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INCONSISTENCY IN THE EUROPEAN UNION EXTERNAL SOCIAL POLICY

EU SOCIAL POLICY TO THE SOUTH

Although many different traditions of social policy exist among the 15 member states of the European Union, social Europe portrays itself externally as strong and united: «*Our social structures are (...) based on shared values of equality and are distinguished by their universal nature and by the extent of their social support systems (...). European social standards are higher and stronger than those of all other comparable economies (...) social transfers in EU member states help us to prevent poverty (...) social policy is a productive factor that brings benefits for the economy, for employment, and for competitiveness.*»¹

As a result of certain factors, such as the changing demographic structure with the ageing of the population, the Economic and Monetary Union (EMU), and the recession and consequent elevated level of unemployment in the EU throughout the 1990s, social policy is more central and has a more permanent place in the EU agenda. The place of social protection was re-enforced on November 29th 1999, when the Council of Labour and Social Affairs decided to set up a high-level working group tasked with plans for action among EU Member States for sustainable pensions, health care, social inclusion and making work pay.²

Social policy is securing a more significant place in EU policies, not via legally binding provisions (EC Treaty, including regulations and directives), but through «soft law». In essence, this means that national policies define the social protection topography across the EU for internal affairs.

With a new Commission installed in the summer of 1999, light was shed on social policy in the discourse of development co-operation in a particular manner. The nominee to head the Commission –Commissioner Nielson– stated to the European Parliament: «*I very much welcome the questions on social development. We have learned in our history that the failure of development policies can create social problems that undermine our efforts and also that a focus on economic development alone is not enough. Indeed an unmitigated focus on economics can also be damaging—creating inequalities that disrupt the social fabric and it is increasingly recognised that a well functioning social fabric is an important vehicle for development.*»

In formal legal terms, the campaign against poverty and the aim to achieve social sustainable development are recognised as the primary objectives of European Development aid and have been introduced in the Maastricht Treaty. The Lomé IV Convention³ and the new ACP–EU Convention have also set poverty reduction as a central goal. In political terms, these legal obligations have been transformed into Council resolutions.

Opinions differ on the extent to which the Commission has managed to translate these legal obligations into implementation strategies. The Commission states that «*the introduction of gender markers has (...) occurred gradually as of 1998 together with markers on other cross-cutting issues,*»⁴ and mentions a variety of steps that have been taken to strengthen policy and implementation on the campaign against poverty and for social

1 QUINTIN, O. Presentation at meeting of PHARE co-ordinators from the ten candidate countries. The Development of European Employment and Social Policy, DGV, European Commission, 2 March 1999.

2 Council of Labour and Social Affairs Conclusions, November 29th 1999.

3 The Lomé IV Convention is a non reciprocal agreement for financial and technical cooperation, emergency help and a preferential system of trade of the European Community toward the ACP countries (Africa, the Caribbean and the Pacific).

4 European Parliament. The 1998 Discharge Procedure. *First working Document. Replies by the Commission to the first questionnaire by Max van den Berg, rapporteur for the European Parliament Committee on Development and Co-operation for the discharge procedure*, January 2000, p. 2.

development. In its most recent peer review, the Development Assistance Committee (DAC) of the OECD also welcomed the steps taken by the Commission in the social sector.⁵

Unfortunately, it is not easy to show that the stated efforts of the Commission have given demonstrable results. The evaluation of the Lomé Programme, commissioned by the European Commission, concludes that «*the impact of the EC aid programme on poverty appears so far to have been limited.*»⁶ According to the evaluation, the effects of Structural Adjustment Support have in general been constrained by the inability to protect social sector budgets in the South. The impact of project aid on poverty has suffered from «*an insufficient focus on policies and institutions, and by the specific activities pursued.*»⁷ Only in the area of micro-projects and the Commission's co-operation with NGOs have the lives of people in poverty been clearly improved, «*by fostering people's own capacity for development*», concludes the evaluation report.⁸

