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Committee on Budgets

2011/0270(COD)

5.6.2012

OPINION

of the Committee on Budgets

for the Committee on Employment and Social Affairs

on the proposal for a regulation of the European Parliament and of the Council
on a European Union Programme for Social Change and Innovation
(COM(2011)0609 – C7-0318/2011 – 2011/0270(COD))

Rapporteur: Estelle Grelier

PA_Legam

SHORT JUSTIFICATION

Seeking to pursue the goals charted in the Europe 2020 strategy to combat unemployment and poverty, the Commission is proposing a 'Programme for Social Change and Innovation' that will serve to implement three of the flagship initiatives, namely 'Youth on the move', 'An agenda for new skills and jobs', and the 'European platform against poverty and social exclusion'.

The new programme, covering the period from 2014 to 2020, is intended to combine three instruments for the years 2007 to 2013: the Progress programme, EURES, and the European Progress Microfinance Facility, which has existed only since 2010.

By grouping these instruments together in this way, the Commission is attempting to achieve the goals of simplification implied in the 2014-2020 multiannual financial framework by making access to the schemes simpler for recipients, cutting red tape, standardising the financial rules, providing a high degree of flexibility as regards implementation, and facilitating synergies between the different strands of the programme and other EU programmes (including the European Social Fund).

Several articles in the Commission's proposed text have thus been drafted with simplification in mind.

Greater use of lump-sum or flat-rate financing options, for example, should help to lighten the administrative burden both for Commission managing departments and for recipients, especially where the implementation of mobility schemes is concerned.

Similarly, a 'one-stop shop' is to be set up in order to offer microfinance providers the necessary funding for microcredit, technical assistance, and the wherewithal for capacity building; this should enable them to do their job and develop more easily.

However, the fact that a single programme is to serve as the umbrella for the three systems that have existed to date, in which the aims, the ultimate recipients, the stakeholders, and the modes of operation are different in each case, could undermine the coherence of the proposal, make the machinery more unwieldy, and make synergy between the subprogrammes concerned here and other EU funds a more difficult goal to achieve. Some of the Commission's suggestions will therefore need further thought or more detailed examination if the programme is to be implemented in such a way as to afford the greatest possible benefit to the ultimate recipients and to intermediaries of whatever size.

Projects should be supported not so much according to their scale as to their European added value. 'Small' Union projects can generate real European added value, as the operation of the microfinance facility has shown.

The rapporteur for this opinion is proposing an allocation formula (to determine the percentage shares for the three subprogrammes) different from the initial Commission figures, but in line with the proposals of the main rapporteur, the object being to guarantee the necessary resources for each of the subprogrammes while allowing for their specific characteristics.

She also suggests that Commission administrative expenditure for programme management purposes should account for no more than 2% of the total appropriations.

She welcomes the 5% reserve, which will enable adjustments to be made annually according to policy priorities and changing needs, but considers that the budgetary authority (Parliament and the Council) must be allowed to exercise its prerogatives in the matter of implementation.

One question giving cause for disquiet is whether genuine synergy can be achieved between the Programme for Social Change and Innovation and other EU measures in the social sphere, especially those financed by the European Social Fund or encompassed within projects under the new 'Erasmus for All' and 'Fundamental rights and citizenship' programmes, in particular where gender equality and action against discrimination are concerned, both having been removed from the scope of the Progress subprogramme.

Particular attention must be brought to bear on assessment of the programme, especially when the Commission carries out the mid-term review in 2017, in order to determine what changes need to be made at the time of the 2018 budget procedure.

The rapporteur wishes to draw attention more specifically to the need to support and consolidate the microfinance facility, one of the innovative financial instruments that the Commission intends to implement in the 2014-2020 period. The needs of the unemployed (especially those who are far removed from the labour market), poor workers, and micro-entrepreneurs seeking to develop their business extend to financial services (microcredit, microcapital, and, wherever possible, microinsurance) and to back-up services. The Commission proposal does give access, to some extent, to financial services, but it has failed to provide the necessary link to back-up services, which in many cases are financed by the European Social Fund.

The programme must be made fully transparent; to that end, revenue and payments generated by a given financial instrument should, as the Commission is proposing, be reassigned to that instrument.

