Harnessing cohesion policy to tackle social exclusion

Opportunities and limitations
This publication aims to examine the measures available to Member States under cohesion policy to help them address poverty and social exclusion. Through detailed references to EU legislation, national programming documents and the views of stakeholders, the paper will discuss the EU-funded action being taken by individual countries to promote social inclusion and identify the limitations of cohesion policy for tackling poverty and social exclusion.

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EXECUTIVE SUMMARY

The Europe 2020 strategy was launched in 2010 to help the European Union to navigate a stable course towards the three key objectives of smart, sustainable and inclusive growth. Building on the Lisbon Agenda, it incorporated a new social dimension to the blueprint for EU growth through a headline target to reduce by 20 million the number of people in poverty in the EU by 2020. Post-2008, however, the effects of the economic crisis dampened progress towards meeting the objectives of the strategy and, in turn, fostered debate on how EU structural and cohesion spending – representing over one-third of the Union's total budget – could help Member States achieve these ambitious goals.

The revision of the cohesion policy framework for 2014-2020 – a process in which the European Parliament was closely involved – provided an opportunity to consider how the EU's primary investment arm could be used in support of the aims of the strategy. Structural funds are now aligned more closely to the Europe 2020 strategy via thematic concentration, and a focus on a limited number of targets. The measures available under the cohesion policy framework can play a key role in tackling social exclusion, with structural funds accounting for the majority of the public investment budget in many Member States. The Partnership Agreements and Operational Programmes prepared by Member States in this context identify how they intend to allocate funding under the five structural funds to the different thematic objectives, setting out details of their spending plans in specific policy areas. These documents provide valuable insight into countries' long-term plans for achieving these objectives and delivering social inclusion.

An economic governance framework, the European Semester, has been introduced to ensure the successful delivery of the Europe 2020 strategy. In November each year the European Commission sets out its general objectives for EU growth, the Annual Growth Survey, identifying the goals to be achieved in the year ahead. Member States prepare National Reform Programmes, which outline, among other things, how they will use cohesion funding to deliver on these objectives, while the Commission prepares Country-specific Recommendations, which Member States must take into account. While the Partnership Agreements and Operational Programmes outline the Member States' priorities for using EU funding based on a long-term perspective, European semester documents such as the Country-specific Recommendations and Annual Growth Survey identify the action that the Commission considers should be taken by Member States to implement the Europe 2020 strategy over the coming 12 months. Taken together, these documents identify the importance accorded to achieving social inclusion by both the Commission and the Member States.

The views of stakeholders complete the picture by providing a critical perspective which can help assess the limitations of cohesion policy for tackling social exclusion. This paper identifies several problem areas including the existence of overly complex procedures for accessing funding, a focus on indicators rather than on results, a failure to identify key target groups and a lack of coordination between European structural and investment funds (ESIF) measures and national strategies. While some of these limitations may be addressed by improving national level procedures, others are more structural in nature and require EU level action, providing food for thought for the upcoming discussions on the future of cohesion policy post-2020.
# TABLE OF CONTENTS

1. Poverty and social exclusion
   1.1. The effects of poverty
   1.2. Identifying poverty and social exclusion
   1.3. Facts and figures
   1.4. The crisis and cohesion policy

2. Cohesion policy framework, 2014-2020
   2.1. Introduction
   2.2. A reformed cohesion policy
   2.3. The cohesion policy framework and social inclusion

3. Partnership Agreements and Operational Programmes
   3.1. Partnership Agreements
   3.2. Operational Programmes

4. Assessing the limitations of cohesion policy for tackling poverty and social exclusion
   4.1. Issues raised by stakeholders
   4.2. Main findings

5. European Parliament

6. The European Semester

7. Outlook
   7.1. New opportunities under cohesion policy
   7.2. Partnership Agreements
   7.3. Operational programmes
   7.4. European Semester
   7.5. The limitations of cohesion policy

8. Main references
1. Poverty and social exclusion

1.1. The effects of poverty

Poverty and social exclusion can have a devastating impact on individuals' lives. Poverty can prevent people from realising their true potential by impacting on their health and reducing educational results, leading to a vicious circle of exclusion and deprivation.\(^1\) Poor health and low educational outcomes can limit a person's chances of leading a fulfilling and successful life, raising the risk of poverty even higher. Yet, in addition to this human tragedy, the ramifications of poverty can be equally important for society at large, entailing losses for the economy due to reduced productivity, lower educational achievement and poor health, as identified in a 2008 report\(^2\) by the Joseph Rowntree Foundation, with a more recent Unicef report\(^3\) arguing that a society that is unable to ensure protection from poverty is 'failing its most vulnerable citizens and storing up intractable social and economic problems for the years immediately ahead'. Clearly, the human cost of poverty is also accompanied by a real financial burden for the economy, while the failure of governments to address the issue can lead to poverty and social exclusion being handed down to the next generation. To help break this dangerous cycle of poverty and social exclusion, inclusive growth was included as one of the three main strands of the Europe 2020 Strategy launched in 2010, establishing the objective of taking at least 20 million people out of the risk of poverty and social exclusion by 2020.\(^4\)

Figure 1 – People at risk of poverty and social exclusion in the EU 28 and EU 27

![Figure 1](image)

Source: Eurostat.

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\(^1\) Report ‘Smarter, Greener, More inclusive – Indicators to support the Europe 2020 strategy’, Eurostat, 2015.


\(^4\) European Commission website Europe 2020 Strategy.
1.2. Identifying poverty and social exclusion

The latest figures on poverty in the EU make for sobering reading. Not only has the EU failed to move any closer towards its Europe 2020 target of lifting 20 million people out of poverty by 2020, the number of people at risk of poverty or social exclusion in the EU has actually risen from the 2008 base year figure of 116.6 million to reach a total of 122.3 million in 2014. Although this figure represented a slight improvement on the 2013 total of 122.6 million, this still means that almost one in four Europeans (24.5%) were considered to be at risk of poverty and social exclusion in 2014.

Eurostat identifies the number of people at risk of poverty or social exclusion based on the figures for three separate forms of poverty: monetary poverty, material deprivation and/or low work intensity (see box 1). While people may be affected by more than one of these three categories, they are counted only once for statistical purposes. The idea is that this ensures that the group at risk of poverty and social exclusion covers as many people as possible, although opinions vary as to whether this is a fair and just approach.

Box 1 – What at risk of poverty or social exclusion means

At risk of poverty or social exclusion identifies how many EU citizens suffer from at least one of three forms of poverty: monetary poverty, material deprivation or low work intensity.

Monetary poverty is measured by the indicator ‘people at risk of poverty after social transfers’ which records the number of people whose disposable income is below 60% of national medium disposable income.

Material deprivation is defined as a situation where an individual cannot afford at least four of the following: to pay rent, bills or loan instalments, to keep their home warm, to cover unexpected expenses, to eat meat or fish every two days, a week-long holiday away, to own a car, washing machine, colour TV or telephone.

Low work intensity, meanwhile, measures the number of people aged 0-59 and living in households where adults worked less than 20% of their work potential in the previous year.5

The concepts of poverty, social exclusion and social inclusion were defined in the joint report on social inclusion6 published by the European Commission in 2004 (see box 2). Clearly, these three definitions are closely interrelated: the focus here is on how cohesion policy may be harnessed to tackle social exclusion, which is often done with reference to measures being taken to promote social inclusion. Equally, much of the available statistical data measure levels of poverty and social exclusion.

Box 2 – Poverty, social exclusion, social inclusion

People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live.

Social exclusion is a process whereby certain individuals are pushed to the edge of society and prevented from participating fully by virtue of their poverty, or lack of basic competencies and lifelong learning opportunities, or as a result of discrimination.

Social inclusion is a process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live.

5 As defined in ‘Eurostat statistics explained: Europe 2020 indicators – poverty and social exclusion.
6 Joint report by the Commission and the Council on social inclusion, 2004.
1.3. Facts and figures

Statistics show that certain groups of people are significantly more likely to live in poverty and social exclusion than others, a finding borne out by Eurostat’s most recent figures on people at risk of poverty and social inclusion, which analyses this key indicator supporting the Europe 2020 Strategy. In 2014, non-EU migrants were one of the groups most at risk of poverty and social exclusion in the EU, with as many as 49.3% of people in this category at risk, a full 25 percentage points above the rate for the host population. This group was followed closely by single parents, where 48.3% of people were at risk, with other significant risk groups including tenants who pay rent at a reduced rate or free of charge (41.6%), and people with a lower secondary school education (35%). In general, women faced a greater risk of poverty and social exclusion, with 25.3% compared to 23.6% of men, while the age group most at risk in 2014 was young people aged 16 to 24, with over 31.6% facing poverty or social exclusion. A total of 17.1% of the EU population were at risk of poverty after social transfers in 2014, making monetary poverty the most prevalent of the three forms of poverty, followed by material deprivation, affecting 44.8 million people or 9% of the total EU population.

While 24.5% of all EU citizens faced the risk of poverty and social exclusion in 2014, the figures reveal significant differences between Member States. In Romania, two fifths of all people (40.2%) were at risk of poverty and social exclusion in 2014, well over twice the rate in the Czech Republic, which registered the EU’s lowest rate of 14.8%, with the statistics also hiding marked differences between age groups. Such variations between different groups of society and among individual Member States helps explain the rationale behind the EU structural funds which target support for individual groups and countries to deliver the best results.

1.4. The crisis and cohesion policy

While the five years leading up to 2013 saw an inexorable rise in poverty and social exclusion, the period immediately after the enlargement of 2004 reveals a rather different story, with the number of people at risk of poverty or social exclusion actually reaching its lowest levels in 2009. It was only in the years which followed that the situation changed abruptly; as noted by Eurostat, ‘the serious impact of the economic crisis on Member States’ financial and labour markets was the most likely cause for the rise from 2009 onwards.’

This crisis has not only brought about an increase in the number of EU citizens out of work and a related rise in poverty and social exclusion, but has also led to cuts in public spending, resulting in, at times drastic, reductions in the national and regional budgets available for investments. According to the Sixth Report on Economic, Social and Territorial Cohesion, public investment in central and eastern Europe fell by as much as a third between 2008 and 2013, while structural funds accounted for over 60% of the total investment budget in the hardest hit Member States during 2010-2012. This trend has continued; the Commission’s December 2015 Communication on Investing in Jobs and Growth reported that structural funds will represent the main source of public investments in as many as 14 EU Member States during 2014-2020, accounting for over

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70% of such investment in countries including Lithuania, Croatia or Portugal. The importance of structural funds for financing public investments has increased significantly, particularly in central and eastern Europe, the very countries where the risk of poverty and social exclusion is particularly acute. If the EU is to make any tangible progress towards its Europe 2020 objectives, it is vital to ensure that the best possible use is made of structural funds where they can make the most difference.

