



**Implementing the new round of the structural funds:
What has happened to social inclusion and non-governmental organizations?**

Statement on the current stage of implementation

27.03.07

The new financial perspective of the European Union 2007-2013 came into effect on 1st January 2007 and with it, the new structural funds programming period. The past number of years saw the establishment of the architecture of the new round of the structural funds with the *Third cohesion report* (2004), the issuing of the regulations (2005) and the Community Strategic Guidelines (2006), with agreement on the package in the course of July to October 2006. Member states were required to submit, by early March 2007, their National Strategic Reference Frameworks, outlining how they would apply the principles of the Community Strategic Guidelines and the operational programmes by which they would put the funds into effect. The Commission has a few months to review and approve the 27 National Strategic Reference Frameworks and more than 327 operational programmes.

This is therefore a crucial moment. While the focus of both the European institutions and the media has turned to administrative efficiency applied to the rolling out of the structural funds (e.g. *When will they start?*), there is a real danger that important issues of principle and effectiveness will be overlooked, in particular the attention given to social inclusion and the role of non-governmental organizations.

The context

The European Anti-Poverty Network is a firm believer in the potential of the structural funds to be effective and powerful instruments in the combating of poverty and social exclusion. Progress is crucial, as 72m Europeans are facing poverty. We are reminded that the Lisbon strategy committed the European Union to making a decisive impact on poverty by 2010, so the introduction of the new round of the structural funds in 2007 provides a real opportunity to reinforce that decisive impact and generate a fresh momentum.

The background

In the course of the preparation of the new round of the structural funds, the European Anti-Poverty Network took the view that:

- The structural funds had considerable potential to promote inclusion. Social inclusion should, in line with the Lisbon strategy, be an overarching objective of the funds in each member state, evident in the National Strategic Reference Framework adopted by each country, the national development plans and in the subordinate documents, specifically the

operational programmes. Both the European Regional Development Fund (ERDF) and the European Social Fund (ESF) should be used for these purposes. Meaningful parts of the structural funds must be targeted toward the most excluded and marginalized groups and communities;

- Non-Governmental Organizations (NGOs) working in the area of social inclusion had a significant contribution to make to the design, planning, delivery, evaluation and monitoring of the structural funds, by virtue of their knowledge, contact with those marginalized and excluded groups targeted by the funds, experience and know-how and should be involved and consulted at all stages. This was accepted in §11 of the general regulation, which committed the national authorities managing the funds to work with NGOs and civil society. This is called 'the partnership principle';

- Mechanisms and proven administrative systems must be used to operationalize the partnership principle, specifically the use of global grants (§42 of the general regulation) and technical assistance to build the capacity of NGOs to participate (§46 of the general regulation).

The problem

Now, four months into the operation of the new round of the structural funds, EAPN is concerned that the funds are not being put into effect in such a way as to enable the European Union to make progress on social inclusion. Whilst EAPN has a concern that the regulations and Community Strategic Guidelines and the spirit of the new programming period are not being observed, its greater concern is that a major opportunity to make a decisive impact on poverty may be undermined and lost. Conversely, the new round of the funds should be designed in such a way as to achieve maximum effectiveness, rather than minimal impact, or less.

In March 2007, the European Anti-Poverty Network's structural funds task force took in reports from its member organizations in the different member states. Although reports are not available from every member state, most were scanned, to the point that a relatively comprehensive picture emerged. EAPN had hoped to see a positive picture of priority being given to social inclusion, a broad and deep consultative process in each member state, the targeting of marginalized groups and communities, the use of global grants, the provision of technical assistance to assist NGO participation, the involvement of NGOs in monitoring and evaluation systems and the enlistment of NGOs in the delivery of the new structural funds.

The evidence

From the reports received by EAPN, the following picture emerges:

Little or no consultation, contrary to the partnership principle

Consultation with NGOs, along the line of the partnership principle, appears to be very limited. EAPN reports examples of:

- Member states not being prepared to provide information or documentation, contrary to the requirement in the structural fund regulations for transparency (e.g. Luxembourg).

- Member states in which NGOs addressing social exclusion are not given the opportunity to contribute to the National Strategic Reference Framework (e.g. Spain, extremely limited basis in Ireland);
- Consultation limited to a very narrow range of NGOs (e.g. Italy, Portugal);
- Little evidence that NGO comments, when given, were paid any serious attention (e.g. Portugal, Czech Republic);
- Consultation being *ad hoc* and at such a late stage of decision-making as to be of little value (e.g. Hungary).

Little attention given to social inclusion, contrary to EU objectives

Although social inclusion is a theme of national intentions for the structural funds, especially in respect of the European Social Fund, it falls far short of being made an overarching priority, in line with the Lisbon strategy (e.g. Germany, Portugal). There is little evidence that social inclusion has been given attention in the European Regional Development Fund.

