

TOOLKIT FOR ENGAGING WITH EUROPE 2020 AND THE EUROPEAN SEMESTER 2014-2015

ANNEX 4 – Glossary of Terms and Acronyms

ACTIVE INCLUSION

The European Commission put forward, in 2008, a Recommendation on the Active Inclusion of People Furthest from the Labour Market. To this end, the Commission recommends that the Member States draw up and implement an integrated comprehensive strategy. The strategy should be composed of the following three strands: sufficient income support; inclusive labour markets; access to quality services. The actions should support the employment of those who can work, providing the resources required for a dignified life, and promote the social participation of those who cannot work. Member States were invited to implement integrated strategies, combining the three strands, and include all relevant actors in the development, implementation and evaluation of the strategy. See full text [here](#).

ALERT MECHANISM REPORT (AMR)

It is the starting point of the yearly cycle of the Macroeconomic Imbalance Procedure (MIP), which aims at identifying and addressing imbalances that hinder the smooth functioning of the EU economies and may jeopardise the proper functioning of the Economic and Monetary Union. The AMR identifies the Member States for which further analysis (in the form of an in-depth review) is necessary, in order to decide whether an imbalance in need of policy action exists. It is an initial screening device, based on a Scoreboard of indicators with indicative thresholds, plus a set of auxiliary indicators. The in-depth reviews are published in spring and feed into the analysis underpinning the Country-Specific Recommendations.

ANNUAL GROWTH SURVEY (AGS)

The Annual Growth Survey is the main tool for EU-level economic policy coordination, and it ensures that Member States align their budgetary and economic policies with the Stability and Growth Pact and the Europe 2020 Strategy. It is the basis for building a common understanding about the priorities for action at the national and EU level, and should feed into national economic and budgetary decisions, which Member States will set out in Stability and Convergence Programmes (under the Stability and Growth Pact) and National Reform Programmes (under the Europe 2020 Strategy) in April. These programmes will form the basis for the European Commission's proposals for Country-Specific Recommendations in May.

COUNTRY-SPECIFIC RECOMMENDATIONS (CSR)

These are documents prepared by the European Commission for each Member State, analyzing its economic situation and providing recommendations on measures it should adopt over the coming 12 months. They are tailored to the particular issues the Member State is facing, and cover a broad range of topics: the state of public finances, reforms of pension systems, measures to create jobs and to fight unemployment and poverty, education and innovation challenges, etc.

DIRECTORATE GENERAL (DG)

The European Commission is divided into departments known as Directorates-General (DGs), each covering a specific policy area and headed by a Commissioner. There are currently 27 DGs in the European Commission, corresponding to 27 Commissioners (one per Member State). The DGs cover similar policy areas to Ministries in national governments. See full list of DGs [here](#).

ECONOMIC POLICY COMMITTEE

The Committee was set up by a Council decision in 1974, to provide advice and to contribute to the work of the ECOFIN Council and the Commission. The core business of the Committee is structured around the following two interacting pillars: an economic policy pillar, and a public finance pillar. Given the current economic situation, the EPC's focus is more than ever on growth and jobs, in particular those reforms supporting competitiveness and adjustment capacity, as well as ensuring the sustainability of public finances.

EMPLOYMENT COMMITTEE (EMCO)

The Employment Committee is a Treaty-based Committee, formally created by a Council Decision in January 2000. It plays a significant role in the development of the European Employment Strategy, through preparing discussions in the Council each autumn on the Employment Guidelines, Joint Employment Report, and Recommendations on the implementation of national employment policies. The EMCO also formulates Opinions and Contributions at the request of the Council, the Commission or at its own initiative. Each Member State and the Commission nominates two Members and two alternates. Please see more information, including list of members, [here](#).

EMPL COMMITTEE

The Employment and Social Affairs Committee of the European Parliament (called EMPL) is mainly responsible for employment policies and all aspects of social policy, working conditions, vocational training and the free movement of workers and pensioners. The committee consists of 50 full and 50 substitute members, representing the various political families in the European Parliament. Each political group appoints a coordinator to take part in organizing the Committee's work. The EMPL Committee works with the Council of the European Union and the European Commission to implement the legislative framework in the areas for which it is responsible. See more details [here](#).