All in all, the Commission appears to be proposing, subject to verification, that the programme funding allocation should remain constant compared with the preceding period, on the understanding that the 'gender equality and discrimination' aspects will be dealt with in 2014-2020 under the 'Fundamental rights and citizenship' programme (heading 3). Given the state of play in the interinstitutional discussions on the next multiannual financial framework, the rapporteur suggests that the vote on the amount to be allocated to the programme be postponed until the general agreement on the 2014-2020 MFF has been concluded. However, in paragraph 163 of its resolution of 8 June 2011 entitled 'Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe', Parliament declared itself to be 'convinced that at least a 5% increase of resources is needed for the next MFF' 'compared with the 2013 level'. Proceeding from that premise, the programme will need to be provided with the means required for its proper implementation.

AMENDMENTS

The Committee on Budgets calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Draft legislative resolution Paragraph 1a (new)

Text proposed by the Commission

Amendment

1a. Points out that the financial envelope specified in the legislative proposal constitutes only a proposal to the budgetary authority and that it cannot be fixed until agreement is reached on the regulation on the Multiannual Financial Framework (MFF);

Justification

Amendment 2

Draft legislative resolution Paragraph 1b (new)

Text proposed by the Commission

Amendment

1b. Reiterates its position that sufficient additional resources are needed in the next MFF to enable the Union to fulfil its existing policy priorities and the new tasks provided for by the Treaty of Lisbon, notably social inclusion, as well as to respond to unforeseen events; points out that Parliament called in its resolution of 8 June 2011 on "Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe" for an increase in the level of resources for the next MFF of at least 5 % compared to the 2013 level; challenges the Council, if it does not share this approach, to clearly identify which of its political priorities or projects could be dropped altogether, despite their

proven European added value;

Justification

Amendment 3

Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) In line with the Europe 2020 Strategy, the Programme should pursue a coherent approach to promoting employment and combating social exclusion and poverty. Its implementation should be rationalised and simplified, notably through a set of common provisions including, inter *alia*, general objectives, typology of actions, monitoring and evaluation arrangements. The Programme should also focus on large projects with clear EU added value ***in order to reach critical mass and reduce administrative burden for both the beneficiaries and the Commission.*** In addition, greater use should be made of simplified cost options (lump-sum and flat-rate financing) in particular for the implementation of mobility schemes. The Programme should be a one-stop shop for microfinance providers, providing financing for micro-credit, capacity building and technical assistance. Lastly, the Programme should provide for budgetary flexibility through the establishment of a reserve to be allocated on an annual basis in order to respond to policy priorities.

Amendment

(5) In line with the Europe 2020 Strategy, the Programme should pursue a coherent approach to promoting employment and combating social exclusion and poverty. Its implementation should be rationalised and simplified, notably through a set of common provisions including, inter *alia*, general objectives, typology of actions, monitoring and evaluation arrangements. The Programme should also focus on ***small, medium and large projects alike*** with clear EU added value ***and equally support projects which would not be financed otherwise. It should aim to ensure that the administrative burden is at the lowest possible level for both the beneficiaries and the Commission.*** In addition, greater use should be made of simplified cost options (lump-sum and flat-rate financing) in particular for the implementation of mobility schemes. The Programme should be a one-stop shop for microfinance providers, providing financing for micro-credit, capacity building and technical assistance. Lastly, the Programme should provide for budgetary flexibility through the establishment of a reserve to be allocated on an annual basis, ***while fully respecting the prerogatives of the budgetary authority in the annual budget,*** in order to respond to policy ***priorities and shift funds between the axes of the Programme, if deemed to be appropriate.***

Justification

It should be emphasised that the reserve spending will be decided by the budgetary authority.

Amendment 4

Proposal for a regulation

Recital 14

Text proposed by the Commission

(14) Lack of access to credit is one of the main obstacles to business creation, especially among people furthest from the labour market. Union and national efforts in this area need to be stepped up in order to increase the supply of microfinance and meet demand from those who need it most, and in particular unemployed and vulnerable people who wish to start up or develop a micro-enterprise, including on a self-employed basis, but do not have access to credit. As a first step, in 2010 the European Parliament and the Council set up the Facility.

Amendment

(14) Lack of access to credit, ***equity or quasi equity*** is one of the main obstacles to business creation, especially among people furthest from the labour market. Union and national efforts in this area need to be stepped up in order to increase the supply of microfinance and meet demand from those who need it most, and in particular unemployed and vulnerable people who wish to start up or develop a micro-enterprise, including on a self-employed basis, but do not have access to credit. As a first step, in 2010 the European Parliament and the Council set up the Facility.

