

European Anti Poverty Network

Contribution to the European Commission consultation on the fifth Cohesion Report

28 January 2011

Introduction

Following the Fifth Report on Economic and Social Cohesion, the Directorate General for Regional Affairs (DG REGIO) in the European Commission has, under its title of 'Investing in Europe's future' invited comments on the future of cohesion policy by 31st January 2011. Here are EAPN views on the questionnaire prepared for this Consultation.

Content

How could the Europe 2020 Strategy and Cohesion Policy be brought closer together at EU, national and sub-national levels?

The fifth Cohesion Report has proposed that the objectives of the post 2013 programming period will be tied to the five objectives¹ of EU2020 Strategy. EAPN in its positions on Europe 2020 has strongly welcomed², the important commitments to the reduction of poverty. As the discussion about the future of Cohesion Policy has taken place in the double framework of the European Year 2010 for fighting against Poverty and Social Exclusion and EU2020 Strategy with its headline targets, especially the one aiming at lifting at least 20 million people out of poverty by 2020, this new strategic framework should be reflected in the future Structural Funds budget, to make sure that they will be a powerful means to help vulnerable and disadvantaged people furthest from the labour market to be socially and economically integrated into society. The austerity measures and budget constraints should not take priority over this strong commitment taken by the Member States last June.

¹ 75% of the 20-64 year-olds to be employed; 3% of the EU's GDP to be invested in R&D/ innovation; Greenhouse gas emissions 20% lower than 1990, 20% of energy from renewables, 20% increase in energy efficiency; Reducing school drop-out rates below 10% at least 40% of 30-34-years-olds completing third level education; at least 20 million fewer people in or at risk of poverty and social exclusion.

² EAPN vision for EU2020 has been elaborated in *An EU we can trust - Proposals on a new EU Post-2010 strategy*, (15.06.09), and developed in response to the EU2020 Strategy in *EAPN Reponse to Europe 2020, Delivering on the Poverty Target*.

EAPN is indeed concerned about the cuts in public expenditures decided by National Governments following the economic crisis. These cuts have primarily hit the most vulnerable groups of people who have a crucial need for social services. Contrary to what has been presented by the European Commission in its Joint Report on Social Inclusion 2010, the changes that Member States have been making in their Operational Programmes (OPs) so far have had a mixed effect regarding the social inclusion of the most vulnerable groups of people. There is a global trend to re-orientate ESF towards supporting access for people who are closest to the labour market and maintaining jobs at the expense of more vulnerable groups of people.

The pre-requisite for ensuring the full achievement of the EU2020 targets is to build up ownership of the EU2020 Strategy at national, regional and local level. This approach should be based on a strong involvement of civil society organisations, as well as other territorial stakeholders. In the Budget Review paper, it is proposed that Member States should define their national strategy for Cohesion Policy, in line with the National Reform Programmes (NRPs). But, such a link is not enough to ensure a real national reporting mechanism involving social inclusion NGOs, given that Member States are not currently implementing the partnership principles and involving civil society stakeholders as required under Recital 16 of the Integrated Guidelines.

In the framework of the EU2020 Strategy, the Social OMC should act as a driving mechanism to make progress and ensure a coordinated use of Structural Funds by Member States for fighting against poverty and social exclusion, including a real engagement of NGOs in the national reporting process (NRPs, Strategic Reports, NAPs). A greater coherence is needed between the Structural Funds and the Social Open Method of Coordination (OMC), to ensure a better connection of say ERDF and ESF to the National Action Plans.

The Commission's proposals for the European Flagship Platform against Poverty, do not currently envisage the continuation of the National Strategic Reports on Social Protection and Social Inclusion and the National Action Plans and only propose a debate with stakeholders over the need to align the Social OMC with Europe 2020. EAPN³ strongly supports the need for a continuation of national integrated strategies on social protection and social inclusion, backed by action plans, particularly where the current NAPs have a good track record on more active participation with national and local stakeholders including people experiencing poverty and social inclusion NGOs, and on developing comprehensive, integrated plans based on the agreed Common Objectives and the full set of OMC indicators. These plans and strategies should then form the basis for the NRP and the social input on Europe 2020. These more detailed, integrated national strategies and plans on social protection and social inclusion provide the necessary base for Structural Funds proposals focussed on the objective of reducing poverty and social inclusion.

