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March 5th 2014 fin

**Background Paper on EAPN’s Current and Future Challenges**

**Prepared for the discussion of the EXCO**

**March 13th and 14th 2014**

**INTRODUCTION**

This paper stems from EAPN’s conviction to reflect on short, medium and long-term challenges and emerging issues that will impact on EAPN’s decision-making and organization as a whole. At the EXCO meeting in November 2013, it was requested that the Bureau should present a background paper on the challenges that EAPN is facing at this upcoming March meeting in order to put forward proposals on how to address these challenges.

This paper sets out to identify the key drivers taking account of the political and economic context in which EAPN and its member organizations are operating, the funding possibilities at European level as well as access to funding other than public monies. In addition, it is necessary include an assessment of EAPN’s relationship with the European institutions as well as other actors such as non-governmental organizations operating at the European level. And final, there is a need to critically examine EAPN’s governing structures as well as its governance. Such assessment is crucial for considering the following two questions:

1. Will EAPN be able to meet these challenges without major changes to its way of operation?
2. Is there a need of internal re-organization within EAPN, i.e. do the existing statutory structures contribute to effective decision-making, good governance and active participation of members?

**I. POLICY CHALLENGES**

Europe is experiencing a protracted period of deepening poverty, mass unemployment, social exclusion, greater inequality and discrimination as a result of austerity policies adopted in response to the debt and currency crisis. The long-term consequences of this crisis have yet to be understood. What is certain is that they will be with us whether or not there are improvements in the economy.

The European response to the crisis has been mostly driven by short-term economic and financial interests while accepting the social costs as nothing more than collateral damage. Consequently, less and less attention is given to the voices of citizens, directly or through respective representatives and organizations. Conversely, people living in Europe are losing interest in the European project which is either expressed in social resistance or apathy.

Finally, this year, European institutions will undergo the normal changes that accompany the 5-year cycle of the mandates of the Commission and Parliament. The European Commission (Commissioners and cabinets) will be replaced by a new Commission on 1 November 2014 while the new European Parliament will be installed already in June after the European elections at the end of May. These changes will have a definitive impact on the work of EAPN.

The appointment of the next President of the European Commission will be important in determining the weight and shape of future social policies.

**II. INSTITUTIONAL CHALLENGES**

1. The European Commission

Over the last 4 years, EAPN has been building good relationships with Commissioner Andór and his cabinet. This type of relationship building will take some time with the new Commission.

A greater challenge, however, is the current relationship with the services of the European Commission and in particular DG EMPL.

* There is Less access to the relevant units in DGEMPL
* Civil dialogue is not actively practiced
* EAPN too focused on DG EMPL
* EAPN must compete with a growing number of NGOs

1. The European Parliament

Regarding the European Parliament, EAPN’s election campaign targets candidates to establish contact and win them over to support EAPN’s objectives over the next 5 years. However, many MEPs who EAPN used to work with are not standing for re-election or have not made it on electable places. This presents a big challenge in terms of time and energy to build again that base which is so important for the future.

There is also the likely possibility that the EP elections will bring some very conservative to right wing voices to the EP.

**Operational Conclusions**

* Despite the uncertainty surrounding the new commissioner and his/her cabinet, EAPN will have an opportunity present its work to the new European Commission;
* It is likely that the next Commissioner for Employment and Social Affairs and Inclusion will come from a country which does not carry much weight; thus social policy will continue to take a backseat in the European Commission.
* Great uncertainty about the composition of the European Parliament.
* NGOs will have more difficulties to engage in a constructive dialogue with institutions

1. Non-governmental Actors at European Level

: Over the last few years, EAPN has been successfully working with other European non-governmental organizations – some of them a members of EAPN, FEANTSA or AGE- others are not, like the European Women’s Lobby or the Social Platform.

 EAPN is member of the Social Platform and has as such contributed with knowledge and capacity building to the growth and recognition of the Social Platform at European level. However, the result indicates that we have become the victim of our own success. It is evident, that the European institutions clearly prefer to interact with the platform on a number of issues in order to avoid having to consult specific non-governmental organizations. It becomes increasingly difficult to make EAPN’s voice heard under these circumstances.

**III. FUNDING CHALLENGES**

In 2013, EAPN received 1.6 million euros cash funding from the European Commission. With the required additional co-funding of 20 per cent, EAPN’s total budget reached 1.9 million. This money covered core activities. The money was used to fund the Brussels Secretariat (14 people, 5 of them full time), support advocacy actions, capacity building, information and information dissemination, national networks as well the meetings of the statutory bodies.

In 2014, the Commission concluded a partnership agreement with EAPN for another 4 years, which allows the Commission to fund EAPN under the Progress/EASI budget. This agreement does NOT automatically entitle EAPN to get funding, but allows EAPN to be among a selected number of NGOs which can apply for Progress funding.

Under the agreement, EAPN must apply each year apply for annual funding.

For 2014, the funding ceiling was set at 1 million, for which EAPN applied and will receive 989,000 Euro.

In addition to the core funding, NGOs such EAPN were encouraged to apply for a specific project funding, from monies set aside to encourage alliance building. EAPN applied and will now receive 260,000 Euro for a project on alliance building around the European Semester/National Reform Programs and the Country Specific Recommendations. As with the core funding, EAPN has to contribute with an additional 20 per cent of co-funding.

