

European
Semester 2014:
Evaluation and
Recommendations

Eurodiaconia 

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Eurodiaconia's European Semester 2014 assessment

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What is Eurodiaconia?

Eurodiaconia is a dynamic, Europe wide community of organisations founded in the Christian faith and working in the tradition of diaconal service, who are committed to a Europe of solidarity, equality and justice. Together we represent 44 members in 32 countries and our members include churches, non-statutory welfare organisations and NGO's in Europe who are rooted in the Christian faith, that is to say over 30 000 providers of social services on a not for profit basis and social justice actors. Some of our members are leaders in their countries on the provision of social services and many are partners with local and regional authorities and national governments in the fight against poverty and exclusion.

Why this report?

Eurodiaconia members offer very practical support to people at risk of poverty and social exclusion, but they are also involved in advocacy and policy shaping at national, regional and local level. They have been involved in the European Semester since its beginning and have experienced its functioning. Today, they recognise some of the European Semester achievements as well as some of its shortcomings.

Key messages

This input from Eurodiaconia aims *to contribute to the establishment of a renewed European Semester, in the context of the Europe 2020 midterm review.*

- Eurodiaconia believes that a renewed European Semester could *enable a genuine cooperation between civil society and national public authorities for the achievement of targets taken at European level and in particular progress toward better social inclusion and poverty reduction.*
- They also believe the European Semester must imperatively change as the main outcome of the current implementation of the European Semester is the reinforcing of EU economic governance and the subsequent subordination of social policies and objectives to economic priorities (e.g. fiscal discipline and social welfare restructuring)

This document will first present a summary of Eurodiaconia members' experience of the European Semester process and resulting recommendations for future improvement. The second part is a more in-depth report of Eurodiaconia members' experience of the process.



I- Eurodiaconia members' experience of the European Semester 2014

Executive summary

Four years into the Europe 2020 strategy, Eurodiaconia members still welcome the opportunity for involvement in the European Semester through the national reforms program and comments on the Country Specific Recommendations. However, they also highlight significant shortcomings as to the process and the content of the semester, which have contributed to an increasing frustration and misunderstanding of the role of the European Union.

1. The content of the European Semester is disconnected from the European Social reality

- The European Semester is giving a disproportional focus to macroeconomic trends, growth and competitiveness, drifting away from the Europe 2020 inclusive growth objective.

One illustration is the small number of Country Specific Recommendations (CSR's) addressed to Member States focusing on poverty reduction, and the lack of follow-up. Eurodiaconia members believe that it should be a basic requirement for each Member States to receive a CSR on how to better work towards its poverty reduction target.

Secondly, the fact that the actual poverty targets agreed on by Member States do not add up to a poverty reduction of 20 million people (global EU target), but of 12 million people reflects very clearly the lack of Member States' political willingness to reduce poverty.

Thirdly, another illustration of this unbalanced approach is the fact that only CSRs linked to public finances (public deficit and public debt) are backed up by the threat of financial sanctions (under the Excessive Deficit and Imbalances procedures of the Stability and Growth Pact and Macroeconomic Imbalance Procedure).

The poverty reduction target is not more important than others, but it must be given equal weight to other targets. It is not only an essential matter of social cohesion and consequent internal stability, but also about valuing, investing and mobilising the (human) resources available, to foster growth and competitiveness.

- Overall the European Semester is too employment focused

As the European Commission acknowledges, quality employment is one of the main solutions to poverty. However it is also agreed that poverty is not only an employment matter as it affects people away from the labour market (the elderly, children, the chronically ill and some people with disability), and secondly data from the European Commission shows that in work poverty is increasing in Europe.

This reality is not reflected in the European Semester and some members have criticised what they see as a weak analysis of a complex social situation which endangers the necessary support of those furthest away from the labour market, those that the labour market will not include.

Members believe that the current trend to focus on employment seems to ignore the development of precarious work, which demonstrates that employment alone is not the way out of poverty, it needs to be accompanied by adequate living income and access to affordable quality services. According to the September 2014 Employment and Social Situation Quarterly Review, over half of the growth in employment is attributable to the increasing use of temporary contracts; while part-time work has also continued to increase. But "Inclusive growth" cannot be achieved through an increase in employment if it is precarious work. Addressing poverty must be addressed more broadly than through employment, for instance through a renewed commitment to Active Inclusion.



- The European Semester lacks coherence and must be bolder in promoting social investment

Looking back, the European Semester has advocated for fiscal consolidation strategies and reform of the social security systems, without providing necessary safeguards. The social consequences of such policies, as encouraged in Country Specific Recommendations, have been claimed by many, including the IMF, as damaging. The new dynamic to focus on investment is warmly welcomed.