EPSCO

The Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) is composed of employment, social protection, consumer protection, health and equal opportunities ministers, who meet around four times a year. Please see more information [here](#)

EURO PLUS PACT

The Euro Plus Pact is a 2011 plan, in which some Member States of the European Union make concrete commitments to a list of political reforms, which are intended to improve the fiscal strength and competitiveness of each country. The Euro Plus Pact has four broad strategic goals: fostering competitiveness; fostering employment; contributing to the sustainability of public finances; reinforcing financial stability; tax policy coordination.

EUROPE 2020 STRATEGY

Europe 2020 is the European Union's ten-year strategy for smart, sustainable and inclusive growth, agreed by the European Council in 2010. It relies on five headline targets for the EU to achieve by the end of the decade. These cover employment (75% employment rate); education (reduce the early-school-drop-out rate below 10% and foster tertiary education); research and innovation; climate/energy; social inclusion

and poverty reduction (lifting at least 20 million people out of poverty and social exclusion). The Strategy also includes seven “Flagship Initiatives”, providing a framework through which the EU and national authorities mutually reinforce their efforts in areas supporting the Europe 2020 priorities. For more information, see [here](#).

EUROPEAN PLATFORM AGAINST POVERTY (EPAP)

This is one of the seven Flagship Initiatives of the Europe 2020 Strategy (see above), which sets out actions to reach the EU target of reducing poverty and social exclusion by at least 20 million people by 2020. It is based on 5 areas of action: mainstreaming across all policy areas, use of EU funds, evidence-based social innovation, working in partnership and harnessing social economy, and better policy coordination between Member States. Key actions: improved access to work, social security, essential services (healthcare, housing, etc.) and education; better use of EU funds to support social inclusion and combat discrimination; social innovation to find smart solutions in post-crisis Europe, especially in terms of more effective and efficient social support; new partnerships between the public and the private sector. For more information, see [here](#).

EUROPEAN SEMESTER

The "European Semester" is a cycle of economic and fiscal policy coordination within the EU, occupying the six-month period from the beginning of each year. It begins with the Annual Growth Survey (in November of the previous year), in which the Commission provides an analysis on the basis of the progress on Europe 2020 targets, a macro-economic report and the joint employment report, and sets out their approach to recovery and growth, concentrating on key priorities. This cycle forms the basis for ex-ante economic coordination at EU level, while national budgets are still under preparation, and will be discussed by Council formations and the European Parliament ahead of the spring meeting of the European Council in March. At the Spring Council, Member States, essentially on the basis of the Annual Growth Survey priorities, and implementation of the previous Country Specific Recommendations (see above), will identify the main challenges facing the EU, and give strategic advice on policies. Taking this guidance into account, the Member States will present and discuss their medium-term budgetary strategies through Stability and Convergence Programmes and, at the same time, draw up National Reform Programmes, setting out the action they will undertake in areas such as employment, research, innovation, energy or social inclusion. These two documents will be then sent in April to the European Commission for assessment. Based on the Commission's assessment, the Council will issue Country-Specific Recommendations (CSRs) by June and July. Each July, the European Council and the Council of Ministers will provide policy advice before Member States finalise their draft budgets for the following year, during the autumn (the so-called “national semester”).

FISCAL COMPACT

The Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (also known as the Fiscal Compact) is an intergovernmental treaty introduced as a new, stricter version of the previous Stability and Growth Pact. It was signed on 2 March 2012 by all Member States of the European Union, except the Czech Republic and the United Kingdom. Ratifying Member States are required to have enacted laws requiring their national budgets to be in balance or in surplus, within the Treaty's definition. These laws must also provide for a self-correcting mechanism to prevent their breach. For more information, please see [here](#).

INDEPENDENT SOCIAL INCLUSION EXPERTS

The Network of Independent Experts on Social Inclusion assists the European Commission in monitoring and evaluating the situation with regard to poverty and social exclusion and the policies that are relevant in this respect in the Member States and accession countries (Croatia, the Former Yugoslav Republic of Macedonia, Serbia, Turkey, and Iceland). Each year, experts provide two reports on their respective countries, with regard to a specific subject that is being examined in the context of the EU social inclusion

process, and an independent (non-governmental) assessment of an official policy document (the social inclusion strand of the National Strategy Report on Social Protection and Social Inclusion or an official reply to a Social Protection Committee questionnaire on a specific topic). The Network Core Team produces synthesis reports, bringing together the main results of the analysis across countries. For more information and list of experts, see [here](#).