Thus, EAPN advocates for a closer link between Structural Funds and the Open Method of Coordination for Social Protection and Social Inclusion for the next programming period 2014-2020, via the National Action Plans on Social Inclusion (priorities, indicators) and the National Strategic Reports on Social Protection and Social Inclusion.

Recommendations:

- Structural Funds indicators should be based on the full set of indicators developed through the Social OMC, so as to integrate from the beginning the Common Objectives of the EU Strategy for Social Protection and Social Inclusion and the Social OMC.

³ EAPN First Response to the European Flagship Platform against Poverty, January 2010.

- The European Platform against Poverty⁴ should be also completed by National Platforms against Poverty (involving, among others, social NGOs), linked to the development of National Strategies for Social Protection and Social Inclusion and National Action Plans for Inclusion in the reinforced Social OMC that would contribute to monitoring to what extent Structural Funds have contributed to the achievement of the poverty reduction target, by defining common indicators between NAPs and OPs.

Should the scope of the development and investment partnership contract go beyond cohesion policy and, if so, what should it be?

The answer is yes. On the new strategic programming approach, namely the development and investment partnership contracts, which are supposed to allocate national and EU resources between priority areas and programmes based on the investment priorities adopted by the Commission in the Common Strategic Framework, two things are of major importance for EAPN:

1) On the content side: as stated in the 5th Cohesion Report, these reports should aim at ensuring “the economic, social and territorial cohesion in a coherent and integrated manner” so as to tackle the root causes of social exclusion and poverty. This aim should be pursued through the mobilisation of all relevant EU funding programmes (that includes energy, transport, education, employment, health, PROGRESS) to provide a comprehensive package of services (employment, training and counselling services, housing support and social housing, childcare, long-term care services and health services), to ensure the active inclusion of people who are the furthest from the labour market. The coherence and complementarity of EU funds (ESF, ERDF especially) should be further encouraged in the next Common Strategic Framework.

At the current stage, ERDF is indeed almost inaccessible for small NGOs. To ensure an easier access to integrated social inclusion projects, more work should be carried out towards the definition of a common methodology between ESF, ERDF, EAFRD, EFF regarding partnership, eligible territories, measures, actions, use of technical assistance and reporting. The main elements of the methodology could be defined at EU level (through the Common Strategy Framework and Regulations).

The European Commission and Member States should encourage the further integration of ESF and ERDF programmes through the re-launching of the multi-fund approach aiming at delivering community-based projects by small NGOs strengthening the social inclusion of people and creating integrated pathways to the labour market and to social inclusion.

2) On the governance side: due to their sound knowledge of the main challenges and difficulties of the most vulnerable groups of people and how to develop effective, integrated and innovative solutions for them, social inclusion NGOs should be actively involved in the discussion between Member States and the Commission on the development strategies presented by Member States in their NRPs (and, as argued above, in broader National Strategies for Social Protection and Social Inclusion and National Action Plans for Inclusion).

⁴ EAPN’s position on the European Platform against Poverty has been developed in *EAPN Proposals on the Platform against Poverty*, (30.06.10).

How could stronger thematic concentration on the Europe 2020 priorities be achieved?

EAPN would support a thematic concentration provided it reflects in a comprehensive way all the EU2020 objectives in a cross-cutting approach, aiming at ensuring the mainstreaming of all the social objectives and targets (poverty reduction, employment and education).