In its assessment of financial year 1998, the European Court of Auditors noted with regard to the implementation of the Lomé Convention that: «*very little is done to formulate operational objectives and criteria for achieving the overall objective of poverty reduction.*»⁹ For the programmes targeted at Latin America and Asia (ALA) the Court notes that the Commission has «*not taken any specific steps as far as we are aware (...) to focus more specifically on poverty aspects. It does not come through in the country strategy papers that are currently being adopted.*»

The Commission views the problem as caused primarily by a lack of reporting mechanisms. The reporting of the EU aid programmes has not been consistent with Development Assistance Committee (DAC) categories, in terms of distinguishing between Least Developed Countries (LDCs) and non-LDCs, developing countries and non-developing countries and sectoral disbursement. The Commission has announced that from 2001 onwards it will report in terms of DAC agreed categories, and «*additional efforts will be made to 'translate' regular EU reporting to OECD agreed standards.*»¹⁰ The Commission has also stated an intention to report systematically and comprehensively on the impact of gender policies from 2001 onwards. Additionally, the Commission states that social indicators are being established to measure the impact of investment in social sectors, primarily disbursed through budget support, but it will

take several years for these efforts to result in «*dependable overall figures*».¹¹

The lack of ability to demonstrate results in social development is confirmed by an examination of the Commission's evaluation of its programmes. The 'meta-evaluation' refers to the 'three Ps', 'poverty', 'participation' and 'partnership' and concludes that: «*...a weakness in many (but not all) evaluation reports is that the (...) 'three Ps' and other basic concepts are often mentioned briefly, but in a formal rather than an analytical way.*»¹²

The increased focus on poverty eradication and sustainable social development has had an impact on the organigramme of the Directorate General for Development, but has not translated into a serious increase in availability of staff expertise in these areas. Of over 1000 staff members of the Directorate General for External Relations (RELEX DGs) –the European Commission in charge of social development, human rights and environment in the South (minus Eastern Europe)–, only 12 work directly on social development policy. The figures below indicate the staffing levels. The staff available must ensure that programmes involving an annual disbursement of around 4–5 billion Euro include a social development perspective.

The limited human resources for social development in programmes for the South can partly be explained by the transfer of resources to aid programmes for Central and Eastern Europe and the Directorate General for enlargement. This transformation has not only affected the balance within and perspectives of the EU aid programmes, but is also gradually changing the nature of the EU as the countries are progressing toward membership in the EU.

ENLARGEMENT

In 1993, at the Copenhagen European Council, the Member States took the step towards current enlargement, agreeing that «*the associated countries in Central and Eastern Europe that so desire shall become members of the European Union.*» The European Council decided that: «*[a]ccession will take place as soon as an applicant is able to assume the obligations of membership by satisfying the **economic and political conditions required.***» The Member States designed membership criteria,

⁵ DAC, European Union. *Development Co-operation Review Series*. OECD, 1998.

⁶ European Commission. Evaluation of European Union Aid managed by the Commission to Africa, Caribbean and Pacific Countries. *Synthesis Report*, November 1998, p. 13. The report also refers to the problem of the limited commitment of ACP governments to the objective of poverty reduction.

⁷ *Ibid.*

⁸ *Ibid.*

⁹ European Parliament. *Replies to the Questions addressed to the Court by Mr. Max van den Berg (MEP), rapporteur of the Development Committee for the discharge procedure 1998*, December 21st 1999, p. 10–11.

¹⁰ European Parliament, *Ibid.*

¹¹ *Ibid.*

¹² European Commission. *An Evaluation of the Process of Evaluation of EC External Aid Programmes. A meta-evaluation commissioned by the SCR and carried out by Professor Cristopher Politt (Erasmus University Rotterdam) and Professor Helen O'Neill (University College Dublin)*. Final Draft 12–14–99.

TABLE 1.

