

## European Anti Poverty Network

### Contribution to the European Commission consultation on the future of European Union cohesion policy

15.01.08

#### Introduction

Following the *Fourth report on economic and social cohesion*, the Directorate General for Regional Affairs (DG REGIO) in the European Commission has, under its title of *Growing regions, growing Europe* invited comments on the future of cohesion policy by 31st January 2008. The European Anti Poverty Network (EAPN) specifically responds to the following questions in the consultation:

1. *What lessons can be drawn from the experience of preparing the 2007-2013 programmes?*
  - 2.1. *How can cohesion policy better promote harmonious, balanced and sustainable development?*
  - 2.2. *What are the impacts of the challenges identified in the report for key elements of social cohesion such as inclusion, integration and opportunity for all? Are further efforts needed to anticipate and counteract these impacts?*
  - 3.1. *Given the need for efficient management of cohesion policy programmes, what is the optimum allocation of responsibility between the Community, national and regional levels within a multi-level governance system?*
  - 3.2. *How can cohesion policy become more effective in supporting public policies in Member States and regions? What mechanisms of delivery could make the policy more performance-based and more user-friendly?*
  - 3.3. *How can we further strengthen the relationship between cohesion policy and other national and Community policies to achieve more and better synergies and complementarities?*

The European Anti Poverty Network is the EU-wide network bringing together both national and European-level networks concerned with the struggle against poverty and social exclusion. These networks in turn comprise a broad and deep range of national, regional and local organizations, right down to community level, working with those living in conditions of poverty and exclusion. Poverty and social exclusion are one of the most significant challenges facing the European Union, with 16% of its people, 78m persons living at risk of poverty. The total unemployed is 16,4m (according to Eurostat), in-work poverty appears to be on the increase and some groups, like homeless people and the Roma community, live in conditions of extreme hardship. Such a high level of poverty in the otherwise most successful political and trading block in the world is a serious social, economic, political and moral challenge.

The European Anti Poverty Network believes that the structural funds have considerable potential to address poverty and social exclusion. The European Social Fund (ESF) can, through well targeted interventions, promote the social and economic integration of marginalized and disadvantaged groups. The European Regional Development Fund (ERDF) can be used to develop and build social infrastructure. Beyond specific measures, the horizontal application of the principle of social inclusion across all the measures of the structural funds can ensure that the funds universally promote inclusion and equality. The working methods of the structural funds are no less important, for the operation of the partnership principle, involving social inclusion Non Governmental Organizations (NGOs) at all stages of operation of the funds, from design through to evaluation, can ensure that the funds prioritize poverty, as well as deliver to the most excluded groups.

## 1. Not only growth and jobs: structural funds as a tool of social cohesion

### *The need to rebalance the model of development*

There are three significant problems which this consultation must first address.

Dealing first with the convergence objective of the fourth cohesion report, the drive of the structural funds is overwhelmingly directed toward the challenge of regional inequality. EAPN does not question or wish to diminish the problem or scale of regional inequality in Europe, far from it, but takes the view that it **should be balanced by equal attention to social inequality**. Addressing regional inequality on its own can, arguably will, leave social inequality unaffected. Some of the richest European states which have long benefitted from substantial structural fund investments continue to demonstrate, many years later, extreme levels of social inequality. Conversely, it is possible that the desirable structural fund investment in new Member States, whilst raising their overall living standard closer to the European norm, may leave the level of social inequality relatively unaffected. It is little surprise that, following a model of development over-reliant on an analysis of inequality as a regional problem, poverty and hardship continue to persist to the extent that they do.

Second, related to this, the **emphasis on competitiveness within the fourth cohesion report is unbalanced** and must be balanced by equal attention being given to social objectives. Several Member States in the competitiveness regions give, in their National Strategic Reference Framework 2007-2013, very little attention to social objectives, priorities or themes.

Third, although the European Social Fund is, axiomatically, seen as a means of achieving the Union's social policy objectives, there are a number of **problems with its model of operation**. First, levels of ESF investments are often much less than ERDF investments, making it difficult for a true balance of economic and social to be achieved. Second, ESF interventions have traditionally been limited to an excessively narrow labour-market focus. Although, through such themes as pathways to inclusion, the ESF regulation for 2007-2013 is the most enlightened to date, progress is still required in the development of the ESF model. If poverty is to be successfully addressed over the whole life cycle, interventions are required to address the exclusion of groups before they enter the labour market (children) and after they leave it (older people). Interventions are necessary to assist those who cannot enter the labour market due to their disability, family responsibilities, caring roles or those who have been disincentivized from the labour market. EAPN has also drawn attention to the limits of what can be achieved by the labour market alone, especially when a substantial proportion of Europe's poor are actually in work, albeit precarious and low-paid work.

