



BRIEFING FOR MEMBERS

FIRST ANALYSIS

The 2012 Annual Growth Survey (AGS) & EU2020 Progress Report

What is the Annual Growth Survey (AGS)?

The AGS is part of the governance structure for the Europe 2020 strategy, adopted in 2010, working towards smart, sustainable and inclusive growth. The strategy is monitored and evaluated through a process known as the European Semester, and the AGS is one element of the monitoring. The AGS sets out what the Commission believes must be the EU's priorities for the coming 12 months in terms of economic and budgetary policies and reforms to boost growth and employment.

The AGS is accompanied by a Progress Report on Europe 2020, analysing progress on the Europe 2020 initiatives, including the European Platform on Poverty.

What are the key messages in the 2012 AGS?

The 2012 AGS paints a bleak but realistic picture of the current economic situation. It alludes to the severity of the social impact but does not acknowledge the true social effect of the crisis. Confidence in the EU institutions is significantly lower and the recovery has stalled. Many of the key messages in this year's survey are the same messages in the first AGS for 2011. This is because the Commission sees that more needs to be done to implement last year's recommendations.

There are five priorities which the Commission expects the Member States to take into account when they make their next National Reform Programmes (NRPs).

1. To continue with fiscal consolidation
2. To restore normal lending to the economy
3. To step up structural reforms
4. To fight unemployment and address the social impact of the crisis
5. To modernize public administrations

What has been the progress towards the EU2020 poverty target?

Based on current national targets, around 12 million people would be lifted out of poverty and social exclusion. This is significantly short of the EU's 2020 target of 20 million.





Are there any encouraging aspects of the 2012 AGS and Progress Report?

This is much more reference to social objectives as compared to the previous AGS and addressing the social impact of the crisis is one of the five key priorities. Of the ten measures in last year's AGS none was dedicated to social objectives. The Commission has recognized that the financial crisis has hit those who were already vulnerable and has created new categories of people at risk of poverty. The AGS states that Member States "need to take account of the distributional impacts of fiscal consolidation to avoid compounding social difficulties".

The approaches in the AGS propose to address the social implications of the crisis by giving priority to improving labour mobility, supporting young people to gain employment and "protecting the vulnerable".

Recognition is given in the AGS to the need to improving the "effectiveness" of social protection systems and implementing active inclusion strategies. The Progress Report states "the modernisation of social protection systems should be pursued along the lines of the active inclusion common principles". Both documents stress the importance of access to effective and affordable services, "mitigating income poverty and inequality" and to "prevent marginalization of vulnerable groups".

The Progress Report states that "Apart from being valuable objectives in their own-right, fostering inclusive labour markets and societies have an impact on growth through improved labour market outcomes, enhanced aggregate demand and strengthened confidence." The AGS also calls for initiatives that "facilitate the development of sectors with the highest employment potential", including "white jobs" in the social and health sector. Social entrepreneurship is included in the Commission's recommendation to promote business creation and self-employment.

Are there disappointing aspects of the 2012 AGS and Progress Report?

The 2012 AGS continues to give priority to financial reforms and developments of the conditions for growth rather than achieving the 'inclusive growth' proposed in the Europe 2020 strategy. 'Austerity first' remains the philosophy and the dominant theme running through the survey is still fiscal consolidation and macro-economic imbalance. The focus on poverty reduction and social exclusion is overall narrowly focused on employment strategies. Furthermore there is no reference to a social impact assessment of the austerity measures that for some people are actually damaging their economic, social and health situations.

In both documents potentially positive messages are lost in unclear wording. Messages relating to the need to address the social impact of the crisis were much clearer in the previous Progress Report.

Despite lobbying by many platforms and networks there were no compulsory guidelines for Member States to involve civil society stakeholders in the development of their National Reform Programmes (NRPs). Little mention was given to the rising inequality levels and despite the emphasis on employment policies there was no mention of living wages, the working poor or quality jobs.

There is a clear lack of solidarity with poorer countries as increased economic conditionality, fines and sanctions only further exacerbate the problem. The lack of progress towards the poverty reduction target is disappointing, although expected. The rigorous approach to addressing deficits and debts is certainly not reciprocated in the approach to reducing poverty and social exclusion.

What will happen next?

The AGS launches the 2012 European Semester of economic governance. In the coming weeks and months, the different Council formations will discuss the AGS and report to the March European Council so that it can adopt appropriate policy guidance for the Member States. This guidance should be incorporated



into Member States' National Reform Programmes (regarding economic reforms) and Stability or Convergence Programmes (regarding public finances) presented in April/May. Having analysed these programmes, the Commission will issue its Country-Specific Recommendations in time for these to be endorsed by the June 2012 European Council. The Member States should then incorporate this policy guidance in their national economic and budgetary decisions.

Eurodiaconia will continue to analyse the European Semester and will work with partners to plan advocacy activities.

What can members do?

It is important to understand the timetable of the European Semester in order to know who to lobby and when to lobby them. When national governments are producing their National Reform Programmes (NRPs) they should ensure that representatives of civil society are involved in the process as partners. This provides an opportunity for you to engage with your national government and make sure that your priorities are reflected in your country's NRP. You should find out which department within your government will be responsible for developing the NRP and lobby them to make sure you are involved.

You may have more success in influencing the process if you are in an alliance or network with similar organisations that will help to give your views a louder voice. It can also be useful to engage members of your national parliament so they can represent your views in relevant parliamentary debates and meetings.

When the Country Specific Recommendations (CSRs) are produced by the Commission and the Council in May/June 2012 it will be important to note the content and the advice given to your country. Some of the views in your CSR may reflect those of your own organisation and this will give you additional weight when lobbying your national government.

More information

Commission website on the AGS: http://ec.europa.eu/europe2020/reaching-the-goals/monitoring-progress/annual-growth-surveys/index_en.htm
(documents in English, French and German)

Eurodiaconia documents on Europe 2020, including on the European Semester <http://eurodiaconia.org/our-work/policy-and-briefing-papers> and <http://eurodiaconia.org/our-work/policy-areas/eu2020>

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