



European Semester 2015: Evaluation and Recommendations



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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, which are committed to a Europe of solidarity, equality and justice. We represent 45 members in 32 countries. Our members include churches, non-statutory welfare organisations and NGO's, providing social services to hundreds of thousands of individuals across Europe on a not-for-profit basis. 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.

As providers of social and healthcare services, Eurodiaconia members offer practical support to people at risk of poverty and social exclusion and are in a unique position to evaluate the social impact of EU and national policies on vulnerable individuals. Many of Eurodiaconia's members are also involved in advocacy and policy monitoring at local, regional and national level; some of them have been involved in the European Semester since its beginning. They are able to offer a balanced perspective on the European Semester's shortcomings and achievements in the social domain.

Why this report?

Over the course of the past five years, the general perception of our members towards the European Semester process has unfortunately become increasingly negative. When the Semester was first introduced in 2010,

members welcomed it as an integral tool to realising the headline targets of the Europe 2020 strategy, and as a valuable means of engaging with national and EU-level decision makers on the future course of a social Europe.

Five years later, it is becoming more and more difficult for Eurodiaconia to convince its members of the added value of engaging with the European Semester. This is because in general, despite the significant differences between the environments our members are operating in, and in spite of their internal differences in terms of size, capacity, political weight and thematic focus, there exists a broad consensus on the following observations:

- » The European Semester **lacks a strong social dimension**. Members feel that it is increasingly disconnected from the Europe2020 Strategy and its emphasis on inclusive growth. Past Annual Growth Surveys have focused on macroeconomic issues, whilst National Reform Programmes seem concerned primarily with policies related to competitiveness, economic growth and budgetary consolidation. Rather than constituting an instrument which contributes to the realisation of the Poverty Target, the European Semester seems to push it further into the periphery. The Country Specific Recommendations themselves have clearly given priority to a return to growth through increased competitiveness, sometimes in a contradictory way with poverty reduction objectives. This trend has been emphasized by the decreasing number of CSRs. The new objectives to reduce the number of CSRs to three is a concern for Eurodiaconia as it is likely to accelerate the fading away of social objectives.

- » The European Semester **lacks balance** and **coherence**. Whilst our members recognise the importance of measures allowing for economic recovery and job creation in the aftermath of the financial crisis, they lament that these measures are often realised to the detriment of social priorities. Although most NRPs mention social objectives such as combating poverty and helping people back into employment, members feel that these issues are treated as being of secondary importance, that governments receive insufficient incentives to limit the socially damaging implications of austerity policies, that the tensions existing between economic and social policies are not being sufficiently recognised, and that stronger attempts should be made to homogenise diverging policy areas.
- » The European semester **lacks democratic legitimacy**. Despite being intended as a process which provides space for involvement of national parliaments, social partners and civil society representatives, the European Semester is at risk of becoming a top-down process and an exclusive dialogue between European institutions (mainly the European Commission) and national governments. Even the involvement of the European Parliament, supposed to testify of the democratic legitimacy of the process at EU level, is very limited in its impact. Members across Europe are concerned about a lack of opportunities for genuine participation in the process and question to what extent the European Semester truly takes the needs and recommendations of civil society into account.

Faced with these alarming trends, Eurodiaconia has consulted members across Europe on the specific challenges they are currently facing when it comes to engaging with the Semester, and on concrete ways in which the process could be improved. Eurodiaconia and

its members believe that the Midterm Review and more recently the five presidents' report and its social focus represent real opportunities to meaningfully reconnect the Semester to the headline targets of the Europe2020 strategy. The European Semester can play a key role in achieving a 'triple A' social status for Europe, by setting concrete benchmarks for social cohesion and community integration at the highest political level; in its current form, however, the European Semester fails to fulfil its potential.

Summary

This report draws on the first results of Eurodiaconia's dashboard reporting tool on stakeholders' involvement in the European Semester, focusing particularly on the space for meaningful dialogue in the development of National Reform Programmes, and presents an overarching picture of members' experiences of the 2015 Semester process, exploring cross-national points of consensus as well as divergences.

The concerns and recommendations outlined in this report are based on the input of members from Austria (Diakonie Österreich), the Czech Republic (Slezska Diakonie), Denmark (Koføeds Skole and Kirkens Korshaer), Germany (Diakonie Deutschland), Italy (Diaconia Valdese), the Netherlands (Kerk in Actie) and Romania (Episcopia Reformata Din Ardeal).