INTEGRATED GUIDELINES

These are a set of 10 guidelines, developed by the European Commission, aimed at helping Member States to implement the 5 overarching targets of the Europe 2020 Strategy (see above). While the first 6 are macro-economic guidelines, the final 4 (numbers 7 through 10) are the so-called “employment guidelines”, and underpin the employment, education, and poverty-reduction targets of Europe 2020. The Guidelines are supposed to provide a basis for the National Reform Programmes elaborated annually by Member States under Europe 2020.

MACROECONOMIC IMBALANCES PROCEDURE (MIP)

This is a surveillance mechanism that aims to identify potential risks early on, prevent the emergence of harmful macroeconomic imbalances, and correct the imbalances that are already in place. The annual starting point of the MIP is the Alert Mechanism Report: Based on a scoreboard of indicators, it is a filter to identify countries and issues for which a closer analysis (in-depth review) is deemed necessary. The outcome of these in-depth reviews forms the basis for further steps under the MIP, whereby a graduated approach is followed reflecting the gravity of imbalances. The MIP has a preventive and a corrective arm. The latter is made operational by the Excessive Imbalance Procedure, which can eventually lead to sanctions for euro area Member States if they repeatedly fail to meet their obligations.

MID-TERM REVIEW (EUROPE 2020)

Evaluation of the progress achieved in reaching the five headline targets of the Strategy, and of the implementation of the seven Flagship Initiatives, as well as the approach and priorities of the Strategy. It is scheduled to take place in 2015. In 2015, the European Commission issues a stock-taking Communication (which can be accessed [here](#)) and opened a public consultation (details [here](#)).

MP / MEP

An MP is a Member of a national Parliament. An MEP is a Member of the European Parliament.

NATIONAL REFORM PROGRAMMES (NRP)

These are annual plans submitted by the Governments of the Member States in April of each year, for the duration of the Europe 2020 Strategy (2010-2020). They are meant to show how Member States are implementing the overarching targets of Europe 2020 (translated into national targets), while taking into account the Integrated Guidelines (see above), as well as the priorities of the Annual Growth Survey (see above) and the Spring Council Conclusions.

POVERTY (REDUCTION) TARGET IN THE EUROPE 2020 STRATEGY

The poverty-reduction target is one of the 5 overarching objectives of the Europe 2020 Strategy (see above). It aims at lifting, by 2020, at least 20 million people in the EU out of poverty and social exclusion. Progress is measured according to three key indicators, explained below, but avoiding double counting (that means, a person who is at risk of poverty/and or exclusion (AROPE) is somebody who is captured in at least one of the following indicators:

- **At risk of poverty**

One of the three indicators underpinning the poverty-reduction target of the Europe 2020 Strategy. The at-risk-of-poverty rate is the share of people with an equivalised disposable income (after social

transfers) below the at-risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income after social transfers. See more [here](#).

- **Severe material deprivation**

One of the three indicators underpinning the poverty-reduction target of the Europe 2020 Strategy. Severe material deprivation refers to a state of durable economic strain, defined as the enforced inability (rather than the choice not to do so) to comply with at least four of the following items: pay rent, mortgage or utility bills; keep the home adequately warm; face unexpected expenses; eat meat or proteins regularly; go on holiday away from home; own a television set; own a washing machine; own a car; own a telephone). For more information, see [here](#).

- **Low work intensity**

One of the three indicators underpinning the poverty-reduction target of the Europe 2020 Strategy. People living in households with very low work intensity are people aged 0-59, living in households where the adults worked less than 20% of their total work potential during the past year. This indicator is sometimes referred to as "jobless households". For more information, please see [here](#).

SERVICES OF GENERAL INTEREST (SGI)

Services of General Interest are defined as the basic services that are essential to the lives of the majority of the general public, and where the State has an obligation to ensure public standards. These cover a wide range of activities linked to big network industries (energy, telecommunications, transport, postal services), but also include vital services at the heart of the EU social protection system (education, health, housing, social services, water and waste management). At the EU level, these have been further divided into:

- **Services of General Economic Interest (SGEI)** are defined as essential services where state regulation is deemed necessary to ensure adequate delivery, but which are considered to have an economic nature (mostly linked to the existence of a market, such as electricity, gas telecommunications).
- **Social Services of General Interest (SSGI)** are defined as essential basic services which are provided in the public interest, but are essentially social in their character, and are often linked to national social welfare and social protection rights. The European Commission has distinguished two types of social SSGI: 1) statutory social security schemes, linked to main life risks (ageing, health, unemployment, retirement, disability); 2) personal services, such as social assistance, employment and training services, social housing, long-term care. A Social Service of General Interest can be considered to be economic in nature or not, depending on whether they are supplied through the market.

