



## The proposed EU Multiannual Financial Framework and Cohesion Policy 2014-2020: ETUC position and call for consultation

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### **Foreword**

On the **26 June 2011** the Commission issued **the proposal on “A Budget for Europe 2020”**, defining the new EU financial perspectives for the period from 2014 to 2020. On the **6 October** the Commission published its proposals for **the Regulation** covering all the EU structural instruments and the legislative package of EU regional, employment and social policy for 2014-2020.

These proposals have been submitted to a **Structured Dialogue with civil society and stakeholders** (associations of local public authorities, NGOs, social partners, citizens...). This procedure should be concluded by the end of the year and **in January 2012 the Commission should issue the last proposals’ package**, to be submitted to the EU Parliament, the Council, the Committee of Regions and the Economic and Social Committee.

The ETUC deepened the discussion with the affiliates on the Commission’s proposals in the last months, in the **Economic and Social Cohesion Working Group** and in the **Executive Committee in October**, also on the basis of the last EC’s Resolution adopted on 8 and 9 March 2011.

The Executive Committee on the 19-20.10.2011 produced a **Discussion Note** on this issue, that is a background document for this draft Resolution.

### **The economic context**

To carry out an adequate analysis of the new European financial perspectives we can’t avoid considering **the general context of deep economic crisis**, which has radically changed the premises upon which the Europe 2020 Strategy was based.

**The goals and instruments contained in the Europe 2020 Strategy, which are fundamentally positive, must be better focused and adapted to the altered situation.** This should be done within the framework of a regulated and inclusive labour market, one that offers European citizens opportunities for quality and stable jobs in line with the skills they have acquired.

**Structural Funds are not sufficient, on their own, to tackle the crisis.** Europe needs **different Economic Governance**: one based on investments, solidarity and social integration instead of blind austerity. **The EU Budget has to be reformed according to these principles.**

## ETUC position and call for consultation

### Partnership principle and consultation of social partners

1. The ETUC asks the Commission for a **formal consultation, reserved for social partners, on the whole proposed new EU budget and Regulations of the Structural Funds**, because the extraordinary context of the economic crisis requires a proper involvement of social partners and greater than in the past, in addition to the Structured Dialogue already launched by the Commission with the larger civil society. **The Social Partners in fact hold a high level of representativeness between employers and employees** and could bring a strong contribution in defining objectives and achieving results of the cohesion policies.
2. The ETUC believes that the partnership principle has a key role to play in ensuring that measures related to the EU Structural Funds function properly. **The Structural Fund Regulations need to clearly define the partnership principle** instead of merely referring to "current national rules and practices", while at the same time **clearly defining the role of each partner at national, regional and local level.**
3. **Social partners must have access to technical assistance** in order to ensure not only the strengthening of their capacities but also their **coordination and representation in the ad hoc committees and decision-making procedures**, which define and implement the Operational Programmes, at all levels.
4. The current way of consulting social partners together with Member States in the ESF Committee could be a good basis for extending it to all Funds. **A permanent tripartite Committee (EU Commission, MS, social partners) concerning the whole Structural Funds** has to be set up, preserving at the same time **the ESF Committee in the existing form.**

### Incomes, fiscal measures and budget's amount

5. The ETUC welcomes, in principle, the Commission's proposals for an FTT and a harmonised European VAT. However there is concern that the EC proposes that revenues raised from an FTT should be used to offset member states' contributions rather than to fund investment. This would undermine the initial objectives of the ETUC campaign calling for an FTT. **The Commission's proposed FTT would strike at the financial speculators, but would not gather additional resources to support sustainable development and economic growth.**
6. There is the possibility that the FTT would not be approved in the European Council, or that it could be approved with a reduced scope. **In this case it would be very important to assure that the whole EU budget would not be cut.**
7. **Under the Commission's proposal, the total amount of the EU budget would, in any event, be decreased despite the introduction of the FTT and the increase of European Social Fund.** The ETUC has previously requested an increase in the EU budget and our first priority is to, at least, preserve it at its current level. The position of some Member States that are seeking to **freeze the EU budget and reduce the amount of the**

**Structural Funds is worrying and unacceptable**, especially in the current economic context.

8. In any **harmonised European VAT** it would be important that Member State **specific zero-rates and exemptions are retained** (e.g. the UK exemption on food).
9. The ETUC supports **the proposals, which aim to introduce Eurobonds and Euro Project Bonds**. These tools would be useful not only to address public debts, but also to improve investments and economic and social cohesion.