### ***Need for more coherence with the OMC on Social Protection and Social Inclusion***

At the Lisbon summit of 2000, the European Council came to the welcome agreement that the Union should make a 'decisive impact' on poverty by 2010. The Open Method of Coordination (OMC, now Open Method of Coordination on Social Protection and Social Inclusion) was subsequently devised to prompt Member States to draw up and implement national action plans for social inclusion, plans which are intended to be comprehensive and ambitious. A significant problem here is the lack of coherence between the structural funds and the open method of coordination, which means that neither the ERDF nor ESF are sufficiently harnessed in support of the national action plans. Several of the NSRFs for 2007-2013 make surprisingly little reference to the national action plans or the open method of coordination.

### ***Putting the 'horizontal social clause' in practice: the need for an inclusion proofing of all structural funds expenditure***

A key to rebalancing the structural funds is to inclusion-proof them. Inclusion proofing is defined as:

*the process by which the bodies which manage the structural funds systematically examine programmes at their design, implementation and review stages to test their impact (or likely impact) on poverty and on the inequalities likely to lead to poverty<sup>1</sup>.*

In other words, all structural fund measures, not just those regarded as 'social', are checked to ensure that they contribute to inclusion. Measures are not approved which could lead to exclusion. This is a complex but useful process, one which ensures that the funds are actually effective in leaving the member state concerned more equal and inclusive after the period of operation than before. Here, the new horizontal clause in the Lisbon treaty opens up the potential for inclusion proofing:

*The Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against exclusion and a high level of education, training and protection of human health<sup>2</sup>.*

This puts a strong onus on both Member States and on the DG REGIO within the Commission to ensure that structural fund programming demonstrate how both the measures and the programmes as a whole contribute to the fight against exclusion. An encouraging development is the issuing, by the Commission, of an *Aide mémoire for desk officers Roma and structural funds programming 2007-2013*, which applies such a principle to one, extremely disadvantaged group. This principle should be extended throughout the structural funds for social inclusion and be given a more formal, visible and elevated status.

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<sup>1</sup> Walsh, Kathy: *Embedding social inclusion in the National Development Plan - a review of the poverty-proofing approach*. Dublin, KW Research, 2005.

<sup>2</sup> Article 5b to be included in the Treaty on European Union,  
[http://bookshop.europa.eu/eubookshop/FileCache/PUBPDF/FXAC07306ENC/FXAC07306ENC\\_002.pdf](http://bookshop.europa.eu/eubookshop/FileCache/PUBPDF/FXAC07306ENC/FXAC07306ENC_002.pdf)

## 2. The methods of the structural funds

### ***Why partnership with NGOs matters***

EAPN believes that not only is the model of structural fund development important, but so too is the method followed. EAPN has, with other organizations, argued for the development of the **partnership principle** (now article 11 of the general regulation) so that civil society, including social inclusion NGOs, are recognized as full partners within the structural funds. This means that they play a full and active role in both structural funds from their inception to their conclusion, but especially in their preparation, design, delivery, monitoring and evaluation. Social inclusion NGOs, because they work closely with groups experiencing poverty, hardship and exclusion are in a strong position to ensure that the funds are well targeted, sensitively delivered, efficiently managed and reach those in greatest need, especially those on the margins of government-delivered programmes.

In particular, EAPN has promoted a number of means of delivery of the structural funds, notably the use of global grants delivered by intermediary bodies and the use of technical assistance to ensure the effective participation of NGOs. EAPN was insistent that the principles of the EQUAL programme, one of the success stories of the 2000-6 round, be applied in a concrete, visible and practical way, in the 2007-2013 period.

### ***Lack of significant steps forward for 2007-2013***

The experience of EAPN and its member organizations is that the application of the partnership principle is still uneven and unsatisfactory. In EAPN's experience:

- National consultations failed to adequately take into account the views of social inclusion NGOs. Even though the consultation process has improved compared to the previous round, the evidence that the views of social inclusion NGOs has been utilized is thin.
- Although some social inclusion NGOs have been invited to participate in monitoring committees, this has been limited mainly to 'social' programmes and not the wider range of programmes necessary if inclusion-proofing is to be universally applied.
- Social inclusion NGOs have been absent from the *ex-ante* evaluation process, leading to concerns as to their presence in the mid-term and *ex-post* evaluations.
- Instead of being in widespread use, few countries have used global grants through intermediary bodies as a means of structural fund delivery.
- Instead of technical assistance being widely available to support the work of social NGOs in promoting and delivering structural fund programmes, only a handful of Member States make technical assistance available to NGOs at all.
- Despite being required to do so by the Community Strategic Guidelines, Member States have yet to show, convincingly, how they will apply the principles of EQUAL in the new structural funds round.