The above analysis reveals that the social situation across Europe is far from satisfactory and that factors such as education, ethnic origin or family situation can all have an impact on people’s risk of poverty or social exclusion. The next question is to consider the measures and EU funding available under the 2014-2020 cohesion framework to help Member States to address these problems.

2. Cohesion policy framework, 2014-2020

2.1. Introduction

Building on the experiences of previous periods, cohesion policy underwent a wide-ranging reform in 2013 to help ensure a more strategic and effective use of EU funding involving the introduction of more focused policies, robust results-oriented measures, strong pre-conditions for investments and the improved coordination of ESI funding under the European Semester process. Under the new architecture, the five European structural and investment funds (ESIF) (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) are the main delivery tools for achieving the Europe 2020 Strategy and must be consistent with the priorities of the European Semester, the EU’s annual cycle of economic policy guidance and surveillance.

2.1.1. Europe 2020

The Europe 2020 Strategy provides an overarching framework and structure for the programming and implementation of the ESIF funds for 2014-2020. It aims to achieve smart, sustainable and economic growth in the EU through five headline targets:

- raising the employment rate of people aged 20-64 to at least 75%,
- investing 3% of national GDP in research and development,
- curbing greenhouse gas emissions by at least 20% compared to 1990 levels, increasing energy efficiency and the share of renewable energy in the energy mix to 20%,
- reducing the percentage of early school leavers to 10% and increasing the share of the population aged 30-34 who have completed tertiary education to 40%,
- taking at least 20 million Europeans out of poverty.


10 The European Commission document (MEMO/13/1011) on 'The reform in 10 points' highlights the following key elements of the reform: Investing in all EU regions; Targeting resources at key growth sectors; Transparent and measurable aims for accountability and results; Introduction of conditions before funds are allocated; Increased coordination through a Common Strategic Framework; Cutting red tape; Enhancing the urban dimension; Reinforcing cooperation across borders; Ensuring coherence of Cohesion Policy with EU economic governance; Encouraging greater use of financial instruments to give SMEs more support and access to credit.
2.1.2. The European Semester
As the principal tool for economic coordination between the Member States policies in the context of Europe 2020, the European Semester begins in November with the preparation by the European Commission of the Annual Growth Survey, which sets out EU priorities for the year ahead for increasing growth and jobs. In February, the Commission publishes country reports, which evaluate progress towards EU priorities and identify key areas of action for the Member States who, in response, prepare Stability and Convergence Programmes for sound public finances and National Reform Programmes in mid-April, with the latter document identifying how EU targets will be met and the national policies to be implemented, including details of how EU funding will be used to achieve these goals. Based on these documents, the European Commission prepares Country-specific Recommendations, formally adopted by the European Council in June.

2.2. A reformed cohesion policy

2.2.1. Common rules
The Common Provisions Regulation introduced a common set of rules for all five European structural and investment funds. It establishes a link between these funds and the Europe 2020 Strategy by setting out 11 thematic objectives (see Box 3) which are aligned with the five headline targets of the Europe 2020 Strategy. The issue of tackling poverty and social exclusion is primarily addressed by thematic objective nine on Promoting social inclusion, combating poverty and any discrimination.

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<thead>
<tr>
<th>Box 3 – Thematic objectives</th>
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<tbody>
<tr>
<td>(1) strengthening research, technological development and innovation</td>
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<td>(2) enhancing access to and use and quality of ICT</td>
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<tr>
<td>(3) enhancing the competitiveness of SMEs, the agricultural sector (for the European Agricultural Fund for Rural Development (EAFRD)) and the fisheries and aquaculture sector (for the European Maritime and Fisheries Fund (EMFF))</td>
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<tr>
<td>(4) supporting the shift towards a low-carbon economy in all sectors</td>
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<td>(5) promoting climate change adaptation, risk prevention and management</td>
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<td>(6) preserving and protecting the environment and promoting resource efficiency</td>
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<td>(7) promoting sustainable transport and removing bottlenecks in key network infrastructures</td>
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<td>(8) promoting sustainable and quality employment and supporting labour mobility</td>
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<tr>
<td>(9) promoting social inclusion, combating poverty and any discrimination</td>
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<tr>
<td>(10) investing in education, training, skills and lifelong learning</td>
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<td>(11) enhancing institutional capacity and an efficient public administration</td>
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12 See European Commission webpage on Thematic objectives.
2.2.2. Making investments more effective
Cohesion policy has been closely aligned with the Europe 2020 Strategy under the new legislative framework through the introduction of a number of new drivers to make European structural and investment funds investments more effective. **Thematic concentration** is a process where Member States concentrate support on interventions that bring the greatest added value in relation to the Europe 2020 strategy.\(^\text{13}\) While investments under the European Regional Development Fund (ERDF) shall, in principle, concentrate on thematic objectives one to four, investments under the European Social Fund (ESF) on thematic objectives eight to eleven and cohesion fund investments on thematic objectives five to seven, investments made under a particular fund may be allocated to any of the 11 thematic objectives. **Ex ante conditionality** is a concept that establishes a series of conditions that must be met before the funding available under certain investment priorities may be granted.\(^\text{14}\) This often requires that an appropriate strategic policy be in place, which helps to ensure that a Member State or region can successfully deliver a given funding measure, with three such ex ante conditionality introduced for various investment priorities under thematic objective nine: the existence and implementation of a national strategic policy framework for poverty reduction,\(^\text{15}\) the presence of a national Roma inclusion strategic framework\(^\text{16}\) and the existence of a national or regional strategic policy for health.\(^\text{17}\) To help focus on performance and achieving the objectives of the Europe 2020 strategy, the new framework introduces a system of **result orientation** by establishing a performance reserve consisting of 6% of the total allocation for the Investment for growth and jobs goal. Each investment priority sets out indicators and targets to assess progress in programme implementation, including financial, output and results indicators.

### 2.2.3. Categories of region
The following categories of regions, which have been established for the 2014-2020 period, are used as a basis for identifying the percentage of resources under the European Social Fund and the European Regional Development Fund to be allocated to the various investment priorities:

- less-developed regions with GDP per capita less than 75% of the EU-27 average;
- transition regions with GDP per capita between 75% and 90% of EU-27 average;
- more developed regions with GDP capita above 90% of EU-27 average.

Equally, the EU’s maximum co-financing rates for investments that use ESIF funding shall also vary depending on the category of region in question:

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\(^{13}\) See European Commission webpage on **Principles** (Regional policy).

\(^{14}\) See Guidance on **Ex Ante Conditionalities** for the European Structural and Investment Funds, European Commission.

\(^{15}\) For investment priorities on active inclusion (ESF); investing in health and social infrastructure (ERDF); providing support for physical, economic and social regeneration of deprived communities (ERDF).

\(^{16}\) For investment priorities on socio-economic integration of marginalised communities such as the Roma (ESF); investing in health and social infrastructure (ERDF); providing support for physical, economic and social regeneration of deprived communities (ERDF); investing in education, training and vocational training for skills and lifelong learning (ERDF).

\(^{17}\) For investment priorities on enhancing access to affordable, sustainable and high-quality services (ESF); investing in health and social infrastructure (ERDF).
Harnessing cohesion policy to tackle social exclusion

- a rate of 85% applies to less-developed regions of Member States whose average GDP per capita for 2007-2013 was below 85% of the EU 27 average in the same period;
- a rate of 80% for other less-developed regions and all regions whose GDP per capita was above 85% of the EU 27 average yet below 75% of the EU 25 average (2007-2013);
- transition regions and more developed regions other than regions referred to above shall be subject to EU co-financing rates of 60% and 50% respectively.

Figure 2 – Regional eligibility for structural funds, by NUTS level 2 region, 2014-2020

Source: European Commission, Directorate-General for Regional and Urban Policy.

2.2.4. Programming and implementation

The priorities for cohesion policy in each Member State are established on the basis of consultations between individual countries and the European Commission. Member States prepare draft Partnership Agreements, which set out their overall strategy, as

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18 The Partnership Agreements for all 28 Member States may be found on the European Commission webpage on public contracts and funding (Agreements).
well as Operational Programmes,\textsuperscript{19} which spell out in more detail how European structural and investment funds will be used in each country by breaking down their strategic priorities into individual investment priorities. The European Commission then negotiates with individual Member States on the final version of the Partnership Agreement and Operational Programmes, which provide the basis for how structural funds will be used in a given country.

Whereas the Member States’ Partnership Agreements set out the long-term objectives of individual countries, the Annual Growth Survey outlined by the European Commission sets out short-term goals for the year ahead, which are reflected by the Member States in annual National Reform Programmes.\textsuperscript{20} To understand how cohesion policy may be harnessed to tackle social exclusion, it is useful to examine the cohesion policy framework more closely to identify what measures are available to Member States to promote social inclusion, as set out in the European Social Fund, European Regional Development Fund and European Agricultural Fund for Regional Development Regulations.

\textbf{2.3. The cohesion policy framework and social inclusion}

\textbf{2.3.1. European Social Fund}

According to Article 2 of the European Social Fund Regulation,\textsuperscript{21} the mission of the fund includes combating poverty, enhancing social inclusion, and promoting gender equality, non-discrimination and equal opportunities, thus helping to contribute to the priorities of the Union in terms of strengthening economic, social and territorial cohesion. The importance of the fund under the cohesion policy framework is recognised under Article 92(4) of the Common Provisions Regulation, which stipulates that to ensure that sufficient investment is targeted at youth employment, labour mobility, knowledge, social inclusion and combating poverty, the share of the European Social Fund as a percentage of total combined resources for the funds at Union level in Member States shall not be less than 23.1%. This means that Member States are required to allocate a minimum amount of their total cohesion budget to ESF-related projects, helping to guarantee that social issues receive sufficient attention.

