



European Economic and Social Committee

SOC/537
**Funding effectiveness/
fighting poverty and social exclusion**

OPINION

European Economic and Social Committee

The effectiveness of ESF and FEAD funding as part of civil society efforts to tackle poverty and social exclusion under the Europe 2020 strategy
(own-initiative opinion)

Rapporteur: **Krzysztof BALON**

Plenary Assembly decision	21/01/2016
Legal basis	Rule 29(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Section for Employment, Social Affairs and Citizenship
Adopted in section	03/02/2017
Adopted at plenary	22/02/2017
Plenary session No	523
Outcome of vote (for/against/abstentions)	171/1/2

1. Conclusion and Recommendations

- 1.1 Given the fact that poverty and social exclusion are feeding populist trends in many EU Member States, the EESC welcomes the conclusions of the European Council of 16 June 2016 on Combating Poverty and Social Exclusion: An integrated approach¹ and advocates the creation in the next financial perspective of an integrated European fund to combat poverty and social exclusion, based on experience to date of the implementation of the Fund for European Aid to the Most Deprived (FEAD) and the European Social Fund (ESF).
- 1.2 Bearing in mind the diverse nature of the problems and target groups in the individual Member State, including the different forms of migration, the intervention of such a fund should make full use of the experience and capacity of civil society organisations by granting them a leading role in programming, implementation, monitoring and evaluation. The Fund should also contribute to building the capacity of networks of civil society organisations, with a particular focus on organisations providing support.
- 1.3 The EESC believes that the European Commission's monitoring of the use of the ESF in the fight against poverty and social exclusion and the use of the FEAD for integration measures in the Member States in the current financial perspective should be more effective. Monitoring should closely involve civil society organisations and people experiencing poverty and social exclusion.
- 1.4 The EESC considers cooperation between the national bodies managing the funds and the partner organisations to be of key importance². These organisations make a significant technical and organisational contribution, representing genuine added value in the implementation of the FEAD and the ESF. In this connection, the EESC suggests that the European Commission consider a significant clarification of the minimum requirements with which the authorities of the Member States will have to comply when implementing partnerships, and the provision of sanctions in the event of inadequate implementation.
- 1.5 The EESC calls on the European Commission to consider requiring Member States to make use of technical assistance in the framework of the FEAD and the ESF, also with a view to developing the capacity of the civil society organisations involved in the fight against poverty and social exclusion. In addition, the EESC advocates strengthening the technical and organisational capacity of European networks of organisations working to combat poverty and social exclusion.

¹ <http://data.consilium.europa.eu/doc/document/ST-10434-2016-INIT/en/pdf>.

² According to the FEAD Regulation (Regulation (EU) No 223/2014 of the European Parliament and of the Council), "partner organisations" means public bodies and/or non-profit organisations that deliver food and/or basic material assistance and whose operations have been selected by the managing authority. The ESF Regulation (Regulation (EU) No 1304/2013 of the European Parliament and of the Council) speaks of the social partners, NGOs and other organisations.

- 1.6 The EESC calls on the Member States to make greater use of global grants, regranting and treatment - where possible - of in-kind contributions on the same footing as financial contributions. The possibility should also be considered of the European Commission requiring that a major part of resources made available under the operational programmes be earmarked for projects with smaller budgets. This would make it possible to support locally active organisations and self-help groups.
- 1.7 The EESC will systematically support the work of civil society organisations and their cooperation with the authorities and public institutions in combating poverty and social exclusion. At the same time, the EESC declares its readiness to set up a small ad hoc group composed of EESC members and relevant European level civil society platforms which, even in the current financial perspective, would contribute to better coordination of ESF and FEAD interventions and to the discussion of the basic principles of a future integrated EU fund aimed at combating poverty and social exclusion. In this context, the EESC considers cooperation with the Committee of the Regions to be essential.

