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Social Platform's
Steering Group
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POSITION ON THE MID-TERM REVIEW OF EUROPE 2020

How to put the EU back on track to reach the social objectives of the Europe 2020 Strategy

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KEY MESSAGES

I. Ensuring consistency of policies and transparent processes

Review the architecture of Europe 2020 and the Semester process to ensure the policies and actions implemented under the strategy are consistent with all its objectives, and to ensure its legitimacy through more transparency.

II. Ensuring progress on the social targets

Reduce poverty and social exclusion, inequalities and unemployment, increase quality employment and improve educational attainment under Europe 2020, in order to put the well-being of all people back at the centre of the strategy.

III. Ensuring meaningful and structured stakeholder involvement

Open up the decision making processes to social NGOs ready to play their role in their areas of expertise, in developing policies and in the implementation of the economic and social priorities of the EU.

INTRODUCTION

Europe 2020 was launched in 2010 as the EU's strategy for smart, sustainable and inclusive growth. Five headline targets were set including objectives on employment, the reduction of poverty and social exclusion and education.

Four years after the start of the strategy its failures are becoming more and more apparent as we are no-where near to reaching the poverty and employment goals: poverty in the EU has increased by 10 million in 5 years to 124 million and the unemployment rate has increased to around 11 % or 26 million people. On top of this income inequalities have risen with the top 20% having earned 5.1 times as much as the bottom 20% in 2012, demonstrating the growing social divergence.[1] These unacceptably high numbers, caused to a certain extent by the crisis, were strongly aggravated by austerity measures put in place to "save the economy".

Current policies and processes are completely out of balance and do not suffice to reverse the breakdown of social Europe. The situation will not change if the focus stays on economic growth without ensuring it is sustainable as well as inclusive, and without taking proper account of the negative social impact of current macroeconomic policies. As the focus is narrowed to growth, productivity and jobs, social cohesion and equality, including gender equality for all are lost.

What is therefore urgently needed is a rebalancing, within the strategy, of financial and economic priorities with a strong commitment to social priorities: we cannot ensure a strong economic union without a strong social union. There needs to be much more ambitious and quick action from the EU and member states to deliver on the social targets of Europe 2020, and everyone must make maximum use of the tools and processes at their disposal.

In this paper we have formulated a set of recommendations that will help to put the EU back on track to reach the social objectives of the Europe 2020 Strategy.

[1] EC Communication: Taking stock of the Europe 2020 Strategy for smart, sustainable and inclusive growth + Annex, March 5, 2014.

I. Ensuring consistency of policies and transparent processes

Review the architecture of Europe 2020 and the Semester process to ensure the policies and actions implemented under the strategy are consistent with all its objectives, and to ensure its legitimacy through more transparency.

Looking back at the previous European Semester cycles, it has become clear that consistency within the strategy between policies and recommendations in the economic field and in the social field is completely missing. Very often they contradict each other with economic priorities winning at the expense of social priorities.

We furthermore consider that the current processes are not transparent, not properly implemented, and ineffective in serving the goal of achieving the Europe 2020 targets.

Pursuing an ex-ante coordination of fiscal, economic and social policies and reforms is a minimum requirement to avoid inconsistencies and contradictions and to ensure social policies are enabled and not undermined by economic and financial policies.

How to get there at EU level?

1. **Perform an ex-ante coordination of fiscal, economic and social EU policies, actions and recommendations** put forward throughout the European Semester and in particular in the Annual Growth Survey (AGS) and Country-specific Recommendations (CSR). Such coordination needs to be supported by an extensive and comprehensive ex-ante and ex-post social and gender impact assessment of the different policies and recommendations.

2. **Include concrete actions and recommendations on all headline targets** in the AGS and CSRs and provide CSRs for all member states, including those under troika supervision. Ensure that policies implemented to reach one of the targets of Europe 2020 are not detrimental to another, to prevent for example employment reforms resulting in increased in-work poverty.

3. **Set up a framework for mainstreaming equality and fundamental rights objectives**, including gender equality, throughout the Europe 2020 Strategy and European Semester, to ensure the strategy takes a rights based approach.

