



**The UN Independent Expert on foreign debt and human rights - Call
for contributions to inform the development of guiding
principles for human rights impact assessments on economic reform
policies**

*The need to implement human rights impact assessment instruments
during the development of Economic Adjustment Programmes – Critical
lessons from Greece to the global community*

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BACKGROUND

Greece is the EU Member State most impacted by the 2008-9 financial crisis, given that there were neither primary social safety nets for those unable to meet their needs through market or family settings, nor supplementary policies in case of specific needs, as social housing regimes. The national social protection model was strongly fragmented, and public spending was focused on civil servants salaries and state pensions.

But a radical welfare reform (particularly through the introduction of a national guaranteed minimum income scheme) was only a marginal priority within the structural agenda of the three *Economic Adjustment Programmes* (known also as Bailout Programmes), which were implemented since May 2010 by Greece and major lending international partners (European Commission, European Central Bank, International Monetary Fund). These institutions identified serious problems and shortcomings in the regulation and funding of welfare, and they adopted - through the introduction of specific “*social clauses*” - a controversial social policy agenda with strong financial but limited social effects.

The Greek paradigm constitutes, therefore, a unique case for discussing the need to implement *human rights impact assessment instruments* during austerity times. In July 2017, Greece is experiencing its 9th consecutive year of recession; following a deep and prolonged depression, during which real GDP fell by 26% since 2008, the Greek economy is projected to grow again in the course of 2017, but a full recovery will take time.

The social impact of the crisis has been extremely severe so far. Greece was the EU Member State recording the lowest value of the employment rate (54.9% in 2015). The employment rate declined in almost all economic sectors, although recession particularly affected cyclical sectors, such as construction, manufacturing and trade. Unemployment has increased dramatically (23.2% in March 2017) and it is likely that it decrease during the next years. Long-term unemployment has reached 16.9% of the labour force in February 2017 and youth unemployment is the highest among EU Member States (over 48% in February 2017).

35.7% of the population (almost 3.825.000 persons) were at risk of poverty and social exclusion in 2015 (23% of people aged 65+ and 36.7% of people aged 0-17), while 21.4% were living below the EU statistical poverty line (income set at 60% of the national median equivalized disposable income)¹. 21.5% of the population were at a situation of severe material deprivation² and 17.2% of the active population (people aged 0-59) were living in low work intensity³ households.

¹ Monetary poverty is measured by the indicator ‘people at risk of poverty after social transfers’, which measures the share of people with an equivalised disposable income below the risk-of-poverty threshold. This is set at 60 % of the national median equivalised disposable income after monetary social transfers. Social transfers are benefits provided by national or local governments, including benefits relating to education, housing, pensions or unemployment

² Material deprivation covers issues relating to economic strain, durables and housing and dwelling environment. Severely materially deprived people are living in conditions greatly constrained by a lack

KEY LESSONS

(a) After the adoption of the *Second Economic Adjustment Programme* (March 2012), the right wing part of the Coalition Government (in power since June 2012) put forward the idea of a national driven welfare reform agenda with the aim to address the lack of a sound social inclusion system. This process was initiated by the Ministry of Labour, Social Insurance and Social Welfare and led in September 2013 to the compilation of the *Green Paper on the National Strategy for Social Inclusion*⁴.

The Green Paper introduced a new institutional and operational framework for the design and implementation of active inclusion policies: *adequate income support; inclusive labour markets; access to quality services*. Although the Green Paper was not presented for public consultation, it was endorsed by the Government and generated some important and necessary debates for the development of measures not related to the social clauses of the Economic Adjustment Programmes.

(b) Taking into account the recommendations of the *Green Paper*, the Ministry of Labour, Social Insurance and Social Welfare elaborated during 2014 a new framework of principles, priorities and targets for active inclusion policies. This framework took the form of the *National Strategy for Social Inclusion (NSSI)*, following a consultation process with key stakeholders and target groups during December 2014. It was submitted to the European Commission and received with positive comments in January 2015⁵.