2. Introduction

- 2.1 Goal No. 1 of the UN's 2030 Agenda for Sustainable Development³ is to "end poverty in all its forms everywhere". Tackling poverty and social exclusion is also one of the Europe 2020 strategy's goals. However, the European institutions and some Member States are continuing to push through austerity policies, although the lack of rapid and visible improvements in the situation of European Union citizens experiencing poverty and social exclusion seems to be one of the main reasons for decreasing public support for European integration in the Member States. EU instruments to assist the fight against poverty and social exclusion, i.e. the Fund for European Aid to the Most Deprived (FEAD) and the allocation of at least 20% of European Social Fund (ESF) resources to support for social inclusion, should be effectively used by all the Member States but should not replace a comprehensive, integrated policy to combat poverty and social exclusion.
- 2.2 In the framework of its Europe 2020 strategy, the European Union has set itself the objective of reducing by 2020 the number of people in or at risk of poverty or social exclusion by at least 20 million. However, according to data for 2014⁴, 24.4% of the EU population — approximately 122 million people — were at risk of poverty or social exclusion (compared with 24.2% in 2011 and 23.4% in 2010). An analysis of the various comparative component indicators shows that each of them has increased compared to 2008 — risk of poverty after social transfers (from 16.6 to 17.2%), severe material deprivation (from 8.5 to 8.9%), people aged 0-59 living in households with very low work intensity (from 9.1 to 11.1%). At the same time, as stated by the Council of the European Union, "The increasing divergences between and within Member States underline the importance of actions being taken throughout the Union"⁵.

³ <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

⁴ Eurostat news release No. 181/2015 of 16.10.2015.

⁵ <http://data.consilium.europa.eu/doc/document/ST-10434-2016-INIT/en/pdf>.

- 2.3 The fight against poverty and social exclusion is one of the principal areas of cooperation between civil society organisations such as associations, foundations and social cooperatives, as well as trade unions and employers' organisations, and the authorities and public institutions of the Member States. In order to eliminate (or substantially reduce) poverty and social exclusion, it is necessary to provide various forms of material and immaterial assistance through non-profit organisations (including social services), to create - also in the framework of the social dialogue - favourable conditions for labour market integration, and to provide appropriate funds at Member State and EU level. The EESC considers that there is a chance of achieving this goal of the Europe 2020 strategy only within a European Union considered as a community of European civil society, the Member States and the EU institutions.
- 2.4 Particularly in the context of the emerging phenomenon of the "working poor" and demographic trends, the viability of the Europe 2020 targets for combating poverty and social exclusion can be guaranteed only by implementing measures aimed at eliminating the causes rather than just the symptoms of poverty and social exclusion, with the broad involvement of economic, family, tax and monetary policy.
- 2.5 Therefore, although the question of aid for the most deprived has been a focus of debate at the EESC⁶ on many occasions, the Committee, after consultation with stakeholders and the European Commission, has drawn up this opinion with specific observations and recommendations relating to the experience acquired to date with the implementation of the FEAD and the ESF in the fight against poverty and social exclusion.
3. **The FEAD and the ESF as instruments supporting the fight against poverty and social exclusion**
- 3.1 The Fund for European Aid to the Most Deprived (FEAD) — in contrast to previous food aid programmes - comes under the framework of Cohesion Policy. This fund contributes to "alleviating the worst forms of poverty (...) by food and/or basic material assistance, and social inclusion activities aiming at the social integration of the most deprived persons"⁷.
- 3.2 The European Social Fund aims: to ensure a high level of employment and high quality jobs; to promote a high level of education and training for all; to combat poverty, to improve social inclusion and to support gender equality, non-discrimination and equal opportunities.

⁶ Previous opinions: [exploratory opinion on fighting poverty](#) of 18.2.2016; [opinion on the FEAD](#) of 14.2.2013; opinion on the [European minimum income and poverty indicators](#) of 10.12.2013.

⁷ Regulation (EU) No 223/2014 of the European Parliament and of the Council of 11 March 2014 on the Fund for European Aid to the Most Deprived. According to the Regulation, it is up to the Member States to define "most deprived".

3.3 The measures financed by the FEAD are intended to be complementary to those financed by the ESF. While the FEAD should focus assistance on cases of the worst material deprivation and on support for the basic social activation of people suffering from long-term exclusion, the measures financed by the ESF are intended, inter alia, to facilitate beneficiaries' further integration in social and employment terms. The FEAD is therefore intended to make it possible to take the first steps towards overcoming poverty and social exclusion, so as to give beneficiaries a chance of finding a job or engaging in other labour market policy activities. The funding earmarked for these activities is, however, insufficient to meet real needs.

3.4 All Member States have committed to ensuring consistency of support from the ESF and the other Structural and Investment Funds with the relevant policies and priorities of the Union, including implementation of the partnership principle in the spirit of the European Code of Conduct on Partnership (ECCP)⁸.