4. **Provide an annual Progress Report** on the implementation of Europe 2020 and all headline targets. Such a report should draw upon the information provided in particular by the Joint Assessment Framework, the Employment Performance Monitor and the Social Protection Performance Monitor. The Report should also include information on how fundamental rights and equality, including gender equality, as well as the wellbeing of people (for example in terms of life expectancy and access to healthcare) were impacted.

5. **Complement the Scoreboard of Employment and Social Indicators with a system that triggers preventive and corrective actions** once the indicators in the scoreboard reach a certain value. This should help to ensure social concerns do not impact EU policies less than financial and economic concerns. Furthermore, the indicators should be reviewed on a regular basis and where identified, extended with other relevant social indicators, for example on extreme forms of poverty and exclusion.

How to get there at member state level?

1. **Perform an ex-ante coordination of policy proposals and reforms** among ministers of financial and economic affairs and those responsible for social and employment affairs, to prevent the dismantling of social protection systems.

2. **Provide information on the progress** toward all headline targets in the National Reform Programmes (NRPs).

3. **Set up a transparent and well-structured process for drafting and evaluating NRPs** in which all stakeholders, including the different administrations concerned and national

parliaments, are involved as equal partners in a timely way. Ensure that the same amount of space is given to economic and social concerns in the final version of the NRPs. This will also help raise the national visibility and transparency of Europe 2020.

Why?

- Since 2011, the AGSs are showing a disconnect between the Europe 2020 Strategy and the European Semester, the main tool for the strategy's implementation.

- The main focus of the CSRs over the years remained on reducing public deficits and debt, primarily through reducing public expenditure, rather than on coherent and balanced proposals which deliver on the objectives of Europe 2020. Unless the balance is restored, this absence of coherency will continue to generate increased poverty and social exclusion and undermine the social CSRs and their potential for delivery.

- The ongoing failure to set CSRs for Troika countries sends the message that these countries are excluded from Europe 2020.

- Mainstreaming equality and fundamental rights objectives should help to ensure equality for all and to eliminate discrimination on grounds such as gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation, or social status.

- The European Pact for Gender Equality[2], calls on the Commission and Council to incorporate a gender equality perspective in the AGS and CSRs. Without a breakdown of the headline targets, it will be impossible to measure, evaluate and monitor the way in which the EU 2020 Strategy and European semester are impacting on progress to achieve gender equality in the EU. For example, currently the employment rate of women is at 63% which is far below the Europe 2020 target of an overall employment rate of 75%.

- Whereas we welcome the creation of the Social Scoreboard, there will be no real social dimension of the EMU achieved if it does not trigger preventive and corrective actions when excessive social imbalances are registered. The scoreboard, like other existing EU instruments, also does not fully account for certain problems, such as extreme forms of poverty.[3]

[2] Council Conclusions of March 7, 2011 on European Pact for Gender Equality (2011-2020), p.10-13.
[3] There is a real risk of "creaming" that leaves the most excluded citizens out of progress towards the poverty target.

II. Ensuring progress on the social targets

Reduce poverty and social exclusion, inequalities and unemployment, increase quality employment and improve educational attainment under Europe 2020, in order to put the well-being of all people back at the centre of the strategy.

We have seen that member states, under the directions of the Commission and the Council, were able to agree to fiscal control on their budgets. The same commitment should be shown for social policy. Including a few lines in every EU official paper about Social Europe is not enough.

To bring the EU back on track with the Europe 2020 poverty, employment and education targets, as well as to reduce inequalities, financial and economic policies have to be rebalanced with strong social policies with the view of re-prioritising the social objectives of the strategy.

At the moment, economic priorities are still reigning at the top of the European agenda at the expense of social priorities and hence the well-being of people. It is therefore urgently needed to reinvigorate the inclusive growth pillar of the Europe 2020 Strategy and to avoid it being completely lost. There also can be no question of dropping the target to reduce poverty and social exclusion. This would render the inclusive pillar meaningless.

How to get there at EU level?