Lack of global grants, despite their proven value

Governments are not making use of global grants, despite their value. So far as we know, only few countries (including Britain, Spain, Czech Republic, Hungary, Ireland for the PEACE programme) appear to be prepared to use a system of global grants, which are a proven means of ensuring effective structural fund delivery to combat poverty. Several states have explicitly ruled out the possibility of global grants, despite their importance in the regulations (e.g. Germany, Malta, Portugal).

Failure to provide technical assistance, contrary to the spirit of the funds

The new round the structural funds rightly places emphasis on building the administrative capacity of those bodies charged with putting the structural funds into operation. Despite this, few governments appear prepared to provide technical assistance to involve NGOs (Britain, Malta and Slovenia will do, which is welcome). In other countries, requests for technical assistance have either been turned down or ruled out. It is quite wrong that governments should expropriate all technical assistance to themselves and refuse any to non-governmental organizations.

Failure to involve NGOs in monitoring, despite the partnership principle

EAPN national networks report that there is little indication that social and anti-poverty NGOs will be invited to play a significant role on the monitoring bodies. In only a few countries has a definitive role for social and anti-poverty NGOs on monitoring committees been established (e.g. Germany, in Ireland as part of a broader community and voluntary Pillar).

Failure to mainstream the EQUAL programme, contrary to the Community Strategic Guidelines

One of the success stories of the last round of the structural funds was the Community Initiative Programme (CIP) EQUAL, which operated on the basis of social inclusion, innovation, transnationality, empowerment and the bottom-up approach, with over 2,000 projects, mainly for NGOs. There will be no CIPs in the new round, but the Community

Strategic Guidelines expressly required that these principles be mainstreamed in the new round. EAPN national networks report that there is little evidence of the effective mainstreaming of the principles of the EQUAL programme (namely innovation, transnationality, partnership and gender) and the types of action it supported.

Little indication how NGOs will be involved in delivery of the structural funds, despite their ability to deliver structural funds effectively in the past

NGOs have a proven track record in delivering structural fund projects to the most marginalized groups in society. Despite this, EAPN national networks report that there appear to be limited opportunities for NGOs to do so this time. Several countries have not laid out any specific route for NGOs to be involved in the delivery of structural fund projects (e.g. Portugal, Hungary) and NGOs have even been ruled out from any participation in others. A range of obstacles are reported that will make NGO participation difficult, such as limiting projects to one year, large projects only, complex application procedures and heavy financial burdens on NGOs.

Failure to involve NGOs in evaluation, despite the partnership principle and requirements for transparency

The structural funds require the preparation of an *ex ante* evaluation: this is crucial in testing the quality of the structural fund plans in each state. Despite this, few NGOs appear to have even seen the *ex ante* evaluation.

Why this is important

It is clear at this stage that many of the procedures followed by a number of member states fall far short of the standards set or expected and some may well be in breach of the regulatory or guideline requirements. EAPN's concern is not just with legal compliance, but the effectiveness of the funds, the quality of the plans and their ability to promote social inclusion. At this stage it is apparent that:

- Social inclusion has not been given the priority deserved or expected and there has been a failure to involve NGOs addressing social exclusion. As a result, the ability of the structural funds to deliver the European Union's objectives in the area of social inclusion may be jeopardized;
- The failure to fully observe the partnership principle means that the specific requirements of §11 of the general regulation have not been followed and, more generally, the European Union's commitments to involve NGOs and civil society have been compromised;
- Proven methods known to successfully deliver and target the structural funds to the most excluded have not been used to anything like an appropriate extent. We refer here to the use of global grants, technical assistance and the methods of the EQUAL programme.

The need for intervention

There is the real danger, according to the evidence given to us, that the draft National Strategic Reference Frameworks and operational programmes may be of poor quality and that the structural funds will fall far short of their potential. At this critical stage, EAPN takes the view that an intervention by the Commission is necessary to ensure that:

- The letter and spirit of the *Third cohesion report*, the regulations and the Community Strategic Guidelines now be respected;
- The National Strategic Reference Frameworks and operational programmes be approved only when the Commission is satisfied that they achieve true complementarity with the European Union's long-established objectives for social inclusion;
- Member States make NSRFs and OPs available as submitted to the Commission;
- The precise operation of the partnership principle in each member state now be investigated, to ensure that §11 has been properly complied with in all cases. Here, the Commission must pro-actively seek, in each case, the opinion of representative national non-governmental organizations on the operation of the partnership principle in each state;
- Negotiations over the next four months between the Commission and each member state focus on the importance on improving the quality of the National Strategic Reference Framework and operational programmes, in the areas of concern outlined above and in particular seek to extend the use of methods of tackling social exclusion known to be of proven value, notably global grants and technical assistance. The driving up of the quality of the operational programmes must address the range of issues brought to attention here, notably:
 - The commitment to social inclusion;
 - The allocation to social inclusion in both the ERDF and the ESF;
 - The mainstreaming of the principles of EQUAL;
 - The role of NGOs in evaluation and monitoring;
 - The use of technical assistance and global grants.

At this stage, EAPN has formally requested a meeting with the officials of the Commission to discuss how the structural funds can still be made more effective instruments for social inclusion and to explore ways in which the quality of the new programming period may be improved.