty and organisations working with them, organisations promoting equality and non-discrimination and organisations working on the issue of discrimination in the workplace and women's organisations.

- Draw from the expertise of non-governmental organisations in dealing with specific issues of the labour market to complement the valuable work of the Social Partners. This expertise concerns access to employment for the ones furthest away from the labour market, the issue of in-work poverty that involves not only contractual relationships but other policies than employment such as housing, services, care, etc., discrimination in the work place and promotion of equality and non-discrimination to tackle unemployment, under-employment and pay gaps.

- Promote social economy and social economy enterprises managed by NGOs, as it has been proven in many countries to be efficient in providing job opportunities. The role of social economy and services delivered by the non-for profit organisations should be therefore better reflected in the national labour and development policies. The social economy sector deserves to be assisted with similar funding and measures as other enterprises e.g. SMEs, as it is contributing to smart, sustainable and inclusive growth.

d. As regards health and social services we ask national governments to:

- Establish appropriate participative structures that involve: organisations that represent service providers, end users, and marginalised groups and organisations that work with them, organisations working on the issue of health promotion and social protection, and citizens organisations.

- Involve these organisations to deal with the provision of quality health and social services and make use of their competences in the implementation phase of social and health-related policies.

e. As regards education we ask national governments to:

- Establish appropriate participative structures that involve: organisations aiming at ensuring access to all to education, and in particular, those who tackle discrimination at school as this has a very negative impact on under-achievement, early-school leaving, unemployment and mental health issues.

- Ensure that public authorities actively consult CSOs to jointly ensure that children and students have access to safe learning environments and reflect diversity and promote well-being.

Why?

- **Based on Article 11 of the European Union renewed Lisbon Treaty –we consider participatory democracy as a fundamental democratic principle of the EU and propose ways to organise dialogue with "representative associations and civil society".** Only for Luxembourg there is a CSR addressing the need to ensure stakeholder involvement, but even this one does not make any reference to civil society.

- **Civil society partners bring forward the concerns of people that are often unheard in the EU political debate and raise attention to issues that are not very visible on the agenda, thereby contributing to a more democratic and participatory debate**. Civil society organisations are a clear asset in making sure that people are active in shaping their society and best policy making takes account of views and experiences of those affected by and/or implementing policies.

- **NGOs' experiences show limited stakeholder involvement in the preparation of NRPs at the national level. Moreover, it seems that in 2012 the process was even weaker and less transparent than a year ago.** Few members of Social Platform and their national members have been involved in the drafting, monitoring and implementation of the NRPs, and almost none in a meaningful process which took on board their input, despite their expertise on the ground. In some countries the NGOs were indeed invited to comment on the NRPs, but they were mainly contacted by the ministries of labour and/or social affairs that were not responsible for the final versions of the NRPs. There was no feedback from the national administration on if, and how, the NGOs' comments were taken into consideration during the final stage of the NRPs' preparation where mainly ministries of economy or finances had a lead.

- **The European Parliament called on the Commission to ask civil society and social partners to contribute** to an annual shadow report on the progress of the member states regarding the headline targets and the implementation of measures proposed in the NRPs, in a resolution adopted last year on the European Semester for Economic Policy Coordination[3].

- **Given the labour market forecasts showing that Europe should not expect a significant increase of jobs in the years to come**, social economy enterprises offering e.g. "white jobs" in the care sector which will definitely expand, ought to be considered as an important labour supplier.

[3]. Paragraph 112 of Resolution (2011/2071(INI), December 1, 2011.