It is hoped that the new Jobs, Growth and Investment Package when fully operational in 2015, will have a strong social dimension, focusing not only on instruments to go back to growth and employment but also on the objective of “inclusive growth” and poverty reduction. This will enable any deep structural reform to take place in fair manner, and work toward the objective of better social cohesion.

2. The European Semester is too heavy, complex and undemocratic

- The process of decision making still often remains unclear, especially for national stakeholders.

This lack of clarity contributes to a lack of understanding and ownership of the process, not only from civil society but from also from national parliaments. The theory of the process of stakeholders’ engagement has been positive, but its implementation has been poor. Civil society has not been meaningfully involved. The result is an increasing frustration toward the European Union and its heavy processes as members who have tried to be involved in the process have been left disappointed by the lack of genuine dialogue.

Eurodiaconia members have tried to be involved but often, when they have been involved, the result has often been a process of gaining information rather than of involvement and dialogue.

- No accountability for decisions taken

The democratic accountability of head of states and governments is not enough – there is an essential need for a stronger involvement of the European and national parliaments in the implementation of the Europe 2020 strategy and the European Semester process. The European Commission must insist and monitor that this involvement is meaningfully taking place.

- Not enough time for consultation

The very tight deadlines for consultation for all stakeholders (including governments) make an already heavy process, even less acceptable. It leads to frustration of those who should be involved, and therefore contribute to discredit the whole process.

Members request a change in the timetable of the semester, so that more time is available for a genuine dialogue. One possibility would be to a longer cycle but which must remain attached to the budgetary cycle. An earlier publication of the European Commission Staff Working documents would also enable stakeholders to take on a more informed role in reacting to the Country Specific Recommendations.

- What impact?

Eurodiaconia members who have been involved in the process since it started question its value. In particular, they raise the question of the impact of the Country Specific Recommendations and of accountability (of both the European Commission and Member States).



Eurodiaconia recommendations for a renewed European Semester 2015-2020

1. **Inclusive growth, as part of the Europe 2020 strategy and all its related targets, must remain the core roadmap for the European Union** and therefore the number one priority objective of the European Semester. The European Semester must change its rhetoric to re-focus on poverty reduction and inclusive growth rather than only growth and competitiveness.
2. The European Commission must support Member States to actively involve stakeholders and therefore provide **guidelines for stakeholders involvement** (see [Eurodiaconia's dashboard reporting tool on stakeholders' participation in the European semester](#))
3. **Reinforce the social dimension of the European Semester through a broader and more socially balanced set of priorities in the Annual Growth Survey and Country Specific Recommendations**
4. **Strengthen social situation monitoring through the development of indicators and their increasing visibility (including a working poor indicator)**. Acknowledgement of this move would be to **add support trigger mechanisms to the social scoreboard** for the tools to move beyond its limited analytical purposes. Divergence of social indicators identified in the MIP should trigger the need for a member state to develop a corrective action plan.
5. Social investment: **take forward the Social Investment Package (SIP) guidelines** to EU Member States in using their social budgets more efficiently and effectively by encouraging policies that take on a social investment approach to strengthen people's skills and capacities and support them to participate fully in employment and social life. However, it is essential to keep in mind that social investment must be based on quality in general and on equal accessibility of services offered in a social investment approach.
6. Following on from the Social Investment Package, the AGS 2014 must now specifically urge member states to **support and invest in social services**. The 2014 AGS must emphasise the potential of social and health services for economic growth, job creation and retention as well as the contribution they make to the overall wellbeing of society.
7. **Accompany current policy efforts** such as those referred to in the 2013 AGS **to reform employment legislation and develop flexible working arrangements by a renewed political commitment to Active Inclusion**. This can be done through stepping up policy efforts to ensure accessible quality social services and a guaranteed adequate income and for all (starting with comparative reference budgeting).



II – A snapshot of Eurodiaconia members' experience of the European Semester 2014

“The public opinion is affected by the over and over repeated – “get a job, only if you have a job, you are a value to this society”. Duty to work comes before right to receive help, politicians say, but there are no jobs for sick, addicted, not-fluently Danish speaking people. As they cannot fulfill their “duty”, they are met with the attitude of “no right to help”. Just yesterday Barosso complimented the Danish Prime Minister on the reforms, but there is another side of that coin, as we say.”

Kirkens Korshær/ DanChurchSocial Denmark

Introduction

This overview of members' experience of the European Semester is a snapshot of data collected through meetings and surveys from February to November 2014. Eurodiaconia secretariat received input from members from 10 countries (Austria, Czech Republic, Denmark, Finland, France, Germany, Latvia, Netherlands, Romania, and Sweden). It aims to illustrate the Eurodiaconia members experience of the European Semester summary and recommendations.

