

## **Structural funds 2007-2013: what will remain of social innovation and past learning? EAPN comments on the Commission's communication on programming documents**

23.06.08

On 14th May, the European Commission published a communication on the results of negotiations around structural funds' programming documents<sup>1</sup>. This new programming period (2007-2013) is marked, the Commission argues, by a real change of priorities, with a stronger focus on objectives set out in the "Lisbon Strategy" and the earmarking of a significant proportion of the € 347 billion dedicated to the funds throughout the EU to this purpose.

While it appears too early to make a first assessment of how the programming documents will be implemented in practice, the Communication offers an opportunity to assess the reality of structural funds in the period 2007-2013, in light of existing principles, including the Strategic Guidelines and Structural Funds regulations. This is timely as Member States have reported in June on the implementation of structural funds, and as the conclusions of the Slovenian Presidency Conference on the Future of Cohesion<sup>2</sup> policy pointed out to a number of challenges that should be addressed sooner rather than later.

EAPN is particularly concerned by the low level of priority given to combating poverty in the Communication and the lack of any reference to the EU's own social inclusion strategy. We would therefore like to highlight below a number of points which needs to be tackled urgently by both the Managing Authorities and the European Commission:

### **1. A narrow vision of "Lisbon" and sustainable development**

While the emphasis on structural funds' contribution to sustainable development could be welcomed, it is seen only as a specific aspect, rather than an underlying principle for all structural funds expenditures, and focuses exclusively on its environmental pillar. Rather than isolated strands of a *growth and jobs* strategy, cohesion and sustainable development should be set as overarching objectives, which requires a real mainstreaming of this vision across all structural funds expenditures, and not only specific programmes.

We are highly concerned that the Communication, in line with the approach to Lisbon *earmarking* adopted by the European Commission, is based on a narrow definition of the Lisbon Strategy. Structural funds' contribution are almost exclusively analysed in terms of "growths and jobs", at the expense of the strategy's social and environmental pillars. This is all the more worrying as experience has shown that economic convergence does not necessarily lead to a reduction of inequalities, and might even have a negative effect on social inequalities, if not underpinned by adequate mechanisms.

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<sup>1</sup> Communication on the results of the negotiations concerning cohesion policy strategies and programmes for the programming period 2007-2013 (COM(2008) 301 final), to be found on:

[http://ec.europa.eu/regional\\_policy/sources/docoffic/official/communication/negotiation/com\\_2008\\_301\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/communication/negotiation/com_2008_301_en.pdf)

<sup>2</sup> Conference on the Future of Cohesion Policy, Maribor, 7 and 8 April 2008, presidency conclusions,

[http://www.svlr.gov.si/fileadmin/svlr/srp.gov.si/pageuploads/Predsedovanje\\_EU/04\\_Prihodnost\\_kohezijske\\_politike\\_7\\_in\\_8.april\\_08/Sklepi\\_CFCP\\_en.pdf](http://www.svlr.gov.si/fileadmin/svlr/srp.gov.si/pageuploads/Predsedovanje_EU/04_Prihodnost_kohezijske_politike_7_in_8.april_08/Sklepi_CFCP_en.pdf)

In this view, the lack of any mention of the EU's own social inclusion strategy (Open Method of Coordination on Social Protection and Social Inclusion, thereafter Social OMC) is striking. This appears as a major failure to move forward the social inclusion agenda, considering that the ESF Regulation itself made clear references to the OMC, that the inclusion of disadvantaged groups has been recognised as a priority within Lisbon related expenditure (*earmarking* area 71) and that the supporting document to the 2008 Joint Report<sup>3</sup> entailed an extensive section on structural funds' contribution to the meeting objectives of the OMC.

### Recommendations

- We call on the European Commission and Member States authorities not to miss a major opportunity by putting in place strong coordination and monitoring structures and processes that would enhance the coherence between all aspects of the Lisbon Strategy and the structural funds;
- This applies in particular to the monitoring of the National Strategic Reference Frameworks and Operational Programmes, and should go beyond including a specific section in Member States' annual report on the National Reform Programme;
- Such coordination and monitoring needs to go beyond a narrow vision of the Lisbon Strategy, by including its social and environmental pillars. Social and sustainable development needs to be back at the centre of structural funds, which is all the more important as the claim is too often used as a legitimacy factor, compared to the reality in practice.

## 2. Mobilising the funds to “make a decisive impact on the eradication of poverty”

While the mention of poverty and social exclusion in the report is to be welcomed, its lack of visibility in the report reflects the low level of funds earmarked for social inclusion (12,4% of ESF expenditure according to the Commission). At a time when 78 million people are facing poverty in the EU, 18 million workers fall below the poverty line and a number of Member States from the convergence area know high level of absolute poverty, structural funds' potential needs to be better mobilized to live up to the EU objective to make a “decisive impact on the eradication of poverty” (agreed in 2000).