First of all, the main challenge regarding the successful delivery of the EU2020 Strategy through Cohesion policy is to make sure that smart, sustainable and inclusive growths pillars are not seen as separated. Thus, cross-cutting links between these 3 pillars should be made:

- at the EU level in the Common Strategic Framework
- at the Member State level in, the development and investment contract partnership and Ops
- to ensure the mainstreaming of the social objectives in the overall EU Strategy. Inclusive Growth is currently to be delivered, in terms of Cohesion Policy, primarily through the main funding priorities (support for new businesses, innovation, reducing emissions, environment/universities and energy saving), with active inclusion and other measures to support social inclusion for vulnerable groups as an afterthought. EAPN doubts about how Cohesion Policy will be used to ensure that green and smart growth will be implemented in a socially friendly way (green jobs for all?).

The 5th Cohesion Report proposes that the objectives of the programming period will be tied to the five objectives of EU2020 Strategy, which includes important commitments for the reduction of poverty. But, based on a criterion of wealth (more priorities for poor regions 2 or 3 priorities for rich regions and more for poor ones), this so-called thematic concentration could lead Member states to select two or three priorities within those five, putting aside social inclusion. This prospect would be viewed by EAPN with alarm.

One of the omissions of the 5th Cohesion Report lies in the identification of at risk and excluded groups, who have not hitherto benefitted from the Commission's instruments to promote social inclusion, help to whom is essential if the objectives of the EU2020 strategy are to be achieved. There was no identification in the conclusions of those groups to which EAPN had earlier drawn attention⁵.

Future Structural Funds' intervention should move from a target group approach towards a scenario of needs. The concept of social exclusion evolves in response to changing economic and social dynamics. Although 'target groups' – i.e. specifying the typical social, economic and cultural characteristics of people who face or are at risk of social exclusion - are a useful construct to help shape intervention strategies and regulations, future Structural Funds' policy, regulations and procedures should reflect the complex and multi-dimensional nature of social exclusion, focusing more on 'scenarios of need' and on the changing needs of vulnerable groups of people who often cumulate different complex and evolutionary needs, as well as on 'target groups' and aim to tackle also more the structural causes of poverty, tackling discrimination and inequality and ensuring access to all to rights, resources and services, in line with the Common Objectives of the Social Open Method of Coordination.

⁵ E.g. ethnic minority groups, Roma, immigrant communities, people with problems of illiteracy or innumeracy, young women, those in early and sometimes involuntary retirement, street children, single parents.

Recommendations:

- Develop in the Structural Funds Regulation a holistic and comprehensive delivery on social objectives – with a particular focus on the commitment to reduce poverty and social exclusion through active inclusion, more and quality jobs and ensuring equal access to strengthened social protection and public services.
- Refocus ESF programmes on people experiencing poverty and social exclusion, keeping a strong focus on the most disadvantaged (in particular migrants, ethnic minorities, Roma) or groups of people (long-term unemployed, single parents, older people, asylum seekers, people with disabilities), and develop appropriate, targeted approaches better taking into account their needs.

How could conditionalities, incentives and results-based management make cohesion policy more effective?

First of all, it should be made clear that the essence of the Cohesion policy, as territorial and place-based EU policy, is about contributing to the social and sustainable development of regions (economic, social, environmental) and the well-being of people, not about ensuring the compliance to the macroeconomic conditions of the Growth and Stability Pact.

Then, EAPN would not support a system of conditionalities and incentives based on the compliance with the macroeconomic conditions imposed by the Growth and Stability Pact. Such a system could endanger the social objectives, if Cohesion Policy is to be used to push MS to implement macroeconomic reforms, such as structural reforms of the labour market with a focus on Active Labour Market Policies, upgrading skills and job opportunities, at the expense of a broader objective of social inclusion, as referenced in the Common Objectives of the Social Open Method of Coordination, based on access to rights, resources and services. Such a system would punish regions, project partners (i.e. social inclusion NGOs...) and beneficiaries (i.e. people experiencing poverty) aiming at promoting social inclusion initiatives funded through Structural Funds.

