

## **EAPN Response to the Commission's draft legislative package for the EU Cohesion Policy 2014-2020**

### **KEY MESSAGES**

#### **(SUMMARIZING EAPN RECOMMENDATIONS)**

- Give strong backing to the proposed 20% of the ESF earmarked for social inclusion and the fight against poverty with active inclusion as an obligatory investment priority in all Operational Programmes (Ops).
- Establish clear Commission guidelines on how Structural Funds should deliver on the poverty reduction target through integrated and socially inclusive approaches, (particularly through Active Inclusion) for ESF, ERDF and other Cohesion Funds.
- Strengthen the partnership principle at all stages of the Structural Funds' process (both for partnership contracts and OPs) and make these Funds accessible for small NGOs (with tailor-made grants and technical assistance schemes).
- Ensure a proper monitoring process of effective use of Funds in Europe 2020, in both NRPs and National Social Reports.
- Give equal importance to each Europe 2020 headline targets in all Structural Funds.
- Solidarity with poorer regions, not double penalty! – NO to macro-economic conditionality, but favour social conditionality and incentive mechanisms.
- Develop a social inclusion mainstreaming clause and a social evaluation system based on hard and soft social indicators.

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## Introduction

On the 6<sup>th</sup> of October, the European Commission published its legislative proposals regarding the future of Structural Funds<sup>1</sup>.

Building on the Budget Review Paper and the Fifth Cohesion Report, the Commission's legislative package on the future of Structural Funds confirms that Cohesion Policy will play a decisive role in delivering on all the Europe 2020 targets.

In this key moment of the debate on the future of Cohesion Policy, and prior to the discussion of the Commission's proposals on the Structural Funds' Regulations for the next programming period 2014-2020, **EAPN would like to highlight the following key messages, to make sure that Cohesion Policy will fully deliver on the poverty reduction target<sup>2</sup>.**

## EAPN's view

The Commission's legislative package on Structural Funds gives a rather contradictory message with regard to its role in delivering on the poverty reduction target:

- One the one hand, **we welcome:**
  - **An increased ESF role in reducing poverty and social exclusion through** an increased budget and a **ring-fenced allocation of 20% to poverty and social exclusion reduction.**
  - The promotion of a **more bottom-up approach** in the delivery of the Structural Funds, through community-led initiatives and simplified and more NGO-friendly delivery mechanisms.
- **However, the ESF alone can't deliver on poverty: all Structural Funds need to be mobilised** to fully contribute to the achievement of the poverty reduction target.  
Whilst some steps forward are acknowledged in the General Regulation (such as strengthened partnership principle), these are likely to be undermined by:
  - The impression of sidelining the Europe 2020 objectives through introduction of macro-economic conditionality and no proper 'social' monitoring process beyond the NRPs.
  - The fact that integrated social inclusion approaches still play a marginal role outside the ESF. And Cohesion Funds still give the impression of being disconnected from each other.
  - The growing focus on thematic concentration in all funds that seems likely to weaken the social strand.
  - The little progress being made towards more effective social inclusion indicators (hard and soft indicators).

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<sup>1</sup> Proposals for Regulations: [Common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund](#); [European Social Fund](#); [Cohesion Fund](#); [European Regional Development Fund](#); [European Globalisation Adjustment Fund](#); [European Union Programme for Social Change and Innovation](#); [European Territorial Cooperation](#); [European Grouping of Territorial Cooperation](#), 06.10.2011.

<sup>2</sup> EAPN first reaction to the Commission's legislative package has been developed in, [EAPN Letter to Directors General in charge of Cohesion Policy](#), 28.10.2011.