This lack of commitment is all the more worrying as the reality of implementation is often that of a narrow vision of the fight against poverty, focusing primarily on getting excluded groups back to work, without taking into account the roots causes of poverty. Structural funds should be mobilized to support different pillars of the EU's active inclusion strategy, including access to inclusive employment, but also access to affordable and quality services. More integrated approaches are needed, including, “positive” activation measures, measures allowing wider integration and empowerment of excluded groups, capacity building for social NGOs (in particular for convergence area), social economy initiatives and inclusive entrepreneurship approaches, infrastructures linked to social inclusion. Yet such approaches are invisible in the Commission's report.

In addition, while recognizing and valuing the need for targeted approaches, we are concerned that most of the times structural funds' contribution to fighting poverty is described in terms of focus group rather than themes, approaches and barriers.

On the process itself, we feel a major opportunity is being missed to strengthen the coherence between the ESF and the Social OMC. Despite a clear link between the National Action Plans and Operational Programmes in the European Social Fund (ESF) regulation, several of the National Strategic Reference

<sup>3</sup> see p. 96: [http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/sec\\_2008\\_91\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/sec_2008_91_en.pdf)

Frameworks and Operational Programmes for 2007-2013 make surprisingly little reference to the NAPs on poverty, which are an integral part of the Social OMC. As Member States are preparing the next round of National Action Plans, we believe the energy devoted to the Social OMC could make a useful contribution to the discussion on improving structural funds' governance and contribution to poverty eradication. Yet no significant step has been taken to strengthen the coherence between the two processes.

### Recommendations

- Ensure that structural funds are instrumental in meeting the objectives of the Social OMC, which implies focusing on "positive" activation, measures allowing wider integration and empowerment of excluded groups, capacity building for social NGOs, social economy initiatives and inclusive entrepreneurship approaches, infrastructures linked to social inclusion;
- Ensure that the Social OMC's objectives and tools make a concrete and not only symbolic contribution to structural funds' governance, and that discussions around the NAPs take full account of structural funds' contribution;
- Develop mechanisms to ensure effective coordination at regional, national and EU level, including templates for reporting guidelines, indicators and benchmarks going beyond a narrow vision of labour market policies. Such tools should be used in the planning, monitoring, reporting and evaluation phases;
- Ensure that the Joint Report on Social Protection and Social Inclusion 2009 and its supplementary document make explicit references to structural funds;
- Devote an equivalent level of earmarking for the objectives of the Social OMC as for the other priorities of the Lisbon *Growth and Jobs* Strategy;
- Address country specific recommendations following Member States' annual reports on the structural funds on how to strengthen the impact on fighting poverty and social exclusion;
- Development and dissemination of a set of good practice of how structural funds can be used in the field of social inclusion through transnational projects and networks;
- Development of a guidance note on the link between structural funds, the Social OMC and social inclusion.

### 3. Governance and delivery: beyond the rhetoric, partnership needs to be put in practice

Improvements in terms of governance, partnership and institutional capacity are depicted as major progress areas in the Communication. Yet we are concerned that this reflects more wishful thinking than a real change of governance culture, in particular with regard to partnership with civil society (article 11 of the structural funds' general regulation).

Partnership has been redefined in the structural funds' general regulation, and should now explicitly involve NGOs, from the planning to the delivery phase. It is now widely acknowledged that such partnership leads to more transparency, democracy, better circulation of information towards potential beneficiaries and better spending. However in the absence of any common approach and criteria, the reality varies greatly between the Member States, from a real partnership culture to merely rubber-stamping existing decisions. The assumption that structural funds contributed to a shift in culture throughout the Member States thus needs to be questioned in the light of this patchy reality.

In addition, promoting partnership in delivery and ensuring a real access of NGOs to structural funds remains a challenge. We are alarmed that the end of EQUAL has in most Member States not been balanced by more pro-active strategies to facilitate NGOs' access. Further efforts are needed as well to

increase partnership in delivery and NGOs' access to structural funds, which is still often hindered by a lack of information about the funds' potential, lack of resources in application rounds and following them up, a difficulty to use the funds for "micro-projects", a lack of level playing field with government agencies, as well as financial obstacles (including financial risks, need for match-funding, pre-financing).

The lack of pro-active strategy is all the more worrying as Managing Authorities are clearly putting a focus on large projects, at the expense of quality, flexibility and social innovation. It is thus hard to avoid the conclusion of a lack of political will to build on the lessons from EQUAL, as well as other programmes such as the Local Social Capital pilot.