Amendment 5

Proposal for a regulation

Recital 16

Text proposed by the Commission

(16) Social enterprises ***are a cornerstone of*** Europe's pluralist social market economy. They can act as drivers of social change by offering innovative solutions, and therefore make a valuable contribution to meeting the objectives of the Europe 2020 Strategy. The programme should improve social enterprises' access to finance and thereby contribute to the Social Business Initiative launched by the Commission.

Amendment

(16) Social enterprises ***play a role in*** Europe's pluralist social market economy. They can act as drivers of social change by offering innovative solutions, and therefore make a valuable contribution to meeting the objectives of the Europe 2020 Strategy. The programme should improve social enterprises' access to finance and thereby contribute to the Social Business Initiative launched by the Commission.

Amendment 6

Proposal for a regulation Recital 18

Text proposed by the Commission

(18) Pursuant to Articles 8 and 10 of the Treaty, the Programme should support the mainstreaming of gender equality and anti-discrimination objectives in all its activities. Regular monitoring and evaluation should be carried out to assess the way in which gender equality and anti-discrimination issues are addressed in the Programme's activities.

Amendment

(18) Pursuant to Articles 8 and 10 of the Treaty, the Programme should support the mainstreaming of gender equality and anti-discrimination objectives in all its activities. Regular monitoring and evaluation should be carried out to assess the way in which gender equality and anti-discrimination issues are addressed in the Programme's activities ***and gender and anti-discrimination spending should be moved to the Rights and Citizenship Programme.***

Justification

The total figure of EUR 958m proposed in the draft regulation 2014 - 2020 does not appear to be significantly greater than the current expenditure of around EUR 932m for 2007 - 2013. However, that increase may be far more substantial as the current spending of EUR238m on Gender Equality & Antidiscrimination under the existing PROGRESS programme has been stripped out of the proposed new programme and moved to a different budget (Rights & Citizenship Programme) - this needs to be made clear.

Amendment 7

Proposal for a regulation Recital 22 a (new)

Text proposed by the Commission

Amendment

(22a) According to Parliament's resolution of 8 June 2011 "Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe"¹, "one of the great challenges facing the European Union is that of maintaining its competitiveness, increasing growth, combating high unemployment, focusing on properly functioning labour markets and on social conditions to improve

employment performance, promoting decent work, guarantee workers' rights throughout Europe as well as working conditions and reducing poverty";

¹ *Texts adopted, P7_TA(2011)0266.*

Amendment 8

Proposal for a regulation Article 1 – paragraph 1

Text proposed by the Commission

1. This Regulation establishes a European Union Programme for Social Change and Innovation (hereinafter ‘the Programme’) which aims to contribute to the implementation of the Europe 2020 Strategy, its headline targets and Integrated Guidelines by providing financial support for the European Union's objectives in terms of promoting a high level of employment, guaranteeing adequate social protection, combating social exclusion and poverty and improving working conditions.

Amendment

1. This Regulation establishes a European Union Programme for Social Change and Innovation (hereinafter ‘the Programme’) which aims to contribute to the implementation of the Europe 2020 Strategy, its headline targets, ***flagship initiatives*** and Integrated Guidelines by providing financial support for the European Union's objectives in terms of promoting a high level of employment, guaranteeing adequate social protection, combating social exclusion and poverty and improving working conditions.

Amendment 9

Proposal for a regulation Article 4 – paragraph 1 – point c

Text proposed by the Commission

c) Modernise Union law in line with the Smart Regulation principles and ensure that Union law on matters relating to working conditions is effectively applied;

Amendment

(c) Modernise Union law in line with the Smart Regulation principles and ensure that Union law on matters relating to working conditions is effectively applied, ***with due weight being given to the division of responsibilities between legislators and the social partners;***

Amendment 10

Proposal for a regulation
Article 4 – paragraph 1 – point c a (new)

Text proposed by the Commission

Amendment

(ca) Construct and promote systems and rules which support the development of the SME sector;

Amendment 11

Proposal for a regulation
Article 5 – paragraph 1

Text proposed by the Commission

Amendment

1. The ***financial appropriations*** for implementing the Programme over the period from 1 January 2014 to 31 December 2020 shall amount to EUR 958.19 million.