SIX-PACK

This is a set of European legislative measures to reform the Stability and Growth Pact, introducing greater macroeconomic surveillance. These measures were bundled into a "six pack" of regulations, which entered into force 13 December 2011, after one year of preceding negotiations. The six regulations aim at strengthening the procedures to reduce public deficits and address macroeconomic imbalances.

SOCIAL INVESTMENT PACKAGE (SIP)

The Social Investment Package is a comprehensive set of documents, released by the European Commission on February 20th, 2013. It builds upon the European Platform against Poverty and Social Exclusion, and is supposed to complement other recent Commission initiatives to address Europe's social and economic challenges, namely the [Employment Package](#), the [Youth Employment Package](#), and the [White Paper on Pensions](#). It is an integrated policy framework, aiming to ensure social and economic returns on social spending, focusing on: 1) Increasing the sustainability and adequacy of social systems through simplification and better targeting; 2) Pursuing activating and enabling policies through targeted, conditional and more effective support; 3) Ensuring social investment throughout the individuals life. The Package consists of a main Communication, setting out the policy framework, concrete actions to be taken by Member States and the Commission and guidance on the use of EU funds to support reforms. It is accompanied by:

- A Commission Recommendation on *Investing in Children: breaking the cycle of disadvantage*, containing an integrated policy framework to improve children's opportunities;
- A Staff Working Document (SWD) containing evidence on demographic and social trends and the role of social policies in responding to the social, economic and macro-economic challenges;
- A Staff Working Document following up on the 2008 Commission Recommendation on Active Inclusion for people excluded from the labour market;
- The 3rd Biennial Report on Social Services of General Interest to help public authorities and stakeholders understand and implement the revised EU rules on social services;
- A Staff Working Document on Long Term Care, presenting challenges and policy options;
- A Staff Working Document on confronting homelessness, explaining the situation of homelessness in the European Union and possible strategies to consider;
- A Staff Working Document on Investing in Health, containing strategies to improve the efficiency and effectiveness of health systems in a context of tighter public healthcare budgets and discussing how health can contribute to increasing human capital and social inclusion;
- A Staff Working Document outlining how the European Social Fund will contribute to implementing the Social Investment Package.

A Roadmap for implementation was also put forward by the European Commission – see [here](#).

SOCIAL OPEN METHOD OF COORDINATION (OMC)

For policy areas where the European Union cannot adopt European legislation (ie, areas which remain the responsibility of national governments), there are soft law methods, which are used to promote cooperation between EU countries. The Open Method of Coordination (OMC) is one of these soft law methods. The OMC provides a new framework for cooperation between the Member States, whose national policies can thus be directed towards certain common objectives. Under this intergovernmental method, the Member States are evaluated by one another (peer pressure), with the Commission's role being limited to monitoring and facilitating. Member States since 2000 co-ordinate their policies for combating poverty and social exclusion through the Social OMC, through agreed Common Objectives (see above), which include the mobilization of all stakeholders (including people experiencing poverty), Common Social Indicators (see above) and common reporting and mutual exchange mechanisms. Since 2005, the Social OMC has included 3 pillars: 1) Social Inclusion 2) Pensions and 3) Health and Long-Term Care. Since the advent of the Europe 2020 Strategy (see above), the role of the Social OMC has been under debate, but was re-confirmed by the Social Protection Committee (see below) in 2011, as a key instrument

to underpin the social dimension of Europe 2020, including through National Social Reports (see above). See more information [here](#).

SOCIAL PROTECTION COMMITTEE (SPC)

The Social Protection Committee was established in 2000, in order to serve as a vehicle for cooperative exchange between the European Commission and the Member States, about modernising and improving social protection systems. The Committee consists of two representatives appointed by each Member State, and two representatives of the Commission. The national delegates of the SPC provide a voice for national Governments in the framework of the EU strategy for social inclusion and social protection, and monitor closely the initiatives launched in this process. See more information [here](#).