1. **Develop comprehensive action plans identifying the different steps and actions** that need to be taken to address all social headline targets of Europe 2020. Set out a roadmap for implementing the action plans linking into the European Semester processes and with a timeline from now until 2020 including intermediate benchmarks.

2. **Break down the social targets by population, age and gender** (i.e. women, younger people, older people, people with a disability, migrants) and set annual objectives for job creation and inclusion. This should build more public visibility and clarity about the effectiveness of EU and national strategies and would facilitate their adjustment if necessary.

3. **Assess how member states have followed up on the CSRs** in the fields of poverty and social exclusion, education, health and employment, publish the outcomes and take action in case of non-implementation.

4. **Adopt a concrete work plan to operationalise the Social Investment Package**[4] (SIP) with specific work streams on key priorities such as confronting homelessness, active inclusion, investing in children, adequacy of universal social protection systems and in-work poverty.

5. **Adopt an EU Framework Directive on Adequate Minimum Income** that establishes common principles, definitions and methods, to achieve a level playing field across Europe, and use the European Semester to monitor its implementation.[5]

6. **Put forward CSRs on fighting poverty and social inclusion for all member states** and make sure they properly reflect the social reality in each member state, including by taking into account assessments of national civil society organisations (CSOs).

7. **Define more clearly the different roles** of, and linkages between, the European Platform Against Poverty and Social Exclusion (EPAP), the SIP, the social OMC, the European Social Fund (ESF) and the Employment and Social Innovation Programme (EaSI), and the European Semester processes. All of these tools can bring an important added value to the fight against poverty and social exclusion and none of them should be dropped.

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[4] As called for by the Network of Independent Experts on Social Inclusion in their "Assessment of progress towards the Europe 2020 social inclusion objectives: Main findings and suggestions on the way forward", published March 2014.
[5] Social Platform position on an EU Framework Directive on Adequate Minimum Income, June 2014.

8. **Develop further tools to implement the Agenda for new skills and jobs as part of a coherent action plan that includes a stronger focus on ensuring the quality and sustainability of jobs.** Include actions to improve the accessibility of the labour market for all people that can work as well as actions for job creation aiming for strategic investment in the social, health and care sector.[6]

9. **Include measures on ensuring adequate social protection and the quality of jobs** when putting forward proposals and recommendations promoting mobility of people.[7]

10. **Monitor the implementation of the Youth Guarantee** and explore ways of providing additional funding, and step-up efforts to guarantee the quality of internships and the rights of interns, as a stepping stone towards permanent quality jobs.

11. **Address the long-term social impact of pension reforms**, i.e. the ongoing shifts from defined-benefit to defined-contribution pension plans and from statutory pay-as-you-go to funded schemes, to support member states in improving gender equality at all ages.

How to get there at member state level?

1. **Include ambitious national action plans in the NRPs to achieve all social targets and report on how these are implemented**, including by reporting on the use of EU structural funds. Provide information on how CSRs in the field of poverty and social exclusion, education and employment have been followed up.

2. **Break down the social targets by population, age and gender** in order to facilitate the assessment of progress in achieving the overall national targets towards these specific sub-groups.

3. **Apply a social investment approach to your social policies** that ensures such investment is understood as a long term benefit and not solely as a cost-effective exercise. Focus on the provision of incentives, and refrain from negative conditionality that leads to the punitive withdrawal of basic benefits and services, which results in even more poverty and social exclusion.

4. **Maintain and improve investments in adequate social protection systems** - including social services - which underpin social investment. Ensure that the system is rights-based, accessible, and inclusive, and that social protection bodies are working in a reliant, transparent, efficient and proactive way.

5. **Operationalise the Youth Guarantee in the short run** in every member state, in cooperation with (youth) CSOs, and ensure it respects minimum quality criteria to prevent creating poor quality jobs and poor quality training for youth.

6. **Combine funding received under the ESF** with funding under other EU programmes, including the ERDF, EaSI and Horizon 2020 to support social policies, and allocate additional resources from national budgets, and allocate resources to social NGOs when best placed to implement the policy actions concerned.

Why?