EAPN would rather support a social conditionality and incentive system, aiming at ensuring progress towards the agreed targets, and especially the poverty reduction target, at two levels:

1) at the development / investment partnership contract and OPs level: a prerequisite for the European Commission for disbursing Structural Funds' money. The Commission should take a proactive role in testing and assessing Member States as to the degree to which social inclusion is prioritized and social inclusion development and investment partnership contracts or OPs which do not meet the criteria outlined here.

The allocation of resources should be based on an earmarking system ensuring that a minimum percentage of resources should be allocated to binding priorities⁶.

The poverty reduction target will only be achieved if the Member States and the Commission commit themselves to increase the proportion of ESF money dedicated to social inclusion, by making social inclusion and poverty reduction an obligatory priority for each Operational Programme and Member State. The allocations devoted to this priority and the measures financed should underpin the national poverty reduction efforts.

⁶ The Commission itself recognized in its Cohesion Policy Strategic Report 2010 “progress on delivery the priority of social inclusion is relatively slow and not spread evenly across the funds and programmes”.

2) at the project level: the delivery of projects on the ground should be linked to the agreed objectives: so as not to punish the final beneficiaries, the Managing Authorities should promote the setting up of integrated and place-based development plans, based on an assessment of needs established on the basis of a shared diagnosis between all the partners, including NGOs and beneficiaries involved in the projects.

Recommendation:

- Putting into place a social conditionality and incentive system, 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.

How could Cohesion Policy be more results-oriented?

The 5th Cohesion Report emphasizes the importance of improving the monitoring process, evaluation and indicators. The 5th Cohesion Report did not say how this would be done, nor outlining the Commission's role in ensuring that this was done and did not mention the role of NGOs or civil society in making this happen. Under the current programming period of Structural Funds, there is clearly a lack of knowledge (within Monitoring Committees especially) on how to measure progress beyond financial reporting and on horizontal principles such as social inclusion as equality. Unless training and support is provided and social inclusion NGOs are included meaningfully in this process, Structural Funds will fall short in its goal of contributing to the success of the EU2020 strategy. The new inclusive growth pillar requires social inclusion indicators to put in place, which can be used to monitor and assess the achievement of the social objectives of this strategy. These must be linked to the Social OMC indicators. The evaluation system for the next programming period of the Structural Funds should be re-designed to measure short and long-term social inclusion outcomes.

Recommendations:

- Set out a limited number of core outcome indicators, based on targeted and qualitative evaluations which assess soft as well as hard outcomes which evaluate sustainable progress along the road to inclusion⁷. This should be complemented by the provision of community-based indicators. Programme evaluations to test the degree to which they contribute to social inclusion, so that at the end of the programming period we know who has benefitted and how? How have social exclusion and poverty been reduced? What works? What doesn't work and why?
- Inclusion-proofing system of funds, operational programmes, measures and sub-measures to test effectively the impact of the Structural Funds on poverty and social exclusion.
- Going further than GDP per capita to measure regional and social disparities⁸, by developing new, multiple indicators, which reflect progress towards a social and sustainable strategy⁹.

⁷ For more information on how to develop social inclusion indicators, EAPN *Developing social inclusion indicators for Structural Funds – Guide for social inclusion NGOs and other monitoring committee members*, (21.01.2008).

⁸ This point has been highlighted by the Commission of the Measurement of Economic Performance and Social Progress in *Report by the Commission on the Measurement of Economic Performance and Social Progress*, (14.09.2009^o), by Prof. Joseph E. Stiglitz, Amartya Sen and Jean-Paul Fitoussi.

- Strengthen social and human rights impact assessment at EU and national/regional level which includes the participation principle. This should include a specific focus on the impact on poverty and inequality, and ensure the active involvement of stakeholders, including NGOs and people experiencing poverty, in the assessment process, at the earliest possible stage with the support of technical assistance and/or other additional resources.

Which priorities should be obligatory?

The achievement of the poverty reduction target will only be achieved if the Member States and the Commission commit themselves to increase the proportion of Structural Funds dedicated to social inclusion. In the current programming period of Structural Funds, the Commission itself recognized in its Cohesion Policy Strategic Report 2010 that “progress on delivery the priority of social inclusion is relatively slow and not spread evenly across the funds and programmes”.

