

28 October 2011

To: Directors General in charge of Cohesion Policy

Refer: Meeting of Directors General in charge of Cohesion Policy, 3-4 November 2011

Dear Director General,

On October 6th, the European Commission published its legislative proposals regarding the future of Structural Funds.

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 European 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 :

Key Messages

EAPN welcomes:

- 1. The Commission's proposals for an increased ESF role in reducing poverty and exclusion, including increased budget and 20% ring-fencing*
- 2. The commitments to increase NGO access and participation through the promotion of a more bottom-up approach in the delivery of Structural Funds*

Our main concerns:

- 1. Defend an ambitious Cohesion Policy budget – restoring the threatened 5% cut*
- 2. Tackling poverty has to be seen as a way to foster every other growth objective*
- 3. Provide additional funds for food aid rather than replacing integrated approaches to fight poverty*
- 4. Solidarity with poorer regions, not double penalty! – NO to macro-economic conditionality*
- 5. Develop a social inclusion mainstreaming clause and social evaluation*

Improvements needed:

- 1. Embed a binding partnership principle*
- 2. Ensure that global grants, technical assistance and capacity-building are accessible for small NGOs*
- 3. Making transnational projects really open to small NGOs*

First of all, EAPN would like to acknowledge important improvements that have been made especially with regard to the strengthened role given to the ESF in the delivery on the poverty reduction target and a better recognition of NGOs in the design and delivery of Structural Funds on the ground (partnership principle, capacity-building, community-led initiatives and simplified delivery mechanisms).

EAPN welcomes:

- **Increased ESF role in reducing poverty and social exclusion through:**
 - *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 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 investment priorities:* 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.*
- **Promotion of a more bottom-up approach in the delivery of the Structural Funds**
 - EAPN is encouraged by the *proposals to promote community-led initiatives, based on local development strategies,*
 - EAPN also supports the proposals aiming at making Structural Funds more accessible for small NGOs through *simplified and more NGO-friendly delivery mechanisms* (simplified costs, flat rates, lump sums...).
This should be viewed as a validation of the key role of NGOs in the delivery of successful projects on the ground.

EAPN key concerns:

EAPN is particularly concerned by strategic changes that could seriously endanger the delivery on the poverty reduction target through Structural Funds.

1. Defend an ambitious Cohesion Policy budget – restoring the threatened 5% cut

The budget allocated to Cohesion Policy has been reduced by 5%, which will lead to a even harsher competition between thematic priorities, even more so with the emphasis put on **thematic concentration essentially on growth enhancing expenditures:** competitiveness of SMEs, innovation, energy efficiency & renewable energy (particularly art. 4 of the ERDF Regulation: at least 80% of the total ERDF resources at national level in more developed regions). Regarding the ESF, the thematic concentration (60% to 80% of OP budget on 4

investments priorities depending on the type of EU Regions) should not lead to endanger social inclusion approaches by focusing too much employment and training.

2. Tackling poverty has to be seen as a way to deliver on all Europe 2020 objectives

We cannot afford to make the poverty reduction targets secondary. While the Commission is keen on streamlining cohesion policy to the Europe 2020 objectives, it is the economy- and employment-enhancing measures which it refers to. To ensure that integrated, multidimensional approaches to reducing poverty, based on the Social OMC Common Objectives and to ensure that the European Platform against Poverty and Social Exclusion contributes to achieving its objective, social and economic policy tools at national and EU level have to be linked better to foster an integrated approach. It is also essential to give a more prominent role to tackling poverty and social exclusion in cohesion policy as a whole. In the current context of cuts in national budgets, EAPN strongly stressed that thematic concentration should be used to give *equal importance* to the respective EU targets, including the poverty reduction target. Social inclusion measures have to be seen as a contribution to growth in all aspects, not an obstacle to it.

