

12 March 2012

**Support the proposed 20% ring-fenced allocation
for social inclusion & poverty reduction
to achieve the EU poverty reduction target**

Dear Director General,

You will meet your counterparts on the 13th and 14th of March to discuss the Commission's legislative package on Structural Funds for the next programming period 2014-2020 (including the future ESF Regulation).

EAPN welcomed¹ the Commission's proposal as a major step forward in ensuring that the ESF will steadily contribute to the delivery on the poverty reduction target.

EAPN strongly welcomes:

- 1) An increased and more secure budget for ESF (i.e. at least EUR 84 billion corresponding to 25% of the total budget for Cohesion Policy),
- 2) The 20% allocation ring-fenced for social inclusion and the fight against poverty
- 3) Active inclusion as investment priority within the 4th thematic objective on social inclusion

However, the potential of the ESF to contribute to the poverty reduction target currently risks being jeopardized, as:

- Some Member States are expressing reservations with regard to the introduction of the proposed 20% of the ESF ring-fencing for social inclusion.²
- The potential of a positive impact of this 20% ring-fencing will be totally undermined if the financing of the existing Food Aid Programme is finally transferred and included in this 20%.

The 20% earmarking mechanism is the most powerful way to ensure a decisive and even contribution of the ESF to the EU poverty reduction target that Member States agreed throughout the EU.

Why is it vital to ring-fence 20% of ESF for social inclusion and poverty reduction?

- **Only 12% of ESF is currently being used for social inclusion. The Commission³ itself recognized the need for improvement.**

¹ EAPN Letter to Directors General in charge of Cohesion Policy, 28.10.2011:

<http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/2011-letter-to-dgs-cohesion-policy-27-10-11.pdf>

² Cohesion policy legislative package: "More specifically, the proposed ring-fencing of at least 20% of the total national ESF allocation to the thematic objective related to social inclusion and poverty was questioned by MSs.": <http://register.consilium.europa.eu/pdf/en/11/st18/st18097.en.11.pdf>

³ European Commission, Cohesion Policy Strategic Report 2010, p.3: "*progress on delivery the priority of social inclusion is relatively slow and not spread evenly across the funds and programmes*".: http://ec.europa.eu/regional_policy/sources/docoffic/official/communic/reporting2010/com_2010_110_en.pdf

- The economic and social EU context, dominated by an increase of poverty and social exclusion as result of the crisis and austerity measures, is leading to an even greater need for more resources dedicated to achieving social inclusion, while defending social protection systems and social services.
- It promotes territorial equality by ensuring an even level of contribution of the ESF to the poverty reduction between all EU Member States.

This 20% earmarked mechanism should underpin integrated active inclusion approaches⁴ supporting holistic, personalised pathways to inclusion in employment and social participation, as part of a broader approach of contributing to ensure adequate minimum income, access to quality services and inclusive labour markets rather than purely narrow activation policies.

EAPN supports the continuation of the Food Aid Programme for the next programming period 2014-2020, but this can not be done by integrating this Programme into the 20%, ring-fenced for social inclusion without significantly reducing the possibility to fund integrated social inclusion projects on the ground. Therefore, alternative proposals for the Food Aid Programme should be carefully considered such as a mechanism similar to the financing of the Globalisation Adjustment Fund (based on article 159 TEC).

A monitoring mechanism based on Commission guidelines and reporting via the NRPs and National Social Reports; should be established to ensure transparency and to enable the sharing of practice on how Member States use this 20% ring-fenced for social inclusion and combating poverty.

For all the reasons developed, we urge you to strongly back the 20% earmarking for delivering on poverty reduction and social exclusion through integrated active inclusion approaches. We would welcome any opportunity to discuss these issues further.

Yours sincerely,



Ludo Horemans
President



Fintan Farrell
Director

Cc:

- *Counsellors and attachés in charge of Regional Policy*
- *Thomas Bender – DG EMPL – European Commission*
- *Nicholas Martyn – DG REGIO – European Commission*

⁴ The Commission stressed the key contribution in that regard, in EC Recommendation on the Active Inclusion of People excluded from the labour Market (3 October 2008): “Guarantee the relevant resources and benefits under the social protection arrangements; use the provisions and resources of the Structural Funds, in particular the European Social Fund, to support active inclusion measures”.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:307:0011:0014:EN:PDF>