The transnational dimension of the ESF is clearly lacking in the 5th Cohesion Report, further exacerbating the lack of effective mainstreaming of EQUAL and the limited engagement of NGOs in transnational projects. Fostering transnational projects funded by ESF, on the basis of the bottom up, empowerment and participation principles, is very central to stimulate and share innovative and successful solutions developed in EU Member States to promote social inclusion and the fight against poverty.

Recommendations:

- Make social inclusion and poverty reduction an obligatory priority for each Operational Programme and Member State. with the following strands:
 - Active inclusion made up of:
 - Integrated Active Inclusion approaches for working age people, which support integrated, personalized pathways to inclusion, quality work and social participation, ensuring adequate minimum income, access to services and building inclusive labour markets.
 - Reinforcement of affordable access to quality services, to combat discrimination and reduce inequalities especially for lagging regions, deprived communities and groups. Fully recognise the contribution of social services in countering the current economic crisis and meeting the objectives of Cohesion Policy (promotion of the role of ESF in delivering innovative social services such as community, care services; strengthening of the use of ERDF in supporting social services infrastructures)
 - Promoting governance and participation in programme development and delivery
 - Mainstreaming of a life-cycle approach to ensure that funds provide integrated support to reduce poverty and social exclusion of children and older people.
 - Affordable, quality housing for all: a targeted use of Structural Funds should be promoted, so as to have a decisive impact on decreasing the energy bills for people on low-incomes often concentrated in poor quality houses, by setting up detailed targets for energy efficiency improvements, benefiting poor households and for improving the supply of accessible, affordable quality housing. Moreover, the ERDF amendment to support housing

⁹ This position has been put forward by MEP Jean Paul Basset in his Draft Opinion on *GDP and beyond – Measuring progress in a changing world* (2010/2088(INI)), (09.09.2010).

interventions for marginalized communities should be incorporated in the General Regulation of Structural Funds.

- Transnational activities: support for social innovation, for grass-roots projects to deliver products and services for new community needs and specific target groups (eg tackling homelessness, integrating ethnic minorities and migrants, single parents, long-term unemployed.) – accessible to NGOs.
- A higher co-funding rate should be allocated to social inclusion programs (at least 75% in all EU Regions)
- Equal financial resources should be allocated for each priority objectives by Member States in their Development Partnership Contracts and OPs so as to underpin the national poverty reduction efforts.

How can Cohesion Policy take better account of the key role of urban areas and of territories with particular geographical features in development processes and of the emergence of macro-regional strategies?

The 5th Cohesion Report, like its precursors, remains in the mindset of inequality being a primarily a regional problem. The report continues to conceptualize inequality in Europe as geographical and spatial, one of ‘poor places’, rather than ‘poor people’¹⁰. It is well known - but insufficiently acknowledged - that some of the most affluent states include some of the most severe concentrations of poverty. So long as Cohesion Policy is imprisoned within its geographical paradigm, then cohesion policy will miss part of the puzzle to address the true nature of inequality in Europe, which is primarily social. Ways must therefore be found to bring about a more enlightened and broader concept of regional policy.

The 5th Cohesion Report insists on the stronger role that urban authorities should play “in designing and implementing urban development strategies”. EAPN takes the view that social inclusion NGOs and civil society organizations are crucial actors who can provide endogenous development solutions, and hence should be at the heart of the systems of both governance and methods used to achieve social and territorial cohesion. To date, social inclusion NGOs and civil society organizations have had only a peripheral role in Cohesion governance structures in, for example, urban policy (URBACT).

Social inclusion NGOs can play an important role in the delivery of an enlightened and balanced policy for territorial cohesion because of the fact they are closest to and most trusted by the groups that are most excluded.