SOCIAL PROTECTION PERFORMANCE MONITOR (SPPM)

This relevant new instrument, developed through the Social OMC (see above) and the Indicators Sub-Group of the SPC (see above), aims to reinforce coordination of social policy and multilateral surveillance. The SPPM will strengthen the monitoring of the social situation in Europe by the SPC (according to Art. 160 TFEU), identifying the main common social trends and reinforcing the multilateral surveillance capacity of the SPC, enhancing the Committee's role in the European Semester, and helping the EPSCO (see above) have a stronger and more powerful voice in defending social issues in the European Council. It will make full use of the EU portfolio of indicators on social protection and social inclusion, which will be the main source for the indicators. See also the definition of the SPC Annual Report above.

SOCIAL SCOREBOARD

The European Commission issued, in November 2012, a Blueprint for a deep and genuine Economic and Monetary Union (EMU) – see the text [here](#). On 2 October 2013, this was complemented by a communication on the Social Dimension on the EMU (see full text [here](#)), which includes a Scoreboard focussing on 5 main dimensions (unemployment rate; young people not in employment, education or training; disposable household income; at risk of poverty rate; inequalities), and which is referred to as the “Social Scoreboard”. This builds on previous sets of indicators used in the framework of Europe 2020, such as the Employment Performance Monitor and the Social Protection Performance Monitor (see above).

SPRING EUROPEAN COUNCIL

Meeting of the European Council (comprising the Heads of State or Government of the 27 Member States of the European Union), which usually takes place in March of each year. Among other issues, it issues Conclusions meant to provide guidance to Member States for their economic, financial, and social policy, to be reflected in the National Reform Programmes.

STABILITY AND GROWTH PACT

The Stability and Growth Pact is an agreement among the 28 Member states of the European Union to facilitate and maintain the stability of the Economic and Monetary Union (EMU). Based primarily on Articles 121 and 126 of the Treaty on the Functioning of the European Union, it consists of fiscal monitoring of members by the European Commission and the Council of Ministers, and the issuing of a yearly recommendation for policy actions. If a Member State breaches the outlined maximum limit for government deficit and debt, the surveillance and request for corrective action will intensify through the declaration of an Excessive Deficit Procedure (EDP); and if these corrective actions continue to remain absent after multiple warnings, the Member State can ultimately be issued economic sanctions.

STABILITY / CONVERGENCE REPORTS

The preventive arm of the Stability and Growth Pact requires Member States to submit Stability or Convergence Programmes to the European Commission every spring. Stability Programmes are submitted by euro area Member States, while Convergence Programmes, which also contain monetary strategies,

are submitted by non-euro area Member States. The main function of these reports is to allow the Commission and the Council to assess whether Member States' have reached their medium-term budgetary objectives (MTOs) or are on an appropriate adjustment path towards them. Consistency in Member States' plans with the policy guidelines adopted at the European level is also examined. The Programmes are submitted annually in April, and assessed as part of the European Semester, so that policy advice on fiscal policy planning is provided before key decisions are taken on national budgets for the following years.

STAFF WORKING DOCUMENT (SWD)

These are informative and factual documents that have no legal effect and do not, therefore, commit the European Commission. They reflect the only the position of the Directorate General issuing them, and are not adopted or approved by the College of Commissioners. There are two types of SWDs - those that are linked to an act subject to a decision-making procedure, and those that are self-sufficient, or "stand-alone SWDs", that are not linked to an act, nor subject to a decision-making procedure.

TROIKA COUNTRIES

Also called "Programme countries", these are Member States of the European Union who have received bail-out funds managed by the "Troika" – the European Commission, the European Central Bank, and the International Monetary Fund. The arrangements are governed, in each county, by a Memorandum of Understanding, setting out the conditions or repayment. These often entail very harsh austerity measures. Troika countries are, for the time being, Greece, Portugal, Cyprus, and formerly Ireland. Romania, Hungary and Latvia are not Eurozone members, which means they receive bail-out money from the IMF under the supervision of the European Commission, but the European Central Bank is not involved.

TWO-PACK

The Stability and Growth Pact (SGP) sets the well-known limits for budget deficits and public debt of 3% and 60% of GDP, respectively. However, the global economic and financial crises exposed shortcomings in economic governance and budgetary surveillance at the EU level, especially given the higher potential for spillover effects of budgetary policies in a common currency area. The European Commission thus proposed two further regulations, introducing stronger mechanisms specifically for the euro area. The new measures mean increased transparency on their budgetary decisions, stronger coordination in the euro area starting with the 2014 budgetary cycle, and the recognition of the special needs of euro area Member States under severe financial pressure.