1. The ***prime reference financial envelope within the meaning of point [...] of the "Interinstitutional Agreement of .../... between the European Parliament, the Council and the Commission on cooperation in budgetary matters and sound financial management"*** for implementing the Programme over the period from 1 January 2014 to 31 December 2020 shall amount to EUR [958.19 million] ***in current prices***.

Justification

The financial envelope specified in the legislative proposal constitutes only an indication and can not be fixed until agreement is reached on the regulation on the Multiannual Financial Framework.

Amendment 12

Proposal for a regulation
Article 5 – paragraph 2 – subparagraph 2

Text proposed by the Commission

Amendment

The remaining 5% shall be apportioned among the axes on an annual basis ***in line with policy priorities***.

In order to make effective use of the funds and to enable the shifting of funds between the axes in line with policy priorities, the remaining 5 % shall be

apportioned among the axes on an annual basis ***while fully respecting the prerogatives of the budgetary authority in the annual budget.***

Justification

The decision on the use of the 5% margin shall be taken by the European Parliament and the Council.

Amendment 13

Proposal for a regulation

Article 5 – paragraph 2 – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

The indicative percentages may be modified for the second half of the programming period, following a mid-term evaluation of the Programme by the Commission, to be published in mid-2017.

Justification

As the concrete development in all three axes cannot be precisely forecasted until 2020, the overall allocation between the axes shall be reviewed in 2017.

Amendment 14

Proposal for a regulation

Article 6 – introductory sentence

Text proposed by the Commission

Amendment

The following types of actions may be financed under the Programme:

Does not affect the English version.

Justification

Linguistic correction in the French version.

Amendment 15

Proposal for a regulation
Article 6 – point 2 – point b

Text proposed by the Commission

(b) Council Presidency events, conferences and seminars;

Amendment

(b) **Only those** Council Presidency events, conferences and seminars **that directly correspond to the goals of the programme.**

Amendment 16

Proposal for a regulation
Article 6 – point 3 – point d

Text proposed by the Commission

(d) Networking and cooperation among specialist bodies, national, regional and local authorities, and employment services at European level;

Amendment

(d) Networking and cooperation among specialist bodies, national, regional and local authorities, **civil society** and **social partner organisations** and employment services at European level;

Amendment 17

Proposal for a regulation
Article 7

Text proposed by the Commission

Actions eligible under the Programme may be implemented jointly with other Union instruments, provided that such actions meet the objectives of both the Programme and the other instruments concerned.

Amendment

Actions eligible under the Programme may be implemented jointly with other Union instruments, provided that such actions meet the objectives of both the Programme and the other instruments concerned. **The Commission, in cooperation with the Member States, shall ensure that clear demarcation lines are established between interventions under other instruments (for example, the ESF or the ERDF) and the Programme in order to avoid support that overlaps and to ensure synergy.**

Amendment 18

Proposal for a regulation Article 8 – paragraph 1

Text proposed by the Commission

1. The Commission, in cooperation with the Member States, shall ensure that activities carried out under the Programme are consistent with, and complementary to other Union action, in particular under the European Social Fund (ESF) **and** in such areas as social dialogue, justice and fundamental rights, education, vocational training and youth policy, research and innovation, entrepreneurship, health, enlargement and external relations, and general economic policy.

Amendment

1. The Commission, in cooperation with the Member States, shall ensure that activities carried out under the Programme are consistent with, and complementary to other Union action, in particular under the European Social Fund (ESF), **especially in order to provide assistance to the beneficiaries of the microfinance facility. Consistency and complementarity shall also be ensured** in such areas as social dialogue, justice and fundamental rights, **notably through the multi annual programme 2014-2020 "Rights and Citizenship", in** education, vocational training and youth policy, **notably through the multi annual programme 2014-2020 "Erasmus for all", and in** research and innovation, entrepreneurship, health, enlargement and external relations, and general economic policy.

Justification

A social innovation approach to microfinance would strengthen the role of partnerships and strong linkages of microfinance institutions with providers of business development services, facilitate their integration in employment and social inclusion initiatives.

Amendment 19

Proposal for a regulation Article 13

Text proposed by the Commission

With a view to regular monitoring of the Programme and making any adjustments needed to its policy and funding priorities, the Commission shall draw up biennial monitoring reports and send them to the European Parliament and the Council.

Amendment

With a view to regular monitoring of the Programme and making any adjustments needed to its policy and funding priorities, the Commission shall draw up biennial monitoring reports and send them to the European Parliament and the Council.