Similar percentages apply in relation to thematic concentration under the European Social Fund. Specifically, at least 20% of the total ESF resources in each Member State must be allocated to the thematic objective of promoting social inclusion, combating poverty and any discrimination. This ring-fencing of ESF funding is a tangible way of ensuring that the EU’s promise to promote social inclusion is backed up by financial commitments from the Member States. Equally, under Article 4 of the ESF Regulation, 60%, 70% or 80% of ESF resources (for less-developed, transition and more-developed regions respectively) must be concentrated on up to five investment priorities.

Under the new cohesion policy architecture, the individual thematic objectives are divided into a series of investment priorities which set out in more detail the specific

\textsuperscript{19} The Operational Programmes under the ERDF and Cohesion Fund for the 28 Member States may be found on the European Commission webpage on regional policy (Programmes) while ESF Operational Programmes are posted on the European Commission webpage on ESF (Operational Programmes).

\textsuperscript{20} The National Reform Programmes for the European Union’s 28 Member States may be found on the European Commission website, together with details of individual Country-specific Recommendations.

areas in which Member States may target spending aimed at promoting social inclusion. In line with Article 3(1) of the ESF Regulation, the ESF shall support six investment priorities for the thematic objective of promoting social inclusion (see box 4).

**Box 4 – Investment priorities for promoting social inclusion under the ESF**

- Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability;
- Socio-economic integration of marginalised communities such as the Roma;
- Combating all forms of discrimination and promoting equal opportunities;
- Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest;
- Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment;
- Community-led local development strategies.

2.3.2. European Regional Development Fund

Thematic concentration also applies to investments under the European Regional Development Fund (ERDF). In accordance with Article 4 of the ERDF Regulation, more developed, transition and less developed regions should, respectively, earmark at least 20%, 15% and 12% of their total ERDF allocations to thematic objective four (shift towards a low-carbon economy). Equally, they should, in turn, also allocate 80%, 60% and 50% respectively of their EDF allocations to two or more of thematic objectives 1, 2, 3 and 4. This ensures that a fixed amount of funding under the ERDF is targeted towards thematic objectives one to four.

However, while the main focus of the ERDF is on the delivery of these four thematic objectives, the ERDF Regulation also provides countries with some leeway in terms of these percentages for certain regions and Member States. Firstly, the minimum share allocated to a given category of region for thematic objectives 1, 2, 3 and 4 may be lower than the percentages referred to above, provided that this decrease is compensated for by an increase in the share allocated to other categories of regions. This means that Member States are entitled to earmark a lower percentage of ERDF funding under these thematic objectives, freeing up ERDF funding for spending under other investment priorities. Secondly, Cohesion Fund resources allocated to supporting the shift towards a low-carbon economy may count towards achieving the minimum share of ERDF earmarked for this thematic objective as set out in Article 4, which allows the 15 countries eligible under the Cohesion Fund to allocate ERDF resources to other investment priorities and focus on areas they consider to be a priority.

**Box 5 – Investment priorities for promoting social inclusion under the ERDF**

- investing in health and social infrastructure which contributes to national, regional and local development, reducing inequalities in terms of health status, promoting social inclusion through improved access to social, cultural and recreational services and the transition from institutional to community-based services;
- providing support for physical, economic and social regeneration of deprived communities in urban and rural areas;
- providing support for social enterprises;
- investing in the context of community-led local development strategies.

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22 Bulgaria, Croatia, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia and Slovenia.
The ERDF Regulation also introduced new provisions promoting sustainable urban development through strategies that set out integrated actions to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas. Under Article 7, at least 5% of total ERDF resources must be allocated to integrated actions for sustainable urban development, with urban authorities responsible for tasks relating, at least, to selecting operations for sustainable urban development, providing significant scope for local level involvement in identifying the problems to be tackled or managing the programmes.

Sustainable urban development may be supported by the new territorial development tool, Integrated Territorial Investment (ITI), which allows Member States or a managing authority to designate local authorities, regional development bodies or even NGOs to manage and implement an ITI, thus giving organisations tackling social exclusion the opportunity to get involved in using European structural and investment funds to address these issues in their local area. Over two thirds of EU citizens live in towns and cities. As the Sixth Report on Economic, Social and Territorial Cohesion has noted, in view of the differences in wealth and the concentration of socially excluded people and centres of poverty located in cities, urban areas play a key role in terms of addressing the challenges of inclusive growth.

2.3.3. European Agricultural Fund for Regional Development

Article 5 of the European Agricultural Fund for Regional Development (EAFRD) Regulation stipulates that the objectives of rural development, which contribute to the Europe 2020 Strategy, shall be achieved through the implementation of six union priorities for rural development. Similarly to the investment priorities established under the European Social Fund and the European Regional Development Fund, union priorities are closely related to the thematic objectives, with Union priority six dealing directly with the issue of promoting social inclusion and poverty reduction (see below).

<table>
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<tr>
<th>Box 6 – Promoting social inclusion, poverty reduction and economic development in rural areas under the EAFRD</th>
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<td>• facilitating diversification, creation and development of small enterprises, as well as job creation;</td>
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<tr>
<td>• fostering local development in rural areas;</td>
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<tr>
<td>• enhancing the accessibility, use and quality of information and communication technologies in rural areas.</td>
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The EAFRD is used to fund rural development programmes in the Member States with such programmes required to address at least four Union priorities.23 Rural development programmes set out strategies which are delivered on the basis of specific measures linked to the six Union priorities under the EAFRD. In the case of Union priority six on promoting social inclusion, these measures are 'basic services and village renewal in rural areas' and LEADER, which involves community-led local development strategies designed and implemented by local action groups (LAGs) to reflect local needs and potential. As LAGs are made up of public and private socio-economic interests in which no group has more than 49% of the voting rights, the LEADER approach gives local communities significant scope to define their own priorities by focusing on areas such as poverty and social exclusion.

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Box 7 – Fund for European Aid to the Most Deprived and Support for refugees

The successor to the EU’s Food Distribution Programme for the Most Deprived People, the Fund for European Aid to the Most Deprived (FEAD\textsuperscript{24}) helps support Europe’s most vulnerable citizens. Worth a total of €3.8 billion for the 2014-2020 period, its aim is to help alleviate the worst forms of poverty by providing assistance such as food, clothing and essential goods along with activities promoting social inclusion. Member States propose operational programmes for FEAD funding, approved by the Commission, yet this funding (a minimum national allocation of €3.5 million) is deducted from their total structural fund allocations.

In light of the ongoing migrant crisis, it is worth noting that while the Asylum, Migration and Integration Fund\textsuperscript{25} (AMIF) has allocated over €3 billion for short-term and emergency action over 2014-2020, the ESIF can also play an important role, supporting measures in areas such as education, vocational training, housing, language courses, counselling and others. Recital 6 of the European Social Fund Regulation makes specific reference to asylum seekers and refugees as a target group eligible for support, with the fund primarily used to support integration, through vocational training, children’s education or work activation measures, where permitted under national legislation. The European Regional Development Fund may be used to fund investments in social, health and housing infrastructure for migrants and, in exceptional cases, complement emergency measures financed by the AMIF. The Fund for European Aid to the Most Deprived, meanwhile, may be used to provide food and/or basic material support or to promote the social inclusion of asylum seekers depending on the type of operational programme selected at Member State level.

3. Partnership Agreements and Operational Programmes

3.1. Partnership Agreements

The Partnership Agreement outlines the main challenges facing a Member State and how it intends to use structural funds to address them, covering all ESIF support in the Member State concerned. Its main focus is to demonstrate how it will achieve the Europe 2020 Strategy through the implementation of European structural and investment funds, outlining the selected thematic objectives and a summary of the main results expected for each Fund.

3.1.1. General overview

A European Parliament study published in June 2015 reveals that the vast majority of Member States have chosen to address all 11 thematic objectives in their Partnership Agreements.\textsuperscript{26} Compared with the 2007-2013 programming period, there has been an increase in the amount of cohesion funding allocated to research and innovation, SME support, ICT and the low-carbon economy during 2014-2020, with a corresponding increase in allocations to thematic objectives on employment, social inclusion and education from 30% to 32% over the same period. Financial allocations to thematic objective nine account for 10.4% of the total budget of Member States as set out in the Partnership Agreements. According to the non-paper on the Effectiveness and Added Value of Cohesion Policy,\textsuperscript{27} in total over one quarter of the overall European Social Fund allocation in the Member States’ Partnership Agreements (25.53%) has been

\textsuperscript{24} Fund for European Aid to the Most Deprived (FEAD).
\textsuperscript{25} Asylum, Migration and Integration Fund (AMIF), A. D’Alfonso, EPRS, European Parliament, 2015.
\textsuperscript{27} Non-paper on the Effectiveness and Added Value of Cohesion Policy, European Commission, 2015.
earmarked to this thematic objective (excluding the allocation for the Youth Employment Initiative and technical assistance), significantly above the 20% minimum. As this target was exceeded in a large number of Member States (rising up to as much as over 70% in the case of the Netherlands) these figures appear to suggest a renewed commitment on the part of the Member States to promote social inclusion.

In terms of the amount of funding that Member States have allocated to individual European Social Fund investment priorities, the above non-paper reveals that 60.54% of European Social Fund and Youth Employment Initiative funding is concentrated on five European Social Fund investment priorities (active inclusion, sustainable integration of young people, access to employment, early school leaving and life-long learning), with active inclusion accounting for 14.96% of total European Social Fund allocations. As other investment priorities, which are distributed across 13 investment priorities, represent 39.46% of the total European Social Fund allocation, the paper notes that this could have a negative impact on the effectiveness of the European Social Fund projects by spreading resources too thinly.

Similar percentages apply to investments made under the European Regional Development Fund Regulation. In line with the European Regional Development Fund rules, less developed regions are entitled to earmark as much as 50% of their European Regional Development Fund allocations to investment priorities other than under thematic objectives one to four, which means that one may expect that at least some of these funds will be earmarked to thematic objective nine. The non-paper reports that 6% of all European Regional Development Fund resources have been allocated to this thematic objective, while seven of the 15 countries eligible for funding under the Cohesion Fund have exercised their right to earmark their cohesion fund allocations to thematic objective four, thus freeing up their European Regional Development Fund funding allocation for other areas. In these countries, a total of 60% of European Regional Development Fund allocations target thematic objectives 1 to 4, compared with 72% in the case of more developed Member States.