## Detailed comments on the regulations

### ***1) Ensuring the General Draft Regulation provides an adequate framework for promoting social inclusion***

#### **We welcome**

- **'Promoting social inclusion and combating poverty'** is clearly listed as one of the eleven thematic objectives of all Structural Funds.
- **A strengthened partnership principle:** EAPN welcomes the explicit references to civil society and non-governmental organisations as partners that shall be involved in "the preparation of Partnership Contracts and progress reports and in the preparation, implementation, monitoring and evaluation of programmes." The European Code of Good Conduct, to be set up by the European Commission, is a sign of an acknowledgement of the necessity to ensure adequate monitoring in this field.
- The elaboration of **"integrated approach to address the specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or exclusion"** (article 14) as part of the content of partnership contracts;
- **The promotion of a more bottom up approach via community-led initiatives**, underpinned by local development strategies to shift Structural Funds towards a more inclusive and place-based approach.
- **A step forward towards more social-oriented ex-ante conditionalities:** EAPN welcomes the existence and implementation of a national anti-poverty strategy, based on active inclusion approaches (as detailed in the Commission's Recommendation of 3 October 2008), and a national Roma Inclusion strategy as criteria for the setting up of ex-ante conditionalities.

#### **Improvements needed**

- As far as the partnership principle is concerned, there are **some missing elements:**
  - A lack of coherence, as **social inclusion NGOs are not mentioned** in article 5, despite their key role in ensuring delivery at national and regional level on the poverty reduction target via Structural Funds.
  - No mention is made of the consultation of partners prior to the elaboration of the European Code of conduct on Partnership.
- The **'integrated approaches' should be used to underpin comprehensive national anti-poverty strategies**, so as to make sure that, from the start, in the partnership contracts, clear commitments are made by Member States in how they plan to concretize their engagement to reduce poverty and social exclusion, taking into account the needs of the key groups at risk. Member States should be guided by **Commission's guidelines** in that regard to make sure that the national approaches are cohesive and homogeneous.
- To ensure real ownership, **NGOs and local actors, including people having a direct experience of poverty and social exclusion (beneficiaries), should be involved from the start in the community-led initiatives and the local development strategies.**
- Much more should be done to ensure real social inclusion ex-ante conditionalities: references should be made to the National Social Reports, containing concrete proposals for achieving the

national poverty reduction target, and the involvement of all relevant stakeholders at all stages of the national anti-poverty reduction strategies.

### Main concerns

- **The contribution of SF overall to the poverty reduction target is not well reflected:** It is particularly striking when it comes to operational arrangements:
  - Despite its recognition as one of the thematic objectives, the promotion of social inclusion and the fight against poverty is surprisingly absent from the content of the specific actions contained in the Operational Programmes, as well as in the Annual Implementation Reports.
  - The co-financing rate from the Funds does not take into account the contribution that Structural Funds could have in reducing poverty and social exclusion.
  - The full potential of a combined use of ESF and ERDF for promoting integrated social inclusion approaches is underused.
  - Equal importance should be given to the respective Europe 2020 targets, including the poverty reduction target: this should be made clear prior, in the drafting of partnership contracts and OPs, by the **establishment of Commission Guidelines on how Member States should deliver on the poverty reduction target.**
- **A missing link between Structural Funds and the social OMC.** The only monitoring process foreseen in the General Regulation for ensuring the contribution of Structural Funds to the delivery on the Europe 2020 headline targets lies in the NRPs. But, according to EAPN's assessment<sup>3</sup>, these documents make very little reference to the role of Structural Funds (ESF, ERDF) in reaching the social targets, and especially the poverty reduction one. So, Member States should be asked to detail **the contribution of Structural Funds to the achievement of the poverty reduction target in their National Social Reports**, which should underpin the NRPs.
- **The introduction of macroeconomic conditionality** (article 21), leading to the suspension of funding to Member States which maintain what is considered as an excessive deficit, **is in total contradiction with the principles of solidarity between regions and citizens**, as well as with that of social cohesion, principles which are at the heart of Cohesion Policy. Such conditionality risks penalizing vulnerable people (as beneficiaries of projects funded through Structural Funds) for the non-compliance by their Governments with the Growth and Stability Pact rules. EAPN rather calls for the abolition of this kind of conditionality mechanism, and **strongly supports the introduction of a social conditionality and incentive system** instead, aiming at ensuring progress towards the agreed targets, and especially the poverty reduction target, both at the development / investment partnership contract and OPs level, as well as at the project level.
- **To really make this partnership principle happen and fully deliver on the poverty reduction target, global grants, technical assistance and capacity-building should be made accessible for small NGOs.** For the time being, these financial instruments remain mainly underused, especially by small NGOs. Structural Funds allocation for global grants should be made available in all OPs and its amount should be discussed before its fixation with the NGO sector. Technical assistance resources should be made available for NGOs in all operational programmes, with particular support for NGO-driven technical assistance services. Tailor-made global grants should be encouraged for facilitating the access to Structural Funds for small NGOs. A clear

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<sup>3</sup> [Deliver Inclusive Growth – Put the heart back in Europe – EAPN analysis of the 2011 National Reform Programmes](#), October 2011.

analysis should be made of the specific obstacles for smaller grass-roots organizations and the need for adapted mechanisms to respond to regional and local needs.