- Since 2011 the AGSs are missing concrete proposals or guidelines to address the increase in poverty and social exclusion and the recommended reform to social protection and health systems. Employment measures were put forward in contradiction with ensuring quality employment, decent wages and job security. Improving and investing in education was only referred to in respect of increasing employment for growth.

[6] In Social Platform's "Position paper on employment: How to make labour markets inclusive" of March 2014, we outline more implementation measures that would reinforce the Agenda for new skills and jobs.
[7] This is particularly important for young people seen the extremely high youth unemployment rate and given the growing share of temporary jobs offered to them across Europe.

- As research has repeatedly shown, unequal societies deliver worse health and social outcomes for both the rich and the poor. Having an equal Europe is in the interest of all.[8]

- For the moment there is still no honest commitment to, and no implementation of the Europe 2020 poverty target. Social Platform considers there is much scope to improve and re-dynamise the EPAP but the mid-term review must not become an opportunity to simply abandon the flagship. That would leave the Commission with even fewer tools to support delivery on the social inclusion dimension of Europe 2020.

- While it is positive to see how the social investment approach is gaining support with the SIP, the need for adequate social protection to go along with it cannot be neglected. Social protection can not only cushion the impact of a financial crisis, but also supports the functioning and solidarity of our society in general.[9]

- The bigger picture of how the different instruments and processes in the field of social inclusion (such as the EPAP, social OMC, SIP and EU) should work together to achieve the reduction of poverty is still not clear. Their direct link to the European Semester with the AGS, NRPs, and CSRs, is also missing.

- So far, the implementation of the Agenda for new skills and jobs focused too much on the skills mismatch and on equipping people with the right skills. Other actions initially foreseen such as improving the quality of jobs offered and ensuring better working conditions have not been addressed yet.

- CSRs keep promoting active labour market reforms without the requirement of employment being sustainable and of high quality, while for example the lack of female participation and the gender gaps in the labour market are estimated to contribute up to 10 % GDP per capita losses in Europe.

- By 2014, the implementation of Youth on the Move remains highly variable. Apart from the adoption of Council Recommendations on reducing Early School leaving and on the promotion and validation of non-formal and informal learning, the set-up and modest budgeting of a Youth Guarantee remains the main achievement of this flagship initiative. The implementation of the Youth Guarantee at member states' level remains at an early stage.

- Different initiatives, such as the EURES, the introduction of a single open-ended contract in segmented labour markets and a minimum income for young people did not undergo significant development, or were dropped from the agenda. Also the much awaited Quality Framework for Traineeships ended up as a weak Council recommendation, not addressing crucial topics, such as working conditions, remuneration, the use of interns as replacement for jobs. Thus it will clearly not improve the situation of trainees across Europe.

- At least 71 billion of EU resources should be dedicated to the ESF with at least 20% of this to be allocated to social inclusion. At least € 3 billion of the ESF money has to be allocated to the Youth Employment Initiative (implementation Youth Guarantee) and another 3 billion will be added to this from outside the ESF. It is however clear that these amounts are not enough to solve all the social problems in the EU.

[8] For example, M. Marmot, Fair societies, healthy lives, February 2010; R. Wilkinson and K. Picke, The Spirit Level, March 2009; and IMF Staff Discussion Note: Redistribution, Inequality, and Growth, February 2014.
[9] ISSA Crisis Monitor Project Managing social security in uncertain times, 2012.

III. Ensuring meaningful and structured stakeholder involvement

Open up the decision making processes to social NGOs ready to play their role in their areas of expertise, in developing policies and in the implementation of the economic and social priorities of the EU.

In line with the principle of participatory democracy, enshrined in article 11 TFEU, such dialogue has to be about working together as partners in developing, implementing and evaluating policies and has to take place at all levels and at all stages of the process. It will support democratic governance as well as ownership of Europe 2020 and the EU in general, and will reinforce the legitimacy, accountability and adequacy of measures proposed. This will not be achieved through a mere consultation of stakeholders.

Meaningful and structured involvement will enable policy makers to tap into the existing, on the ground knowledge of social NGOs and will give a voice to those who are directly impacted by fiscal, economic and social policy reforms. More ownership of the processes will also trigger more input from NGOs.