**Social priorities, European Social Fund, European Globalization and Adjustment Fund**

10. **The EU budget has to be strengthened especially in the chapters supporting economic growth, social cohesion, education and training, innovation, green economy and sustainable development, at national and regional level.** Cohesion policy is not just about reducing disparities between regions, although this must remain a key objective. It must also be about promoting a society enjoying full employment, equal opportunities, social integration, thereby generally strengthening the European Social Model. **These are the priorities on which the new EU budget should be focused.**
11. **The European Social Fund should be the instrument of choice for supporting the implementation of the European Employment Strategy** and it must retain this role within the Europe 2020 Strategy. In the current exceptional context, the ESF must also be focused on **fighting the economic crisis and on protecting workers and the most disadvantaged citizens from its effects.** Concretely it must provide **support to the people who have lost their jobs and need to be integrated in the labour market.**
12. **The ESF should also become an instrument in promoting decent work.** Mobility should be supported by ensuring **the concept of “fair mobility”**, fighting social dumping, ensuring that labour standards and legal requirements are always fully respected. In order to exclude the disadvantages of mobility, jobseekers and mobile workers must be comprehensively **informed and advised.**
13. **The European Regional Development Fund and the European Social Fund must particularly support the challenges of the structural change the process of “Greening the Economy” will bring along.** The ESF has to support workers whose qualifications have to be changed or who lost their jobs and need to be reintegrated in the labour market.
14. **In the ETUC’s opinion, the ESF is not the proper tool to address fight against poverty and food aid**, as proposed by the Commission. These objectives could be better achieved by the ERDF.
15. **The ETUC considers that the European Globalization and Adjustment Fund must be included in the ESF**, in order to better focus on unemployment and to facilitate its use, as to ensure the same coherence between the principles of both Funds, above all concerning partnership and involvement of the trade unions. **The ETUC does not support the inclusion of unemployed farmers within the scope of this fund, either by allocating the bulk of the fund, or even its management, to the agricultural sector.** The Common Agricultural Policy and the “new reserve for crises” in agriculture can provide support for the farming industry more efficiently.

### *Territorial dimension and categories of regions*

16. As it is already the case in the current programming period, the regions would benefit from differentiated support depending on their level of economic development. **However that level should not be measured only on the basis of per capita GDP. Other criteria also need to be taken into account**, including unemployment rates, employment and activity rates, skill levels, poverty rates, and the level of well-being and social inclusion as well as the rate of school-leaving. Furthermore, **the concept of “region” should be assessed carefully and to as local a level as possible**: some regions could appear by most measures to be relatively prosperous (by GDP per capita) but could hide pockets of extreme deprivation.
17. **Regarding the introduction of a new category of “transition” regions**, with an average GDP per head between 75% and 90%, we can accept this measure only if it does **not undermine the level of resources allocated to the less developed regions’ category**.
18. **Regions with specific geographic or demographic disadvantages need more specific support**. This is especially the case where regions on the EU's outer borders, the northernmost regions, island regions or mountainous regions are involved.
19. The cohesion policy's **current Objective 3 referring to cross-border, transnational and interregional cooperation needs to be reinforced**. Macro-regional strategies also need to be sustained. In addition, **the border regions and the Euroregions**, with their increasingly prominent role in the context of the current programming period, must be supported and need to be able to count on the participation of social partners in decision-making bodies and in the implementation of set targets.

### *Procedures, coordination, performances*

20. The ETUC shares the opinion that there is a need to **better coordinate the funds and to improve the evaluation, performance and results of their use**. The ETUC supports also all the measures that aim to **reduce and focus the priorities** of the Structural Funds, to **reduce bureaucratic constraints, to speed up expenditure**.
21. **Performance indicators need, therefore, to be defined, but it is also important to have both quantitative and qualitative criteria**. This includes the evaluation of the results in terms of the efficiency of the measures taken, the quality of the jobs created, and the list of the positive measures implemented to ensure social inclusion.
22. **The ETUC would, however, have serious reservations about an approach linking the granting of social-oriented funds only to results**, especially where "results" are defined in a narrow way. Looking at employment policy and, more broadly, social policies, **long-term and qualitative aspects** are vitally important. Moreover, if the granting of funds is linked to achieving immediate results, this runs **the risk that those who are furthest from the labour market** – and therefore least likely to achieve “positive” results – **will have less or no access to these funds**.

### Member States' agreements and conditionalities, co-financing rules

23. The ETUC is interested in discussing, together with other social partners, the new agreements between the Commission and MS on the conditions regarding the use of the EU funds. **The conditionalities should certainly focus on selected and efficient objectives, but must not be punitive to the less developed MS and have to be finalized to sustain economic and employment growth and social cohesion.**
  
24. **Above all, the ETUC strongly rejects the Commission's proposal concerning the application of financial sanctions and incentives on Structural Funds, linked to the Stability and Growth Pact.** These sanctions would penalize already weak Member States, regions and localities. Moreover, European solidarity, which is still not developed enough, would be jeopardised as a result of failures to respect macro-economic commitments. The result would be the impoverishment of the people of the European Union and thus **contrary to the basic principles of economic, social and territorial cohesion policy as reaffirmed in the Lisbon Treaty.**
  
25. The problem of the low use of EU resources by MS must also be addressed, by analysing the real reasons for it and identifying **tools and incentives to increase spending.** It would be useful to **adapt the spending rules to the economic crisis and unemployment crisis, by temporarily reducing co-funding obligations for the less developed countries.** The ETUC also asks for a stronger involvement of social partners in the discussion about this "flexibility" in spending Structural Funds in the crisis context.
  
26. **EU finance for infrastructure projects,** including through project bonds, should be subject to the same rules as the structural funds to prevent any windfall profits for private companies and to ensure that the money is invested to deliver also **the social, economic and environmental objectives.** Where **public procurement** is used in project delivery awards should not be on the basis of 'lowest price' and should include social and environmental criteria.