3.1.2. Partnership Agreements with a strong focus on thematic objective nine

A number of general trends may be identified by examining the measures planned to tackle social exclusion by those Member States which have allocated a higher than average proportion of their total European structural and investment funds funding allocation to thematic objective nine in their partnership agreements. Firstly, active inclusion would appear to emerge as the most widely used investment priority under thematic objective nine in the ten Member States in question.\(^{29}\) It is worth reiterating that the active inclusion investment priority covers 'improving employability' and that, in light of the measures put forward under this investment priority such as increasing the labour participation of groups experiencing poverty, supporting re-skilling and careers re-orientation activities, labour integration pathways and training courses to improve the skills of the long-term unemployed, many countries have focused on employment as a means of combating poverty. The UK government's partnership


\(^{29}\) According to the European Parliament’s review of adopted partnership agreements, the share of ESIF funding allocated to thematic objective nine was above the EU average of 10.4% in ten countries: Austria, Belgium, Czech Republic, France, Germany, Ireland, Italy, Malta, the Netherlands, and the United Kingdom.
agreement,\textsuperscript{30} for instance, considers that 'work is the most effective route out of poverty', while that of the Netherlands\textsuperscript{31} outlines measures that achieve thematic objectives eight (education and training) and nine at the same time, highlighting the interdependence between the two issues. Many of the countries focusing heavily on active inclusion investment priority are in western Europe.

A second theme to emerge is that many Member States are interested in improving access to social housing and social services for vulnerable groups, including Roma, among others through measures funded under the European Regional Development Fund, thus providing the potential to make a real contribution to addressing social exclusion in the Member States involved. Similarly, a number of countries have also placed an emphasis on improving people's health and access to high quality health services, as mentioned in the Partnership Agreements of Austria, the Czech Republic, Italy and Malta.\textsuperscript{32} Interestingly, however, the focus in some Member States such as Malta and the Netherlands is on improving the health of older workers and thus promoting active ageing, with a view to preventing the early departure of older employees from the labour market and thus improving employment figures as a result.

Education and training represent another major area of interest for Member States, yet despite the fact that certain countries have outlined measures to improve early years education, the focus would appear to be primarily on providing training to improve people's employment prospects rather than measures to improve general education per se. Equally, while child poverty is another area of interest for many Member States, some Member States appear to tackle this issue from an employment perspective by improving access to childcare services primarily in order to enable larger numbers of women to enter the labour market.

Available budget
The EU budget\textsuperscript{33} available for thematic objective nine on promoting social inclusion and combating poverty amounts to almost €44.5 billion for the 2014-2020 period. Worth a total of €21.17 billion, the European Social Fund accounts for the largest share of this budget (47.6%), with the European Regional Development Fund and EAFRD making up 26.8% and 25.6% of this amount respectively. The largest recipient of EU funding for this thematic objective is Poland, with a share of €6.87 billion, followed by Germany, Italy and Spain, whose combined total is worth in excess of €12 billion. Taken together with the total amount of planned national co-financing (€18 billion), the total funding available for promoting social inclusion and combating poverty is €62.5 billion.

Expected results
According to the 2015 European Commission’s communication on Investing in Jobs and Growth,\textsuperscript{34} some 2.6 million inactive people will benefit from support under European structural and investment funds, with between 2 and 2.5 million disadvantaged people also receiving assistance under the structural funds to promote their social inclusion and approximately 41.7 million people gaining access to better health services.

\begin{footnotesize}
\begin{itemize}
\item[\textsuperscript{30}] UK government's partnership agreement, 2014.
\item[\textsuperscript{31}] Partnershaposovereenkomst Nederland 2014-2020.
\item[\textsuperscript{32}] Partnership Agreements of Austria, the Czech Republic, Italy and Malta.
\item[\textsuperscript{33}] See EU budget for Social Inclusion.
\item[\textsuperscript{34}] Communication from the Commission 'Investing in jobs and growth – maximising the contribution of European Structural and Investment Funds', op.cit.
\end{itemize}
\end{footnotesize}
will be worth a total of €4.5 billion, including support for the development of community-based social services for vulnerable groups such as people with disabilities, children and older people. The main areas of focus of European structural and investment funds investments include providing support for people at risk and investing in healthcare systems and care services to deliver more accessible and effective social and health services, as well as measures promoting Roma inclusion.

3.2. Operational Programmes

3.2.1. General overview
Following on from this review of the Partnership Agreements, it is useful to consider the operational programmes in more detail, based on the Communication on Investing in Jobs and Growth, to identify which areas are being targeted by individual countries and how much ESIF funding they are allocating to promoting social inclusion.

Improving employability
A total of €818 million will be invested in Sweden in improving employability, social cohesion and creating jobs, with support going to some 300 000 people, especially the unemployed, young people and immigrants. Most of the €462 million allocated towards promoting active inclusion in the Netherlands will be spent on labour integration pathways to help excluded groups into work or training. Funding will also promote the active and healthy ageing of workers and adapting office environments to allow people to have longer working lives. France will invest €6 billion in improving employability and helping people farthest away from the job market to find work, creating pathways to integration for 180 000 people. European structural and investment funds in Germany will focus on improving people’s job prospects with the European Social Fund helping people to re-skill and access the job market. In total, 108 000 long-term unemployed people will receive training and 314 000 people, particularly those from disadvantaged groups, will take part in lifelong learning. In Denmark, €270 million will be invested to improve the job prospects of people on the fringes of the job market and help more people complete vocational training and higher education.

Promoting the social economy and support for social enterprises
With support available under both the European Social Fund and European Regional Development Fund, several countries are planning measures to support the social economy and social enterprises. In Slovenia, poverty and social exclusion will be addressed through social entrepreneurship and appropriate infrastructure and by ensuring vulnerable groups have access good quality services. A total of €262 million in funding will support 19 000 vulnerable people, which will also be used to promote active and healthy ageing. European structural and investment funds in Cyprus will support social inclusion by setting up 180 social enterprises and by helping vulnerable people such as unemployed and young people find work. This should reduce the number of people in poverty from 27.8% in 2013 to 19.3% in 2020. In Portugal, European structural and investment funds will aim at addressing poverty by supporting the social economy and providing better access to services, which should reduce the number of people at risk of poverty or social exclusion by 200 000.

35 See Annex II Country fiches to the Communication from the Commission 'Investing in jobs and growth – maximising the contribution of European Structural and Investment Funds', op.cit.
Enhancing access to high quality services, including health care and social services

Better access to health and social services can make a real difference to the lives of people experiencing social exclusion. Action will be taken in Bulgaria to ensure better health and healthcare, and to improve education and people’s skills, focusing on young people, older people and disadvantaged groups including the Roma. European structural and investment funds will help reduce the number of people in poverty by 260 000 and give several thousand children access to better healthcare. A target of 150 000 fewer people in poverty will be delivered in Croatia through investments that provide better access to healthcare, enhance access to quality social services (and support the transition from institutional to community-based services), address discrimination and develop social entrepreneurship and promote the integration of vulnerable people into society and the job market. Lithuania will provide better access to, and improve the quality of, social and healthcare services, help people farthest away from the job market to return to work and increase the number of older people in work, reducing the number of people at risk of poverty and social exclusion by 100 000.

Childcare

Several countries have placed a focus on childcare as a means of promoting active inclusion. Providing better access to childcare services in Greece will help support active inclusion and improve employment prospects for 70 000 women each year, while better health and eHealth services will provide 3.2 million people with better healthcare. ESIF in Estonia will limit the number of children on childcare and nursery waiting lists from 4 430 in 2012 to 300. Youth services will support around 200 000 people while health infrastructure, primary care and disease prevention will also be improved. Over 8 million people in Poland will receive European Social Fund support, with European structural and investment funds also deployed to provide better access to childcare. The country aims to reduce the share of people at risk of poverty and social exclusion from 26.7% to 20.9% by 2020.

Transition from institutional to community-based services

Institutionalised care aims to help some of the most vulnerable members of society yet its effects can be devastating for those who live in such institutions. Deinstitutionalisation, the process of transition from institutionalised care to a system of community-based and family-based services, is explicitly mentioned as a priority under the European Regional Development Fund during 2014-2020. Nearly €2.4 billion will be invested in Hungary to reduce and prevent poverty and European structural and investment funds will support the transition from institutional to community-based care in health and social services, with some 300 000 people getting access to better health services. Funding will also improve access to high quality public services and guarantee better living conditions. Some €3.4 billion will be invested in Romania, with a focus placed on providing accessible healthcare and community social services and supporting the transition from institutional to community-based services for groups such as children and the disabled. Investments in human capital are expected to support 3.5 million people, and disadvantaged groups (including Roma) will receive help to access the job market and improve their health and social status. European structural and investment funds funded action in Latvia will be used to help children and adults with mental disabilities make the transition from institutional to community-based care and provide the people of Latvia with better healthcare in general. It will promote social inclusion and address poverty to help 4 000 disadvantaged unemployed people find work.
Combating discrimination and promoting equal opportunities
Discrimination can significantly limit people’s chances of education or employment, further entrenching their sense of social exclusion. Slovakia will ensure that people from disadvantaged communities have the same opportunities as others to find or remain in work and integrate into society, with some 250 000 jobless people expected to receive help, especially, the young, low-skilled and long-term unemployed while support will also be given to 150 municipalities with the most deprived Roma communities. A total of €2 billion will be allocated in the Czech Republic to help disadvantaged groups by ensuring equal access to quality nursery, primary and secondary schools and by improving social, health and education services, including the creation of 30 mobile healthcare teams and 83 healthcare centres. European structural and investment funds in Luxembourg will give equal access to lifelong learning, providing some 15 000 people with training to help them find work. It will tackle social exclusion through measures to improve the skills of young people and job seekers (including migrants) and to better match jobseekers to labour market needs. In the United Kingdom, €1.1 billion of the total European Social Fund funding of €5.1 billion will be allocated to social inclusion, addressing poverty and discrimination, with particular attention to disadvantaged and young people.

Active inclusion including with a view to promoting equal opportunities and active participation
Investments in human capital and improving health and wellbeing in Malta will help achieve greater social inclusion and address poverty and discrimination, with 8 500 people participating in social inclusion projects. In Ireland, around €350.8 million will be allocated to investments promoting social inclusion, helping people away from the labour market to access ‘second chance’ education and training and ensure more adults access literacy, numeracy and language programmes. In Italy, €4 billion will be invested in addressing poverty and social exclusion, with 2.2 million people expected to benefit. In Spain, action will be taken to provide people in difficult situations or members of disadvantaged groups with greater opportunities, and investing in human capital and helping people join the labour market are key priorities. Total funding is worth €10.8 billion, and is expected to reduce the number of people at risk of poverty or social exclusion by 1.5 million. Some €248 million will be allocated in Finland under the European Social Fund to tackle poverty, social exclusion and marginalisation, with 15 000 people receiving support, primarily people away from the labour market.