The National Reform Program

Summary

EXAMPLES

Austria, Diakonie Austria: *Regarding the process of preparation of the NRP – as Non for Profit Organisation, we were invited at the opening event for the 2014 NRP in Austria to take part – not to give input. The event just lasted one hour, mainly filled by a presentation from the federal chancellery with the timetable of the NRP. We asked 3 times if there would be a chance for us to give input, but the answer was no – just input from ministries, Länder, cities and social partners were asked to give input. This was very frustrating, also because a member of EU was present as well, but did not support our claims.*

Denmark, Kofoeds Skole: *We can say there has been a better engagement in the process this year but it has not really been meaningful when you look at the outcome. To us, the NRP is a compilation of already decided policies. At the NRP level it is in general too late to influence the policy.*

The most positive outcome from the NRP is that Denmark now has a poverty line and a procedure for handling measurements of poverty. There is now more focus on poverty. The Government has also drawn up ten goals on inclusion to be reached by 2020. This, however, is more the result of national campaigns than NRP. Policy development takes place in the Parliament and is reflected in NRP. Results are achieved on the national level more than in EU-papers.

Denmark, Kirkens Korshær: *The Danish reform program, which follows the lines of the CSR, has consequences for the poorest and most vulnerable, as all reforms aim at the labour market. Those people, who are not able to have or hold a job on market-conditions, are having even harder times, and more will be homeless. Especially among the young people we see an increasing number of homeless. Families, many single-parents, come to us in Kirkens Korshær for food, advice and help to hold together as family.*



Germany, Diakonia Germany: *We welcome the fact that the federal government wants to further strengthen the internal demand through the introduction of a minimum wage and the orientation of temporary and agency on its core functions (para. 43 b and 80 of the NRP). Diakonia Germany also welcomes the intention of the Federal Government, to develop the "National Pact for Training and Young Skilled Workers" for an alliance for further education and training. A training guarantee should be enshrined in law (para. 78 of the NRP).*

However, the long-term unemployment indicator selected by the federal government to measure poverty reduction (in line with the Europe 2020 strategy objective) describes insufficiently the poverty phenomena in Germany. It missed out, for example, all those who have a job and are still affected by poverty. The goal was further weakened by the federal government with the choice of the indicator "long-term unemployment" and the associated aim of a reduction of 320,000 long-term unemployed people – with a 20 million target, to be achieved across the EU. Diakonia expects the new alliance government to correct in the context of the mid-term review of the European strategy.

Unfortunately, no specific measures are mentioned in the NRP, which help better integrate single parents in the labour market. Single parents who get an education or to participate in a measure of job centers, are often faced with the difficulty of unclear financing of child care during these times. Diakonia Germany expected urgently harmonize the affected jurisdictions and help systems of SGB II, SGB III and SGB VIII (employment services, youth services).

In the context of poverty reduction the Diakonia also sees the issue of people exercising their right to free movement within the EU. EU citizens with employment status have indisputably an unconditional, equal access to all benefits. However, EU citizens who do not engage in economic activity are excluded of assistance receive benefits under SGB II or SGB XII . It is very debatable whether the exclusions are constitutional. The exclusion of benefits have the effect that the person concerned, including many families with children, live here in Germany in extremely precarious conditions of poverty and many live without health insurance.

Netherlands, Kerk in Actie: *We received a draft NRP and were invited to make comments on it. But we choose to give the comment that we don't recognize the analysis and description of the poverty problem in our country and the leading policy to tackle it.*

Our engagement has been minor because we have a very strong different vision and experience on how poverty can be tackled. The NRP is that it is strongly based upon an expectation of recovery of economic growth and competitiveness. For instance, paragraph 46 states that the best way out of poverty is labour. At the same time we see no decrease of unemployment. If labour is really the best way out of poverty, why is there no link with the subject of reallocation of labour?

The employability of older employees will suffer due to measures like the increase of the General Old Age Pensions Act which is also based on the idea that jobs would be available. These are measures meant for the stabilization of government finances but the reality is that they will have a negative effect increase unemployment-rates of older workers (paragraph 21).

Stakeholders' participation

Summary – Following on from their experiences of Europe 2020 and difficulties of involvement in the European Semester Process, Eurodiaconia members have been disappointed by the lack of open and significant dialogue at national level. They request a more open and meaningful process of involvement which would reinforce policy ownership and contribute to legitimise the European Semester process.



1. Eurodiaconia members regret an overall very limited interaction between diaconal organisations and national governments.