Staffing level in the European Commission on social development, human rights and the environment in the South ¹³				
Social development		Human Rights	Environment	
Gender	1		Policy formulation and country programming	8 pt
Health	7		International negotiations	3 ft 13 pt
Education	4		Research co-operation with developing countries	1 pt
			Project preparation and implementation	6 ft 4 pt
Total	12	12 (excl SCR) [•]		9 ft 26 pt

ft=full time; pt=part time

• SCR (Service Commun Relex), French for Joint Service for External Relations.

often referred to as the Copenhagen Criteria, which constitute the following principles for achievement of candidate countries:

- Stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- The existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union;
- The ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

Non-EU members, particularly the candidate countries for EU membership, are encouraged to: invest in their national social protection systems; assure coverage of wide risks on the basis of a solidarity-based system; provide the state with a significant role; and ensure participation of the social partners.¹⁴ Despite occasional statements on EU social policy, which include an external dimension, however, social policy is not within the criteria

for accession to the EU. In addition, the communication planned for publication in 1998 on the external dimension of EU social policy with regard to the Central and Eastern European Countries (CEEC), but also to other areas to which the EU is a major donor, was never published because of discord among the different Directorates General and services of the Commission.¹⁵

The EU external aid programme for the CEEC, PHARE,¹⁶ was first set out in 1989 to eradicate poverty in Poland and Hungary, and was thereafter extended to 14 CEEC altogether. The guiding mechanism in the provision of aid was «demand-oriented», which meant that the CEEC determined their needs independently. This implied that PHARE acted more as a «policy-taker» than as a «policy-maker», largely accepting policies and programmes proposed by the recipient countries' governments. During this first phase of the lifetime of PHARE, the objectives were very vaguely defined, as were the expected outcomes. The tangible results were few, and instead of being able to specify the contribution of each project, only a general contribution was traceable.¹⁷

The European Council meetings in Essen (December 1994) and Madrid (December 1995) re-focused the orientation of the programme as a financial instrument in a pre-accession strategy. In this process the Commission enhanced its role as a policy-maker for the region. The Commission reoriented the PHARE programme in 1997 to become an accession-oriented type of structural fund, set out to develop the private sector and to build the infrastructures in the CEEC. In this framework, 70% of PHARE funds were set out for financing of investment and 30% for institution building.¹⁸

The policy-making aspect has to a large extent proved to be limited. For instance, in many projects dealing with social policy reform, the principle aim is to provide information on the weaknesses, the strengths and the capacity of the CEEC to sustain reform and to evaluate their capacity of adopting and implementing the European *acquis* (obligations for EU Membership) in relation to accession.¹⁹ **Most of the EU social policy projects deal with reforming the administrative infrastructure, rather than contributing to shaping policy issues, which leaves the place for other donors, such as the World Bank, to determine the direction of policy reform. That the EU influences social policy in the CEEC less than the World Bank and other donors—despite the fact that the countries will be EU members—is a worrying sign of the weakness of the EU's political identity and the disunity of the EU as a whole.**

¹³ European Parliament. *The 1998 Discharge Procedure. Replies by the Commission to the second questionnaire by Max van den Berg, rapporteur for the European Parliament Committee on Development and Co-operation for the discharge procedure*, January 2000, January 26th 2000, D(2000)20024, pp. 11–12.

¹⁴ LARSSON, A.. Speech at Consensus Programme Advisory Board (PAB) Meeting, December 14th 1998, p. 4

¹⁵ European Commission. *Social Action Programme 1998–2000*. DG V/1, April 1998

¹⁶ European programme for Central and Eastern Europe.

¹⁷ European Commission. *The PHARE Programme: an interim evaluation report*, DG1A/F5. June 1997, pp. 17–18.

¹⁸ *Ibid.*; Court of Auditors, Special Report No 11/98 concerning the development of the PHARE and TACIS private sector for the 1991 to 1996 period (programmes in support of SMEs, regional development and the reorganisation of businesses) together with the Commission's replies, *Official Journal of the European Communities*, C 335, Vol. 41, November 3rd 1998.

¹⁹ Interview Contractor 1, 5 November 1999.

SOCIAL SECTOR SUPPORT IN EASTERN EUROPE

With no specific focus on social development in the PHARE programme, the Consensus Programme was created as part of it in 1995 to fill the gap in social protection reform in the CEEC. At the outset, the programme's basic idea was an ideal-typical mechanism to enhance democratic principles rather than a precise policy framework. The Consensus Programme is a two-year Euro 10 million programme, financed by PHARE funds. Consensus I was implemented from 1995 to 1997 and Consensus II from 1997 to 1999. At the end of 1999, the Commission took the decision to discontinue the programme in the framework of a broader political decision to eliminate multi-country and cross-country projects.