4. **Practical implementation to date of the FEAD and the ESF in the fight against poverty and social exclusion in the 2014-2020 programming period**

4.1 Both feedback from civil society organisations and publicly available information and statistical data point to a number of serious difficulties in the implementation of the FEAD and the ESF in the area in question. These problems, which occur to varying degrees in some Member States, include:

4.1.1 Delays in launching the FEAD support mechanisms and insufficient information for the general public and target groups about the fund's objectives and opportunities for using the programme.

4.1.2 The inefficiency, in terms of reducing poverty and social exclusion, of earmarking 20% of the European Social Fund budget, favouring labour market integration projects while omitting the accessibility and affordability of social services and other measures promoting equal opportunities and social participation for marginalised groups. Although up to 2016 25.6% of the ESF budget was earmarked for the above purpose, there is no visible change in the approach to ESF activities.

4.1.3 The inefficiency, in terms of reducing poverty and social exclusion, of earmarking 20% of the European Social Fund budget, favouring labour market integration projects while omitting the accessibility and affordability of social services for marginalised groups⁹. Although up to 2016 25.6% of the ESF budget was earmarked for the above purpose¹⁰, there is no visible change in the approach to ESF activities.

4.1.4 Member States are making insufficient use of the opportunity to make low-threshold vocational and social integration services supported by the ESF available to the FEAD beneficiaries.

⁸ The ECCP will not apply to the FEAD because of its different legal basis.

⁹ <http://www.eapn.eu/barometer-report-eapns-monitoring-the-implementation-of-the-20-of-the-european-social-funds-for-the-fight-against-poverty/>.

¹⁰ http://ec.europa.eu/contracts_grants/pdf/esif/invest-progr-investing-job-growth-report_en.pdf.

- 4.1.5 Inadequate implementation of the partnership principle in the spirit of the European Code of Conduct on Partnership (ECCP) in the case of the ESF, and the lack of a comparable FEAD instrument, as well as shortcomings in public consultations and in the assignment of key decisions to public institutions without social consultations. Moreover, inadequate implementation of the partnership principle undermines the transparency of the use of funds, thereby increasing the risk of corruption and abuses¹¹.
- 4.1.6 Formal and administrative requirements introduced by the Member States applying to both the FEAD and the ESF that are excessively rigorous and unnecessary for correct implementation of EU rules. These requirements, often based on the operating mechanisms of public social administrations, do not take account either of the specific features of the target groups (e.g. the homeless, for whom formal identification and registration is often impossible) or of the working methods of civil society organisations; in some Member States these organisations are subject to administrative and financial penalties that are out of proportion to the seriousness of infringements.
- 4.1.7 A lack of coordination between the Structural Funds and national strategies, a failure to follow up programmes initiated under the funds with national budget resources, and the absence of a long-term approach to funding from the European Structural and Investment Funds, which can seriously undermine the effective implementation of the fund objectives in the Member States¹². Another problem is the inappropriate or unclear definition of indicators, meaning that the long-term objectives of the measures cannot be achieved.
- 4.1.8 The lack of mechanisms for enhancing and supporting capacity building of civil society organisations, including a lack of stable partnerships (and, in the case of the FEAD, accreditation), a lack of pre-financing for activities or of technical assistance funding for capacity building.
- 4.2 A survey of national networks of organisations involved in combating poverty¹³ shows that the extent of their inclusion in the preparation of operational programmes is, with certain exceptions, very low. The voice of the aid organisations is not given due attention in the monitoring committees.
- 4.3 However, given that the FEAD - in contrast to the ESF - is a new instrument, positive aspects of implementation practice to date also merit attention. Thus, as early as 2014 eight Member States had already launched FEAD operations (a further 15 did so in 2015). It is estimated that in 2014 alone 10.9 million people¹⁴ benefited from measures supported by the FEAD. Moreover, the launch of the FEAD and the requirement for 20% of ESF resources to be earmarked for

¹¹ See EESC opinion ECO/400 on New measures for development-oriented governance and implementation – evaluation of the European Structural and Investment Funds and ensuing recommendations.

¹² Harnessing cohesion policy to tackle social exclusion, in-depth analysis, EPRS 2016, http://www.europarl.europa.eu/RegData/etudes/IDAN/2016/583785/EPRS_IDA%282016%29583785_EN.pdf.

