



European Economic and Social Committee

ECO/314
Structural Funds – General
Provisions

Brussels, 25 April 2012

OPINION

of the

European Economic and Social Committee

on the

Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006
COM(2011) 615 final – 2011/0276 (COD)

Rapporteur: **Mr Vardakastanis**

On the 25 and 27 October 2011, respectively, the European Parliament and the Council decided to consult the European Economic and Social Committee, under Articles 177 and 304 of the Treaty on the Functioning of the European Union (TFEU), on the

Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006
COM(2011) 615 final – 2011/0276 (COD).

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 3 April 2012.

At its 480th plenary session, held on 25 and 26 April 2012 (meeting of 25 April 2012), the European Economic and Social Committee adopted the following opinion by 162 votes to 9 with 9 abstentions.

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1. **Conclusions and recommendations**

- 1.1 The EESC considers that the economic policies currently being pursued in the EU (austerity, budget restraint at national level, limiting the EU budget, fiscal compact, limiting the ECB, etc) are initiating a recessionary process with unpredictable effect, at a time when what is needed instead is the opposite, i.e. steps taken at the same time, if not beforehand, to support **growth and jobs** with a more courageous, effective proposal. A significant contribution to this aim could come from the Structural Funds (SFs) (and in part, on a temporary basis, from those of the CAP), as already suggested at the Summit of 30 January 2012, albeit in a limited form.
- 1.2 A European plan for growth – a "New Deal" – should be launched, with large, targeted projects, involving a few key sectors that are able to get the EU economy moving again. Such a plan could be financed by using, with immediate effect, residual funds from 2007-2013, to which, as soon as possible, part of those planned for 2014-2020 could be added for a limited time. Such a fund should be supported and boosted by intervention by the EIB through a

bond¹ issue (article 87 of the new regulation). This would have a multiplier effect on investments, as it would attract capital from outside and would produce a positive effect on sovereign debt on the Euro, which would be strengthened.

- 1.3 The EESC strongly believes that **partnership** which involves all partners as defined in Article 5(1) of the Common Provisions Regulation (CPR) in the preparation, execution and ex-post evaluation of projects undertaken in the framework of EU cohesion policy contributes directly to its success. It welcomes the progress in Article 5 of the European Commission's (EC) proposals which make horizontal partnership a mandatory feature; it recalls that participation should be real at all stages of the implementation of the funds, including these partners with the right to vote in the monitoring committees. Against this background, the EESC believes that Article 5 of the Common Provisions Regulation should be reviewed and redrafted in such a manner that the provisions on partnership contained in it, and notably paragraph 2, be effectively applied at all administrative levels: national, regional and local.
- 1.3.1 The EESC is keen to contribute towards the Code of Conduct (CoC) mentioned in Article 5 and is deeply worried by signals from the Council where Member States want to restrict the implementation of the partnership principle; it calls upon the EC and the European Parliament (EP) to overturn this development. The CoC should include a clear inclusive definition of Non-governmental organisations including representative organisations of vulnerable groups in accordance with Articles 10 and 19 of the TFEU, such as women, the elderly, the young, sexual orientation, disability, religion and ethnic minorities. The CoC should further determine clear rules for the implementing projects and programmes insist on timely processing and foresee a complaints procedure thus enabling an effective and non-bureaucratic implementation and use of Cohesion Policy programmes. The EESC believes that additional criteria for approval used by Member States should first be subjected to public scrutiny to avoid additional bureaucracy (and national "gold-plating").
- 1.4 The EESC approves a greater use of ex- ante and ex-post **conditionality** in EU Structural Funds (SFs) with a view to achieving more focussed and real, sustainable results; the EESC, however, rejects macro-economic conditionality for penalising regions and citizens who are not to blame for macro-economic decisions committed at national or European level.
- 1.5 The EESC recognises the efforts undertaken by the EC to **simplify procedures** but considers these insufficient. Too much complexity remains. Through an excessive emphasis on auditing and procedures, both national and European authorities are still stifling simple access to EU funding for SMEs and NGOs. Bureaucracy needs to be reduced, especially in countries where federal territorial systems create different layers of bureaucracy.