Currently however the involvement of civil society in for example the processes of the European Semester are disappointing. EU institutions and member states hardly want to consult – or if they do consult it is a poorly designed process lacking in quality engagement.

How to get there at EU level?

1. **Adopt clear and transparent procedures for civil dialogue, similar to the ones on social dialogue,** which allow for structural, timely and meaningful involvement of the full range of EU-level stakeholders. Ensure such a framework fosters involvement in developing, implementing, monitoring and evaluating policies under Europe 2020 as well as in developing a genuine EMU when it is linked to the European Semester.

2. **Expand your sources of information** when developing the AGSs and CSRs as well as the preparatory Staff Working Papers by seeking information from social NGOs.

3. **Take into account the alternative CSRs produced by social NGOs** on the basis of the input of their member organisations and target groups.

4. **Include social NGOs in the framework of the Innovation Union** for the development of proposals and recommendations, in particular when it concerns social innovation.[10]

5. **Provide guidance on civil dialogue to the member states**, in particular in the context of the NRPs.

6. **Set up a framework for shadow reporting by CSOs**, similar to what already exists within the UN for monitoring the implementation of the UNCRPD and CEDAW Convention.

7. **Organise the Stakeholder Dialogue under the EPAP in a more structured and regular way** to further develop, implement and monitor this flagship initiative. This includes involving participants in setting the agendas of the meetings and informing them about the dates of the meetings and sending out the agenda well in advance.

How to get there at member state level?

1. **Set up a framework for structural involvement of CSOs**, at all government levels, for developing, implementing, monitoring and evaluating policies, and provide sustainable funding and structural support for them to engage. Consult stakeholders in time to allow them to provide meaningful and well-developed input and provide them with sufficient opportunities to contribute throughout the policy process.

[10] For example Social Platform's Position on social innovation of December 2013, provides useful recommendations on how to promote social innovation in the EU.

2. **Organise specific national stakeholder involvement for the design, delivery and evaluation of the NRPs** (for example through a platform approach, joint debates and public hearings, regular conferences on the implementation of Europe 2020 in member states). Provide detailed information in the NRPs on the extent to which stakeholders have been actively involved in the process and on how their input was taken into account.

3. **Implement the "partnership principle" of the European structural funds** by engaging social NGOs as reliable partners for managing and co-managing the funds. This needs to encompass their involvement in the preparation of partnership agreements and progress reports throughout the preparation and implementation of programmes, as well as in monitoring committees.

4. **Facilitate mutual learning between civil society and national, regional and local 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.

Why?

- While there has been some progress in involving stakeholders at national level very often their opinions are not taken up in the final version of the NRPs. Recital 16 of the Integrated Guidelines however states that *"the Europe 2020 Strategy should, as appropriate, be implemented, monitored and evaluated in partnership with […] representatives of civil society, who shall contribute to the elaboration of National Reform Programmes, to their implementation and to the overall communication on the strategy"*.

- In the context of the EPAP, the Commission promised to develop voluntary guidelines on participation in relevant policies, but this unfortunately did not happen.

- It is positive that the social partners have been formally invited to comment on the CSRs, but no equal treatment was given to the organisations representing civil society.

- The "partnership principle" makes it mandatory for member states to organise partnerships with relevant actors, including social NGOs. This allows making an added value of NGOs' sound knowledge of the reality on the ground, the needs of different target groups, on how to successfully run integrated projects funded by Structural Funds and the key role played by Structural Funds in delivering on the Europe 2020 poverty reduction and employment targets. However much of the ESF implementation planning happened already before the Code of Conduct was adopted and therefore only very few member states applied the partnership principle properly. Stakeholders were often just informed about decisions that were taken already by public authorities.[11]

- Social NGOs and social economy actors are essential players in social innovation processes. Developing new solutions or improving existing ones in order to adapt to social changes, and better meet people's needs and promote human rights is an intrinsic part of the daily work of Social NGOs.

[11] See Social Platform article "Disappointing implementation of partnerships in structural funds", November 2013.