Integration of marginalised communities such as the Roma
As there is no definition of marginalised communities in the treaties, Member States are free to identify which groups they consider to be most marginalised or disadvantaged and thus eligible for support, including the homeless, minorities and many others. Equally, certain marginalised groups, such as the Roma, suffer from a combination of factors including discrimination and deprivation, and are a particular cause for concern. According to the European Commission Communication on Investing in Jobs and Growth, at least €1.5 billion will be invested in helping marginalised communities such as the Roma. The Commission’s June 2015 Report on the implementation of the EU Framework for National Roma Integration Strategies (NRIS)

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36 Communication from the Commission ‘Investing in jobs and growth – maximising the contribution of European Structural and Investment Funds’, op.cit.
2015 reveals that while all five Member States with 2015 Country Specific Recommendations on Roma (Bulgaria, Czech Republic, Hungary, Romania and Slovakia), opted for the European Social Fund investment priority on the socio-economic integration of marginalised communities, Belgium, Greece, Spain, France and Italy will also use this investment priority. Other countries, meanwhile, such as Austria, will support marginalised communities under other investment priorities, all of which suggests there is a growing awareness of the importance of addressing the needs of such groups that extends well beyond those countries traditionally associated with having a large Roma population. In Belgium, €1.1 billion will be invested in improving education, promoting social inclusion and helping the most vulnerable groups (e.g. young and long-term unemployed) find work, with 460,000 people due to receive support, including the Roma. Austria, meanwhile, has allocated €553 million to promoting social inclusion and combating poverty, focusing on supporting young people and migrant communities, such as Roma.38

The June 2015 report on NRIS states that while the level of EU funding available for Roma inclusion does not represent an obstacle to progress in this area, one challenge that still remains is how to ensure that effective use is made of EU funds to improve education, employment, housing, health and housing. It argues that funds for Roma integration should be used in a more integrated way, noting that measures investing in people should be deployed alongside measures in infrastructure. EU funded action providing better education for Roma children must be rolled out in parallel with inclusive reforms of national education systems.

Refugees and migrants
A number of countries have identified refugees and asylum seekers as target groups in their operational programmes, yet as the issue of migration is covered under the general umbrella of social inclusion, there are no details about how much funding is being allocated to tackle migration in these countries. In view of the current migration crisis, there is renewed interest in how European structural and investment funds can be used to support migrants, particularly as this issue was not always a priority when the programmes were drawn up last year. In this context, Commissioner Cretu issued a statement39 in September 2015 announcing that the Commission was 'completely open to changing programmes in order to adapt to new circumstances.' Stressing that large amounts of funding were already available to Member States under the 2014-2020 programmes for addressing migration issues, she invited Member States to contact the European Commission to discuss this issue and has since announced that the EU is willing to accept the 'flexible use' of the European Regional Development Fund.40 The Commission is using all its resources available to help Member States identify solutions in this area.

To date, Greece and Italy have modified their operational programmes to take account of the migrant crisis.41 Italy's Legalita programme has been amended to cover measures supporting legal immigrants and asylum seekers, with funding now available for the refurbishment of property confiscated from the mafia to allow such buildings to

38 For an overview of EU policy in this area, see EPRS publication on EU policy for Roma inclusion, Anita Orav, PE 579.094.
39 Statement by Commissioner Creţu on the role of Cohesion Policy in the integration of migrants and refugees, 23 September 2015.
40 Informal meeting of EU Ministers for Regional Planning and Urban Policy, 26-27 November 2015.
41 Migration Crisis and the European Response, Panorama inforego No 55, European Commission, 2015.
be used to accommodate migrants and refugees. While Greece’s 13 regional programmes for 2014-2020 all outline European Regional Development Fund measures for the construction and renovation of reception centres for migrants, new measures are planned in areas such as social housing, childcare infrastructure and urban regeneration. Other countries are also expected to modify their programmes, particularly Germany, with the Conference of Peripheral Maritime Regions (CPMR) noting that some regions consider shelter and accommodation to be a priority.

This assessment of the operational programmes reveals that EU countries will implement a broad range of measures under European structural and investment funds to tackle poverty and social exclusion. Naturally, as Member States decide which areas they consider to be a priority (subject to approval from the Commission), the focus of such funding varies from country to country. The above overview is too brief to provide a comprehensive analysis of all the action planned in this field. Nonetheless, it is clear that variations do exist between different areas of Europe in terms of their funding priorities. Transition from institutional to community-based services and action enhancing access to high quality services, including health care and social services, are clearly concentrated in the newer Member States, helping to compensate for decades of underfunding in this area, whereas issues such as improving employability, are the subject of particular attention in the countries of western Europe. Other challenges, meanwhile, such as combating discrimination and promoting equal opportunities, are common to many countries across Europe, requiring EU-wide action if Europe is to make any progress towards delivering on its objectives of greater social inclusion, with issues such as the integration of marginalised communities also a priority for both old and new Member States. Similarly, in the light of the current migrant crisis, it is to be expected that more Member States across Europe will amend their operational programmes to take greater account of this particular group.

3.2.2. Stakeholders’ views

Member States have set out in their operational programmes how they plan to use European structural and investment funds to tackle social exclusion, however it is difficult to establish how effective these measures will be in practice. One way of addressing this question is to consider the views of some of the stakeholders that are active in this field and familiar with the issues at stake.

Improving employability

A report by the European Anti-Poverty Network (EAPN) finds that the social inclusion objectives of many operational programmes concentrate on employment and addressing unemployment instead of a policy to reduce poverty based on social inclusion, particularly in the case of Belgium, Germany, Malta and the United Kingdom. Worryingly, several EAPN members note that stress is being placed on the level of spending, rather than on what spending will actually achieve. Member organisations in Hungary also note that certain target groups at risk are missing, emphasising a shortage of programmes ensuring access to quality services or policies to establish an inclusive labour market.

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42 National Operational Programme on Legality.
43 Meeting of the CPMR Task force on migration management, Brussels, 14 October 2015.
44 Can the Semester deliver on poverty and participation? EAPN Assessment of the National Reform Programmes 2015, European Anti-Poverty Network, 2015.
Integration of marginalised communities
FEANTSA, the European Federation of National Organisations working with the Homeless, reports that several national and regional authorities have planned multi-fund operational programmes linking together the European Social Fund and the European Regional Development Fund, which should provide greater opportunities for ensuring social cohesion through joint housing and support packages. It emphasises, however, a lack of clarity in terms of how closely the managing authorities of the different funds are actually working together. FEANTSA also notes that there is some uncertainty regarding the level of participation of key stakeholders in monitoring committees for funds such as the European Social Fund and calls for them to enjoy full access to the opportunities which EU funds provide for addressing local challenges such as homelessness.

Transition from institutional to community-based services
A 2015 briefing published by The European Network of Independent Living – European Coalition for Community Living (ENIL-ECCL) reports that while Partnership Agreements in the five countries analysed all mention the transition from institutional to community-based care, there is a lack of clear policies for implementing reforms in this area. It stresses that Member States do not appear to have the will and/or capacity to close long-stay residential centres for people with disabilities, with some countries such as Hungary actually authorising the use of ESIF for investments in institutions for up to 25 people, even though this is in contradiction with the European Commission’s ban on the construction or renovation of long-stay residential centres in 2014-2020. ENIL-ECCL also reports that, in many countries, national strategies supporting the transition from institutional care to community-based services are incapable of ensuring that ESIF measures can help people with disabilities to live in the community, additionally noting a lack of coordination between the European Social Fund and the European Regional Development Fund.

The use of European structural and investment funds to support the deinstitutionalisation of children is discussed in a report by Eurochild, which finds that the overall trend is encouraging, with deinstitutionalisation being explicitly mentioned in the Partnership Agreements of all the countries covered except Greece. However, it considers that there is still room for improvement. Only the national coordinators in Bulgaria and Romania are satisfied with the amount of attention given to deinstitutionalisation in their countries’ Partnership Agreements, while one country, Poland, explicitly allows continued support for institutions for certain groups of children including those with mental disabilities or serious psychiatric disorders.

Meeting the target of allocating 20% of ESF resources to promoting social inclusion
In its February 2016 opinion on Fighting Poverty, the European Economic and Social Committee called on the Commission to consult urgently with Member States and stakeholders, to identify whether the decision to earmark 20% of the ESF to promoting

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46 Briefing on the use of European Structural and Investment Funds to support the transition from institutional care to community living for people with disabilities, ENIL-ECCL, 2015.
47 Bulgaria, Czech Republic, Hungary, Romania and Slovakia.
49 Opinion of the European Economic and Social Committee on Fighting Poverty.
social inclusion is being effectively implemented, highlighting the importance of this provision. A recent report\textsuperscript{50} by the EAPN notes that while the 20% requirement has generally been met, its networks at national level report low levels of satisfaction with the planned measures, which are focused on getting people into work, raising questions as to how much funding will reach people in poverty. Equally, while employment is a priority in many OPs, there is little focus on job quality. In terms of active inclusion, most EAPN networks found that although the required national strategic frameworks for poverty reduction were generally in place, they were not satisfactory. Most also considered the implementation of national or regional strategic policies for health to be below average, revealing unequal access to quality health and social services.

Given their natural interest in monitoring how Member States are addressing issues close to their heart, NGOs and other stakeholders can offer valuable insight into some of the problems that countries are encountering in their use of European structural and investment funds for tackling poverty and social exclusion.