¹ For more details, refer to EESC's opinions on *Restarting growth*, OJ C (ECO/307) and *Cohesion Fund*, OJ C (ECO/315 – publication OJ pending).

- 1.6 The EESC offers for consideration the idea to set up a “one stop shop” approach for beneficiaries in order to make cohesion policy more “beneficiary led” (a client-based approach). The EESC also believes that it is necessary to raise the threshold below which projects are audited only once as per Article 140 from EUR 100,000 at the moment to EUR 250 000. This sum should apply to the Community funding component of such projects, in order to have further simplified rules.
- 1.7 The EESC welcomes the EC's proposals for **thematic concentration** as a means to reduce fragmentation of efforts; in this light the EESC encourages a strong coordination of efforts between the various SFs in order to create a single and unified cohesion policy which can contribute fully to the achievement of the Europe 2020 objectives. It believes that (i) enhancing accessibility and (ii) capacity building of stakeholders in cohesion policy (partners as defined in Article 5(1) of the CPR) should become specific thematic areas.
- 1.8 The EESC reiterates the importance to amend Article 7 of the CPR in order to integrate access to the funds and **accessibility for persons with disabilities** in accordance with the United Nations Convention on the rights of persons with disabilities.
- 1.9 The EESC underlines the importance of **capacity building** for partners as defined in Article 5(1) of the CPR, and calls for the inclusion of a definition of capacity building in Article 2. The definition of capacity building should be understood as the enhancement of the participation of partners as defined in Article 5(1) of the CPR in the preparation, implementation and monitoring of the SFs at all stages.
- 1.10 The EESC calls for the **Common Strategic Framework (CSF)** to be tabled by the EC allowing the EU institutions and political bodies to participate in the negotiation and adoption of the CSF.
- 1.11 The EESC recommends the clarification of the participation of **social economy** actors in the pursuit of the different Funds’ objectives.
- 1.12 The EESC believes that conditionality should not undermine the capacity for **flexibility** in the structural actions since no solution fits all regions, while keeping common objectives of bringing more cohesion through common rules.
- 1.13 The Committee strongly supports the proposal that at least 20% of the total national appropriations of the ESF be earmarked for social inclusion and combating poverty.
- 1.14 The EESC welcomes the effort to make a more result-oriented CPR and believes that **indicators** based solely on macro-economic indicators such as GDP are clearly inefficient to identify the level of cohesion.

- 1.15 The EESC calls for strengthening the capacity of partners as defined in Article 5(1) of the CPR in Article 51 of the CPR. The inclusion of these partners in this process of support, studies, evaluations, expert support along with other actions supported through **technical assistance** will bring more meaningful participation and capacity of participation for all partners in SFs and will ultimately be of benefit for cohesion policy's successful implementation. The EESC regrets that it is proposed that in operational programmes technical assistance is excluded for environmental actions, equal opportunities and equality between men and women. This exclusion should be deleted from Article 87.
- 1.16 The EESC strongly believes that through intelligent **financial engineering** the best possible use of limited available funding must be made, and that maximum impact must be sought from each euro made available for cohesion funding. The EESC underlines the importance to carefully coordinate activities of the various SFs and the need to review co-financing rates to reflect better the needs of beneficiaries in the current crisis.
- 1.17 In accordance with Article 174 of the TFEU, Cohesion policy is at the heart of the EU, leading to the strengthening of its economic, social and territorial cohesion. For Member States, whose average GDP growth in the period 2007-2009 is negative and who have demonstrated a good absorption rate in the current period, the capping rate will be set at least at the level of current period. The level of capping for cohesion policy, shall not apply to the fisheries and rural development funds.