The NSSI corresponds to a common framework of principles, priorities and targets aiming at the coordination, monitoring and evaluation of all policies on national, regional and local level to combat poverty and social exclusion⁶. It introduces *activation, empowerment* and *sustainability* objectives in the political economy of welfare in Greece, while it identifies as key priority groups:

- Poor elderly people excluded from social insurance pensions;
- Poor uninsured children without parents;
- Poor uninsured adults with no working capacity (disabled / mentally ill);
- Poor long term unemployed excluded from social insurance unemployment benefits;

of resources and cannot afford at least four of the following: to pay their rent or utility bills or hire purchase instalments or other loan payments; to keep their home warm; to pay unexpected expenses; to eat meat, fish or other protein-rich nutrition every second day; a week-long holiday away from home; to own a car, a washing machine, a colour TV or a telephone

³ Very low work intensity describes the number of people aged 0 to 59 living in households where the adults worked not more than 20 percent of their potential during the past year.

⁴ G. Amitsis, *Challenges to combat extreme poverty in Europe – The paradigm of the Greek National Social Inclusion Strategy*, Paper in the International Conference “Absolute Poverty in Europe”, Salzburg University, Salzburg, 27-28.8.2015.

⁵ The Strategy was approved by the European Commission as the policy document fulfilling the respective national conditionality for leverage of Community Structural Funds resources of the Thematic Objective 9 “*Poverty and Social Exclusion*”.

⁶ The NSSI is now implemented through the so called **Regional Social Inclusion Strategies** drafted by the welfare services of the 13 Regions.

- Groups at high risk of social exclusion (single-parent families, homeless, third country nationals).

The NSSI provides a new holistic model to address the social impact of the crisis, which is based on a set of fundamental policy principles:

- Common and shared responsibility in combatting poverty and exclusion: safeguarding the country's social fabric is a major challenge demanding active participation of all stakeholders (state, civil society, market)
- Social justice: unjustified and unfair inequalities can only be avoided by linking protection to need and prioritizing interventions accordingly (subsidiarity)
- Empowerment: vulnerable groups should be offered the opportunity and the means to regain control on their lives (activation)
- Balanced adequacy of social protection and fiscal viability: introduce targeting, impact assessment and rationalization elements in every intervention
- Social innovation: coordinated mobilization of all available (public and private non for profit) resources in order to come up with new models of service provision (in social care and activation) aiming at enhanced effectiveness and viability.

The scope of the new Strategy did not take into account the fiscally neutral social clauses of the Economic Adjustment Programmes. It adopted **a human rights and capabilities approach** influenced by key legal and policy instruments of International Organizations, such as the *UN Millennium Development Goals*, the 2012 *ILO Social Protection Floors Recommendation* and the *Revised European Social Charter* (Council of Europe, 1996).

Instead of the creditors' mandate to create “*a fiscally sustainable, integrated and cost effective welfare system in Greece*”⁷, the NSII put forward the need to introduce an *active inclusion discourse*, as codified in the relevant – although non-binding – EU social policy agenda⁸:

- Council Recommendation on common criteria concerning sufficient resources and social assistance in social protection systems, 92/441, EE L 245/26.8.1992;
- Commission Communication on the active inclusion of people excluded from the labour market, 17.10.2007, COM(2007) 620;
- Commission Communication on a Commission Recommendation on the active inclusion of people excluded from the labour market, 3.10.2008, COM(2008) 369;

⁷ European Commission (2014), The Second Economic Adjustment Programme for Greece – Fourth Review, *Occasional Paper 192/2014*, European Economy, April 2014, p. 50).

⁸ G. Amitsis, “Activation as a challenge for fragmented Welfare States: The balance between law and policies in the European welfare regime”, in L. Nicolaou-Smokoviti, H. Sünker, J. Rozanova and V. Pekka Economou (eds.), *Citizenship and Social Development - Citizen Participation and Community Involvement in Social Welfare and Social Policy*, Frankfurt: Peter Lang, pp. 141-172.