Key actors at EU, national, regional and local level need to take the necessary steps and put in place a framework in which NGOs' access to structural funds is not only a slogan, but a concrete reality. Any failure to do so would also result in major absorption capacity problems, and damage the funds' legitimacy vis-à-vis EU citizens. This emergency is clearly spelt out in the conclusions of the Slovene presidency conference on the future of cohesion policy, which stress that "*Cohesion policy delivery mechanisms need profound improvement, i.e. reform. This will require strong commitment at all levels (including political), while solutions will need to be prepared in a context of inter-institutional dialogue*"<sup>4</sup>.

#### **Recommendations**

- In cooperation with NGOs, develop and disseminate common guidelines, good practices and checklists on partnership in governance and delivery, building upon positive experience of the EQUAL programme;
- Use such guidelines as a basis to evaluate the implementation of the partnership principle and make country specific recommendations;
- Ensure that Member States include a specific section on partnership within their annual reports on structural funds. Based on such reports and input from civil society, addressing specific recommendations to Member States;
- Encourage transnational projects and networks on partnership, as a way to develop a better understanding of what approaches have been developed throughout the EU and encourage mutual learning between the Member States on the issue;
- Ensure a real partnership and dialogue between the European Commission and NGOs on cohesion policy related issues;
- Use EU level technical assistance in view of strengthening partnership with NGOs.

#### **4. Learning and integrating lessons from EQUAL**

The Communication makes extensive references to the mainstreaming of former Community Initiative Programmes, including EQUAL, which has allegedly allowed Member States to build on "the most successful practices from previous generations of cohesion policy". We are however concerned by the lack of clear evidence that such "mainstreaming" has happened. Rather, the post EQUAL era seems to have failed to capitalise on these developments: such amnesia might have a particularly negative impact on structural funds' role as drivers for mutual learning and social innovation.

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<sup>4</sup> to be found on :

[http://www.svlr.gov.si/fileadmin/svlr.gov.si/pageuploads/Predsedovanje\\_EU/04\\_Prihodnost\\_kohezijske\\_politike\\_7\\_in\\_8.april\\_08/Sklepi\\_CFCP\\_en.pdf](http://www.svlr.gov.si/fileadmin/svlr.gov.si/pageuploads/Predsedovanje_EU/04_Prihodnost_kohezijske_politike_7_in_8.april_08/Sklepi_CFCP_en.pdf)

In the absence of clear post EQUAL schemes, the funds' potential for innovation, and in particular social innovation, has been clearly sacrificed in the name of efficiency and good financial management. Member States' current trend to opt for large projects with low innovative potential is particularly worrying.

Transnationality has been one of the most successful factors of EQUAL and for many actors represented a major opportunity for mutual learning, innovation as well as an open door on EU integration. It also appears to be the main area where such mainstreaming has really happened, with about € 3 billion devoted to transnational cooperation across the EU. Yet we have to deplore the lack of transparency and information available to the public on how the process will happen, as well as lack of coordination across the Member States and of available tools to facilitate sound transnational cooperation. It is also crucial that social inclusion is given a high profile in the follow-up of thematic networks.

With regard to the mainstreaming principle, the announced dissemination of best practices should happen in due time, to make sure the wealth of experience gathered throughout EQUAL really feeds mutual learning from a wide range of actors.

#### **Recommendations**

- Involve a wide range of actors, including civil society organizations, and ensure their presence in the different transnational platforms to be developed by managing authorities as a follow-up to EQUAL;
- Strengthen information to the general public on how EQUAL will be followed up in practice and how to develop the type of projects funded under EQUAL, to counter a widespread feeling that the end of EQUAL is a major loss for social innovation;
- Ensure a real use and follow-up of the practical tools and notes developed under EQUAL, which should now be used as horizontal principles in all ESF programmes;
- Ensure a widespread dissemination of EQUAL outcomes, in particular good practices;
- Draw a specific evaluation of how the mainstreaming of EQUAL has taken place in practice and how much from previous knowledge has been integrated into new ESF programmes. This should lead to country specific recommendations.

#### **5. The need for a strong leadership from the European Commission**

The new programming period is marked by an increase of subsidiarity and a new repartition of competences between the Commission and the Member States, including in terms of financial management and control. Aware of such new developments, we call on the European Commission to live up to its political responsibility to make structural funds a success, a success that should go beyond good absorption and financial management only.

We believe the success of the 2007-2013 programming period should be measured against a number of principles and guidelines, including the Strategic Guidelines and Structural Funds' regulations, but also an ability to mainstream the lessons from EQUAL to deliver innovative social inclusion projects, build upon the objectives and tools of the Social OMC, fully involve NGOs and deliver on sustainable development. A real leadership is therefore expected from the European Commission to make this happen.