They attribute this shortcoming to the lack of resources they were able to engage in the process but also to the heaviness and complexity of the process (a lot of preparation and work for a very small impact/results, the short time available for consultation (response time is often too limited for adequate discussions), the lack of communication from government to NGOs, lack of genuine dialogue and the existence of some “privileged channels of communications” enabling some NGOs to participate more easily than others.

2. Eurodiaconia members believe that if the process of stakeholders’ involvement is to be seriously implemented, the European Commission must issue guidelines to Member States on how could this involvement take place.

Eurodiaconia members also propose concrete elements for such guidelines (for more details see Annex 1 – reporting tool on stakeholder’s participation).

The first step for an improved cooperation is a change in the timetable of the semester, so that more time is available for a genuine dialogue – but the process still needs to remain connected to the budgetary discussion.

Ultimately, Member States should tend toward the establishment of a formal institutionalised cooperation, involving actors from different backgrounds, across sector. These debates should be managed by an independent moderator, and that the key points emphasized by stakeholders and not taken up by public authorities should have to be justified.

EXAMPLES

Denmark - *We are invited to meetings with the Ministry of Foreign Affairs during the year about the Semester together with other stakeholders. In last meeting, the minister was present. The meetings are short, and the remarks are brief. We have the opportunity to inform the minister/ministry of general concerns.*

Country Specific Recommendations

Summary - For most organisations, the Country Specific Recommendations are coherent, as in line with the European Commission overall thinking, but they lack a poverty reduction perspective. Some members question the real impact of the CSRs, and some believe their nature should be clarified as CSRs are often very friendly to governments – are they a joint commitment for action between the EC and MS or an external recommendations issues to a MS?

EXAMPLES

Sweden, Finland, Latvia: *CSRs were not appropriate to the social context, and they do not challenge enough the governments. CSRs focus is disproportional on growth and poverty is often missing. There is no gender aspect (Sweden and Finland).*

Finland, Evangelical Lutheran Church of Finland: *The Country Specific Recommendations issued to Finland are coherent but they don’t lead to poverty reduction. They do not respond to social context.*

Austria, Diakonie Austria:

The long-term care fund (11) is, as the Commission truly sees it, just an interim solution for the long-term care sector. Although there is “new money”, the system lacks concrete reforms in form of access, funding and organisation. As Diakonie we are demanding more structural reforms, e.g. new forms of assessments of



care needs (in order that we have concrete numbers of needs as well as needs-planning), the inflation adjustment of the cash-allowance (since 1993 the cash allowance lost app. 30 % due to inflation), as well as an extension of all sorts of care services (e.g. day care centers, short term care, etc.)

(13)yes, unemployment is very low in Austria, but we have huge problems with high female part-employment rates as well as high unemployment rate regarding people with disabilities. As the CSR say, more services for child care and long-term care could help to increase female labour market participation.

Diakonie Deutschland: *The CSRs are overall very positive but inequalities are missing and we question the impact they really have.*

France: *The CSRs are too much focused on budget consolidation, reduction of pension and of labour costs. The question of housing is missing. There should be more focus on prevention and preventative action that will help to reduce future social and economic costs.*

Czech Republic: *CSRs were identical in 2013 and 2014. The “social” CSRs focused on child care and inclusion of Roma. They were “worded nicely” but there is not much happening in reality. Affordable housing is missing so is migration. The CSR on the reform of public administration is a very positive step.*

Romania: *More attention should be given to the use of EU funds.*

Denmark: *It is positive there is more focus on groups on the margin of the labour market but it is also worrying if this will mean less focus on excluded groups. The focus is on employability, not employment, and for excluded groups this will probably not be enough. They have not felt a change in their situation. They feel an incoherence between intentions and realities and lack of job opportunities.*

There are positive elements in the reforms, such as the focus on young people with a migrant background and education. In particular, young men need attention and education. But the reforms also have an effect of dividing the social clients and endanger the situation for excluded groups.

The CSR should be more focused on negative social effects of austerity measures. There are so many daily reports on how people in need are affected by public budget cuttings in the municipalities. For instance 40 per cent of all social benefit recipients experienced a situation where they did not have the means to pay for medicine.

Netherlands: *The recommendations are coherent in view of the ruling economic aims. But these recommendations seem to be based upon a presumption that there will be shortage of jobs. This raises the question whether this is a real presumption and we should start thinking and acting towards reallocation of labour. Recommendation 4 rightly says we should work on diminishing rigidity at the labour market, however, it lacks a view of the direction this should take. Is this meant to support the Law on Work and Security or does it criticize that? The evaluation is not clear at this point. I share criticism on this law, because it 1. tries to stop the strong tendency of flexibility in the labour market instead of furthering this; 2. offers the best security in a fixed contract, 3. does not create possibilities to combine flexibility and social security ('flexicurity').*