EAPN also supports the meaning given to territorial cohesion in “addressing urban-rural linkages in terms of access to affordable and quality infrastructures and services, and problems in regions with a high concentration of socially marginalized communities.” A territorial-based approach is essential to ensure the accessibility of public services throughout the European Union, based on principles of affordability, quality and adequacy. EAPN would like to highlight the importance to address the issue of accessibility in the geographical sense (equal access even in remote rural areas), with locally-based services to maintain face-to-face contact as much as possible. The principle should be set down that Europeans should be able to access and benefit from quality, affordable services,

¹⁰ This position has been developed in EAPN in *European Commission consultation on the future of European Union policy on territorial cohesion*, (02.2011).

wherever they live. This is underlined by §26 of the Charter of Fundamental Rights, which sets down a new legal basis for Services of General Economic Interest, one implying a change in the priorities of the Structural Funds, to make sure that they will fully contribute to supporting social services and especially local ones.

Another crucial element for ensuring the success of territorial cohesion is the implementation of the participation principle, making sure that participation and empowerment are fully promoted in Structural Funds projects.

The proposal of “ring-fencing expenditure for specific target groups or experimental approaches (e.g. local development) might also be considered, possibly in the form of global grants” is welcome, but timidly expressed (‘possibly’).

Recommendation:

- Setting up a new social innovative fund for grass-roots projects to deliver on new community needs and services, accessible to community-based NGOs with 100% financing, (global grants) so as to allow for the full involvement of civil society.

How can the partnership principle and involvement of local and regional stakeholders, social partners and civil society be improved?

EAPN’s main concern is to make sure that a real socially-friendly governance system will be established in the Structural Funds Regulation, to use Cohesion Policy as a driving force for achieving the poverty reduction target. EAPN welcomes the mention in the 5th Cohesion Report that the representation of local and regional stakeholders, social partners and civil society in both the policy dialogue and implementation of cohesion policy should be strengthened. Nonetheless, much more should be done to make this happen.

Social NGOs provide the multi-dimensional and integrated approach to inclusion which is needed to combat poverty and social exclusion. Due to their sound knowledge of the needs of excluded groups, they know how to adapt to them by a targeted approach. The importance of building up a place-based strategy involving local actors, social interests and NGOs has been clearly put forward by Professor Fabrizio Barca¹¹.

Under Article 11 of the Structural Funds Regulation, Member States are indeed expected to work in partnership with NGOs and civil society. For most EAPN members, the use of the partnership principle remains virtual¹². As stated by Mr Olsson in his Exploratory Opinion¹³ for the EESC, the

¹¹ ‘More involvement of bodies representing social interests at EU and national levels, including NGOs in particular, in line with the mandate of the 2002 European Council to “mobilize all the relevant bodies”. But this should be only an intermediate step toward the ultimate goal of mobilizing the potential beneficiaries of policy and the local branches of these bodies in every place in which intervention occurs’, Fabrizio Barca: *An agenda for a reformed cohesion policy - a place based approach to meeting European Union challenges and expectations*, (2009), European Commission, Brussels.

¹² EAPN mid-term Assessment of the current programming period and perspective for Post-2013, The contribution of Cohesion Policy to social inclusion, What role for social NGOs.

¹³ Opinion of the European Economic and Social Committee, 14 July 2010, How to foster efficient partnership in the management of cohesion policy programmes, based on good practices from the 2007 – 2013 cycle.

implementation of the partnership principle should be based on a clearer definition of what is meant by partnership and also the establishment of minimum requirements.

This means, more precisely, that social inclusion NGOs should be involved at all stages of the Structural Funds process (preparation, implementation, monitoring and evaluation in the design and delivery of the Structural Funds - .i.e. development contracts and OPs) especially in their monitoring committees and methods (e.g. monitoring committees, evaluation, indicators), with programme structures and regulations facilitating the implementation of the partnership principle. It also requires the involvement of a wide range of civil society organisations, representing the target groups, including social inclusion NGOs and people experiencing poverty, as well as anti-poverty networks/platform (like EAPN) which lobby on integrated anti-poverty strategies. Selected through a transparent selection process, NGOs should participate as full members in all the decision-making process in all monitoring committees (ESF and ERDF) with full voting rights.