2. **The challenge to the EU posed by the crisis: New Structural Funds for a challenging era**

- 2.1 The unemployment rate in the EU has increased up to 10.3% due to the economic crisis (more than five million are young people – the "lost generation") and the percentage of people at risk of social exclusion has increased more than 4% in some EU countries and 3% for severely materially deprived people.
- 2.2 Despite the efforts of the EU's cohesion, rural development and fisheries policies to date, the inequalities between regions are again increasing. According to the Fifth Cohesion Report disparities have generally increased, and especially disparities within countries (capitals getting richer/less developed regions getting poorer), - in some cases quite dramatically. The report also shows the important disparities between cities and countryside regarding the level of development².
- 2.3 The EESC, on the basis of what was agreed during the Summit of 30 January 2012, asks the Commission and the Council to adopt a "special procedure" suspending the current regulations for 5 years in order to allow an immediate and accelerated utilisation of the funds and eliminating useless barriers and administrative discretion. This would be of particular

² See the EESC's opinions on *Metropolitan Areas/City Regions: Europe 2020*, OJ C 376/02, 22.12.2011, p. 7, and *Agriculture and crafts*, OJ C....., p..... (Publication OJ pending) (CESE 483-2012 (NAT/530)).

advantage to SMEs involved in innovation and improvement of production and projects that involve young people.

- 2.4 Cohesion policy is at the heart of the EU; in accordance with Article 174 of the TFEU, the EU shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion. In particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions.
- 2.5 Respecting this, the Committee stresses, that for Member States, whose average GDP growth in the period 2007-2009 is negative and have demonstrated a good absorption rate in the current period, the capping rate will be set at least at the level of current period. The level of capping for cohesion policy, shall not apply to the fisheries and rural development funds.
- 2.6 The EESC has placed great emphasis on the importance of integrating the SFs with the Europe 2020 strategy; therefore its objectives and targets should be strongly aligned with the Cohesion policy³ and include a clearer and more visible reference to how the future SFs will contribute to the goals set by the Europe 2020 flagship initiatives. These will need to be reviewed in the near future if the EU wants to deliver them in a context of profound crisis.
- 2.7 Several EESC Opinions⁴ have underlined the fact that the SFs objectives are broader than the Europe 2020 strategy. Therefore the SFs should be a mechanism to ensure that the EU economy reinforces its employment and education policies in order to preserve and strengthen its human capital and investments needed to ensure growth, employment and social inclusion. It should contribute to achieve other strategies and policies in the EU, inter alia the Strategy for Equality between Women and Men 2010–2015, the Small Business Act, the Energy Strategy for Europe, the European Disability Strategy 2010–2020, the EU Framework for National Roma Strategies and the Strategy for Sustainable Development.
- 2.8 The EESC is profoundly worried about the impact of the crisis and believes that the SFs can contribute to exit from the crisis provided the review of the economic governance of the EU that is not currently delivering growth, employment and social inclusion emphasises that austerity measures taken for macro-economic stability should not undermine the efforts to achieve more cohesion in EU; structural interventions should bring results for growth, social inclusion and better levels of employment.
- 2.9 The severity of the economic crisis highlights the fact that the amount (EUR 376 bn) currently proposed by the Commission for SFs 2014-2020 will not be enough to bring about more economic, social and territorial cohesion in the EU. The EESC therefore calls on the EC and

³ See the EESC's *Fifth Cohesion Report*, OJ C 248/12, 25.8.2011, p. 68, *The role and priorities of cohesion policy within the EU 2020 strategy*, OJ C 248/01, 25.8.2011, p. 1 and *Metropolitan Areas/ City Regions: Europe 2020*, OJ 376/02, 22.12.2011, p. 7.