4. Assessing the limitations of cohesion policy for tackling poverty and social exclusion

4.1. Issues raised by stakeholders

4.1.1. Low level of funding available under ESIF
While Member States are required to earmark at least 20% of their total European Social Fund allocation to promoting social inclusion, it should be emphasised that although this figure has been exceeded by all countries, the amount of structural funds being channelled into tackling poverty still represents just 2.5% of all ESIF funding. In view of the low level of funding involved, several stakeholders have questioned the extent to which structural funds can actually help countries make genuine progress towards tackling social exclusion. Eurochild, for instance, reports\textsuperscript{51} that, even if deinstitutionalisation is identified as a priority in Partnership Agreements, this does not mean that the budget allocated to this area will be sufficient to trigger important reforms in this area. Furthermore, while the ESIF is complemented by national level funding in numerous Member States, helping to support their delivery of the Europe 2020 Strategy, this is certainly not the case in all countries. As the Committee of the Regions opinion\textsuperscript{52} on the outcome of the negotiations on the partnership agreements and operational programmes has noted, ESIF funds are virtually the only source of investment in some regions, a point backed up by the European Commission which stresses in its 2015 communication\textsuperscript{53} that ESIF funds account for up to 70% of all public investment in some Member States. In the case of such countries, the low level of funding available for tackling poverty and social exclusion raises doubts as to how much can be achieved in this area.

\textsuperscript{50} EAPN Barometer report: Monitoring the implementation of the 20% of the European Social Funds for the fight against poverty, March 2016.
\textsuperscript{51} Report Opening Doors for Europe's Children, op.cit.
\textsuperscript{52} Opinion of the European Committee of the Regions – Outcome of the negotiations on the partnership agreements and operational programmes, July 2015.
\textsuperscript{53} Communication from the Commission 'Investing in jobs and growth - maximising the contribution of European Structural and Investment Funds', op.cit.
4.1.2. **Complex procedures for accessing funding**

One of the aims of the 2013 reform of cohesion policy framework was to cut red tape and simplify the use of EU investments; however beneficiaries continue to face difficulties in accessing funds, with the aforementioned *Committee of the Regions* opinion\(^{54}\) stressing that most managing authorities still consider the new regulations to be bureaucratic and complex. Small-scale NGOs active in the area of social inclusion are finding it more and more challenging to actually access ESIF and take part in monitoring committees, a point raised by *EAPN partners* in Belgium, Estonia, Germany, Hungary, Italy, the Netherlands, Portugal, Sweden and the United Kingdom in the EAPN’s assessment\(^{55}\) of 2015 national reform programmes. In other countries, meanwhile, the priority given to large government programmes leaves little room for NGOs to get involved, according to the EAPN’s report. Smaller organisations not only find it difficult to apply for funding, they also often lack the capacity to manage grants effectively once they have been allocated, argues *Eurodiaconia*,\(^{56}\) which can have an adverse impact on project implementation. These administrative hurdles would therefore appear to be limiting the scope of small NGOs to take part in bottom-up innovative approaches. As the participation of these stakeholders is vital for ensuring the successful allocation of 20% of Member States’ European Social Fund to poverty and social inclusion, it is far from clear whether countries will manage to fully deliver on this key objective.

4.1.3. **Focus on outcome and output indicators, and not enough on results**

The European Commission has been keen to stress the importance of outcome and output indicators and, in particular, the performance reserve for encouraging Member States to take effective action to implement measures funded under the ESIF. Some stakeholders take a different view, however. In its opinion\(^{57}\) on the outcome of the negotiations on the partnership agreements, the *Committee of the Regions* stresses that performance should focus on long-term results, such as less pollution or the number of jobs created, which lead to the achievement of set objectives, rather than outputs such as number of training courses offered or buildings renovated, which in its view represent only intermediate steps towards achieving results. In particular, it considers that since cohesion policy is long-term in nature, this focus on short-term or mid-term financial or output indicators serves only to compromise the process of achieving the long-term objectives set out in operational programmes. Other stakeholders have also questioned the usefulness of certain indicators, with *ENIL-CCCL* for instance calling\(^{58}\) for more concrete outcome and output indicators\(^{59}\) for deinstitutionalisation in operational programmes to ensure the closure of long-stay residential institutions in Romania. Doubts have also been raised regarding the perceived positive benefit of the performance reserve. The *Committee of the Regions*...

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54 *Opinion* of the European Committee of the Regions — Outcome of the negotiations on the partnership agreements and operational programmes, op.cit.


57 *Opinion* of the European Committee of the Regions — Outcome of the negotiations on the partnership agreements and operational programmes, op.cit.

58 *Briefing* on the use of European Structural and Investment Funds to support the transition from institutional care to community living for people with disabilities, op.cit.

59 For instance, outcome and output indicators which assess the number of institutions closed by the end of the 2014-2020 programming period.
argues\(^{60}\) that, far from acting as an incentive, the reintroduction of this reserve could simply encourage Member States to establish unambitious objectives, thus making it easy for them to secure the additional funding under the performance reserve. Retaining part of the funding, meanwhile, the Committee states, needlessly introduces an element of uncertainty into financial planning.

### 4.1.4. Limited involvement of civil society organisations in programming, implementation and monitoring

The importance of the partnership principle has been reinforced under the new cohesion package, yet despite some progress in this area, stakeholders report that there is still room for improvement in terms of civil society organisations involvement. In some cases, consultation is restricted to umbrella organisations, while the people who are the most concerned do not have a voice, which the European Network of Independent Living – European Coalition for Community Living reports is the case for people with disabilities in institutional care. The involvement of key stakeholders in ESIF and FEAD monitoring committees is also rather unclear according to the statement\(^{61}\) by FEANTSA, while the European Economic and Social Committee considers that the Europe 2020 strategy does not involve organised civil society adequately, at either national or European level, a point made in its opinion\(^{62}\) on the communication 'Taking stock of the Europe 2020 Strategy'.

### Box 8 – Implementing the partnership principle

<table>
<thead>
<tr>
<th>Barriers to strong partnerships(^{63})</th>
<th>Drivers for strong partnerships</th>
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<tr>
<td>- Poor participatory culture and failure to treat civil society organisations as equal partners</td>
<td>- Strong NGO-based infrastructure</td>
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<td>- Lack of resources</td>
<td>- Good legal framework</td>
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<td>- Lack of capacity at local and regional level</td>
<td>- Political will and commitment to achieve objectives</td>
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Eurodiconia has drawn more far-reaching conclusions, noting\(^{64}\) that the failure to make tangible progress towards the poverty target in recent years is in part related to structural shortcomings in the implementation of the Europe 2020 Strategy, such as the lack of genuine involvement of relevant stakeholders including national parliaments and civil society. It is only by strengthening the ability of a wider range of civil society organisations (including patients) to participate in monitoring and implementing ESIF that there can be any chance of ensuring that projects genuinely meet the different

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\(^{60}\) Opinion of the European Committee of the Regions — Outcome of the negotiations on the partnership agreements and operational programmes, op.cit.


\(^{63}\) This table is based on the findings on the Eurochild briefing entitled 'Opening Doors for Europe's Children', op.cit.

\(^{64}\) Policy paper Homelessness and Housing Exclusion, op.cit.
needs of groups of people who all require varying forms and levels of support, a point highlighted by the ENIL-ECCL.\textsuperscript{65}

4.1.5. Failure to identify key target groups and detail funding priorities
When drawing up their Partnership Agreements, Member States should, among other actions, identify which target groups are at the highest risk of discrimination or social exclusion, with a special emphasis on marginalised communities. This aspect has found to be absent in a number of Partnership Agreements, with the EAPN reporting a lack of measures targeting certain vulnerable groups in Croatia and Hungary, among others. In addition, it has noted that several Member States appear to be placing a focus on the level of funding involved rather than on what it will actually achieve.

4.1.6. Focus on employment rather than on active inclusion
The social inclusion objectives of many operational programmes concentrate on employment and addressing unemployment instead of on policy to reduce poverty based on social inclusion, as highlighted in the EAPN's report, which draws attention to the case of Germany, where all action is focused on cutting unemployment, and the UK where promoting social inclusion concentrates on improving employability.\textsuperscript{66} Equally worrying is the fact that the majority of the operational programmes planned under the FEAD would appear to be focused on providing basic material assistance rather than on promoting the active inclusion of homeless people.

4.1.7. Lack of coordination between ESIF measures and national strategies
Another problem raised by stakeholders is an absence of coordination between ESIF action and strategies at Member State level, which can also be lacking in terms of quality. ENIL-ECCL reports that, in many countries, national level strategies supporting the transition from institutional care to community-based services are inadequate for ensuring the delivery of ESIF measures and helping people with disabilities, thus raising serious doubts as to how successful the planned ESIF measures will be.\textsuperscript{67} The EAPN's report, for instance, points to a lack of information about how EU funds in Poland will be used to achieve the country's Europe 2020 objectives, noting also the fact that in some countries, such as Sweden, ESIF-financed programmes often end as soon as the EU funding runs out, which means that certain Member States are failing to ensure the long-term nature of such action or to mainstream EU financed measures into their national programmes.\textsuperscript{68}

4.2. Main findings
The above analysis reveals the existence of a number of difficulties which hamper the effective use of ESIF for tackling poverty and social exclusion. Issues such as the limited involvement of civil society organisations in programming, implementation and monitoring, or identifying key target groups, are key to the success of cohesion policy in tackling social exclusion: failure to consult with civil society organisations can dangerously compromise the ability of Member States to identify the people and issues most in need of support, raising serious questions as to whether the planned ESIF

\textsuperscript{65} Briefing on the use of European Structural and Investment Funds to support the transition from institutional care to community living for people with disabilities, op.cit.

\textsuperscript{66} Assessment of the national reform programmes, EAPN, 2015, op.cit.

\textsuperscript{67} Briefing on the use of European Structural and Investment Funds to support the transition from institutional care to community living for people with disabilities, op.cit.

\textsuperscript{68} Assessment of the national reform programmes, EAPN, 2015, op. cit.
measures can lead to any real improvement in this area. Similarly, a lack of coordination between structural funds and national measures, the poor quality of relevant national level strategies, or the absence of a long-term approach to ESIF funding, can seriously undermine the successful implementation of cohesion policy in the Member States. These are all examples of issues where the Member States can make improvements in future by making the necessary changes to administrative procedures or simply by encouraging a change of mind set among decision-makers. The European Commission also has a potential role to play in this respect: as partnership agreements and operational agreements are the result of negotiations between the Commission and the Member States, the European Commission could in future be less compliant in its acceptance of those partnership agreements which, for instance, fail to fully respect the partnership principle.

The remaining issues, however, may prove to be more complicated to resolve. Difficulties such as the existence of complex procedures for accessing funding, or a focus on outcome and output indicators rather than on results, suggest the existence of structural problems which lie at the very heart of the cohesion policy framework. Clearly, these are areas which require further action at EU level. Whilst it is difficult to conceive of how such problems may be addressed without completely revising the 2014-2020 cohesion policy framework, these issues can nonetheless provide useful food for thought in the discussions on the future of cohesion policy post-2020. The European Parliament will play a key role in this process and has been an active participant in discussions on poverty and social exclusion in recent years.

