

**Analysis of the social dimension of Next Generation EU and the revised 2021-2027 EU Budget  
and related Recommendations**

**- June 2020 -**

Social Platform welcomes the proposal for a Next Generation EU to strengthen healthcare systems, to protect the economy, businesses and workers in the aftermath of the pandemic, as well as strategic and forward-looking investments to drive and support the digital and green transitions.

However, the social dimension should be strongly embedded, to make sure that these transitions do not exclude anyone, in particular the most vulnerable.

Below is our analysis showing that the investments foreseen, and the approach taken will not be sufficient to mitigate the social consequences of the current crisis.

The table in the annex includes recommendations.

**1. The Commission's proposals for the 2021-2027 EU Budget and for Next Generation EU**

In the whole package, with the exception for ESF+, the measures foreseen are mainly employment related, with a strong accent on passive measures. Employment alone cannot tackle social exclusion and poverty. The proposal presents a cut to ESF+ by 3,5 billion € compared to the 2018 Commission's proposal, which was already well below the current amounts of the Funds that will be merged in ESF+. It is positive that the 25% earmarking for social inclusion has been kept and that a new 5% earmarking for child poverty has been added, however earmarking does not increase the budget. Although REACT-EU tops-up the European Social Fund, the European Regional and Development Fund and the Fund for European Aid for the Most Deprived, the figures broken down by Fund and by Member State are not known. While we fully understand the necessity of having room for flexibility and anti-crisis measures, the possibility not to respect the earmarking and ex-ante conditionalities might lead to further disinvestment in social inclusion and fighting poverty.

***This Commission's proposal does therefore not foresee sufficient measures and funding to tackle the current social crisis and to build inclusive societies.***

We recommend that:

- the three EU institutions renegotiate the figures to increase the budget for ESF+ to equip the EU and Member States to tackle the social consequences of the current social crisis and to promote long-term investments necessary to ensure social cohesion
- the European Parliament and the main stakeholders are associated with the Council of the EU in defining the exceptional circumstances that would justify a non-respect of the earmarking for social inclusion, material deprivation and child poverty, and of ex-ante conditionalities

## **2. Recognition of and support to civil society**

The above mentioned cuts and the 20% reduction of the Rights and Values programme are going to put extreme pressure on the social sector, as well as human rights organisations, contributing to losing jobs. The Rights and Values Programme aims at protecting and promoting rights and values as enshrined in the EU Treaties and in the EU Charter of Fundamental Rights, including by supporting civil society organisations. In the context of the COVID-19 pandemic, the essential function of the social sector of civil society in responding to recovery measures, including access to essential quality services and living in dignity, ensuring the protection of peoples' rights, and acting as a watchdog when it comes to anti-discrimination, protection of the environment and respect of the rule of law, must be ensured.

Ambitious goals cannot be effective without adequate financial resources. It is also necessary to ensure continuity of funding between the two programming periods.

***The essential role that civil society plays in the response to social challenges, as a major employer and a watchdog, is therefore not recognised and supported enough.***

We recommend that the three EU institutions renegotiate the overall figures to increase the budget of the Rights and Citizens programme to allow achieving the objectives that were strengthened by the European Parliament and the Council of the EU.

## **3. Processes envisaged to adopt the new measures**

Social Platform fully understands the need to adopt measures aimed to disbursing additional resources for 2020-2022 as early as possible. However, it will not be acceptable to use accelerated procedures that would impede the European Parliament, the only elected institution, and the Council of the EU, including the EPSCO Council, from expressing their views, especially on the post 2020 measures. The revision of the EU Budget and REACT-EU have an impact on legislative texts on which the Parliament and the Council adopted their positions; thus, that the processes should be clarified to guarantee the respect of the procedures.

The main stakeholders have been completely excluded from this process, too. The programming of the European Structural and Investment Funds has already started. In the absence of agreed legislative texts, this raises serious questions about the legitimacy and accountability of Member States' decisions concerning their funding priorities, also because the implementation of the partnership principle is basically not practical.

***The current processes do therefore not strike the right balance between ensuring a rapid response and enabling democratic and accountable decision-making.***

We recommend that the accelerated procedures that might be envisaged allow the three EU institutions to negotiate on equal footing, taking into account the positions previously adopted. We also recommend consulting the main stakeholders as much as possible.