⁴ The EESC's Opinions on *Regional policy and smart growth*, OJ C 318/13, 29.10.2011, p. 82, and on the *Fifth Cohesion Report*, OJ C 248/12, 25.8.2011, p. 68.

the EP to reconsider the current SFs' proposal in the Multiannual Financial Framework (MFF) and invites the institutions to concentrate the EU funds on the less developed regions and not to create further bureaucracy and fragmentation.

- 2.10 The crisis should not prevent the EU from respecting its international commitments and conventions such as the United Nations Framework Convention on Climate Change and the United Nations Convention on the Rights of Persons with Disabilities.

3. Efficient Structural Funds require sound principles

3.1 Strategic programming

- 3.1.1 The EESC believes that the Common Strategic Framework (CSF) is a key development that will ensure a better coordinated action for implementation of cohesion policy by the various SFs.

- 3.1.2 The EESC welcomes the CSF but calls for a beneficiary-led approach. Nowadays potential beneficiaries are face different procedures for subsidies (e.g. differences between the ERDF and EAFRD), this is leading to administrative burden for potential beneficiaries. The CSF, as currently proposed, is only an administrative set of criteria but the idea of one-stop shop for the beneficiaries is lacking. The CSF should also provide for clear documentation and a single interpretation of the rules to be applied in all Member States. The latter would ensure that the CSF becomes an instrument to enhance efficiency in the use of the funds and does not add an extra layer of administrative burden.

- 3.1.3 The EESC believes that the CSF should provide the details of the investment priorities stemming from the Europe 2020 Strategy objectives and should not fail to recognise, in particular, the channels through which the social inclusion of people furthest from the labour market, including women, youth, immigrants, older persons and persons with disabilities, could be achieved.

- 3.1.4 The EESC further believes that the CSF should be agreed with the participation of all EU institutions and consultative bodies in order to ensure the maximum level of ownership by all.

- 3.1.5 The inclusion of the partnership contracts is welcomed to ensure delivery of common European, national and regional targets.

- 3.1.6 The EESC calls for each partnership contract and its programme to be linked to the National Reform Programmes (NRPs). NRPs should reflect all the objectives set in the Europe 2020 Strategy, as well as other obligations stemming from other international commitments and conventions such as the United Nations Framework Convention on Climate Change and the United Nations Convention on the Rights of Persons with Disabilities.

3.1.7 The inclusion of the partners as defined in Article 5(1) of the CPR in the preparation and adoption of the partnership contracts will be a key element for the success of the SFs, including the amendments to be proposed to the partnership contracts (Article 15); therefore the proposed CPR should be modified accordingly.

3.1.8 The EESC asks that Article 14 of the proposed CPR is modified in the light of Articles 10 and 19 of the TFEU in order to include in its Paragraph c) adequate references to vulnerable groups such as women, the elderly, the young, sexual orientation, disability, religion and ethnic minorities.

3.2 **Thematic concentration and simplification**

3.2.1 The EESC welcomes the proposed CPR outlining a common set of rules applicable to the SFs; this will bring EU common perspective and more coherence and effectiveness to the cohesion policy in the EU.

3.2.2 The EESC welcomes the 11 thematic areas. However, the EESC believes that other thematic areas such as (1) enhancing accessibility and (2) capacity building partners as defined in Article 5(1) of the CPR) should be added as well. The EESC calls for their inclusion in Article 9 of the proposed CPR.

3.2.3 The EESC highlights that all countries should focus on the areas defined in the CPR in order to ensure synergies and more cohesive and inclusive growth.

3.2.4 The EESC recalls that it has argued in favour of simplifying administrative, accounting and auditing procedures, "simplification should become cohesion policy's main objective"⁵ and therefore welcomes the efforts of the current proposal to include this principle. There is a need to avoid excessive bureaucracy and more efforts should be done in order for final beneficiaries to take advantage of the actions. Simplification should result in more clarity in eligibility, audit, payments, and use of ICT. This includes simplifying the text of the regulation and reducing the number of articles.