Funding Challenge 1: Major Funding Cuts in 2014/ Additional Work

The funding cuts forced EAPN:

* to reduce the number of people in the Secretariat (now 11 people/ only 2 full-time)
* to drop/reduce certain activities such as GA and policy conference (reduced numbers of participants) capacity building; Learning Forum; and task forces)
* Reduce or drop publications, e.g. the MAG
* Stop interpretation other than for statutory meetings
* Reduce translation budget
* Apply for the Alliance Project, an undertaking with little added value for the objectives that EAPN set for itself. It allowed to keep essential staff, but added work, on top of the work around EAPN’s core activities.

**Operational Conclusions**

* EAPN could not substantially reduce its overall activities. The core part of the work program had to cater to what the Commission was expecting EAPN to do. That is so substantial that there is almost no capacity left to take on other issues important for EAPN.
* The project work adds a substantial burden to the work of the secretariat.
* From April 1st, the secretariat will be reduced to 10 people (2 working full time)

Funding Challenge 2: Uncertainties over the Amount of Annual Funding over the next 3 Years

It is clear that the European Commission is examining the way it has been funding social NGOs; it has also become apparent that the Commission is intent to gradually reduce core funding for EAPN over the next three years. There is, however, no telling what kind of cuts to expect.

Based on this experience of this year, we can assume that there will not only be progressive cuts over the next three years, but the cuts will be very prescriptive with the Commission directing EAPN what to do nor not do.

There is also great uncertainty about the continuation of the alliance projects and thus the additional funding for EAPN. We will not know about it until October or perhaps later.

It is also doubtful that the Commission will continue to fund the PeP meeting in Brussels as before.

**Operational Conclusions**

* Overall funding uncertainties: both over the amount and the type of funding. This will EAPN’s ability to plan; increase insecurity of the staff; renders EAPN overall less effective
* Increasing control of EAPN’s work program by the European Commission.
* Fundraising efforts will need to be focused on the PEP meeting.

Funding Challenge 3: Long-term Funding by the EU

The European Commission has indicated that the funding of social NGOs will be phased out. For the moment NGO budget lines will be maintained during the next mandate of the European Commission, but funding of core activities will not be continued thereafter. What remains is funding on a project

**Operational Conclusions**

* Secretariat will have to be funded through different projects
* Project funding (and amounts) will dependent on EU priorities
* Maintaining permanent staff in its current form will be difficult
* Difficult to pursue long-term strategic objectives
* EAPN’s financial contributions to NNs will diminish

Funding Challenge 4: Reduced Funding for National Networks

National Networks (as well as European Organizations) have already and are experiencing severe cut of their subvention (where there are any). Only few countries maintain their support to NGOs (i.e. Portugal).

* National Networks will have less capacity to work on policies, which are Europe driven
* National Networks, already disappointed by the direction of European policies, may lose further interest in participating in the European Project
* Direct participation of people experiencing poverty in policy discussion will be at best restricted.

Funding Challenge 5: Access to Funding other than Public Funds

Reduced access to European and national public funding will mean that EAPN will need to concentrate energies on fundraising. Funding from the private sector can be problematic. EAPN has already started work on an overall funding raising strategy, and has already experimented with fundraising thru ROW4rights.

* Other NGOs are forced to doing the same thing;
* Little professional expertise on fundraising/little money and time to invest in it
* Additional projects to compensate for loss in funding may detract from the core objectives of EAPN
* National organizations lose funding
* Ethical considerations in relation to funding sources

CONCLUSIONS

EAPN will need to consider some changes to its structures and working methods in order to address these challenges more effectively.

Changes have already been made to the work program to account for the recent budget cuts by the European Commission including reducing the number of paid delegates to the General Assembly as well as drastically reducing the number of task forces, dropping the Learning Forum, etc.. Under these circumstances, it is important that EAPN adjusts its working methods and structures in order to realize EAPN’s mission and objectives, namely:

**EAPN’s Mission:**

* To promote and enhance the effectiveness of actions against poverty and social exclusion;
* To help shape social policies and design action programmes;
* To lobby for and with people and groups experiencing poverty and social exclusion.

**EAPN’s Goals:**

* A social and sustainable development model that tackles poverty, social exclusion and inequalities is at the heart of decision making in Europe.
* EAPN is a dynamic, membership driven organisation that is recognised as a key civil society actor fighting poverty, social exclusion and inequalities at National and European levels.
* People Experiencing Poverty and Social Exclusion recognise EAPN as their Network.

 Proposal for 2015: Changes in EAPN’s Internal Structures

General Assembly

Policy approach (driving/driven by EUISG)

1 Strategic conference

1 Task force

People Experiencing Poverty

Bureau

 EXCO

MASS

Training

Membership development

1 Policy conference

2 Task forces

Strategic approach

Note of Explanation

EXCO and EUISG guide strategy and policy respectively. EAPN’s Director is responsible for the implementation of the decisions of the EXCO and the overall co-ordination of policy.

The EXCO will appoint among its members a task force, which will give strategic guidance to the work of the EXCO. Its primary task will be to support the work of the evaluator and prepare a discussion document in view of EAPN’s Strategic Congress in 2015.

The EUISG will maintain two subgroups or task forces to support its policy objectives. These subgroups will be facilitated by the Secretariat. The two subgroups will be appointed by the EUISG;

EAPN is undergoing an evaluation, which will help inform the discussion on the future strategic objectives. The evaluator will present his preliminary findings and will deliver a final report in September 2014. This evaluation.

The General Assembly and the EXCO will meet in June to decide on the statutory requirements such as the budget and work programme for 2015.