



## Arguments for EAPN defense strategy - EC 2021 Grant Agreement Decision

### Operating Agreement - VS/2020/0442

*Arguments are classified under low, medium and high risk*

**HIGH RISK:** *argument with weak legal basis that can motivate further financial inspection of the EC in previous financial reports (from 2018 to 2021)*

**MEDIUM RISK:** *argument with solid legal basis but can serve as motivation for further financial inspections on the co-financement system*

**LOW RISK:** *political arguments that are focusing on the existence of the network and the objectives of EAPN work*

#### Possible strategies

##### Administrative

- 1) Informal: Katarina Ivankovic-Knezevic - Head of Unit Directorate D - DG Employment
- 2) Formal: Director-General Joost Korte - DG Employment

##### Legal

- 1) Informal: discussions with DG EMPL FPA Coordinators and Policy Officers
- 2) formal: Appeal to Ombudswoman
- 3) formal: Appeal to the European Court of Justice

##### Political

- 1) Informal: Meeting with MEPs
- 2) Informal: Meeting with Head of Unit
- 3) Formal: Meeting with Commissioner Schmit

### **1) On the system in place for more than 15 years - HIGH RISK**

Our system currently in place has been implemented in consultation with the European Commission since 2007.

EAPN has met all eligibility criteria and the past proposals were accepted without any further recommendation. We have been transparent and open about our internal operations and the network was always in compliance with EU application and reporting requirements.

### **2) The lack of formal communication about this system - HIGH RISK**

What has surprised us is the lack of communication or formal warning that our system would not be in compliance with your regulations. As an organisation working with the European Commission over the last 15 years and due to the historical engagement and mutual support from and to DG Employment, we would have adapted and restructured our internal financial system to comply and to respect any of your requirements and new modifications. In the spirit of a trustworthy relation, we have expected to be informed about any misalignment with our Grant Agreement at the beginning of our Framework Partnership and not at the very end. It is with great surprise that this information was just shared with us recently in the last month of August without any further notice.

### **3) The Belgian legal background on off-setting - MEDIUM RISK**

For the sake of financial security and administrative simplification, rather than paying members the balance of expenses not covered by the deposit, we set off this balance against the co-financing due by the member under the agreement signed with him. The amount of this offset corresponds to duly documented expenses for which proofs of payment were and still can be provided to you. Moreover, for the expenses for which you have requested the justifications for 2021, the supporting documents and payments of the members of our network have been submitted to your attention.

EAPN would like to stress that the off-setting system is for the payments and not for the expenses.

Under Articles 1234, 1289 and 1290 of the Belgian Civil Code, offsetting is a simplified method of payment between a reciprocal claim and debt. Unless we are mistaken, nothing in Grant Agreement VS/2017/0481 and/or its annexes prohibits this method of payment.

This method of payment (offsetting) is also applied by the European Commission itself under Article II.26.2 (Recovery Procedure) of the general conditions of the Grant Agreement VS/2017/0481.

#### **4) Our historical trustworthy cooperation - LOW RISK**

We work hand-in-hand with the European Commission and we would like to kindly remind you that EAPN is the only organisation directly representing the interests of people, households and communities at risk of experiencing poverty at the different dimensions of social exclusion. As any organisation in Europe, we are still reflecting on how to accommodate the impact of the inflation, the energy price rise and the post-covid on our economies. Any decision that, on top of it, would affect not only our sustainability and would put not only our staff and members in jeopardy. It also put citizens and communities at risk of misery. We are an organisation working for and composed of people experiencing poverty and we do truly hope that a mid-ground solution can be found to protect the *raison d'être* of our organisation.