### What is needed

- Establish clear Commission guidelines prior to the drafting of the partnership contracts and OPs.
- Make an explicit mention of social inclusion NGOs as partners for the design of partnership contracts and at all stages of the Operational Programmes.
- Facilitate the access to Structural Funds for small NGOs by making available technical assistance in all OPs, as well as tailor-made global grants schemes.
- Abolish the macro-economic conditionalities and replacing them by strong social inclusion ex-ante and ex-post conditionalities, reflecting in National Social Reports concrete proposals for delivering on the poverty reduction target, through integrated active inclusion approaches, on the basis of a broad consultation of stakeholders at all the stages.

## 2) *The ESF Draft Regulation: Making ESF ‘the fund’ for reducing poverty*

The European Commission has paved the way for making the ESF ‘the Fund’ for effective delivery on the poverty reduction target. But many areas of improvement are needed for ensuring such a delivery.

### We welcome

- **An increased and secured ESF Budget:** EAPN supports the Commission’s proposal in its communication on the Multiannual Financial Framework 2014-2020 of a minimum share for the ESF, representing at least 25% of the budget allocated to Cohesion Policy (i.e. EUR 84 billion).
- **Promoting social inclusion and combating poverty clearly identified as one of the four thematic objectives:** EAPN welcomes the comprehensive thematic priority proposed on promoting social inclusion and combating poverty, especially through *active inclusion*, the integration of marginalized communities, but also through combating discrimination, enhancing access to affordable, sustainable and high quality services, promoting social economy and social enterprises and community-led local development strategies.
- **A minimum ring-fencing allocation of 20% dedicated to promoting social inclusion and combating poverty.**
- **An attempt to facilitate transnational co-operation.**

### Improvements needed

- **Safeguarding the crucial 20% allocation ring-fenced for social inclusion and the fight against poverty:** As the good will of Member States is not enough for ensuring an even level of contribution of the ESF to the poverty reduction between all EU Member States, **the 20% ring-fenced for social inclusion is crucial and should be strongly backed.** The full delivery on the poverty reduction target through the ESF should be supported by clear Commission’s guidelines and monitored through the NRPs and National Social Reports.

### Justification:

- The Commission<sup>4</sup> itself recognized the need for improvement. Only 12% of ESF is currently being used for social inclusion. The economic and social EU context, dominated by an increase of poverty and social exclusion as result of the crisis and austerity measures, lead indeed to an even bigger need for new resources, and for defending social protection systems for delivering social services.
  - To meet this challenge, the ESF needs to promote more effective socially integrated approaches.
  - The ring-fencing promotes territorial equality: the 20% allocation is crucial to get an even level of contribution of the ESF to the poverty reduction between all EU Member States.
  - If the proposal to integrate the Food Aid Scheme for the most deprived into the ESF is to be adopted, it should not be included in the 20% earmarked for social inclusion, so as not to undermine integrated social inclusion projects on the ground.
- **Need to clarify and strengthen the thematic objectives and investment priorities to ensure effective strategies to combat poverty.**

### Justification:

- *On employment:* A **stronger focus should be put on quality employment** by striving to ensure quality, sustainable jobs with living wages. In fact, employment is increasingly ineffective as a guarantee for lifting people out of poverty. With regard to **access to employment**, one size fit all approaches are not effective. Thus, there is a **need for personalized, targeted supported for long-term unemployed and people facing multiple disadvantage**.
  - *On active inclusion:* As stressed by the Commission itself<sup>5</sup>, it is important to defend and promote **integrated active inclusion approaches**<sup>6</sup>, supporting holistic, personalised pathways to inclusion, quality work and social participation, and contributing to ensure adequate minimum income, access to quality services and inclusive labour markets.
- **Thematic concentration: going beyond employment.**

The so-called thematic concentration should not lead to endangering integrated social inclusion approaches by focusing only on employment and training measures.

