



REVES Position Paper

European Cohesion Policy 2021-2027 and related legislative proposals

Intro and general considerations

REVES aisbl, the European Network of Cities and Regions for the Social Economy, is the unique European network that brings together local authorities and social economy organisations from 17 EU Member States. REVES members act together in order to promote social and solidarity economy, for a fairer, inclusive, participative and responsible society. In this context, partnership between local authorities and social economy is considered a driving force to build sustainable local communities and contribute, at the same time, to strengthen solidarity and responsible citizenship also at EU level.

REVES is part of the European Cohesion Alliance.

REVES is fully aware of the circumstances in which the new Commission proposals for 2021-2027 Common Provisions Regulation (CPR) and European Cohesion Policy 2021-2027 have been conceived.

It therefore welcomes the intention to let Cohesion Policy remain a main cornerstone of Europe and increase its impact.

We appreciate a number of elements put forward in the different draft regulations. Among them figure the recognition of the importance to involve local players in preparation and implementation of the different programmes and the maintenance of place-based approaches such as CLLD or Integrated Territorial Investment. The partnership principle has been taken up again. There seems to be a willingness to foster (social) innovation. Efforts have been made to further reduce administrative burden.

All these elements could – if well implemented and backed, where necessary for a correct implementation, by appropriate (delegated) acts – contribute to the active involvement of different kind of stakeholders (on the ground) and better ownership by citizens of EU cohesion policy and the European idea in general.

However, improvements are, in our view, still necessary and possible (also in current circumstances!).

Economic, social and environmental objectives as a basis for sustainable development of any region should be the point of departure and therewith crosscutting priorities of all policies and programmes – (the architecture of the new Common Agricultural Policy, including EAFRD - though not part of CPR anymore - can serve as an example).

Local impact and needs should be considered for any kind of use of the funds and a territorial dimension be integrated not only under a specific policy objective. All policy objectives should take it into consideration. Close cooperation with local and regional authorities, civil society, social partners (including the social and solidarity economy) is fundamental. It should be ensured and further

strengthened through an updated Code of Conduct on Partnership providing common criteria, more detailed indications regarding partners, procedures and tools as well as other type of support for the implementation of the partnership principle. In this respect, REVES fully endorses the recommendations of the ESF Thematic Network on Partnership (see annex). Europe should use even more the opportunities provided by EU Cohesion Policy to seek contact, true dialogue and co-production with its citizens – not at least also as a means to strengthen the latter's belief in and ownership of the European project. Member States in which there has been, so far, no or hardly any take-up of place-based approaches such as CLLD should be more strongly encouraged to share views with those having already made such experiences.

In this context, REVES strongly advises the European Commission, Member States and the European Parliament against the creation of a close link between EU Cohesion Policy and the European semester which follows a different logic and different objectives than European cohesion policy. It would empty the essence of EU cohesion policy – solidarity and the aim to eliminate disparities between the levels of development of the different regions (TFEU, Art. 174) – a model which is often quoted as an example also on other continents. This should be the case as long as appropriate involvement of local and regional authorities in European semester all over Europe is not guaranteed and a reality. In times like these the EU should value and use more strongly each instrument it has to be close to and involve its citizens!

The European Commission, the European Parliament and Member States should also ensure the right balance and proportionality for the use of funds targeting urban areas, on one hand, and rural as well as urban areas, on the other. Improvement of living and working conditions also in rural areas and solidarity between cities and rural areas are key for a (socially) sustainable Europe, the wellbeing of citizens in both areas and fight against extremism.

Finally, REVES calls on Member States and the European Commission to ensure funds to become still much more accessible also to (small) local organisations which are often those being closest to citizens and therewith important bridge builders for the EU and national governments.

On the REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2018) 375 final):

REVES regrets to see the promotion of the social economy in the specific objectives of the ESF+ only. With its multiple objectives – combining economic, social and environmental aspects with a high degree of active citizenship – the social economy is able to provide precious examples for cohesion that should be taken up and promoted by EU cohesion policy, and this not only under the European Social Fund+.

REVES clearly appreciates the intention of the European Commission to strengthen local initiatives and include a specific territorial dimension in EU cohesion policy. Yet, the network considers 'fostering of sustainable and integrated development of urban, rural and coastal areas and local initiatives' a crosscutting priority that should be taken into consideration also in all other actions developed and realized under the other four policy objectives quoted in Art. 4.

REVES welcomes the integration of the partnership principle and multi-level governance through article 6. We appreciate the explicit mention of local and regional authorities and civil society among the partners. Yet, depending on the specific subject and competence, a right balance between urban authorities and public authorities from peri-urban and rural areas should be ensured. In this context, Member States should ensure a (balanced) representation of local and regional authorities from both urban and rural areas also in the monitoring committee. The European Commission, together with civil society and other partners, should verify this closely.

