



## INITIAL RESPONSE to the Communication from the European Commission COM(2014) 130: “Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth”

### INTRODUCTION

Eurodiaconia, a Europe-wide network of social services providers and social justice actors, has been actively engaged in the Europe 2020 process since its start. Our member organisations are supporting people at risk of poverty and social exclusion, but they are also involved in advocacy and policy shaping at national, regional and local level. Since 2010, Eurodiaconia has been monitoring and contributing to the Europe 2020 process and its different targets.

#### Why this Response?

As the European Commission starts to work on the Europe 2020 midterm review this year, Eurodiaconia has taken this opportunity to assess the current situation and share our perspectives and expectations for the reviewed and hopefully improved Europe 2020 process. With this response, Eurodiaconia hopes to contribute from the perspective of faith based, social service providers across Europe. We hope our contribution will be taken seriously in future discussions and stock-taking of the Europe 2020 strategy.

#### Europe 2020 snapshot: what has been achieved?

- The question of most importance for Eurodiaconia has been to check the implementation of the Europe 2020 strategy against its target objectives of inclusive growth and poverty reduction. The mid-term result is that Europe is reaching new peaks of poverty. Today 24.8% of the EU population is considered to be at risk of poverty or social exclusion<sup>1</sup> (against 23,4% in 2010).<sup>2</sup>
- Despite initiatives such as the Social Investment Package, the social investment approach has not been mainstreamed into the Europe 2020 processes. Fiscal consolidation and austerity measures in the member states have undermined Social Investment approaches. Member states are failing to recognise the positive effects of inclusive growth. Investing in social and health care creates jobs, but most importantly ensures human dignity, quality of life and social rights.
- In 2009, we called for the reinforcement of the Open Method of Coordination as an instrument to achieve inclusive growth and promote the progress of policies for social inclusion. However, what we saw was a stronger focus on new instruments like the National Reform Programmes, which focused heavily on economic and financial priorities and do not sufficiently address social issues.
- During the implementation of the Europe 2020 strategy we welcomed the concepts of “Beyond GDP” as the EU explored alternative means to measure socio-economic progress and wellbeing. Today, we are concerned that this process has been lost and the debate has not been strong enough to create new perspectives on measuring quality of life.
- We welcomed the 2008 Recommendation on Active Inclusion’s integrated approach to tackle social exclusion not just in terms of employment, stressing the importance of access to quality social services and adequate minimum income to ensure inclusion for all, not just for those able to work. However, in the last years instead we have observed growing unemployment, higher poverty rates, a

<sup>1</sup> [http://ec.europa.eu/europe2020/pdf/themes/33\\_poverty\\_and\\_social\\_inclusion.pdf](http://ec.europa.eu/europe2020/pdf/themes/33_poverty_and_social_inclusion.pdf)

<sup>2</sup> Eurostat 2010 [http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/3-08022012-AP/EN/3-08022012-AP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-08022012-AP/EN/3-08022012-AP-EN.PDF)

Eurostat 2012 [http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/3-05122013-AP/EN/3-05122013-AP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-05122013-AP/EN/3-05122013-AP-EN.PDF)



strong shift towards mini-jobs and “zero jobs”, as well as an imbalanced approach to the active inclusion strategy as member states have focussed on “activation”.

- Finally, in 2009 Eurodiaconia members highlighted other challenges such as unpaid work (in the care sector) mainly done by women, voluntary work, and adequate minimum income. These concerns are still alive, but have been over shadowed by economic and financial issues.

To sum up, we welcomed the Europe 2020 strategy for smart, sustainable and inclusive growth and its target on poverty reduction as some of its objectives indeed matched Eurodiaconia’s members’ analysis and recommendations. However, today in 2014, looking at the mid-term results, we are concerned by the de-prioritisation of social objectives, deterioration of the social situation, and widening social inequalities.