In that regard, **integrated active inclusion approaches** (adequate minimum income, personalized support into quality jobs and access to quality services) **should be seen as an obligatory thematic priority in all OPs and providing personalized support into social participation, social inclusion and quality employment** for all excluded groups better highlighted.

- **Deepen the partnership principle.** EAPN welcomes the explicit reference to non-governmental organizations as partners in the Commission's proposal for ESF.

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<sup>4</sup> [European Commission, Cohesion Policy Strategic Report 2010](#), p.3: "progress on delivery the priority of social inclusion is relatively slow and not spread evenly across the funds and programmes".

<sup>5</sup> [EC Recommendation on the Active Inclusion of People excluded from the labour Market](#) (3 October 2008): "Guarantee the relevant resources and benefits under the social protection arrangements; use the provisions and resources of the Structural Funds, in particular the European Social Fund, to support active inclusion measures".

<sup>6</sup> EAPN explained how to use Structural Funds to promote integrated active inclusion approaches in, [Active Inclusion – Making it happen, EAPN Booklet: Policy into Practice](#), October 2011.

- Nonetheless, **all partners should be involved in all stages of the ESF process**: design, implementation and evaluation of the Ops.
- A **yearly monitoring of the partnership principle linked to Europe 2020** (i.e. Recital 16 on stakeholder involvement) should be set up as well.
- **Foster transnational cooperation**  
EAPN welcomes the effort made by the Commission in its proposal to facilitate transnational cooperation. But much more should be done to ensure that transnational projects will be accessible to small NGOs.
  - Member States should **select themes for transnational cooperation in consultation with all relevant stakeholders** – including Civil Society Organisations.
  - The Commission should provide **guidelines** for the support of grass-root initiatives and introduce a **community of practice** on integrated social inclusion approaches.
  - Member States should be encouraged to build **social inclusion networks** at transnational level with different stakeholders.
- **Increase the simplification of financial management**  
EAPN welcomes the Commission proposal to simplify the financial management rules, especially through a greater use of NGO-friendly delivery mechanisms for small projects (simplified costs, flat rates, lump sums). But a missing element is the very late payment that leads inevitably to indebtedness of small NGOs.
  - **For small projects, payments should be facilitated and sped up through an increased use of pre-financing in due time.**
- **Ensure a real monitoring of gender and anti-discrimination issues**  
EAPN welcomes the setting up of gender mainstreaming and anti-discrimination horizontal clauses. This has to be seen as a pre-condition for ensuring that those issues will be addressed in all OPs in a cross-cutting manner. But, to ensure a proper monitoring of such a mainstreaming:
  - **Member States should report ESF-funded initiatives** with regard to disadvantaged groups and communities, including migrants and ethnic minorities, in their National Social Reports annexed to NRPs.
  - **Member States should detail in their National Roma Strategy the contribution of the ESF** to the social-economic integration of Roma people and report annually the initiatives taken in this field in the National Social Reports underpinning the NRPs.

#### **What is needed**

- Strongly supporting the 20% earmarked for social inclusion and the fight against poverty backed by clear Commission's guidelines established prior to the drafting of OPs and monitored through the NRPs and National Social Reports.
- Integrated active inclusion approaches should be an obligatory investment priority in all OPs.
- Deepening the partnership principle by involving all partners in all stages of the ESF process.
- Ensuring that transnational projects are accessible to small NGOs by providing Commission guidelines for grass-root initiatives and building up networking facilities at EU and national level.
- Increasing the simplification of financial management by facilitating the use of pre-financing.
- Ensuring a real monitoring of gender and anti-discrimination issues through the NRPs and National Social Reports.

### **3) The ERDF Draft Regulation: still focussed on a traditional growth and jobs model**

Despite a welcome step forward with regard to the attention given to social inclusion priorities, the ERDF still remains oriented towards a “growth and jobs” model.