5. European Parliament

Parliament played an important role in ensuring that poverty and social exclusion remained firmly on the agenda during the negotiations on the cohesion policy package for 2014-2020. Its achievements in the previous legislature included successfully defending the Commission’s proposal to allocate a minimum of 20% of resources under the European Social Fund to social inclusion, as well as securing the inclusion of a clause in the Common Provisions Regulation guaranteeing that the share of the European Social Fund under the total cohesion policy budget would be no lower than the level in 2007-2013. It also managed to increase to five the number of European Social Fund investment priorities that Member States are able to select for operational programmes in 2014-2020, and was instrumental in securing agreement on the 23.1% minimum allocation to the European Social Fund. Parliament was actively involved in the discussions on whether or not to continue the EU’s Food Distribution Programme for the most deprived, leading to the agreement of a deal with the Council in February 2012. Following further negotiations in 2013, the European Parliament voted to reject the Commission’s original proposal of €2.5 billion for the proposed

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Harnessing cohesion policy to tackle social exclusion

Fund for European Aid to the Most Deprived (FEAD), which would ultimately lead to a package worth €3.8 billion in real terms during 2014-2020, and made participation in the FEAD compulsory for all countries. In addition, the Council endorsed the European Parliament's proposal to make the FEAD fully operational from day one and to raise the FEAD's co-financing share up to 95% for all Member States suffering the impact of the crisis.

In recent years, the European Parliament has urged greater efforts to strengthen the social dimension of the European Semester, supporting the introduction of social and economic benchmarking and the inclusion of a social scoreboard in the Commission's Joint Employment Report. It has repeatedly called for an EU homelessness strategy, and highlighted its concerns about the EU's slow progress towards achieving its goals in the area of combating poverty and social exclusion. Its March 2015 resolution on the 'European Semester for economic and policy coordination: employment and social aspects in the Annual Growth Survey 2015' regretted the absence of any measures in the 2015 Annual Growth Survey and the Joint Employment Report aimed at meeting the Europe 2020 poverty reduction target, urging the Commission to continue to develop the social dimension and use the social scoreboard more widely and calling for urgent action to address child poverty and homelessness.

Parliament's November 2015 own-initiative resolution on cohesion policy and marginalised communities stressed the key role of cohesion policy for their inclusion, highlighting the importance of non-discrimination and of enforcing the partnership principle. It noted that funding should go beyond action under thematic objective nine and be used in a more integrated way (community-led local development (CLLD) or Integrated Territorial Investment (ITI)), stressing the need to boost stakeholder capacity. According to the European Parliament, EU-funded projects need a long-term perspective to be effective, while marginalised groups must take part in monitoring.

The November 2015 own-initiative resolution on 'Reducing inequalities with a special focus on child poverty' urged Member States to make a real commitment to developing policies to combat child poverty. It called on the Commission to establish a Europe 2020 sub-target on reducing child poverty and social exclusion and to include a child and youth focus in the European Semester, encouraging Member States to use ESIF resources to focus more on protecting families with children with health problems against poverty.

More recently, Parliament's April 2016 resolution on meeting the anti-poverty target in the light of increasing household costs called on the Member States to ensure the more efficient, targeted and more carefully monitored use of ESIF by national, regional and local authorities to tackle energy poverty, increasing living costs and social

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72 See European Parliament resolution of 22 October 2014 on the 'European Semester for economic and policy coordination: implementation of 2014 priorities' and European resolution of 25 November 2014 on 'Employment and social aspects of the Europe 2020 Strategy'.

73 European Parliament resolution of 11 March 2015 'European Semester for economic policy coordination: employment and social aspects of the Europe 2020 Strategy'.

74 European Parliament resolution of 24 November 2015 on cohesion policy and marginalised communities.

75 European Parliament resolution of 24 November 2015 on reducing inequalities with a special focus on child poverty.

76 European Parliament resolution of 14 April 2016 on meeting the anti-poverty target in the light of increasing household costs.
exclusion. It also invited the European Commission to carry out an impact assessment of minimum income schemes in the EU with a view to evaluating the manner and means of providing an adequate minimum income at Member State level above the poverty threshold of 60% of national median income in all Member States.

Having considered the European Parliament’s contribution to this debate, and the Member States’ long-term plans for using structural funds to tackle poverty, this paper will now examine the short-term outlook by examining the EU’s priorities for the year ahead, as set out in the 2016 Annual Growth Survey, in particular the attention given to the social domain, and in the 2016 Country Specific Recommendations.

6. The European Semester


The Annual Growth Survey has a key role to play in setting the EU agenda for the year ahead. The European Commission adopted the 2016 Annual Growth Survey on 26 November 2015, outlining the EU’s policy priorities for the year ahead and kick-starting the European Semester process for 2016. Noting that the economic and social priorities of the 2015 Annual Growth Survey remain valid, it identified three priorities to put the EU back on a stable course for recovery in 2016: re-launching investment, pursuing structural reforms and, lastly, responsible fiscal policies.

In the area of re-launching investment, the Commission stresses the need to continue improving the investment and regulatory environment at national and EU level and to complete the Banking Union to strengthen financial stability. It highlights the importance of pursuing structural reforms, noting that labour market policies should ensure greater flexibility as well as job security and concentrate on youth and long-term unemployment, with action also needed to establish product and services markets that are more competitive. In terms of responsible fiscal policies, meanwhile, the Commission considers there is a need to continue promoting growth and fiscal consolidation, and states that tax systems must address the disincentives to job creation, adding that social protection systems need to be modernised. While the 2016 Annual Growth Survey identifies work as the best way of limiting the risk of poverty and social exclusion, it also places renewed focus on social and employment aspects in the Macroeconomic Imbalances Procedure, through the introduction of three new indicators in the Alert Mechanism Report. It calls on Member States to promote more social investment in areas such as healthcare, childcare, housing support and rehabilitation services to improve people’s capacities to access the labour market and adapt to its needs. Social infrastructure should be sufficiently flexible to promote the active inclusion of people furthest away from the labour market.

6.1.1. The stakeholders’ view

The Social Platform, whilst recognising a number of positive aspects in the 2016 Annual Growth Survey, such as its acknowledgement of the importance of social investment and its calls for Member States to promote investments in healthcare,

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77 Annual Growth Survey 2016 - Strengthening the recovery and fostering convergence, European Commission, 2016.
78 Activity rate, youth unemployment, and long-term unemployment.
79 Annual Growth Survey 2016 - a missed opportunity for social policies.
childcare, housing and rehabilitation services, considers that the principle of 'making work pay' runs throughout the entire text. Highlighting that poverty and social exclusion is a multidimensional problem, it argues that it is both weak and wrong to assume that everything can be solved through employment. Despite welcoming the mention of social investment in the 2016 Annual Growth Survey, the European Semester Alliance\textsuperscript{80} pinpoints the continued emphasis on structural reforms, which often entail weaker employment protection laws and greater labour market flexibility, noting that Europe needs an integrated, active inclusion approach that goes beyond activation measures. In its opinion\textsuperscript{81} on the Annual Growth Survey 2016, the European Economic and Social Committee notes that the 2016 AGS contains much more in the way of social analysis, objectives and goals and argues that, alongside the boost to private investment mentioned by the Commission, the stagnant economy and labour market also requires an increase in domestic demand and substantial public investment. On a more general note, it stresses that the large number of people at risk of poverty or exclusion raises questions about the fulfilment of one of the Europe 2020 strategy’s major objectives.


Under the European Semester, the European Commission proposes a series of Country-specific Recommendations in May, which are endorsed by the European Council in June.\textsuperscript{82} These recommendations are important in the sense that they provide tailor-made policy advice to Member States in areas considered to be priorities for the next 12-18 months. Effectively, this means that Member States are given policy guidance before they start to finalise their draft budgets for the following year. They reflect the European Commission’s economic and social agenda and provide a good idea of the areas that the European Commission considers a priority for Member States in the year ahead, fields in which structural funds may also be used.

6.2.1. Country-specific Recommendations on Poverty and Social Exclusion

Eleven EU countries received Country-specific Recommendations for 2016 in the area of poverty and social exclusion, up from just six countries in 2015, with Commissioner Marianne Thyssen announcing\textsuperscript{83} that 'this year’s recommendations have a strong focus on social and employment issues’. Bulgaria was urged to reinforce and integrate social services and active labour market policies, especially for the long-term unemployed and young people not in employment, education or training, and to increase provision of quality education for disadvantaged groups, including Roma. The European Commission recommended that the country take action to enhance the efficiency of the health system by improving access, funding and health outcomes and to draw up guidelines and criteria for setting the minimum wage in consultation with social partners, and urged Bulgaria to increase the coverage and adequacy of its minimum income scheme. The European Commission called on the Czech Republic to take action to increase the inclusion of disadvantaged children, including Roma, in mainstream schools and kindergartens, and to remove the barriers preventing greater labour market participation by under-represented groups, especially women.

\textsuperscript{80} European Semester Alliance, \textit{Annual Growth Survey 2016}.

\textsuperscript{81} Opinion of the European Economic and Social Committee on the Annual Growth Survey 2016: Strengthening the recovery and fostering convergence.

\textsuperscript{82} European Semester 2016, Country-specific Recommendations.

\textsuperscript{83} Spring 2016 European Semester Package press release, 18 May 2016.
**Croatia** was called on to take appropriate up- and re-skilling measures to improve the employability of the working age population, focusing on the low-skilled and long-term unemployed, and to bolster social protection benefits by reducing special schemes, aligning eligibility criteria, integrating their administration and concentrating support on those in need. The Commission recommended that **Hungary** take action to facilitate the transition from the public works scheme to the labour market and to strengthen other active labour market policies. It urged Hungary to raise the quality and coverage of social assistance and unemployment benefits and to take action to improve educational results and increase the participation of disadvantaged groups, especially Roma, in inclusive mainstream education. In the case of **Ireland**, the Commission called on the country to expand and accelerate the implementation of activation policies to increase the work intensity of households and tackle the risk of children facing poverty, and to adopt measures to incentivise employment by gradually withdrawing benefits and additional payments. It also recommended improving access to quality affordable and full time childcare.