¹³ <http://www.eapn.eu/barometer-report-eapns-monitoring-the-implementation-of-the-20-of-the-european-social-funds-for-the-fight-against-poverty/>.

¹⁴ COM(2016) 435 final.

combating poverty and social exclusion resulted in better cooperation between the European Commission and the Member States and better coordination of the activities of the various bodies working to combat poverty and exclusion. The linking of material assistance and accompanying support under the FEAD in most Member States creates the conditions for better social integration of previous beneficiaries of food aid programmes.

4.4 Against this backdrop, the EESC welcomes the launch by the European Commission of a FEAD Network platform for exchanging experiences and networking as well as the dissemination of best practice. The EESC considers, however, that it and the main umbrella organisations working in the area of the FEAD in the Member States should be integrated in a structured dialogue with the European Commission.

5. **Recommendations for implementation of the FEAD and the ESF in the fight against poverty and social exclusion**

5.1 The EESC advocates the creation in the next financial perspective of an integrated European fund to combat poverty and social exclusion, based on experience to date with the implementation of the FEAD and the ESF. This instrument should take account of the diverse nature of the problems and target groups in the individual Member State, including aspects relating to the various forms of migration. The intervention of such a fund should make greater use than hitherto of the experience and capacity of civil society organisations by granting them significant competences in programming, implementation, monitoring and evaluation; it should also contribute to building the capacity of networks of civil society organisations, with a particular focus on organisations providing support. Integrating the funds should not diminish the budget allocation or the EU's social commitment to the objectives pursued by the funds.

5.2 The EESC believes that monitoring by the European Commission of the use of the ESF in the fight against poverty and social exclusion and the use of the FEAD for integration measures in the Member States should be more effective. In particular, monitoring should assess the progress of social integration, and not just the application of set quantitative indicators and should closely involve civil society organisations and people experiencing poverty and social exclusion. These questions should also be an important element of the mid-term review.

5.3 The EESC suggests that the European Commission consider a significant clarification of the minimum requirements with which the authorities of the Member States will have to comply when implementing partnerships with civil society organisations, and the provision of sanctions in the event of inadequate implementation¹⁵.

5.4 The EESC calls on the European Commission to consider requiring Member States to set up - using technical assistance in the framework of the FEAD and the ESF - effective support systems for the development of the technical and organisational capacity of civil society organisations involved in the fight against poverty and social exclusion¹⁶.

¹⁵ See EESC opinion ECO/400.

¹⁶ See EESC opinion ECO/400.

- 5.5 The EESC considers professional cooperation between the national bodies managing the funds and the partner organisations - including civil society organisations, regions, districts and municipalities - based on clear principles and transparent agreements to be of key importance. These organisations make a technical and organisational contribution, representing genuine added value in the implementation of the FEAD and the ESF. Managing authorities should consult partner organisations more effectively in order to perfect operational programmes, and also encourage and support cooperation, consultation and exchange of experience¹⁷.
- 5.6 As the partnership agreements and operational programmes are the result of negotiations between the European Commission and the national authorities, the Commission could in future be more demanding when approving those agreements and programmes and require them to be corrected, if they do not fully respect the partnership principle¹⁸.
- 5.7 The EESC calls on the Member States to make greater use of global grants, regranting and treatment - where possible - of in-kind contributions on the same footing as financial contributions. The possibility should also be considered of the European Commission requiring that a major part of resources made available under the operational programmes be earmarked for projects with smaller budgets¹⁹. This would make it possible to support smaller bottom-up projects, organisations and self-help groups and facilitate the establishment of partnerships at local level.
- 5.8 The EESC is of the view that the direct beneficiaries of aid measures can and should also contribute to enhancing their effectiveness. Organisations providing support should develop appropriate evaluation tools and, where possible, recruit volunteers from among the direct beneficiaries.
- 5.9 In addition, the EESC advocates strengthening the technical and organisational capacity of European networks of organisations working to combat poverty and social exclusion.

Brussels, 23 February 2017

Georges DASSIS
President of the European Economic and Social Committee

¹⁷ Cf. conclusions of the European Council of 16 June 2016 on Combating Poverty and Social Exclusion: An integrated approach, point 15.

¹⁸ Harnessing cohesion policy to tackle social exclusion, EPRS, in-depth analysis, May 2016.

¹⁹ For example up to EUR 50 000.