3.2.5 The threshold of EUR 100 000 to apply simplified rules should be raised to EUR 250.000 for the Community part of funding for projects being audited only once as per Article 140 of the draft CPR. Most projects' budgets cost more than the amount of funding proposed in the regulation due to excessive administrative burden. This simplification with this new threshold could have a positive impact on the application of this rule to global grants mechanisms.

⁵ The EESC's Opinions on the *Fifth Cohesion Report*, OJ C 248/12, 25.8.2011, p. 68, and *Efficient partnership in cohesion policy*, OJ C 44/01, 11.2.2011, p. 1.

3.2.6 The EESC offers for consideration the idea to set up a "one stop shop" approach for beneficiaries in order to make cohesion policy more "beneficiary led" (a client-based approach).

3.2.7 The use of a wide range of reimbursements and e-governance is also welcomed. The EESC highlights the importance of ensuring that the use of e-governance includes accessibility for all, including older people, people from ethnic minorities and people with disabilities.

3.3 **Performance framework and conditionality**

3.3.1 The EESC believes that the inclusion of conditionality in the CPR is an appropriate mechanism to ensure that common EU goals are indeed achieved.

3.3.2 The EESC welcomes the ex-ante conditionality as expressed in previous opinions⁶ as this approach is considered to be a way of improving the quality of EU cohesion policy spending. Such conditionality should however not create extra administrative burdens, but ensure a more coherent and efficient use of the SFs.

3.3.3 However, the EESC disagrees with the use of the macro-economic conditionality⁷ as a methodology, as it "punishes" the wrong parties. The EESC does not support any coercive measure through cohesion policy (including suspension of payment) in the next 6th economic governance package. Any measure taken in the area of macro-economic conditionality should not have effects on the beneficiaries from the SFs.

3.3.1 It is essential that the performance review includes the participation and acknowledgement of partners as defined in Article 5(1) of the CPR as real actors in the implementation of cohesion policy.

3.4 **Flexibility**

3.4.1 The EESC believes that the principles of conditionality should not undermine the capacity for flexibility in the structural actions since no solution fits all regions.

3.4.2 Flexibility should not undermine the common goals of cohesion through common rules applied to all beneficiaries.

3.5 **Multilevel governance**

3.5.1 The EESC welcomes the multilevel governance approach as the way to ensure the ownership of the funds and the objectives of social cohesion. Partners as defined in Article 5(1) of the

⁶ Opinion on the *Fifth Cohesion Report*, OJ C 248/12, 25.8.2011, p. 68.

⁷ The EESC's Opinion on *Regional policy and smart growth*, OJ C 318/13, 29.10.2011, p. 82.

CPR should fully participate, in accordance with Article 5, in all stages of implementation of the funds including the local and regional level. The EESC reiterates the importance that the territorial pacts had in the past to include participation of civil society.

- 3.5.2 The EESC insists on the importance to ensure synergy between all instruments established by the SFs.

4. **EU cohesion policy principles need adequate instruments to deliver cohesion**

4.1 **Partnership: with civil society – the partnership contract**

- 4.1.1 The EESC has supported the partnership principle to be applied to cohesion policy⁸. All relevant stakeholders should be represented in the preparatory work of partnership contracts and technical assistance.

- 4.1.2 The EESC therefore strongly welcomes Article 5 of the current proposed CPR and the proposal to elaborate an EU-level CoC on Partnership including the different responsibilities and rights for participation among different partners as defined in Article 5(1) of the CPR. The preparation of the CoC should ensure full participation of these partners.

- 4.1.3 The EESC emphasises that the participation of civil society should also be ensured on an equal access to funding and via clear inclusive definition. Civil society is often excluded from accessing the funds due to barriers created by rules in co-funding, administrative burdens, inadequate goals of the national Operational Programmes and lack of participation in monitoring of the funds.