The general discussion will be complemented with a more in-depth, comparative overview of the feedback received from four countries: Denmark, the Netherlands, Italy and Romania thought the "country focus" tables. This selection is meant to incorporate and highlight the different perspectives of both small-scale and large-scale organisations, which are involved in advocacy to a varying degree, and to provide an overview of the situation in different regions of Europe.

The overview illustrates both the homogeneity and diversity in members' overall perception of the Semester process: on the one hand, members emphasise the lack of a strong social dimension and a lack of stakeholder involvement across the continent. On the other hand, the conclusions members draw from this common observation diverge significantly: for

example, whilst members in Denmark believe the European Semester does not bring any added value in terms of stakeholders' participation and can even be counterproductive, Eurodiaconia's member in Romania continues to view the Semester as an important tool to fight poverty and social exclusion in spite of current drawbacks.

Key Concerns

1. The European Semester lacks a strong social dimension

The 2015 AGS misses a social investment approach

The 2015 AGS rightly focuses on the need to boost investment and Eurodiaconia welcomes the focus on investing in education. However, investing in human capital and preventing poverty and social exclusion requires a broader social investment approach, which the AGS completely lacks. Investments in adequate social protection systems, as an inseparable part of social investment, need to be maintained and improved to prevent further deterioration of the social situation, and prevent higher costs in the long-term.

An integrated approach to fighting poverty is missing

Whereas some members see little change from previous years, members from the Netherlands and Denmark recognise some positive national developments in the area of poverty reduction. However, an integrated strategy is often missing, meaning that existing (and laudable) initiatives have little impact on societal inequality. In Denmark, for example, the government's housing first approach constitutes a promising element of a national homelessness strategy, yet the shortage of affordable housing continues to limit its effectiveness; furthermore, it seems that the Danish government's combined reforms in the areas of tax, employment and social assistance will contribute to an increase, rather than a decrease of the number of persons experiencing poverty. In Germany, the government is taking important measures

to reduce long-term unemployment; however, there continues to be an alarming development towards poverty of the elderly, with a pension system not sufficiently adapted to demographic change. A positive exception seems to be the Czech Republic, where, according to Slezska Diakonie, policies integrate access to quality jobs with access to affordable, quality services.

"In the 2015 NRP, we don't see any structured, integrated approach to fighting poverty. The fight against long-term unemployment is the most important measure against poverty and social exclusion as far as the German government is considering the issue." (Diakonie Deutschland, Germany)

Diakonie 
Deutschland

"Whilst we believe that the European Commission has an adequate picture of the social situation in the Czech Republic, the 2015 CSRs fail to sufficiently promote reforms in the healthcare and housing sectors, and to combat overindebtedness of vulnerable individuals such as elderly and homeless persons." (Slezska Diakonie, Czech Republic)

SLEZSKÁ

DIAKONIE

Country Focus

The European Semester is not sufficiently focused on social objectives: it is either counter-productive or insufficient in addressing social needs.

Denmark	Netherlands	Italy	Romania
<p>The current policies seek to promote competition and squeeze social costs to increase productivity and labour supply.</p> <p>The European Semester had little impact on Denmark as there is a tendency to ignore policy discussions when proposals and decisions come from the EU. It is taken as an argument for the downsizing of the welfare state. Through the European Semester, policy is too much focused on work and education, to the detriment of the most vulnerable, e.g. migrants.</p>	<p>We would like to see that the agenda for inclusive and sustainable growth gets more attention, that the potential tensions between objectives are mentioned more explicitly and that dilemmas are addressed in a transparent way.</p>	<p>As for the social impact of the Semester on the country, it is hard to tell, as these questions are very rarely discussed even in the mainstream media.</p>	<p>The analysis and the ensuing recommendations are generally appropriate, but corresponding policies are insufficient to tackle social needs, due to the low public budget.</p>

2. The European Semester lacks balance and coherence

NRPs and CSRs prioritise economic over social issues

Eurodiaconia's members from Romania, Italy and the Czech Republic recognise that positive social reforms have taken place as a response to past CSRs, and observe promising social measures in their 2015 NRPs. Other members (Germany, Netherlands, Denmark) are less positive, arguing that their NRPs and CSRs show insufficient correspondence to the social reality in their countries, and fail to address the most pressing issues. In general, our members agree that their NRPs lack an adequate balance between economic and social priorities. Members from Denmark and the Netherlands mention that a clear emphasis is placed on government finance, economic growth and

competitiveness. Although poverty and social exclusion are taken into consideration, they seem to be of 'secondary importance' and mere 'derivates' of a financial-economic focus.