**Italy** was urged to carry out the reform of active labour market policies, in particular by making employment services more effective, and to facilitate the take-up of work for second earners, to adopt and deliver the national anti-poverty strategy and to streamline social spending. The European Commission recommended that **Latvia** improve the adequacy of social assistance benefits and increase measures to help recipients to find and remain in work, such as by expanding the coverage of activation measures. Other recommendations include accelerating the reform of the vocational education system, introducing a regulatory framework for, and increasing the number of, apprenticeship schemes and enhancing the accessibility and quality of healthcare. **Portugal** was called on to ensure the effective activation of the long-term unemployed, to coordinate employment and social services more effectively and to boost incentives for companies to hire staff under permanent contracts. **Romania** was urged to improve the National Employment Agency’s services for employers and jobseekers, especially by tailoring jobseeker profiles, linking them more closely to social services and targeting unregistered young people. Other recommended action includes establishing objective criteria for setting the minimum wage, taking action to tackle early school leaving and widen the provision of quality education, particularly among Roma, and adopting an equal pension age for men and women.

The European Commission called on **Slovakia** to improve activation measures for the long-term unemployed and other disadvantaged groups and to facilitate the employment of women, especially by providing more affordable and quality childcare as well as to increase the participation of Roma children in mainstream education from early childhood. **Spain**, meanwhile, was urged to take further measures to improve labour market integration, to enhance the coordination of regional employment services with social services and to address gaps and disparities in minimum income schemes and improve family support schemes, including access to quality child-care and long-term care.

**6.2.2. The stakeholders’ view**

In a press release84 issued in May 2016, the **EAPN** welcomes the increase in the number of CSRs focusing on poverty reduction and social inclusion, noting that the countries in

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84 European Anti-Poverty Network, Initial Response to Country-Specific Recommendations, 23 May 2016.
question are, by and large, those with the highest proportions of people in poverty, and praises the rise in the number of countries receiving CSRs on minimum income. It stresses, however, that the main focus of the CSRs 'continues to be on preserving responsible public finances, i.e. reducing public deficit and debt, requiring continued austerity', adding that this will undermine attempts to reduce poverty. While employment is a major focus, EAPN argues that little attention is given to integrated active inclusion or social investment, noting that the approach to social services focuses on modernisation rather than ensuring universal access for all.

Although appreciating the growth in the number of CSRs targeting poverty reduction, as well as the focus on inclusive and quality education for Roma children in the CSRs for Romania, Bulgaria, the Czech Republic, Hungary and Slovakia, Eurochild argues that the 2016 Country Specific Recommendations represent a 'missed opportunity to tackle increasing child poverty', with only one CSR specifically addressing child poverty (Ireland). In its view, the 2016 CSRs continue to be focused on fiscal adjustments, correcting deficits and increasing labour market participation.

Despite a greater emphasis on social investment and poverty reduction, the above overview shows that the stakeholders in question consider the 2016 Annual Growth Survey and the 2016 Country Specific Recommendations to fall short of what is needed to ensure greater progress towards social inclusion, with doubts remaining as to whether Member States will be able to deliver social investments and improve social protection systems at the same time as pursuing structural reforms entailing budget cuts. What is more, closer analysis suggests that the 2016 CSRs on poverty for some countries (Ireland and Hungary) have changed little since 2015. Not only does this point to a number of unresolved problem areas, such as an insufficient focus on social and poverty targets during 2015, a point raised in Caritas' assessment of CSR implementation in 2015, it reveals that no matter how laudable the poverty targets of CSRs may be on paper, they ultimately have little impact if countries fail to deliver on their ambitious goals.

7. Outlook

7.1. New opportunities under cohesion policy

The Europe 2020 Strategy built on the Lisbon Agenda through the development of a new social dimension, which is perhaps best illustrated by the inclusion of a new target to reduce poverty across the EU by 20 million people by 2020. The advent of the 2014-2020 programming period provided an opportunity to align the new cohesion policy framework more closely to the objectives of the Europe 2020 strategy by establishing 11 thematic objectives derived directly from the five headline targets of Europe 2020, one of which, thematic objective nine, deals directly with the issue of promoting social inclusion and combating poverty. This new architecture included a number of drivers such as result orientation, ex ante conditionality and thematic concentration to help ensure that ESIF funding is used as effectively as possible during 2014-2020, establishing a series of targets, conditions and minimum levels of ESIF resources in respect of the investment priorities set under the individual thematic objectives. Furthermore, the new cohesion policy framework has given a concrete form to the new social dimension of the

85 Eurochild, Missed Opportunity to Tackle Increasing Child Poverty, 23 May 2016.
Europe 2020 Strategy through the introduction of a requirement to ensure that European Social Fund funding accounts for at least 23.1% of each country's total ESIF allocation, thus helping to raise the profile of the social agenda. Similarly, at least 20% of all allocations under the European Social Fund must be earmarked towards promoting social inclusion, and the European Parliament staunchly defended both minimum percentage levels during often heated negotiations on the 2014-2020 cohesion policy package. This architecture has thus provided Member States with significant scope to harness cohesion policy for tackling social exclusion.

7.2. Partnership Agreements

The analysis of the Partnership Agreements of individual Member States reveals that the requirement to allocate at least 20% of European Social Fund resources to the promotion of social inclusion has been met by every single Member State, with some countries such as the Netherlands devoting as much as 70% of their European Social Fund resources to this investment priority. It is clear that a number of countries have made the most of the new opportunities to take advantage of the funding available for promoting social inclusion under the new cohesion policy framework. While, on average, Member States allocated 10.4% of their total ESIF resources to thematic objective nine, as many as ten Member States earmarked a higher percentage of their total ESIF allocation to achieving the objective of promoting social inclusion. The above overview of Partnership Agreements reveals that these countries will be focusing their EU-funded investments on areas such as active inclusion, social housing and health and supporting marginalised communities, all of which should be considered as positive developments on the road to achieving greater social inclusion in the European Union. The assessment of the Partnership Agreements set out in this document suggests that getting more people into work is considered by numerous Member States to be the most effective way of reducing poverty. While a number of countries focused on improving people's health and promoting active ageing, this is often in view of improving employment figures.

7.3. Operational programmes

The overview of the Operational Programmes identifies that Member States have allocated resources to a broad range of investment priorities under thematic objective nine. Active inclusion is a key area of focus in many Member States, both old and new, whereas other investment priorities, such as promoting the social economy, enhancing access to health care and social services, or ensuring the transition from institutional to community-based services, appear to be more popular among newer Member States, reflecting a clear difference in terms of priorities. While countries have generally fulfilled the ex ante conditionalities relating to such investment priorities as active inclusion or investing in health and social infrastructure (which require appropriate strategic policy frameworks) some stakeholders are unsatisfied with the quality of the planned measures, and question how much money will actually reach people in poverty. One issue that has recently emerged as a pressing concern in several countries, migration, was not always a priority when the operational programmes were drawn up, leading to renewed interest in how ESIF may be used to support migrants. The Commission has invited Member States to amend their operational programmes, and a number of countries have made appropriate changes, with more expected to follow.
7.4. European Semester

Whereas the cohesion policy framework allows Member States' to identify their long-term plans for using structural funds to address social exclusion, the European Union can play a key role in setting the short-term agenda for policy action through the European Semester and documents such as the Annual Growth Survey and Country-specific Recommendations. The 2016 Annual Growth Survey has placed renewed focus on social and employment aspects, calling on Member States to promote more social investment in areas such as healthcare and housing, while the 2016 Country-specific Recommendations have seen a marked increase in the number of countries receiving recommendations in the field of poverty and social exclusion. Yet, despite these positive developments, the 2016 European Semester appears to have maintained the previous year's focus on structural reform and tighter fiscal policies. As this necessarily involves budget cuts, it calls into question the extent to which it will be possible for Member States to invest in areas such as healthcare and housing support.

7.5. The limitations of cohesion policy

The cohesion policy framework requires further development, with a number of obstacles preventing vulnerable people across Europe from getting the support they need under the ESIF. This paper has identified seven limitations under cohesion policy with a detrimental impact on countries' progress towards tackling social exclusion: the low level of funding available under ESIF; the existence of complex procedures for accessing funding; a focus on outcome and output indicators rather than on results; the limited involvement of civil society organisations in programming; implementation and monitoring; a failure to identify key target groups; a focus on employment rather than on active inclusion; and a lack of coordination between ESIF measures and national strategies. While some of these issues may be tackled by improving procedures at national level, others are more structural in nature and may require EU level reform. Addressing these limitations alone will not resolve all of the problems in question. Instead, these findings should be seen as adding to the discussions on the future of cohesion policy post-2020 and act as a guide for policy-makers by pinpointing areas where improvements could be made.

It is too early to assess the extent to which the 2014-2020 cohesion policy has helped contribute to the process of tackling social exclusion. It is clear, however, that as structural funds account for such a high percentage of the public investment budget in many countries, especially the newer Member States, European structural and investment funds look set to play a key role in supporting action in this area. All Member States have exceeded the minimum allocation for social inclusion under the European Social Fund, and many of the countries eligible have allocated Cohesion Funding to supporting the shift to a low-carbon economy, thereby freeing up European Regional Development Fund resources for use in promoting social inclusion. Member States have harnessed the many opportunities available under the structural funds to tackle social exclusion, with their operational programmes allocating substantial amounts of funding to investment priorities under thematic objective nine. However, in light of the numerous challenges facing Europe, not least the migrant crisis, and the continued emphasis in the Annual Growth Survey on structural reforms, entailing further cuts to already tight budgets, it remains to be seen whether these measures will be sufficient to achieve Europe's ambitious goals in this field.
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Poverty and social exclusion can have a damaging effect on individuals' lives, with its impact on people's health and education often leading to a vicious circle of deprivation. To help break this dangerous cycle of poverty, the Europe 2020 Strategy set a headline target of taking at least 20 million people out of poverty and social exclusion by 2020.

The revision of the cohesion policy framework for 2014-2020 has strengthened support for the delivery of the Europe 2020 targets by aligning structural funds more closely to the strategy through thematic concentration, which focuses action on a limited number of targets, helping to optimise the use of EU funds where they can be most effective.

Cohesion policy can play a vital role in tackling social exclusion, with structural funds accounting for the majority of the public investment budget in many countries. The Partnership Agreements and Operational Programmes prepared by Member States in this context provide valuable insight into countries' plans for delivering social inclusion.