## Annex: Analysis of the legislative proposals

<b>ESF+ (amended COM proposal for regulation on ESF+ - COM (2020) 447</b>		
<b>Positive aspects</b>	<b>What looks problematic</b>	<b>Recommendations</b>
<ul style="list-style-type: none"> <li>• 5% earmarking for child poverty added</li> <li>• 25% earmarking for social inclusion kept</li> <li>• 2% earmarking for material deprivation kept</li> <li>• Increased earmarking for NEETS in the MS where it is needed</li> <li>• New thematic objective: MS can propose a new operational programme on fostering crisis repair in the context of COVID-19 and preparing a green, digital and resilient recovery of the economy</li> </ul>	<ul style="list-style-type: none"> <li>• In the 2018 Commission proposals, the figures were already below the amounts set for the ESF, FEAD, EaSI, YEI and the Health programme in the 2014-2020 period</li> <li>• Having taken out the Health strand, ESF+ has been cut by € 3.428.718.000 compared to the 2018 Commission's proposal</li> <li>• The Commission did not take into account the European Parliament resolution, which increased the budget by about €20 Billion, compensating this initial cut and adding €6 Billion for the Child Guarantee</li> <li>• The earmarking of 5% for child poverty is very positive, but it does not add resources</li> <li>• The Commission's latest ESF+ proposal will earmark about €8 Billion to youth employment. Whilst an improvement on the Commission's 2018 ESF+ proposal, it remains less than the €8.8 billion currently available in the Youth Employment Initiative</li> <li>• In case of exceptional circumstances, the possibility not to respect the earmarking on social inclusion, child poverty and material deprivation is worrying</li> <li>• In case of exceptional circumstances, too much focus is put on passive labour market measures</li> </ul>	<ul style="list-style-type: none"> <li>• Renegotiate overall figures with EP and Council to increase them</li> <li>• Take into account the EP's position</li> <li>• The EP and main stakeholders should be associated in defining the exceptional circumstances, especially if a reduction of thematic concentration is invoked</li> <li>• The non-respect of the earmarking for social inclusion, child poverty and material deprivation should not be applicable in case levels of poverty and social exclusion increase in the MS concerned</li> <li>• In case of exceptional circumstances, passive labour market measures should be coupled with active ones, as much as possible</li> <li>• Implement in a meaningful way the partnership principle along the full programme cycle. It is proven that programmes respecting the partnership principle are more effective and better targeted to the actual needs on the ground</li> </ul>
<b>REACT-EU - COM (2020) 451 (amendment to the Common Provisions Regulation)</b>		
<b>Positive aspects</b>	<b>What looks problematic</b>	<b>Recommendations</b>
<ul style="list-style-type: none"> <li>• Increased resources for a fast response to</li> </ul>	<ul style="list-style-type: none"> <li>• Most measures are employment related,</li> </ul>	<ul style="list-style-type: none"> <li>• MS should consult the main stakeholders in a</li> </ul>

<p>tackle the current crisis and new emergency situations that might arise</p> <ul style="list-style-type: none"> <li>• Amounts allocated to YEI shall not be affected in case thematic concentration is suspended due to exceptional circumstances</li> <li>• Commission may apply a co-financing rate of up to 100% to operational programmes related to the new thematic objective</li> <li>• Access to services is mentioned, alongside employment related measures</li> </ul>	<p>except for access to services. There is no measure to foster social inclusion, with the exception of the FEAD measures, whose top-up is voluntary and limited in scope</p> <ul style="list-style-type: none"> <li>• There is no clarity about the figures of the allocations broken down by country and Fund</li> <li>• Requirements on thematic concentration and ex-ante conditionalities shall not apply to the additional resources, leaving room to MS to decrease investments in social inclusion, fighting poverty and child poverty, as well as to invest in new segregated institutional care</li> <li>• The method used to allocate the additional resources among MS is based on the criteria of GDP, unemployment and youth unemployment. No criteria on poverty or other social criteria</li> <li>• The top-up is just until 2022 and under current programmes, while no top up for the programmes 2021-2027 will be provided. All REACT-EU resources have to be spent and accounted until 2023 (which will be difficult for many managing authorities)</li> <li>• The exceptional circumstances are triggered by Council unilateral decision, with no checks and balances</li> </ul>	<p>compulsory way, when taking the decision of transferring resources from ERDF to ESF and vice versa</p> <ul style="list-style-type: none"> <li>• Explain why ex-ante conditionalities should not apply to the additional resources</li> <li>• Expand the scope of the measures that could be taken in exceptional circumstances, to include income support for people who cannot work or are not in working age, active inclusion and active labour market measures, housing support, support to victims of domestic violence and abuse, and to people working in the shadow economy, including migrants. The EP and main stakeholders should be associated in defining the exceptional circumstances, especially if a reduction of thematic concentration is invoked</li> <li>• The non-respect of the earmarking for social inclusion and material deprivation should not be applicable in case levels of poverty and social exclusion increase in the MS concerned</li> <li>• Long-term social problems can be tackled more strategically through the “normal” ESF+</li> </ul>
<b>Amendments to 2018 COM proposal on CPR – COM (2020) 450</b>		
<b>Positive aspects</b>	<b>What looks problematic</b>	<b>Recommendations</b>
<ul style="list-style-type: none"> <li>• Possibility to give more flexibility to transfer the resources from one</li> </ul>	<ul style="list-style-type: none"> <li>• Who is going to check if a MS transfers too much funding from one Fund to</li> </ul>	<ul style="list-style-type: none"> <li>• Associate the main stakeholders in this decision and allow the EP</li> </ul>

Fund to the other, in case need be.	the other, in a way that jeopardises the capacity to support still some important priorities?	to intervene, in case transfers are not justified or balanced
<b>Amendments to 2018 Commission’s proposal for MFF – COM (2020) 443 and annex</b>		
<b>Positive aspects</b>	<b>What looks problematic</b>	<b>Recommendations</b>
	The new European Commission’s MFF proposal for the Justice Rights and Values Fund (2020) would mean the Rights and Values Programme would be cut by over 20 per cent compared to the already low figure proposed by the Commission in 2018. The programme was €947 million in the original proposal in 2018 with the current proposal being €677 million in 2018 prices. The Rights and Values Programme aims at protecting and promoting rights and values as enshrined in the EU Treaties and in the EU Charter of Fundamental Rights, including by supporting civil society organisations. Very ambitious goals cannot be effective without adequate financial resources.	There is an agreement between the 3 institutions on the Programme, which expanded its scope. It is not realistic to expand the scope with a decreased budget. The budget should be significantly increased for the Rights and Values to at least €500 million: one EUR per EU citizen.

Social Platform is the largest civil society alliance fighting for social justice and participatory democracy in Europe. Consisting of 48 pan-European networks of NGOs, we campaign to ensure that EU policies are developed in partnership with the people they affect, respecting fundamental rights, promoting solidarity and improving lives. Social Platform acknowledges the financial support of the European Commission’s ‘Europe for Citizens’ programme, managed by the Education, Audiovisual and Culture Executive Agency (EACEA).