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Annual Growth Survey (AGS) 2016: Signs of change towards a democratic, social, sustainable and inclusive Europe but still a long way to go

The **European Semester Alliance ('Alliance')**, a **broad coalition bringing together 16 major EU civil society organisations (CSOs) and trade unions**, representing thousands of member organisations at EU, national, regional and local levels, welcomes signs of change in the AGS 2016 but reiterates that there is still a long way to go towards a democratic, social, sustainable and inclusive Europe.

In its [letter](#) addressed to Commission President Juncker in September 2015, the European Semester Alliance, proposed a set of recommendations to bring the Europe 2020 Strategy back on track for a more democratic, social, sustainable and inclusive Europe.

The Alliance particularly welcomes the reference in the AGS to **social investment**, calling on Member States **to invest in healthcare, childcare, housing support and rehabilitation services**. Our Alliance calls for more rigorous guidelines to ensure that **social investment is also an integral part of the European Fund for Strategic Investments**¹. Alliance's members argue again for public investment to provide more and better quality social services rather than to continue focusing on fiscal consolidation.

References to growing inequalities, poverty and social exclusion while welcome, are nevertheless squeezed into a narrow labour-market driven framework in which all and those furthest away are expected to 'adapt' when in fact it should be the other way around. While acknowledging the trend towards precarious work, the AGS falls short of stressing the urgency of creating substantive **quality work**. Instead the emphasis is still on the structural reforms that imply a weakening of employment protection legislation and further labour market flexibility without increased security. Europe needs an **integrated active inclusion** approach that goes beyond the restrictive conditionality of activation alone, offering comprehensive access to adequate income, quality services as well as inclusive labour markets. Europe also needs a **social rights pillar** which supports social standards and **social and gender impact assessments** to ensure that a rights-based approach is guiding the macroeconomic framework, including in the area of jobs.

The Alliance welcomes reference to effective **social protection systems** but questions the way in which its role is defined in the AGS to *"confront poverty and social exclusion"* and not as a preventative measure and universal to safeguard our unique **European Social Model**, our collective mechanisms of solidarity which benefit all over the whole life span.

¹ In a similar vein to the ex-ante conditions of the **Common Provision Regulation** of the **European Structural and Investment Funds**. Such Investments should lead to improved access, particularly for groups experiencing poverty and social exclusion.



While the AGS 2016 refers to the **Europe 2020 Strategy**, it needs to be taken “out of the box” to be put back on track and placed in the driving seat. If Europe is serious about the 2020 Strategy, the **two explicit targets on climate change and resource efficiency** must be integrated and monitored through a comprehensive resource efficiency indicator in the European Semester and not taken out and placed in other policy instruments, namely the Energy Union. Despite the announcement of First Vice-President Timmermans that the new **Circular Economy Package** will be more ambitious than its predecessor and that it will be integrated into the main tool to measure “jobs and growth” – i.e. the European Semester – it will not bring us on the path of sustainable development. Consequently, the opportunity to create quality jobs in the green economy could be missed.

The Alliance has yet to see the reform agenda called for in its letter with regards to **EU Guidelines** on structured dialogue with all stakeholders in the Semester process. We welcome the extension of the Semester to an annual cycle with new key milestones, including the publication of country reports in February to allow more time to prepare the country-specific recommendations. However, this engagement needs to be explicitly encouraged in the guidance note to Member States and backed with explicit mandatory guidelines to ensure quality structured dialogue. The Alliance reiterates its demand to **increase financial and logistical support** to facilitate active participation of less well-resourced actors in the Semester process, to ensure that civil society organisations (CSO) contributions are taken on board and annexed to the National Reform Programmes (NRP), and to develop indicators on participation that are monitored yearly to **ensure the quality of engagement**, and can form the basis for regular peer review on best practice.

The Alliance questions the breakdown of the European Union into two zones in the AGS, namely the Euro and the non-Euro countries. For the former, a set of recommendations are published alongside the AGS and questions the impact this will have in potentially creating a two-tier EU.

Finally, the Alliance **welcomes** the Commission’s commitment to a coordinated European response to the **refugee and migration** situation, and for a comprehensive approach to facilitate the participation of migrants and refugees in all areas of society.

To conclude, **we believe a prosperous European Union has the means at its disposal to change its direction and to invest in the well-being of all. The European Semester should live up to its full potential to bring the Europe 2020 Strategy further back on track for a democratic, social and sustainable inclusive economy based on equality of all, including equality between women and men.**