Such reports shall cover the **Programme's results** and the extent to which gender equality and anti-discrimination considerations, including accessibility issues, have been addressed through its activities.

Such reports shall cover the **progress made in the implementation of the Programme, the results achieved** and the extent to which gender equality and anti-discrimination considerations, including accessibility issues, have been addressed through its activities.

Amendment 20

Proposal for a regulation Article 14 – paragraph 1

Text proposed by the Commission

1. A mid-term evaluation of the Programme shall be carried out **by the end of 2017** to measure progress made in meeting its objectives, to determine whether its resources have been used efficiently and to assess its Union added value.

Amendment

1. A mid-term evaluation of the Programme shall be carried out **by mid-2017** to measure progress made in meeting its objectives, to determine whether its resources have been used efficiently and to assess its Union added value. **The Commission may, on the basis of the evaluation, present a proposal on the transfer of appropriations between the Programme's axes.**

Justification

To be able to decide on changes to the Programme for the second half of the MFF as suggested in Amendment 3, the evaluation needs to be presented earlier than proposed by the Commission.

Amendment 21

Proposal for a regulation Article 22 – point 1 – point a

Text proposed by the Commission

a) persons who have lost or are at risk of losing their jobs, or who have difficulty in entering or re-entering the labour market, persons at risk of social exclusion and vulnerable persons who are in a disadvantaged position with regard to access to the conventional credit market

Amendment

(a) persons who have lost or are at risk of losing their jobs, or who have difficulty in entering or re-entering the labour market, persons at risk of social exclusion and vulnerable persons who are in a disadvantaged position with regard to **accessing** the conventional credit market **or**

and who wish to start up or develop their own micro-enterprises;

holding the necessary equity or semi-equity and who wish to start up or develop their own micro-enterprises;

Amendment 22

Proposal for a regulation Article 23 – paragraph 3

Text proposed by the Commission

3. Public and private bodies that carry out activities as referred to in paragraph 1(a) shall adhere to high standards concerning governance, management and customer protection in line with the principles of the European Code of Good Conduct for Microcredit Provision and shall seek to prevent persons and undertakings from becoming over-indebted.

Amendment

3. Public and private bodies that carry out activities as referred to in paragraph 1(a) shall adhere to high standards concerning governance, management and customer protection in line with the principles of the European Code of Good Conduct for Microcredit Provision, ***and access to equity or quasi equity***, and shall seek to prevent persons and undertakings from becoming over-indebted.

Amendment 23

Proposal for a regulation Article 25 – Paragraph 3

Text proposed by the Commission

3. In accordance with ***Article 18(2)*** of the Financial Regulation, revenues and payments generated by one financial instrument shall be assigned to that financial instrument. For financial instruments already set up in the previous multiannual financial framework, revenues and payments generated by operations started in the previous period shall be assigned to the financial instrument in the current period.

Amendment

3. In accordance with ***the relevant provisions*** of the Financial Regulation, revenues and payments generated by one financial instrument shall be assigned to that financial instrument, ***as long as that financial instrument is in place***. For financial instruments already set up in the previous multiannual financial framework, revenues and payments generated by operations started in the previous period shall be assigned to the financial instrument in the current period.

PROCEDURE

Title	EU Programme for Social Change and Innovation
References	COM(2011)0609 – C7-0318/2011 – 2011/0270(COD)
Committee responsible Date announced in plenary	EMPL 25.10.2011
Opinion by Date announced in plenary	BUDG 25.10.2011
Rapporteur Date appointed	Estelle Grelier 6.2.2012
Date adopted	31.5.2012
Result of final vote	+: 25 –: 3 0: 0
Members present for the final vote	Richard Ashworth, Francesca Balzani, Zuzana Brzobohatá, Jean-Luc Dehaene, Göran Färm, José Manuel Fernandes, Salvador Garriga Polledo, Jens Geier, Lucas Hartong, Jutta Haug, Sidonia Elżbieta Jędrzejewska, Ivailo Kalfin, Sergej Kozlik, Jan Kozłowski, Alain Lamassoure, Giovanni La Via, Claudio Morganti, Juan Andrés Naranjo Escobar, Nadezhda Neynsky, Dominique Riquet, Alda Sousa, László Surján, Jacek Włosowicz
Substitute(s) present for the final vote	Alexander Alvaro, Jürgen Klute, Paul Rübig, Peter Šťastný, Gianluca Susta