- 4.1.4 The CoC should determine clear rules for the application, insist on timely processing and foresee a complaints procedure thus enabling an effective and non-bureaucratic implementation and use of Cohesion Policy programmes. The EESC believes that additional criteria for approval used by Member States should first be subjected to scrutiny to avoid additional bureaucracy (and national "gold-plating").

- 4.1.5 The CoC should clearly establish the different responsibilities and rights for participation among different partners as defined in Article 5(1) of the CPR.

- 4.1.6 To this end, the EESC has also argued for a partnership contract between each Member State and its regions and civil society⁹.

⁸ The EESC's Opinions on *Efficient partnership in cohesion policy*, OJ C 44/01, 11.2.2011, p. 1, and *Fifth Cohesion Report*, OJ C 248/12, 25.8.2011, p. 68.

⁹ The EESC's Opinion on the *Fifth Cohesion Report*, OJ C 248/12, 25.8.2011, p. 68, points 2.1.6, 6.1 and 6.2.

- 4.1.7 The EESC highlights the need to create a broad partnership that should represent a large spectrum of different interests. Clear ways to fix responsibilities and functions of these different partners should be established.
- 4.1.8 The EESC regrets that the CPR does not provide a European mechanism of partnership with European partners as defined in Article 5(1) of the CPR; the EESC therefore calls for the inclusion of such mechanism in the proposed regulation.
- 4.1.9 The EESC welcomes the EC's proposal to strengthen Community-led initiatives based on the experience of the Leader approach. The EESC urges that relevant stakeholders from civil society are represented in the LEADER local action groups.

4.2 **Monitoring committees**

- 4.2.1 The EESC strongly supports granting voting rights for partners as defined in Article 5(1) of the CPR in the monitoring committees as per art. 42 CPR and again underlines the importance of ensuring that all partners have equal rights in them. The EESC insists as a matter of urgency that all parties of the monitoring mechanisms should be on an equal footing and calls for the inclusion of concrete guidelines in the CSF.
- 4.2.2 The EESC reiterates the importance to have sound evaluation and analysis on the use of the funds and highlights that this is a key point to understand the different impact of the funds in the variety of context in European regions.

4.3 **Technical assistance**

- 4.3.1 The EESC calls for strengthening the capacity of partners as defined in Article 5(1) of the CPR in Article 51 of the general regulation. The inclusion of these partners in this process of support, studies, evaluations, expert support along with other actions supported through technical assistance will bring more meaningful participation and capacity of participation for all partners in SFs. It believes this should be a precondition for participation.
- 4.3.2 The EESC regrets that operational programmes on technical assistance are proposed to be excluded from environmental actions, equal opportunities and equality between men and women. This exclusion should be deleted from Article 87.
- 4.3.3 The EESC recalls that the European Social Fund is more advanced on the use of technical assistance for participation of partners defined in Article 5(1). The EESC calls for the need to apply the partnership principle equally across all SFs.

4.4 **Capacity building**

4.4.1 The EESC calls for the inclusion of a definition of capacity building in Article 2. This definition should be understood as the enhancement of the participation of partners as defined in Article 5(1) of the CPR in the preparation, implementation and monitoring of the SFs at all stages, including inter alia training, participation in technical assistance, inclusion of representative organisations of vulnerable groups, support in implementation of funds. It should also be included in the CSF.

4.4.2 Capacity building for partners as defined in Article 5(1) of the CPR, should also include access to the funds, as foreseen in Article 87 of the CPR. The EESC regrets that non-discrimination in access to the funds is not included in its Article 7.

4.5 **Non-discrimination and access to the funds**

4.5.1 The EESC welcomes the inclusion of non-discrimination in the current proposed CPR. However, it is regrettable that the principle of accessibility for people with disabilities, present in Article 16 of the current general regulation, has not been retained in the proposed future CPR.

4.5.2 Applicants, beneficiaries and partners should have mandatory rights vis-à-vis the authorities in Member States, as well as the right to benefit from a complaints mechanism in order to raise objections.