No prescriptions in terms of social policy guided the Consensus Programme. After a brief period of trial-and-error during the inception of the programme, it became clear that the CEEC counterparts did not implicitly conceive social protection as the Commission understood it. Eventually the Consensus experts, including actors from consulting companies and academic institutions and the Commission's representative—a medical doctor rather than a social policy expert—eventually agreed in December 1996 on defining the scope of social protection (see box 1).

The design and structure of the programme was complex, and in both phases of its life external consultancy consortia undertook the implementation of projects. The power of social protection policies with regard to the CEEC was to a certain extent given to external players. Consultants who implement PHARE or Consensus projects are selected through competitive tender, based on an expression of interest by the tenderer or through selection from the PHARE or Consensus database of experts. This database is organised on loose criteria, rather than on assessment of past participation in such projects. This partly explains why the quality of an expert can vary strongly, and why the recipients conceive the provision of aid through the EU external aid programmes as a lottery.

For the overall monitoring of the Consensus Programme, one Commission representative in DG1A²⁰ had to approve of all decisions, through a decentralised mechanism. In light of the significant power given to external players, it should be noted that the appointed representative in DG1A for overall control of the Consensus Programme was not a social policy or social protection expert. A Commission representative in DGV,²¹ who was a social policy expert, also participated in the overall monitoring of the programme, at first on a consultative basis and afterwards (from 1998 onwards) on a more official and binding basis. Two Commission representatives, only one of which was a social policy expert, controlled the monitoring of transposition from social policy to action. The implementation modalities were largely left to contractors.

CUADRO 2.

The definition of social protection set out in the framework of the Consensus Programme, and adopted by the Consensus Programme Advisory Board (PAB) in December 1996 is:

Social Protection should include all compulsory schemes or voluntary arrangements made for the purpose of providing individuals and/or households with benefits intended to relieve or to assist them upon the occurrence of specified social contingencies (term broadly equivalent to social risk) and/or social needs. The relevant social contingencies should include: old-age, disability, death of the breadwinner, occupational accidents and diseases, a condition requiring health care in connection with illness, maternity or injury, family responsibility for bearing children, involuntary unemployment, the lack of minimum resources for subsistence. The specific functions performed by social protection as defined above are:

- Income maintenance;
- Income support, and;
- Guaranteed access to health and medical care regardless of individual income.

CONCLUSIONS

The image created by the EU of a social Europe based on shared values of equality and social structures that are universal in nature is not consistent with its external policies in which social dimensions play a secondary role at most.

The EU discourse on the external dimension of social policy is rather broad—but not united. It encompasses not only the rather limited *legal acquis*, but also the wider principles of European social policy: *the soft acquis*. This non-fixed identity of social policy externally is especially alarming considering that the CEEC will soon be members of the EU.

- The Commission should ensure that an externally oriented discourse on social policy is produced, as was planned in the 1998 – 2000 Social Action Programme, and that measures are foreseen to transpose priorities set out in the discourse to the programme level.
- EU country programmes setting out assistance policies to third parties should specifically indicate how the assistance will

²⁰ Directorate General 1A in charge of external relations to Latin America, Asia and Mediterranean countries.

²¹ Directorate General in charge of Social Affairs.

contribute to social development. This includes assistance to countries in Central and Eastern Europe.

- The European Commission should develop indicators to measure the results of assistance given to social sectors and report on the amount of resources spent in social areas.
- The Commission should ensure that adequate staff and expertise is made available in social sector development for the implementation of its external assistance programmes. This includes expertise on gender equity.
- The Commission should re-organise its database of experts according to stricter criteria and create a long-term memory of the «good» project implementors in order to reduce the randomness of project quality.

- The legal *acquis* needs to reflect the objectives of a social Europe. The Inter Governmental Conference should, therefore, incorporate an article that ensures that EU policies, internally and externally, are not contradicting basic social criteria. In other words, social protection requirements must be integrated into the definition and implementation of Community policies and activities.

- Eurostep is a co-ordination of 22 European development Organisations.
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