## THE EC COMMUNICATION: WILL THE EU PRIORITISE SOCIAL OBJECTIVES?

Eurodiaconia believes the mid-term review is an opportunity to correct some of the fundamental shortcomings of the Europe 2020 strategy and European Semester. Eurodiaconia welcomes parts of the European Commission communication acknowledging shortcomings of the Europe 2020 Strategy. However, the communication should have been stronger in its call to take a new start in genuinely balancing social, economic and financial interest and giving its place to social investment. Some examples:

### WHERE DOES EUROPE STAND FOUR YEARS ON?

- ✘ **Eurodiaconia differs on the analysis of the causes of the social situation.** Eurodiaconia questions the statement that “*at the launch of the Europe 2020 strategy the depth and length of the crisis were still largely unknown*”. The Europe 2020 strategy came into force in 2010, nearly two years after the crisis emerged when Europe was already facing impacts of the crisis. The crisis cannot be used as the excuse for missing the targets. Choices have been made, particularly in the development of austerity measures and implementation of the European Semester, which have damaged the social situation in Europe.
- ✓ **Eurodiaconia strongly welcomes the statement on wealth and inequalities** as it highlights the challenge of inequalities for Europe and the “effectiveness and fairness of the wealth produced and distributed through growth”.
- ✓ Eurodiaconia agrees that “*the Europe 2020 strategy was launched with a vision of the long-term challenges confronting the EU. Some of these challenges were starkly highlighted during the crisis, others have sometimes been neglected because of the many other pressing issues topping the political agenda. Most of the challenges identified in 2010 have not gone away and some have even intensified.*” The targets of Europe 2020 were set with political commitment, but were not pursued from a well-balanced approach. It appears now that the focus has shifted over the last years towards short term economic recovery rather than a long term and sustainable vision, addressing long-term challenges such as demographic change, weakening social cohesion and increasing inequalities.

### HAS THE EUROPE 2020 STRATEGY WORKED?

- ✘ With none of the targets likely to be met by 2020, based on current results and trends, the European Union should question the results of its recent years policy focus on austerity and fiscal consolidation. It is not about questioning the targets themselves (as discussed in the Communication) rather we need to discuss the model of achieving the targets. Although the EU (or some member states) might come close to meeting some of the targets, we need to refocus on a comprehensive and balanced strategy to reach *inclusive* growth.
- ✓ Eurodiaconia welcomes the start of a review on the role and effectiveness of flagship initiatives. Eurodiaconia strongly welcomed the emphasis given to inclusion and the fight against poverty through the creation of a specific flagship initiative on poverty, the European Platform against Poverty. However, the EPAP now needs to step up toward a more coherent strategy to support Member States to exchange and work together on the fight against poverty.
- ✓ Eurodiaconia welcomes the reference to stakeholders in European Semester process. “*In many Member States, the involvement of the different stakeholders in the implementation of the strategy*”



*could still be improved (...)*In this context, the role of the national reform programmes should be re-assessed.” Eurodiaconia does not support the strong focus of the European Semester process on economic and financial priorities but welcome the recognition of the European Semester shortcomings.

**Conclusion:** We agree on the conclusion, that the “convergence process has slowed and even gone into reverse in parts of Europe as a result of the accumulation of imbalances and under the pressure of the crisis”. Therefore, more focus should be given to growing inequalities as Europe 2020 had been designed to overcome inequalities while data reveals that the very opposite has happened. This is a direct threat to social cohesion and to the EU.

## LOOKING FORWARD: KEY MESSAGES FROM EURODIACONIA FOR GENUINE INCLUSIVE GROWTH

### 1. A stronger focus on social objectives for a stronger Europe

Eurodiaconia supports the Europe 2020 targets as overarching goals of the European Union. Each target is worthy to pursue in a strategic way until 2020. However, the strong focus on austerity measures due to the economic crisis is increasing inequalities in the European Union. Furthermore, this weakening of social cohesion threatens the EU from the inside as growing inequalities endanger the EU's political, economic and financial stability. If the EU is to be a key player on the world scene, it must ensure its internal stability by focussing on its people, not just its markets.

*Poverty:* Reducing poverty is crucial for social cohesion. As our members are engaged in the work with people experiencing poverty, we know that fighting poverty is not just about employment. An overarching EU strategy to combat poverty needs to be comprehensive and integrated, including housing policies, education, inclusive health care settings, prevention policies, financial inclusion, etc.

*Employment:* Eurodiaconia is concerned by new developments in the labour markets across Europe. Mini-jobs or precarious jobs are increasing in Europe, leaving people with low wages and without adequate social security. It is not only about reaching the target of 75 % employment rate, the member states need to provide *decent* jobs for sustainable economic growth and wellbeing. The Employment and Social Situation Quarterly Review March 2014 confirms this threat as it highlights the significant decrease in job stability (increasing temporary and part-time work) and it forecasts increase in poverty levels<sup>3</sup>.