To make that happen, the financial and administrative barriers, arising from the very complex nature of the Structural Funds Regulation, which prevent social NGOs from accessing Structural Funds to develop projects on active inclusion, should be removed. On this issue, the 5th Cohesion Report remains silent. Underused by Member States, Global Grants¹⁴ and technical assistance¹⁵ have proven successful in effectively engaging the hardest-to-reach due to 2 key design features:

- “the accessibility and flexibility of provision, with many organisations already known and trusted by their target communities
- the focus on progression towards the labour market and social inclusion rather than hard outcomes”¹⁶.

EAPN fully supports the proposals made by the European Commission¹⁷ in its draft proposal for a European Platform against Poverty and Social Exclusion, related to Structural Funds.¹⁸ An EU mechanism of global grants for NGOs will have a decisive contribution to facilitate access to the fund for small organisations and improve outreach, particularly for the most vulnerable groups of people. This Global grant system would provide:

- small sized grants
- accessible application systems and procedures
- 100% up-front financing
- ‘light touch’ monitoring and reporting requirements

¹⁴ Article 42 of the Structural Funds Regulation defines the Global Grants mechanisms through the “Member State of the Managing Authority may entrust the management and implementation of a part of an operational programme to one or more intermediate bodies”. The use of global grants to achieve the objectives of the European Social Fund is also encouraged by article 11 of the European Social Fund Draft Regulation.

¹⁵ Defined in the article 45 of the Structural Funds Regulation, “technical assistance is designed to support the smooth running and management of structural Funds’ operation, for instance by covering studies concerning the operation of the Funds, the exchange of information and experience, evaluation and computerized information systems, but also reaching out to final beneficiaries.”

¹⁶ Evidence review of the impact of the ESF on those furthest from the labour market 2007 – 2013, produced for the Third Sector European Network by the Centre for Regional Economic and Social Research, October 2009.

¹⁷ COM (2010) 758 final, *The European Platform against Poverty and Social Exclusion: a European framework for social and territorial cohesion*, (16.12.2010).

¹⁸ EAPN *First response to the European Platform against Poverty and Social Exclusion*, (January 2010).

- Support to applicants and grant recipients

Recommendations:

- The implementation of the partnership principle as a non-discretionary requirement in the SF General Regulation assessed by the European Commission on quality-based criteria.
- Set up guidelines on partnership in governance and delivery of Structural Funds in close cooperation with NGOs, and use it as a basis to evaluate the implementation of the partnership principle.
- Ensure that Member States include a specific section on partnership, based on agreed guidelines for membership and process, within their annual reports on Structural Funds.
- The availability of technical assistance resources for NGOs in all operational programmes, with particular support for NGO-driven technical assistance services at EU and regional level. Global grants should also be further promoted and financially guaranteed as a tool for building effective participation of partners and used by all Member States in both ESF and ERDF Programmes.
- The proportion of structural funds delivered by NGOs in the best member states (30% ESF) should be the ultimate target for all Member States, with an interim target of a minimum of 15%. There must be a minimum commitment to NGO-led social infrastructure in the ERDF of 5%.

How can the audit process be simplified and how can audits by Member States and the Commission be better integrated, whilst maintaining a high level of assurance on expenditure co-financed?

How could application of the proportionality principle alleviate the administrative burden in terms of management and control? Should there be specific simplification measures for territorial programmes?

EAPN perceives these two questions as interlinked, which is the reason why they are jointly addressed.

Regardless of their size or co-financing rates, all ERDF or ESF OPs should comply with the same legal requirements regarding audit controls. More proportionality in the audit field could be introduced with lighter procedures for smaller grants, shifting away from an audit-oriented approach towards an outcome-oriented approach. It would motivate countries to better achieve their objectives and would be less burdensome in terms of paperwork, while also allowing more time for developing innovative and effective social initiatives. At this time, the global administrative monitoring and accounting framework is imposed without distinction made to small and big organisations and institutions. It requires a risk analysis system that would avoid controlling each programme and project yearly.