"The idea of inclusive growth does not really come to fruition (to put it mildly) in this year's NRP.

There is no balance between the three p's: people, planet and profit. The p of profit is self-evidently dominant." (Kerk in Actie, Netherlands)

**kerk
in actie**



"The European Semester process in Romania focuses mainly on the public budget; whilst policy makers seem well-informed about the social situation, they fail to address urgent social needs." (Episcopia Reformata Din Ardeal, Romania)

Country Focus

NRPs do not respond appropriately to the social context, although they generally demonstrate some “social ambitions” and contain positive elements.

Denmark	Netherlands	Italy	Romania
<p>As usual, the NRP concentrates on the economy, the state budget, the labour market and competition. <i>Poverty and social exclusion are only a minor point in the NRP.</i></p> <p>However, the NRP is a little bit better this year with more examples of new social legislation and initiatives to support social inclusion such as a definition of poverty threshold, a poverty report, a deprivation study, anti-discrimination measures based on ethnicity and disability, a new strategy for homelessness, and national social 2020 targets; e.g. to reduce homelessness by 25 per cent to a level of no more than 4,000 people.</p> <p>The strategy is not consistent and integrated. From the poverty report issued by the Danish Government itself, it appears that, when fully phased in, the Government’s combined reforms in the areas of tax, disability pension, flexible jobs and social assistance will increase the number of poor people by 10.000.</p>	<p>The NRP follows the same reasoning as the Country Report: it focuses on policies related to government’s finances, economic growth and competitiveness.</p> <p><i>The NRP also demonstrates some “social ambition” but this is being undermined by the “realistic” approach towards economic growth and competitiveness, creating tensions with the Europe 2020 strategy of inclusive growth.</i></p> <p>Just like the Country Report, the NRP disregards recent forecasts that economic growth will remain low in the coming years and that unemployment will remain widespread. With the current measures, aimed at strengthening the growth potential of the economy at the expense of social security, people are being directed towards a labour market where insecurity rises through more and more flexibility.</p> <p>The NRP follows the Country Report in stating that there is still little poverty. However, according to the Armoedesignalement [Poverty Report] 2014, poverty has gradually risen between 2011 and 2013. Since 2008, the scope of poverty has increased by more than one third.</p>	<p>Considerable attention is given to attempts to halt corruption and to increase the efficiency of social and other services – both measures are beneficial but without immediate impact on people’s welfare.</p> <p><i>The Country Report and NRP reflect the social reality appropriately but do not respond to it.</i></p> <p>Positive aspects of the NRP include attempts to maintain adequate access to health facilities, but an “economic sustainability” criterion threatens the provision of adequate health care in rural areas and the south in general. The government will try to lower the rather high percentage of young people which abandon secondary schooling early, and to help forge closer ties between schools and local businesses.</p>	<p>The Romanian NRP includes some very positive steps such as a reduced VAT rate, from 24% to 9% for all food products, non-alcoholic beverages and public food services from 1st June 2015 as well as increasing the allowances supporting the poorest family (1st Nov. 2014) by 42 Lei for each child.</p> <p>The Government decided a twofold increase of the daily food allowance of children in special protection and for mothers protected in maternity centres the provisions entered into force on 1 December 2014. However, a negative point is the delay in the adoption of a strategy for social inclusion and the difficulties tied to making real progress on Roma inclusion.</p>

Economic priorities can undermine social priorities

Our members recognise the importance of investing into economic growth and job creation. However, rather than contributing to societal welfare and poverty reduction, such measures can increase societal inequality. Looking back, the European Semester has advocated for fiscal consolidation strategies and social security system reforms, without providing necessary safeguards. Members feel that potential tensions between economic and social priorities are not being sufficiently recognised, and therefore not being adequately addressed.

“In the Netherlands, current initiatives to boost economic growth result in a decrease of social security on the job market; rather than emphasising quality jobs which are stable and lift persons above the poverty line, the government generates labour market potential through flexible and part-time contracts which increase the risk of in-work poverty.” (Kerk in Actie, Netherlands)

“Labour market reforms are actually increasing poverty amongst unemployed and sick persons. Current employment opportunities exist mainly for educated Danish speakers, whilst immigrants and persons with low education are being abandoned to their fate.” (Kirkens Korshaer, Denmark)

Country Focus

Eurodiaconia members present a divided feedback on Country Specific Recommendations. Northern European organisations emphasise a lack of social prioritisation of the fight against poverty, while Southern European organisations welcome the focus CSRs to address the social context.