- Commission Recommendation 2008 on the active inclusion of people excluded from the labour market, COM(2008) 369 final;
- European Parliament, *The role of minimum income in combating poverty and promoting an inclusive society in Europe*, Resolution of 20 October 2010, Brussels;
- Commission Communication on “*The European Platform Against Poverty and Social Exclusion - A European Framework for Social and Territorial Cohesion*”, COM(2010) 758;
- Commission Communication, *Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020*, COM (2013) 83/20.2.2013;
- Council Recommendation, *Investing in Children*, C(2013) 778.

CONCLUSIONS

It is early to assess the implementation of the welfare agendas put forward by the Economic Adjustment Programmes, given that they do not include human related objectives (impact on people) but they focus on economic performance indicators (i.e. *targeted to reform benefits and to generate savings of ½ percent of GDP annually, rationalization of a redesigned and targeted welfare system, including the fiscally-neutral national roll-out of the GMI*, etc.). Nevertheless, the social clauses of the Economic Adjustment Programmes did not contribute to the fulfilment of key objectives adopted by national policy makers during the implementation of the European 2020 Strategy⁹.

The most striking case is the complete failure to achieve the three national targets in the social protection field, as specified in the *Hellenic National Reform Programme 2011-2014*¹⁰:

- Reducing, by 2020, the number of people at risk of poverty and/or social exclusion by 450.000 which means a reduction of the at-risk-of poverty and/or exclusion rate from 28% in 2008 to 24% in 2020;

⁹ The European Commission launched in 2010 a 10-year economic strategy, called Europe 2020, to boost European economy and promote a smart, sustainable and inclusive growth, based on a greater coordination of national and European economic policy. The initiative wants to overcome the weaknesses of the Lisbon strategy and paving the way for the creation of new jobs and a better quality of life. Europe 2020 sets out a vision of Europe’s social market economy for the 21st century and puts forward three mutually reinforcing priorities:

- Smart growth: developing an economy based on knowledge and innovation;
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy;
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

¹⁰ All EU Member States have committed to the Europe 2020 Strategy. However, each country has different economic circumstances and translates the overall EU objectives into national targets in its **National Reform Programme** – a document which presents the country's policies and measures to sustain growth and jobs and to reach the Europe 2020 targets. The National Reform Programme is presented in parallel with its Stability/Convergence Programme, which sets out the country's budgetary plans for the coming three or four years.

- Reducing the number of children (0-17 years) at-risk-of poverty by 100.000 until 2020, which corresponds to a reduction of at-risk-of poverty rate for children (0-17) from 23% in 2008 to 18% in 2020;
- Building a “social safety net” against social exclusion constitutes a priority, especially during the crisis.

These targets are supplemented by at least two other national targets, which may play a rather important role in the fight against poverty and social exclusion: a) reducing the share of early school leavers, which should be under 10% by 2020; b) increasing the employment rate target at 70%.

After a six years financial support from the Economic Adjustment Programmes, Greece remains one of the very few EU Member States without a national institutional social welfare framework, given that the NSII has not been regulated in practice through the adoption of the recommended *Framework Law on a National Social Inclusion System*. This has severe implications for persons at high risk of poverty and social exclusion during austerity times.

The NSII constitutes a new policy-making paradigm in the welfare domain, influenced by the EU active inclusion discourse that calls Member States to prepare national strategies combining integrated and comprehensive design / integrated implementation / vertical coordination / active participation of all relevant stakeholders. This is also true for the social clauses included in the Economic Adjustment Programmes, given that they combine external hybrid social objectives and internal implementation processes. But there is a key difference between those two reform agendas. The NSII follows a human rights and capabilities approach related to the introduction of a comprehensive social safety net, while Troika’s approach so far focuses exclusively on budgetary constraints and social spending surveillance.

