

Brussels, 10 December 2024

Next EU budget needs to prioritise Cohesion Policy and social investments

As the new European Commission sets out to design the next long-term EU budget, the EU is facing many converging crises. As we deal with the aftermath of the COVID-19 pandemic, the ongoing Russian war in Ukraine, and the continuing cost of living crisis resulting in 95 million people, including 20 million children, at risk of poverty in the EU, now is the time for more investment in social cohesion.

Social Platform represents civil society organisations, social economy actors including non-for-profit social service providers, many of which provide vital services to people across the EU supported by cohesion policy. This includes organisations supporting families, children, young and older people, women, LGBTI people, people with disabilities, people with chronic health conditions, Roma and undocumented migrants across every Member State.

Cohesion policy is about economic and social convergence and equality of opportunities for all people in the EU. As we see a dominant narrative arguing that competitiveness should be the EU's primary objective, we wish to stress that increasing the social cohesion in the EU is a prerequisite to increasing competitiveness. As highlighted by the Draghi report¹, increasing investment is the key to improved competitiveness, not the lowering of social standards. Europe's future competitiveness is also dependent upon tapping into the potential of all its territories and people, as highlighted by the report of the Group of High-Level Specialists on the Future of Cohesion Policy², and the strengthening of the European social model.

To achieve this goal, the successor of the **European Social Fund Plus (ESF+)** should remain a standalone instrument for supporting the Member States, people and regions in strengthening the social dimension of the Union. It has a strong history of addressing poverty, social and regional imbalances across the EU. The EU is currently not on track to meet its 2030 target of reducing the number of people at risk of poverty by 15 million, including 5 million children. Yet poverty has only decreased by 1.6 million since the target was adopted in the European Pillar of Social Rights Action Plan in 2021, and shockingly child poverty has actually increased since 2021.³ The ESF+ has the potential to catalyse social structural reforms. Therefore, ensuring sufficient EU funding in social cohesion through the next Multiannual Financial Framework (MFF) will be crucial if we are to achieve these modest targets and to move towards the eradication of poverty and ensure the availability, affordability and accessibility of quality social and support services.

¹ The future of european competitiveness – a competitiveness strategy for europe, Mario Draghi, 9 September p. 15.

² Cohesion for a competitive and inclusive Europe: report of the High-Level Group on the Future of Cohesion Policy, February 2024, p. 5.

³ Figures provided by DG EMPL at the Employment and Social Developments in Europe conference, 21 November 2024.



In this context, we would be concerned by any potential proposal to decrease funding and split or merge the ESF+ with other funds as this would dilute its impact, hinder its monitoring by stakeholders, and prevent further progress on poverty reduction and social inclusion. In her political guidelines, European Commission President Ursula von der Leyen has pledged that this will be an Investment Commission, and the mission letter to Commissioner for Budget Piotr Serafin calls for a simpler, more focused and responsive budget delivering on EU priorities.

Simplification can be beneficial if it allows for greater funding to reach civil society organisations providing vital services on-the-ground across the EU, as accessibility and administrative burdens remain an issue for grassroots organisations. Capacity building for local authorities can help achieve greater absorption rates. Yet any move towards simplification or flexibility should not allow cohesion policy funds to be redirected from social cohesion to other priorities. We are concerned that a move to a policy or performance-based budget could risk cohesion policy funds being diverted to activities which do not further social or territorial cohesion and a centralisation of decision-making. We must respect the principles of solidarity and subsidiarity and ensure regional and local authorities and civil society are included in the design, implementation and monitoring of programmes.

We also warn strongly against any plans which eradicate the **enabling conditions** for the funds in the Common Provisions Regulation, and a move towards less conditionality on how Member States use the funding. Enabling conditions should not be a box-ticking exercise, but a means to increase accountability of Member States and the impact of the funds. The allocation of EU funds should be tied to specific enabling conditions linked to social protection systems and support given to vulnerable groups; and to specific guarantees regarding the meaningful involvement of civil society organisations in the monitoring.

Following the adoption of the new fiscal rules, Member States have limited fiscal space to meet their green and social investment needs, and we risk a return to austerity. Industrial and climate change-related reforms must include a social impact assessment and appropriate measures to mitigate negative consequences for vulnerable populations. A targeted EU-coordinated approach that ensures sufficient public investment capacity is the only way to close growing investment gaps that prevent us from achieving a just transition, reaching our climate targets, and increasing social convergence. It is vital that the EU also explores new Own Resources to ensure sufficient and sustainable financing for our investment needs.

We agree that we need an Investment Commission. Yet this must be one which ensures that we address the social crises we are facing and make meaningful, long-term social investments in tackling poverty, supporting quality jobs, and improving social rights.

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Social Platform is the largest, leading network of European civil society organisations working for a more social Europe. We represent the interests of European social civil society organisations and people in all their diversity, including those in the most vulnerable situations. We also represent social economy actors and not-for-profit social service providers who support millions of people in their day-to-day lives. Social Platform acknowledges the financial support of the European Commission's Citizens, Equality, Rights and Values Programme (CERV) programme.