Denmark	Netherlands	Italy	Romania
<p><i>The CSRs do not correspond to the social situation and do not address it - they are about fiscal policy and productivity.</i></p> <p>What is missing is an attempt to take strategic action against poverty, e.g. through affordable housing, better health services for excluded groups, and a better balanced youth policy for vulnerable groups.</p> <p>The CSRs are too employment focused and do not offer options for those who cannot work.</p>	<p>The Country Report, NRP and CSRs are certainly consistent with each other. Social concerns are not absent but of secondary importance.</p> <p><i>The CSRs are more related to government finance, economic growth and competitiveness than to the social situation.</i> Whenever the social situation is addressed, it is in relation to these three issues. More attention should be paid to the relatively high level of unemployment and the rising insecurity on the labour market.</p>	<p>The recommendations include balancing the national budget, simplifying bureaucratic practice and curbing corruption.</p> <p>These actions are indeed essential and some progress has been made in the second and third objective.</p> <p><i>The CSRs respond to the social situation particularly by stressing the issue of youth inclusion through employment.</i></p>	<p>The social situation is assessed appropriately, but the precision of the analysis doesn't fully come to fruition in the recommendations. However, we welcome that CSR 3 addresses the social context.</p>

3. The European Semester lacks democratic legitimacy

Lack of stakeholder involvement

Our members in the Netherlands and Romania have not been consulted upon for the 2015 National Reform Programme. Kerk in Actie, which has in the past engaged with the Semester process through a national coalition called 'Sociale Alliantie', received the 2015 Country Report, but did not have the chance to provide input into the 2015 NRP (nor did the Sociale Alliantie). In Austria, the federal government involved only two umbrella networks in its consultation process, one of which is a national anti-poverty network in which Diakonie Österreich participates; the network was invited to a single preparatory meeting which didn't touch on NRP content.

"The NRP and the European Semester are at risk of becoming an exclusive dialogue between political elites. Our demands for active participation opportunities for civil society seem to fall on deaf ears." (Diakonie Österreich, Austria)

"Our engagement with the 2015 NRP has not been strong. It seems as if a comment needs to be made from the side of national umbrella networks or by high-profile civil society organisations in order to become "visible" for the government. We were able to make some comments on particular topics, but we are generally not invited to participate in the preparation process of the NRP." (Slezska Diakonie, Czech Republic)

Lack of stakeholder influence

Other members, such as in Germany and Denmark, have been involved in the Semester process, but stress that their engagement seems fruitless. At first sight, both members seem active stakeholders in the process. For example, Kofoeds Skole is invited to attend

national committee meetings with the ministries four times a year and an annual meeting with the Minister. In 2014, it was involved in organising a seminar on the NRP and Europe 2020, and had a meeting with the minister of Social Affairs. In Germany, Diakonie Deutschland received a draft NRP and was given the opportunity to make comments on it.

However, both organisations don't consider their current form of engagement to be meaningful; they feel that their input is not adequately reflected in the final versions of their NRP. For example, Diakonie Deutschland noted that only one of its proposed amendments was taken on board; in Denmark, no comments were incorporated into the final version of the NRP at all. In the end, the consultation process seems more like a check-box exercise than a genuine attempt at exchange with civil society.

"We (NGOs in Denmark) follow the European semester and the processes, read documents, make comments, and organise seminars. However, it is frustrating to see that we do not have any real influence on the policies. The meaningfulness of the process is thus rather low." (Kofoeds Skole, Denmark)



"It's difficult to tell whether the European Semester has actually increased opportunities for civil society involvement in policy making. Representing a small protestant denomination in a predominantly catholic country, we have plenty of expertise and experience in supporting individuals facing poverty and social exclusion, yet little capacity to impact the decisions of politicians." (Diaconia Valdese, Italy)



The response timeframe is too narrow

Members welcome the earlier release of Country Reports, which allows them to take on a more informed role in reacting to the Country Specific Recommendations. However, the overall timeframe of the European Semester is still considered to offer too little space for providing in-depth input. Members request a change in the timetable of the process, so as to allow more time for genuine dialogue. One option, proposed by Diakonie Deutschland, would be to extend the duration of the cycle itself; alternatively, if draft documents could

be made available to civil society at an earlier stage, this would also improve the conditions for formulating a coordinated response.