4.5.3 The EESC recalls that access to the funds will require efforts on capacity building of partners as defined in Article 5(1) of the CPR, as well as a broad use of Global grants mechanisms. The EESC reiterates that training, coordinated by the EC, can substantially ease such access.

4.6 **Support to the social economy**

4.6.1 The EESC welcomes the provisions proposed concerning the social economy actors and recommends clarification of their participation in SFs' objectives. These should not limit social economy actors to social inclusion programmes but also to other important priorities of all Funds such as the promotion of employment, combating poverty, and improving levels of education, creation of enterprises, entrepreneurship, business competitiveness and support, local development, research, development & innovation, training and education.

4.7 **Multi-funds – Financial engineering**

4.7.1 The EESC welcomes the possibility to combine funds in order to achieve better results when implementing the funds.

4.7.2 The EESC believes in the leverage effect SFs should have, in order to foster the latter at local level; the EESC recommends that an appropriate share of the funds be reserved to mixed funds able to mobilise local endogenous resources to create lasting diverse local financing facilities, guaranteeing also the sustainability of EU's intervention.

4.7.3 The EESC strongly believes that by using financial engineering the best possible use should be made of limited available funding, and that maximum impact should be sought from each euro made available for cohesion funding. Greater use should be made of Europe 2020 project bonds; the EESC suggests carefully examining the possibility to use committed future SFs, as well as unspent money from 2007-2013 programming period, as a buffer-guarantee to borrow on for repayable EIB-loans to be made available to SMEs and business with a view to kick-starting the European economy now. In this respect, revolving funds and micro-credits should also be examined.

4.8 **Ring-fencing**

4.8.1 The EESC supports the proposal that at least 20% of the total national appropriations of the ESF should be earmarked for social inclusion and combating poverty. The EESC is opposed to reducing this target. In view of the current economic crisis, it is necessary that a social Europe remains visible for its citizens. In particular, social enterprises are instrumental in addressing these objectives and make a significant contribution to the inclusion of particularly affected groups in society and the labour market.

4.8.2 The Committee suggests to keep the current practice where transport projects are financed through kept separate budget line. The earmarking in the Cohesion Funds suggested by the EC would mean decreasing the amount available for cohesion.

4.9 **Co-financing rates**

4.9.1 Co-financing rules should be modulated according to circumstances¹⁰. The capacity of absorption of different beneficiaries should be considered.

4.9.2 The EESC supports the increase in co-financing rates as already proposed by the Commission in 2011 to a maximum of 95% for Member States in financial difficulties¹¹ and retained in the CPR. The EESC believes that co-financing should also be offered as a possibility for local bodies that do not have access to loans as they do not have their own autonomous budget and are therefore unable to offer an own contribution.

4.9.3 The EESC supports the idea that projects which target the needs of vulnerable groups and groups in risk of exclusion should have higher rates in co-financing. Considering the growing

¹⁰ The EESC's Opinion on the *Fifth Cohesion Report*, OJ C 248/12, 25.8.2011, p. 68, points 2.2.1 and 6.10.

¹¹ The EESC's Opinions: OJ C 24 of 28.01.2012 from 2012/C/24/17 to 2012/C/24/19.

risk of budget cuts to national social policies from austerity measures this rate should be as high as 100% for Member States hit hardest by the economic crisis.

4.10 **Awareness raising**

4.10.1 The EESC emphasises the need to include awareness raising strategies regarding the CPR requirements and the meaning of the main principles and mechanisms established.

4.10.2 Technical assistance and other instruments should be used to ensure that all actors participating in the process (especially including partners as defined in Article 5(1) of the CPR) from managing authorities to project implementers, have enough knowledge of the main elements pursued by this regulation.

4.11 **Social housing**

4.11.1 The EESC recalls the importance of including social housing in the CPR and how this area could benefit from a clearer definition in the CSF annexed to the regulation.