## ***Beyond subsidiarity, the need for EU level guidance and partnership***

This brings us to the question of Commission oversight of the structural funds process, especially that of DG REGIO and DG EMPL. This disappointing outcome came despite both the Commission and the Member States being alerted to the importance of the even and thorough application of the partnership principle. The Commission appears to take a *laissez faire* approach to the manner in which the partnership principle is applied, to the point that in some states it is almost invisible. The Commission was asked to ensure that partnership with civil society in general and with social inclusion NGOs in particular was applied in such a way that the objectives of social inclusion in the structural funds could be successfully operationalized. There is little evidence that the Commission incentivized Member States to follow such enlightened approaches, or disincentivized those that did not. The failure to do so means that the structural funds for 2007-2013 are likely to fall far short of their potential.

The problem of Commission oversight of the structural funds process was raised, in a very concrete way, over the participation of NGOs in the structural fund process over 2004-6 in the accession states<sup>3</sup>. This drew attention to the importance of much improved standards of Commission oversight and that the Commission follow its own protocols and procedures for the involvement of NGOs in the structural funds process. It is disappointing that there was no significant improvement in the period that has followed<sup>4</sup>. Some examples do exist of social inclusion NGOs making a significant impact on the structural funds and finding individual officials within the Commission prepared to champion their position<sup>5</sup>. The problem is that these examples are isolated, highly dependent on individual circumstances and not the outcome of institutional change within the Commission.

This lack of oversight was particularly stressed when the Commission decided, in 2007, that it was not necessary to ensure that the National Strategic Reference Frameworks and Operational Programmes were made available in any of the three main procedural languages of the Union<sup>6</sup>. It is difficult to improve the effectiveness of the structural funds, as an instrument for social inclusion, if the Commission is not prepared to make the key documents even accessible for analysis.

Now would be a good time to reconsider the strategic oversight of structural fund programming at European Union level. So far, civil dialogue with the Commission has been weak in drawing in the structural fund process. The regulations of the structural funds make provision for an oversight committee at European level, as well as a European Social Fund committee. There is no reason why such committees should not be extended to include civil society organizations in general and social inclusion NGOs in particular. Social inclusion NGOs can offer a wide range and depth of on-the-ground experience, knowledge and information on how the structural funds are effective instruments for social inclusion (or not) as well as insights into the procedural issues<sup>7</sup>. Embracing civil society in the strategic management of the structural funds would not only be a practical manifestation of the partnership process, but would open structural funds management to new sources of information and ideas, with considerable gains in efficiency as a

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<sup>3</sup> *The illusion of inclusion*. Brussels, Euro Citizen Action Service (ECAS), 2005.

<sup>4</sup> ECAS: *How the new programmes are implemented*. Brussels, Euro Citizen Action Service (ECAS), 2007. Note especially the remarks by Elisabeth Schroedter MEP.

<sup>5</sup> *Campaign of Roma organizations created preconditions for directing structural fund resources for Roma integration in Bulgaria*. Veliko Turnovo, Amalipe Centre, 2007.

<sup>6</sup> *Concerns on the accessibility of structural funds programming documents*. Letter from Dirk Ahner, DG REGIO, to EAPN, 19th December 2007. The procedural languages are English, French and German.

<sup>7</sup> Open Society Institute: *Making the most of EU funds*. Brussels, Brian Harvey, 2007.

result. Conversely, there are no gains for structural funds management in continuing to close off such channels. The opportunity exists to invite civil society NGOs, including social inclusion NGOs, onto the committees established under title VIII of the general regulation §103-104 (in particular the European Social Fund committee), initially as observers.

### **3. EAPN proposals for the future structural funds**

EAPN's messages to the consultation are as follows:

- The model of development for cohesion must be rebalanced, with social inequality given equal importance, weight and attention to regional equality.
- Strengthen the coherence between structural funds (in particular the ESF) and the Open Method of Coordination on Social Protection and Social Inclusion, as a way to ensure stronger impact on the fight against social exclusion.
- The structural funds must be inclusion-proofed throughout, not just in their 'social' measures, so that all operational programmes, measures and sub-measures contribute to social inclusion and equality.
- The partnership principle, a welcome introduction, must be applied evenly throughout the Member States, funds and operational programmes, ensuring a presence of social inclusion NGOs.
- There is a need for the Commission to apply consistent effective, hands-on oversight of the structural fund process so that the principle of partnership is respected. NGOs should be visible at all stages of the structural fund process, from information through to design, delivery, monitoring and evaluation. The Commission must ensure that effective instruments are used to deliver social inclusion programmes, such as global grants and technical assistance.
- Civil society organizations, including social inclusion NGOs, should be brought in to EU-level regular, sustained and structured dialogue on the future of the structural funds, including the committees referred to in title VIII of the general regulation.
- The programming documents (NSRFs and OPs) should be made available in the procedural languages of the European Union.