*Education:* Education is one of the most important cornerstones to provide for future employment, quality of life, and wellbeing. It is therefore essential to provide access to education, as well as to prevent early school leaving. An average EU youth unemployment rate of nearly 25 % is simply unacceptable, and will not only have a huge impact on today's youth; the future generations will also reap the consequences.

*The European Semester and National Reform Programmes:* Experience of stakeholders' involvement in the Semester Process is different across the member states. Eurodiaconia proposes to establish a guiding framework for institutionalised cooperation and debate, involving actors from different backgrounds and across sectors. Using the experience of stakeholders is essential for policy shaping and policy ownership.

### 2. Broaden the European Semester's focus to include social objectives

Use the National Reform Programs to fight poverty but broaden the overall poverty reduction strategies in the member states beyond being exclusively employment focus, hereby including the most vulnerable people from the poverty reduction process and reinforcing social polarisation.

Eurodiaconia members recommend to promote diverse instruments in the fight of poverty and social exclusion in the NRP, for instance with job creation strategies for the 50+ (NL), instruments for the long-term unemployed (DE), measures for children affected by EU migration (RO), and actions for low income families

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<sup>3</sup> [The Employment and Social Situation Quarterly Review March 2014](#)



with children (FI). Housing policies as well as debt-reduction are seen as further cornerstones in combating poverty.

The strong focus on economic growth and employment to the detriment of social inclusion is regretted by our members. A wider analysis of the causes of poverty is missing. The CSRs often respond only to macro-economic trends, therefore a broader approach including social inclusion is needed so as to adapt to the national social contexts.

## CONCLUSION

Eurodiaconia's members who work across Europe to support the most vulnerable testify today of the worsening social situation and widening inequalities. Eurodiaconia has welcomed the Europe 2020 strategy commitment to inclusive growth, including in particular the poverty target. However, now as the European Commission is starting its thinking on the mid-term review and the Europe 2020 process, we urge the European Commission and Member States not to overlook the social dimension of the European Union project. Whether done at national level or through stronger mechanisms of cooperation at European level, the European Commission must enable Member States to work together for an improvement of the social situation and poverty reduction in Europe.

### **Eurodiaconia's demands for the future of Europe 2020**

- Keep the Europe 2020 strategy as the main focus of the European Union and European Semester.
- Strengthen and commit to the main targets of Europe 2020 – not forgetting that growth should not be at any cost but must be *inclusive*. Strengthen efforts to overcome the economic and social crisis.
- Recommit to the social objectives commonly agreed on at EU level and take forward initiatives such as the 2008 Recommendation on Active Inclusion, the Europe 2020 poverty target.
- Keep in mind that economic growth, stability and jobs always go hand in hand with social stability, strong welfare states as well as solidarity between member states.

### **European Semester**

- Consult and include stakeholders as well as national social service providers throughout the European Semester process, particularly in drafting the NRPs.
- Consider implementing a section dedicated to “Social Investment Package” in the national CSRs.
- Make sure that the implementation of the CSRs undergoes robust monitoring by the European Commission to ensure wider social cohesion.
- Recommit to the European Social clause
- Develop automatic social impact assessments of Country Specific Recommendations and economic governance mechanisms, to establish structural reforms “impact-assessed”.
- Restructure the European Semester to ensure the focus on smart, sustainable and inclusive growth and that all CSRs are screened and evaluated to ensure coherence with policy guidance .
- Adapt the rhythm of the Semester for realistic and sustainable dialogue as well as transparent guidelines on the participation and involvement of stakeholders on national and European level.

### **Specific policy issues**

- Support and invest in social services to overcome the crisis. Further promote the Social Investment Package and a social investment approach through the Europe 2020 strategy.
- Re-start work on alternative indicators to GDP, and reinforce the process already exists, to feed into a rebalancing of economic and social policy priorities.
- Call on the member states to implement their own national strategic plans to combat poverty.
- Establish a European Strategy on homelessness as called for by the European Parliament
- Work with member states to encourage a balanced implementation of the Active Inclusion approach