Consequently, REVES calls on the European Commission, Member States and the European Parliament to explicitly foresee, in the CPR, the adoption of a new Commission Delegated Regulation reviewing and replacing Commission Delegated Regulation (EU) No 240/2014 on a European Code of Conduct on Partnership. Commission Delegated Regulation (EU) No 240/2014 should be revised taking into account the numerous efforts made by civil society, social partners, but also policy-makers and managing authorities to elaborate proposals for a further improvement of the Code of Conduct (such as the work of the ESF Thematic Network on Partnership). It should be adopted and made available on time in order to be applicable already for the conception of the partnership agreements and the different operational programmes after the end of the present programming period.

The specific provisions around Territorial Development (very central chapter II), including place-based approaches such as CLLD and ITI, can make, if taken up by Member States and territories, an important contribution to an effective use of cohesion funding responding to real needs. Moreover, it has a great potential for bringing EU cohesion policy and Europe in general closer to citizens.

REVES is pleased about possibilities to use financing for capacity-building of public authorities, social partners, civil society and other local actors - also with regard to partnership and place-based approaches. Beyond that, the Commission, in cooperation with Member States, cities, regions, social partner and civil society, should continuously evaluate compliance with the partnership principle and results of partnership approaches. Member States in which there has so far been no or only a low take-up of place-and partnership-based approaches such as CLLD in funds where these approaches are still relatively new (ESF, ERDF etc.) should be encouraged through different initiatives to exchange with those Member States, cities and regions in which relevant experiences have already been made.

The European Commission and Member States should organise, on a regular basis (at least twice a year) consultations with partner organisations and persons involved on the ground in partnerships in order to monitor the implementation of programmes, analyse opportunities and obstacles and seek for further improvement.

REVES urges the European Commission, Member States and the European Parliament to create links to the European semester only where this is coherent with the initial objective of EU Cohesion policy, as established in the Treaties (e.g. reduce disparities between levels of development of regions) and where the direct and immediate contribution to regional development can be proven. At the beginning of the programming period and during the mid-term review links to country-specific recommendations should be established only where appropriate and after close and proven consultation with cities/regions and other (local/regional) stakeholders. It is also here, where a review, improvement and best possible implementation of the Code of Conduct on Partnership would be useful and desirable.

The strengthening of the partnership principle which can be observed in the current programming period and with the ECCP made EU cohesion policy more transparent, democratic and participatory – it gave EU policies more visibility and credibility in the eyes of citizens. REVES therefore recommends to strongly limit the use of Cohesion Policy financing in the context of the InvestEU initiative. The

amount of ERDF, ESF+, the Cohesion Fund and the EMFF contributed to InvestEU should never exceed 5% of the total allocation of each Fund and should always be subject to consultations with the partners mentioned in art. 6. The specific nature of EU Cohesion policy and its important role in promoting a more cohesive and solidarity-based Europe, close to citizens is more important than ever. Decisions on investments and use of funds should be taken by democratically elected policy-makers and public administration. Therefore, REVES considers the association of third intermediary bodies such as banks and connection to financial markets, in the framework of rather non-transparent procedures that are difficult to follow for citizens rather problematic.

REVES welcomes the integration, among the horizontal enabling conditions (Annex III), of « Effective application and implementation of the EU Charter of Fundamental Rights » and « Implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in accordance with Council Decision 2010/48/EC». It deplores, however, the absence, in these horizontal conditions, of the existence of appropriate anti-discrimination and gender equality strategies and the elimination of these principles as overarching principles (such as they were expressed, for example, in article 7 of the Common Provisions Regulation for the Programming Period 2014-2020). Moreover, REVES very much regrets that the proposal, tabled by a number of civil society organisations, social partners and also some local and regional authorities, to declare the existence of a proper partnership approach and strategy a horizontal enabling condition, has not been taken up by the European Commission.

On the proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Regional Development Fund and on the Cohesion Fund: {SEC(2018) 268 final} - {SWD(2018) 282 final} - {SWD(2018) 283 final and the proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments {SEC(2018) 268 final} - {SWD(2018) 282 final} - {SWD(2018) 283 final}

REVES calls on the European Commission, Member States and the European Parliament to include the *promotion of or cooperation with* social economy enterprises in the specific objectives of the ERDF. This should happen, in particular under PO1 “a smarter Europe by promoting innovative and smart economic transformation)” given that social economy is considered increasingly as one of the drivers of (socially) innovative economic transformation, e.g. as one of the solutions to the succession problem, but also in the field of the so-called sharing economy etc. Alternatively, PO1 should have, among its specific objectives, “promoting growth and competitiveness of a diversity of forms of SMEs”. Also PO4 (“a more social Europe implementing the European Pillar of Social Rights”) should make reference, among its specific objectives and performance indicators, to *promotion of/cooperation with* social and solidarity economy as an important vehicle for employment creation and orientation (next to public employment services) and social inclusion.