3. Provide additional funds for Food Aid, rather than replacing integrated approaches to fight poverty

EAPN is concerned about the current debate around subsuming the European food aid programme for the most deprived (PEAD) into the ESF. PEAD is of vital importance for meeting the needs in food of the most vulnerable (EUR 2,5 billion for 2014-2020), particularly in the current crisis context, when increasing demands are being made from existing and new groups. But **integrating this programme into the 20% ring-fenced for fighting against poverty and social exclusion would significantly diminish the possibility to fund integrated social inclusion projects** on the ground. EAPN argues, therefore, for increasing the Cohesion Policy financial envelope of the amount foreseen for PEAD with a specific Regulation dedicated to that.

4. Solidarity with poorer regions, not double penalty! – NO to macro-economic conditionality

The introduction of macroeconomic conditionality, leading to the suspension of funding to Member States which maintain what is considered 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 an introduction risks penalizing vulnerable people (as beneficiaries of projects funded through Structural Funds) for the non-compliance by their Governments to the Growth and Stability Pact rules. In this time of financial and economic crisis which makes the Member States hostages of financial markets by decoupling the economic patterns from the real economy, the application of macro-economic conditionality to Structural Funds will weaken even more those Member States. EAPN calls for the abolition of this kind of conditionality mechanism. EAPN would strongly support the introduction of 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. For instance, this could be achieved through making sure that the

partnership principle is respected at national and regional level, prior to the adoption by the European Commission of the partnership contract and OPs and the disbursement of Funds for programs funded through Structural Funds.

5. Develop a social inclusion mainstreaming clause and social evaluation

No real effort is made either to mainstreaming social inclusion within all Structural Funds, nor towards setting up a social evaluation system. Social considerations still play a marginal role in ERDF (investing in health and social infrastructure, support for physical and economic regeneration of deprived urban and rural communities, support for social enterprises). However, EAPN does welcome the Commission's proposal to make health and social infrastructures eligible for ERDF expenditure in all 3 types of EU Regions (and not only the convergence ones, as it is currently). Such a mainstreaming clause has been set up for sustainable development in the General Regulation. Given the recent EU commitments on poverty reduction, why couldn't such a mainstreaming clause be applied to social inclusion and the fight against poverty?

As far as the evaluation system is concerned, the main emphasis is put on the result-oriented approach. Unfortunately, at this stage, this is a missed opportunity to monitor progress towards the achievement of the poverty reduction target through Structural Funds. EAPN urges Member States to support the development of social-inclusion proofing indicators.

Key areas of improvement:

EAPN would like to point out some key areas where improvements are needed to really make Structural Funds accessible for small NGOs in practice.

1. Embed a binding 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 that will be set up by the European Commission is a sign of an acknowledgement of the necessity to ensure adequate monitoring in this field but it still leaves room for manoeuvre to implement this principle at national level. That is the reason why EAPN pleads in favour of a binding partnership principle, whose compliance should be carefully monitored by the European Commission prior to the adoption of the Partnership Contracts and OPs. It would guarantee that the programmes and projects really meet the needs of the most excluded and thus make a decisive contribution to the achievement of the poverty reduction target.

2. Ensure that global grants, technical assistance and capacity building are accessible for small NGOs.

EAPN supports the Commission's proposal regarding the explicit involvement of non-governmental organisations in the implementation of ESF Operational Programmes (OPs) through global grants and their adequate access to actions funded by the ESF through an appropriate amount of ESF resources for capacity-building in less developed Regions. But, 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. Such an ESF allocation for global grants should be made available in all OPs and its amount should be discussed prior 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. A clear 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.

3. Ensure transnational projects are open to small NGOs

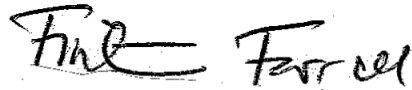
Regarding the transnational cooperation, if the Commission's proposal aims at moving forward in this field, much more should be done to ensure that transnational projects will be accessible for small NGOs. Bottom-up, empowerment and participation principles should be seen as core principles when designing the "Coordinated implementation framework" announced by the European Commission in its proposal.

We hope very much you will take into consideration these key messages in your future deliberations and would welcome any opportunity to discuss the issues further.

Yours sincerely,



Ludo Horemans
President



Fintan Farrell
Director

Cc:

- SPC Members
- Thomas Bender – DG EMPL – European Commission
- Nicholas Martyn – DG REGIO – European Commission