



EURODIACONIA RECOMMENDATIONS AHEAD OF THE 2019 ANNUAL GROWTH SURVEY

Eurodiaconia is a network of 47 organizations in 33 European countries providing social services and working for social justice. Founded in the Christian tradition we work to ensure that our societies provide opportunities for all people to live in dignity and realise their full potential. Our members have strong and long-standing expertise in providing social and health services to the most vulnerable across Europe. Based on their experience, we would like to share with you some proposals for the 2019 Annual Growth Survey.

Eurodiaconia is aware of the **unique opportunity represented by the next European Semester cycle to shape the implementation of the European Pillar of Social Rights** in the Member States and provide a framework for reporting, supported by the European Commission's reinforced commitment towards civil dialogue. Secondly, we view the forthcoming European Semester cycle as a **confirmation and reinforcement of the mainstreaming of the European Pillar of Social Rights and its objectives** in the key Semester outputs. To capitalise on this positive momentum and to take effective steps towards poverty reduction and greater social cohesion, we would like to share our key recommendations for the upcoming 2019 AGS.

First of all, although we recognise the added value of promoting the “virtuous triangle” of boosting investment, pursuing structural reforms, and ensuring responsible fiscal policies, it is still very much focused on economic policies ever since its first use in 2015, except for structural reforms that were seen from the beginning as being needed in both economic and social areas. We call for a **revamping of the “virtuous triangle”**, in light of the European Pillar of Social Rights and of the European Union's ambition to promote fair and sustainable growth. Indeed, reducing inequality and poverty in order to foster social inclusion should not only be promoted for its own sake, but also because of its impact on economic growth. As a 2014 study from the International Monetary Fund underlines, lower net inequality is correlated with faster and more durable growth¹. This is confirmed by a 2018 OECD study on social mobility and inequality². Conversely, this year's Employment and Social Developments in Europe report highlights the negative impact on the labour market situation that a low socio-economic background has³. Thus, social policies and social investments should not be overlooked and they should, in fact, have an equal footing with economic considerations. We therefore propose to **think of the virtuous triangle in both economic and social terms**:

¹ Ostry, Jonathan D., Andrew Berg and Charalambos G. Tsangarides (2014) 'Redistribution, inequality, and growth', Staff Discussion Note SDN/14/02, International Monetary Fund

² OECD, A Broken Social Elevator? How to promote social mobility, 15 June 2018, available here: <http://www.oecd.org/social/broken-elevator-how-to-promote-social-mobility-9789264301085-en.htm>

³ <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=9150&furtherNews=yes>





- boosting investment: alongside economic considerations and private investment, **social investments**⁴ should be promoted as fosterers of social justice, of more resilient economies, and of reduced inequalities;
- pursuing structural reforms: we support the highlighted importance of both economic and social structural reforms, but the **need for promoting shared prosperity in all structural reforms** and **ensuring the equity of all reforms** should be recognised and strengthened. It is not about being efficient first and fair later, both strands should be given equal importance when designing a structural reform, otherwise inequalities rise and this is a crucial issue for democracies;
- ensuring responsible **and fair fiscal policies**: it is time to balance the need for responsibility with the need for fairness in the European framework for fiscal policies. Last year's AGS insists on the need for efficient and fair tax and benefit systems and we welcome that. Tax justice is an important aspect of social cohesion. However we **also call for supporting fair fiscal policies**: one of the key shortcomings of the Stability and Growth Pact (SGP) in its current form is that it fails to stimulate sufficient levels of productive social expenditure, which is conducive to economic growth. Allowing **greater budgetary flexibility for public social investment in social areas** is viable both socially and economically. The **reform of the Economic and Monetary Union** is an opportunity in that respect since a well-functioning fiscal unions needs sustained public investments, particularly in areas that are key for the economy and society.

In line with these considerations, with the achievements and limitations of the previous Semester cycle and with the current economic, social, and political situation in Europe, we call for promoting the following five priorities. These recommendations are informed by our national members' experience on the ground and backed up by our policy work. They are detailed more extensively in our position paper: [Promoting shared prosperity in the European Semester](#)⁵, which we attach to this message for your information.

1. **Promote quality employment to ensure sustainable growth and put an end to the growing in-work poverty in Europe**: this is the focus of our contribution ahead of the Joint Employment Report⁶ because this is particularly important in line with the current changes and challenges faced by European labour markets: rising inequalities, job polarisation, the rise of non-standard forms of employment or of new forms of work. Here, social services fight against the declining quality of jobs, are menders of the negative effects of such trends, and vectors of sustainable job inclusion. Thus, access to affordable and quality social services should lie at the heart of employment policies in Europe. Similarly, adequate social protection for all types of workers is needed to cope with these challenging trends and guarantee the well-being of workers in Europe. Finally, more inclusive labour markets promoted by policies supporting better employment opportunities for disadvantaged groups are key to promote well-functioning labour markets delivering quality employment for all.