REVES urges the European Commission and Member States to keep the appropriate balance when it comes to the support, under PO 5, of urban and rural areas. Moreover, attention should be paid to the needs and features of rural areas and possible obstacles for them to access funding. Performance indicators should reflect the progress also in the development of rural and rural areas!

We welcome the possibility for the ERDF to support, under the European territorial cooperation goal (INTERREG), activities linked to the implementation of the European Pillar of Social Rights under the European Social Fund Plus (PO4).

In this context, REVES also supports the idea of interregional innovation investments as introduced in Art. 7 and the possibility to establish small project funds, but urges the European Commission and Member States to request a minimum of social innovation and citizen involvement to be part of each of the submitted projects.

REVES underlines the importance of preserving cross-border cooperation programmes, including maritime cooperation programmes that cover functional areas connecting border regions through the sea. These programmes take stock of years of common work between regional and local administrations, social economy players, universities, and other stakeholders, to promote the ideals of cohesion and solidarity put forward in the Treaties. A reduction in such programmes could generate negative effects on the economic and social development, as well as on the environmental quality of these territories with serious consequences, amongst others, on employment.

On the proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Social Fund Plus (ESF+) {SEC(2018) 273 final} - {SWD(2018) 289 final}

REVES welcomes the recognition, in this proposal, of the role of the social economy. We hope European institutions, national governments and other players will see in the social economy a partner not only when it comes to creating employment, but also for larger social inclusion processes.

Social enterprises, however, are only a part of the social economy. REVES therefore invites the Commission, Member States and the European Parliament to replace the term “social enterprises” throughout the regulation by “social economy and social enterprises”, following thereby the formulations of the European Commission Group of Experts on Social Entrepreneurship (e.g. art. 23, 24).

At the same time we urge the European Commission, the Council and the European Parliament to modify the definition of “social enterprise” by eliminating any reference to (social) impact measurement. Research conducted on this topic in recent years has confirmed a number of doubts and insecurity regarding the appropriateness of methods and their application. Social impact measurement should not be imposed. It could lead, in a number of Member States, to a greater exclusion specifically of organisations working closest to those groups that are most in need.

Social economy should be recognised, explicitly, as one of the partners when it comes to programming, delivery, evaluation and monitoring of policies and programmes supported by ESF+. As a consequence, an appropriate amount of ESF+ financing should also be allocated to capacity-building measures for the social economy.

REVES welcomes the intention to facilitate social change through the promotion of social innovation. Yet, interesting solutions to problems might be overlooked and opportunities to encourage/spread change missed, if only those social innovation initiatives that are considered scalable would be supported. A number of important social innovation initiatives – known at EU level – consider themselves not necessarily scalable – if this means transferable – as they are developed in a very specific local context (with a combination of very different variables). However, they are able to cause impact and can play an important role at EU level – as catalysers, mobilisers, thought and action provokers... It appears thus worth to promote small-scale social innovation as much as other type of social innovation that might seem scalable from the outset.

REVES acknowledges the importance to increase the potential and leverage effect of ESF+ funding by encouraging its combination with other sources of funding, including private funding (without making

the latter overly a condition for the reception of ESF+ financing). However, social investment players, including philanthropic actors, should be considered supporters, but not a point of departure or even key players for the achievement of ESF+ objectives (which is often not their main objective). Neither should the ESF+ have the objective to contribute to the development of a social investment market (which in itself is not sufficiently explored and, in our opinion, bears as many risks as perceived opportunities) – if this was the case, the ESF (+) would deviate from its initial role and objectives. The EU would lose an important element of its social model.

REVES welcomes the (increasing) recognition of community-based care and strongly recommends to promote the transition from residential/institutional care to this form of care, wherever appropriate. However, community-based care should not be confused, set equal or associated closely to family care. In the wording used in the current Commission proposal on a ESF+ regulation we perceive a danger of inciting Member States to shift responsibilities increasingly to families (and with this to women).

REVES urges the European Commission and Member States to open the ESF+ committee to representatives of civil society per Member State, a representative of civil society at Union level and representatives of local and regional authorities (see *Article 40*).