4.12 **Macro-regional policies – urban policy**

4.12.1 The EESC supports the approach to boost the role of macro-regional cooperation strategies in cohesion policy. The cooperation between macro-regions has a high potential to ensure better value for the money invested in those regions.

4.12.2 The EESC fully supports a greater degree of responsiveness to the needs of urban areas: indeed, 5% of ERDF funding is set aside for urban development and for setting up an urban platform¹².

4.12.3 Urban policies should focus on greater sustainable environments ensuring better mobility for all citizens, citizens-friendly environments as well as environmentally friendly urban policies, especially for elderly people, people with reduced mobility and people with disabilities.

4.12.4 The EESC underlines the importance of the research and development carried out by ESPON in the field of European territorial development.

4.13 **Indicators**

4.13.1 The EESC welcomes the effort to make a more result-oriented regulation. A result-oriented regulation requires sound indicators.

¹² In line with previous opinions such as *Metropolitan Areas/ City Regions: Europe 2020*, OJ C 376/02, 22.12.2011, p. 7 and *The role and priorities of cohesion policy within the EU 2020 strategy*, OJ C 248/01, 25.8.2011, p. 1.

4.13.2 The EESC strongly believes that indicators based solely on macro-economic indicators such as GDP are clearly inadequate to identify the level of cohesion. Other indicators should be used in cohesion policy¹³. Any use of this kind of indicators should be subjected to review at mid-term of the programming period.

4.13.3 The EESC recommends that the Commission takes into due consideration performance indicators which are defined at local and Community level and that it improves the use of qualitative indicators besides quantitative indicators, namely improve the measuring of local social added value produced by the programmes and operations.

4.13.4 Indicators should measure long term impact. They should not be based solely on the cost/benefit approach but other social considerations should be taken into account as well. It is important that all actors in cohesion policy are trained in the application of new indicators.

4.14 **Geographic scope (Article 89)**

4.14.1 The EESC insists that social inclusion, education and employment actions through SFs should include all vulnerable groups, such as women, immigrants and persons with disabilities, and should be organised and implemented independently of the geographical scope.

4.15 **Strategic progress**

4.15.1 The EESC recalls that progress reports should include an evaluation on the progress for the actions on inclusion of vulnerable groups in the regions affected by the actions.

4.15.2 The EESC believes that Article 49 and Article 101 of the proposed CPR should also include an evaluation of the horizontal priorities together with the thematic priorities.

4.15.3 The functions of the managing authority set out in Article 114 should include the information disaggregated by groups at risk of exclusion.

4.16 **Joint Action Plans (JAPs)**

4.16.1 The EESC believes that the JAPs should clearly establish the participation of all partners referred to in Article 5(1).

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Cfr. GINI coefficient mentioned in the Opinion on the *Fourth Report on Economic and Social Cohesion*, OJ C 120/17, 16.5.2008, p. 73 and the Opinion on the *Fifth Cohesion Report*, OJ C 248/12, 25.8.2011, p. 68.

EESC's opinion on *GDP and beyond – the involvement of civil society in choosing complementary indicators*", OJ C (ECO/301 in preparation): para. "1.5.1 In this regard, there is a clear need to replace the concept of economic growth with that of the progress of societies, fostering a debate on the fundamental meaning of progress. As well as redefining the concept of development, this debate should touch upon aspects of political accountability. This new approach requires that the various dimensions that comprise progress be identified by i) extending national accounts to cover social and environmental aspects; ii) using compound indicators, and iii) creating key indicators".

4.16.2 The JAPs should also include partners as defined in Article 5(1) of the CPR as potential beneficiaries of this type of actions.

5. Transnational cooperation

5.1 The EESC emphasises the need to further support Operational Programmes promoting transnational cooperation in all Funds, as a mean to reinforce the EC's role in facilitating exchanges of experience and coordinating implementation of relevant initiatives.

Brussels, 25 April 2012.

The President
of the
European Economic and Social Committee

Staffan Nilsson