#### **We welcome**

- **A higher profile given to social-oriented considerations** both:
  - *In the scope of support:*  
With support given to social, health and educational infrastructure, as well as to the local development and R&D, via networking and sharing of experience, involving social actors.
  - *In the investment priorities :*  
There is an attempt to translate the social targets of Europe 2020 (poverty reduction, employment and education) into investment priorities, for example:
    - **Promotion of social inclusion and combating poverty** is clearly mentioned with positive references to the role of health and social infrastructure in reducing health inequalities and the promotion of de-institutionalisation; the support for physical and economic regeneration of deprived urban and rural communities; the recognition of the role of social economy (‘social enterprises’).
    - **Promotion of employment and job opportunities** (with a welcome reference to local development initiatives and aid for structures providing neighbourhood services to create new jobs).
    - **Investing in education, skills and lifelong learning** through the development of education and training infrastructures.
    - The specific treatment given to urban areas by the **support to sustainable urban development, based on integrated actions, taking into account social matters**, with a 5% of ERDF resources earmarked for this purpose.

#### **Main concerns**

- **A harsh thematic concentration** that will very likely lead to reducing efforts **to deliver on the poverty reduction target**. In more developed and transition regions, at least 80% of ERDF resources (50% in less developed regions) would indeed be concentrated around purely growth-enhancing expenditure (namely ‘strengthening research, technological development and innovation; enhancing the competitiveness of small and medium-sized enterprises; supporting the shift towards a low-carbon economy’), putting aside the social-oriented thematic objectives and particularly the social inclusion one.
- **A relative failure to mainstream social considerations in the investment priorities:** if social innovation is mentioned when it comes to strengthening R&D, in ICT, e-inclusion is mentioned without any accompanying rhetoric for promoting the accessibility of ICT products and services for disadvantaged groups of people. As far as energy efficiency is concerned, the housing sector is mentioned, but without any targeted support for poor households, despite the growing issue of energy poverty at EU level, highlighted in the AGS 2012<sup>7</sup> under objective 4.
- **The content of the ‘social’ investment priorities still remains too fragmented and incomplete** to make a full use of the ERDF potential for delivering on the social targets through integrated active inclusion approaches.

<sup>7</sup> [COM \(2011\) 815 final, Annual Growth Survey 2012](#), p.10-12.

- The **quality aspect of employment and pathway approaches to the labour market are simply not mentioned.**
- The **support for quality, affordable housing for people facing or at risk of facing poverty and social exclusion is not reflected.** This is all the more worrying, because the current possibility for financing housing interventions in favour of marginalised communities in the framework of an integrated approach (current article 7.2)<sup>8</sup> has not been re-integrated into the new ERDF proposal.
- **The investment in quality, affordable childcare should also be better reflected,** so as to complement the educational infrastructure, support active inclusion of parents (particularly women) and back the proposals of the European Platform Against Poverty on reducing child poverty and promoting child-well being and early learning.
- **The indicators used for assessing ERDF projects are not properly designed for capturing the progress made towards the achievement of the poverty reduction target,** for 2 reasons:
  - Whatever investment priorities, there is **no indicator focusing on the number of disadvantaged groups of people affected** (ICT infrastructures, energy efficiency, and even when it comes to social infrastructures).
  - **No social-proofing and qualitative evaluation** is made possible because of a focus on hard indicators, as opposed to soft indicators<sup>9</sup>.

#### **What is needed**

- A real mainstreaming of social inclusion in all the investment priorities of the OPs.
- A strengthened contribution to the promotion of integrated active inclusion approaches, through a stronger emphasis put on supporting quality jobs, and quality services (affordable housing including energy poverty, childcare and transport facilities...).
- More social-oriented indicators, by better targeting disadvantaged groups and better integrating soft indicators.

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<sup>8</sup> [Regulation \(EU\) N° 437/2010 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 19 May 2010 amending Regulation N° 1080/2006 on the European Regional Development Fund as regards the eligibility of housing interventions in favour of marginalised communities.](#)

<sup>9</sup> For more information on how to develop social inclusion indicators, see EAPN, [Developing social inclusion indicators for Structural Funds – Guide for social inclusion NGOs and other monitoring committee members](#), (21.01.2008).

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**The European Anti-Poverty Network (EAPN) is an independent network of non-governmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union, established in 1990.**



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