“This year, we received the draft NRP a bit earlier than the year before because we managed to convince the Minister of Social Affairs to urge the ministry of economics to send us the draft at the same time as it was being sent to the other ministries. Nonetheless, we had to submit our comments in a hurry, and there was no space for a political discussion about them.” (Diakonie Deutschland, Germany)

Country Focus

The impact of stakeholders engagement is very limited at best.

Denmark	Netherlands	Italy	Romania
<p>One member organisation (Kirkens Korshaer) is not at all involved in the process – despite its efforts to engage. The other one (Kofoeds Skole) is very engaged and is able to send a representative to a national committee meeting with the ministries four times a year and an annual meeting with the Minister. However, the comments of the NGO coalition are not incorporated into the final version of the NRP.</p> <p><i>The European Semester has not improved opportunities for stakeholder participation.</i></p>	<p>KIA has been involved in the process before through the “Sociale Alliantie”.</p> <p>However, in 2015, the Social Alliance was not involved in the NRP process. We did not receive the draft and were not aware that the finalised version had been made available – we received a finalised version via Eurodiaconia.</p> <p><i>It was helpful to receive the Country Report well in time, but we did not get a chance to engage with the NRP.</i></p>	<p>We have not been involved in the NRP process before but have started our engagement in 2015. We received a draft and were able to comment.</p> <p>However, <i>we feel relatively helpless to push through policy suggestions on our national level. We have a clear impression that no one in the Italian parliament is listening to us.</i></p> <p>On the other hand, in certain parts of Italy, we do have good and effective relationships with regional and local authorities. At that very local level, we do to some extent “influence policy” by uncovering new needs in a territory and proposing to local authorities to work together in providing practical solutions to emerging needs.</p>	<p><i>We have not been involved in the NRP process in the past and have not been involved in 2015. We have not received a draft.</i></p> <p>However, we are aware that the timing of the process has changed. The new timing as well as some of the reforms introduced (content) are very positive.</p>

Recommendations for a renewed European Semester 2016-2020

Eurodiaconia and its members believe the European vision and values carried throughout the Europe2020 strategy has by no means lost its legitimacy. The inclusive growth pillar and its education and poverty target could meaningfully contribute to achieving a triple A social status for Europe.

However, with the European Semester becoming increasingly disconnected from the strategy which underpins it, the cycle is developing into a threat to Europe's social fabric, rather than constituting a cornerstone for its improvement. Furthermore, with the Semester cycle being perceived as a closed dialogue between EU and national policy makers, the motivation of members to feed into the process is dwindling – as such, a process which is co-shaping the future of a social Europe is losing its connection to social reality, its ability to take into account local and regional differences, and its democratic legitimacy.

For this reason, we feel a timely and sensible re-evaluation of the process is necessary - to ensure that Europe 2020's potential does not disappear, whilst its underlying vision stays confined to the realm of words. We strongly urge the European Commission, in the context of the five presidents' report, the Midterm Review and president Juncker's reference to the objective of a triple A social Europe, to address the mentioned challenges, ensuring that the European Semester takes social priorities and the voice of civil society seriously.

In particular, Eurodiaconia would like to make the following recommendations for an inclusive, coherent and democratic European Semester process:

Governance

1. Introduce Guidelines for stakeholder dialogue in the European Semester to homogenise, and improve the quality of, civil society participation across Member States.
2. Widen the stakeholders' involvement in order for it not to be limited to social partners but to include and strengthen the active participation of civil society organisations, national parliament and the European Parliament.
3. Improve the timeline of the European Semester to increase space for sensible input and genuine dialogue.

Content

4. Reconnect the European Semester to the Europe2020 Strategy and reinforce commitment to realising the Headline Target on Poverty and Social Exclusion.
5. Promote social impact measurements to ensure that budgetary consolidation and economic growth strategies do not undermine social priorities.
6. Call for integrated strategies on combating poverty and social exclusion, addressing the multi-dimensional nature of poverty throughout the lifecycle.
7. Emphasise the importance of creating quality jobs to prevent in-work poverty.
8. Promote a social investment approach, highlighting the potential of social and health services for economic growth, job creation and social cohesion.

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Eurodiaconia is a federation of 45 social and health care organisations founded in the Christian faith and promoting social justice.

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