⁴ In its 2013 Social Investment Package (COM (2013) 83), the European Commission defines social investment as policies designed to strengthen people's present and future skills and capabilities and to support them to participate fully in employment and social life. Social investment consists of integrated policies that focus on preparing people for different social realities they might come to face (such as unemployment, sickness, disability or insufficient income), taking a preventive approach by aiming to reduce risks rather than repair their negative impact at a later stage.

⁵ This document will be officially published in its final version on 16 October 2018.

⁶ https://www.eurodiaconia.org/wordpress/wp-content/uploads/2018/10/Eurodiaconia_Recommendations-draft-JER-2019.pdf



- 2. Tackle child poverty to foster equal chances of children in European societies:** children are the age group most at risk of poverty or social exclusion and child poverty has even increased in a number of Member States. This is particularly worrying considering that experiencing poverty during childhood increases the risk of facing it later in life and impacts labour market outcomes. Poverty also prevents full participation of the child in the society, such as in extra-curricular activities or leisure pursuits. Activities supporting disadvantaged children to permit them to take part in after-school activities and in their community should therefore be promoted. As a child's well-being heavily depends on the family in which he grows up, direct support for families is required such as an adequate child allowance for every child, and in-work poverty needs to be tackled to ensure that working parents can support their family. Breaking the intergenerational poverty cycle is key to developing the full potential of all citizens, which is why the issue of child poverty should be given more focus in the European Semester, in line with principle 11 of the European Pillar of Social Rights.
- 3. Provide targeted and tailored services for non-EU migrants, especially women, to promote their labour market participation:** Obstacles that can have a significant effect on migrant's ability to integrate in European societies include limited access to the labour market and education, cultural or linguistic obstacles, discrimination, lack of access to affordable housing and healthcare, and limited access to social rights in general. Such challenges may be particularly felt by migrant women. Successful integration therefore depends on a package of measures that are tailor-made and give greater consideration to these specific challenges and to the migrant's experience. Thus, effective systems that recognises migrants skills, experience and existing qualifications such as the EU Skills Profile Tool for Third Countries Nationals⁷ and mentoring programmes are key for an optimal labour market integration of these workers. Tools such as these should be better promoted within the European Semester as effective ways to reach the Europe 2020 employment target by sustainably integrating migrant workers in the labour market.
- 4. Ensure affordable and accessible housing across Europe and tackle the growing homelessness challenge:** on top of being a basic right within the European social model, living in good and healthy housing is the first step to reintegrating into society and the labour market. With the financial and migration crisis, new forms of homelessness and housing exclusion have emerged in Europe, and our members clearly point as a growing obstacle the rising prices of housing in Europe. The strong increase of rents over the last years and lack of adequate and affordable housing in many cities across Europe represent an additional risk for vulnerable people. It is therefore urgent that access to housing and the fight against homelessness are addressed throughout the entire European Semester, in line with the principle on housing and assistance to the homeless of the European Pillar of Social Rights.
- 5. Increase the focus on health and social services to adapt to the ageing of European societies:** the ageing of European societies is a strategic and structural challenge for European social protection systems in the coming decades. A coordinated approach is, therefore, needed to coherently address the challenges associated to the rising demand for care provision, the declining supply of carers and the financial pressures to deliver high quality health and social services which are accessible and affordable. The initiative to support work-life balance⁸, which is one of the first deliverables of the European Pillar of Social Rights, is a step in the right direction. Beyond that, the European Semester should point at key strategies to deliver quality care in a more effective manner: promoting the integration of health and social care services, and of socially responsible public procurement practices. These are key to meet the changing needs of older persons and people with disabilities and to ensure care services that combine good quality, efficiency, and sustainability.

⁷ <http://ec.europa.eu/social/main.jsp?catId=1412&langId=en>

⁸ [An initiative to support work-life balance for working parents and carers](#), COM(2017) 252 final.



Improvements in employment figures in Europe should not be an excuse not to address the many challenges and precarious realities still faced by large numbers of Europeans. Therefore, **we urge the 2019 AGS to point at these issues and ensure a new European Semester cycle which is committed to quality employment and social inclusion as a sound path towards a more sustainable and cohesive EU.**

We thank you in advance for your attention and remain at your disposal if you would like more information on our proposals.

Yours sincerely,

Heather Roy, Secretary General.