Although it remains to be seen in the near future which model would attract the interest of other national and international policy makers, the dominance of a fiscally-neutral welfare reform process is controversial and creates a serious welfare paradox. While needs of the population in Greece arise, welfare policies are subject to external policy-making paradigms, which use de facto fiscal considerations as arguments against the full guarantee of subjective social citizenship rights¹¹. This is not compatible either with the European active inclusion discourse, as promoted by EU institutions and the majority of other Member States, or with the universal human rights agenda¹².

It is therefore crucial to start a global debate not about the need (this should be taken as a key priority for the human rights community) but about the framework and the

¹¹ G. Amitsis, *The development of national MIS under economic adjustment programmes – Ambiguous lessons from Greece and Cyprus*, Paper in the International Research Seminar “Minimum Income Protection in Europe”, University of Antwerp, Antwerp, 25-27.11.2015.

¹² United Nations (2016), *Report of the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of human rights, particularly economic, social and cultural rights*, Human Rights Council, A/HRC/31/60, 12.1.2016.

machinery to implement *human rights impact assessment instruments* during economic reforms, particularly when international partners, as the European Union, the International Monetary Fund and the World Bank, negotiate directly with troubled national governments the context and the conditions of financial support packages. This debate should as a starting point focus on the field of social rights (i.e. social insurance, social welfare, health, housing, education, training and employment) and may include the following agendas:

- a. the binding institutional agenda (obligations derived by International Treaties, as the *UN Covenant on Economic, Social and Cultural Rights*, the *ILO Social Security (Minimum Standards) Convention*, the *European Convention on Human Rights* - Council of Europe, the *Revised European Social Charter* - Council of Europe and the *EU Charter of Fundamental Rights*¹³);
- b. the non-binding policy agenda (recommendations put forward by the *UN 2030 Agenda for Sustainable Development*, the *ILO Tripartite Declaration of principles concerning Multinational Enterprises and Social Policy*¹⁴, the *ILO Social Protection Floors Recommendation* and the relevant *EU framework*);
- c. the international operational agenda (lessons learnt by the implementation of evaluation and impact assessment tools and methodologies during the design of fiscal structural reforms¹⁵);
- d. the transnational operational agenda (lessons learnt by the implementation of evaluation and impact assessment tools and methodologies during the design of social policy reforms¹⁶);
- e. the stakeholders agenda (support to initiatives adopted by enterprises, trade unions, third sector organizations and the academia¹⁷).

¹³ Under the Charter, the European Union must act and legislate consistently with the Charter and the EU's courts will strike down legislation adopted by the EU's institutions that contravenes it.

¹⁴ The MNE Declaration is a) the only ILO instrument that provides direct guidance to enterprises on social policy and inclusive, responsible and sustainable workplace practices; b) the only global instrument in this area that was elaborated and adopted by governments, employers and workers from around the world. It was adopted in 1977 (amended in 2000 and 2006) and revised in 2017. Its principles are addressed to MNEs, governments, and employers' and workers' organizations and cover areas such as employment, training, conditions of work and life, and industrial relations as well as general policies.

¹⁵ See World Bank, *A User's Guide to Poverty and Social Impact Analysis*, 2003, R. Gillingham (ed.), *Poverty and social impact analysis by the IMF - Review of methodology and selected evidence*, 2008, European Commission, *Developing effective ex ante social impact assessment with a focus on methodology, tools and data resources*, 2011, UN Special Rapporteur on extreme poverty and human rights, *Guiding Principles on extreme poverty and human rights*, 2012 and European Commission, *Assessment of the Social Impact of the new Stability Support Programme for Greece*, Commission Staff Working Document, SWD (2015)162/19.8.2015.

¹⁶ See Irish Office for Social Inclusion, *Poverty Impact Assessment Guidelines*, 2008 and HM, *UK Impact Assessment Overview*, 2011, available at www.gov.uk/government/publications/impact-assessment-for-government-policies.

¹⁷ See particular the initiatives of *Academics Stand Against Poverty* (ASAP), an international community of scholars and researchers working to confront the rules and practices that perpetuate global poverty and advocate for targeted, evidence-based reforms, and the *International Association on Social Quality* (IASQ), a network which works towards cohesive and sustainable human societies.