It is crucial to simplify administrative and financial procedures which currently prevent small NGOs from accessing funds, or weigh heavily on the good running of a project due to the time spent on the compliance with EU rules. Another issue is the very late payment, that leads inevitably to indebtedness. All these factors combine to make Structural Funds inaccessible for small grass-root NGOs.

Recommendations:

- Controls on projects should be more focused for small projects and based on the achievement of social outcomes rather than on financial compliance.
- Payments should be facilitated and sped up through an increasing use of pre-financing in due time.

How can the right balance be struck between common rules for all the Funds and acknowledgement of Funds' specificities when defining eligibility rules?

Eligibility rules of the different Funds should be simplified to make it easier for small NGOs to get involved in Structural Funds' projects promoting social inclusion of the most vulnerable groups of people. When it comes to encouraging the co-ordination between Cohesion and Community Funds especially, their eligibility rules should be further harmonized.

Recommendations:

- Set up EU guidelines for Member States to encourage small NGOs to work together in a broader partnership on complementary activities aiming at providing integrated and tailor-made services for the most excluded groups of people (i.e. lighter and "one stop folder" application system...).
- Promote a multi-fund approach in order to build up integrated plans, combining quality social infrastructures and the provision of a comprehensive and coordinated range of services (income support, social services, education, culture, transport infrastructures, training, employment).

How can it be ensured that the architecture of Cohesion Policy takes into account the specificity of each Fund and in particular the need to provide greater visibility and predictable funding volumes for the ESF and to focus it on securing the 2020 objectives?

As clearly stated in the Budget Review Paper, the EU Budget should ensure that "the Union offers particular support to those most in need of solidarity". This mention is particularly welcome. But, unfortunately, this reference is not sufficient for guaranteeing that ESF will continue to be a key tool for achieving social cohesion – one of the three treaty objectives for the Cohesion Policy.

EAPN does not agree with the proposal that ESF should be separated from Cohesion Policy to finance a new European Union Strategy for Employment. ESF must play a role within Cohesion Policy that goes far beyond employment. As stated in Article 2 of the ESF Regulation, ESF supports Member States' policies aiming to achieve full employment and quality and productivity at work, to promote social inclusion, including the access of disadvantaged people to employment, and reduce national, regional and local employment disparities".

The ESF has been used as a structural instrument for developing an inclusive and place-based development policy. Beyond the debate on using ESF to back the European Employment Strategy, EAPN would like to stress the risk of re-nationalisation and sectoralisation of Cohesion Policy. ESF has been a key tool for developing multi-level partnerships involving the NGO sector, which are needed to address the complex socio-economic needs of people on the ground. Such an approach is all the more important in the current context of economic crisis and the austerity measures, which is hitting primarily the most vulnerable groups of people. It is also very important to keep ESF within Cohesion Policy in order to foster complementarity with other Community Funds (e.g. ERDF,

Rural Development Fund) in order to support an integrated approach promoting local development at grass-root level.

Nevertheless, the future ESF within the scope of Cohesion Policy could be better connected to the Integrated Guidelines (Europe 2020) with the aim of securing all the objectives of :

- Guideline 7: ESF should not be limited to promoting any kind of jobs and focussing only on adaptability, creating job opportunities, maintaining jobs, but rather to promote inclusive labour markets, encourage the provision of pathway, personalised approaches for people wishing to integrate into the labour market, so that anyone can be adequately supported in accessing decent, sustainable employment.
- Guideline 10: Promoting social inclusion and combating poverty in all its strands (promoting the full participation in society and the economy, affordable and high quality services and public services in particular decent housing, education and health care, defending social protection...)

The new ambitious headline targets, especially the one aiming at lifting at least 20 million people out poverty by 2020, as well as the employment target, should be reflected in the future ESF budget through specific distinct financial provisions, to avoid trade-offs at Member State level with a clear oversight of the European Commission on how the money is spent through a reinforced additionality principle.