

III

(Preparatory acts)

COMMITTEE OF THE REGIONS

100TH PLENARY SESSION, 11-12 APRIL 2013

Opinion of the Committee of the Regions on 'Fund for European Aid to the Most Deprived'

(2013/C 139/11)

THE COMMITTEE OF THE REGIONS

- reiterates the need for a European initiative for the most deprived people in the European Union in order to meet the objective set by the EU under the Europe 2020 Strategy of reducing the number of people at risk of poverty or social exclusion by at least 20 million by 2020;
- recognizes the need for a change in the legal basis of the programme (Article 174 TFEU), but suggests that a dual basis be used from 2014, also making reference to Article 39 TFEU in order to maintain continuity and the link with the objectives of the common agricultural policy;
- welcomes the Commission's intention of going beyond the basic objective of the current programme for the most deprived persons, believing that combining food aid for the most deprived with measures to alleviate child poverty and homelessness and with coordination with the ESF will provide an opportunity to carry out multifunctional activities and to simultaneously tackle the emergence of shortcomings in various basic needs;
- welcomes the fact that the Commission proposal gives local and regional authorities the possibility to play an active role in distributing aid to those in need;
- rejects the principle of voluntary Member State participation as this could deprive local and regional authorities of access to the fund without providing for any participatory, democratic consultation mechanism at national or European level or taking account of the challenges of combating poverty and exclusion at sub-national level;
- believes that for regions affected by the economic crisis and cohesion regions the programme should be financed in full using EU funds, since this is justified as a sign of cohesion between European citizens, regions and peoples;
- underlines that the proposed level of funding is too low, with the current level of appropriations being cut significantly (by 30 % under the Commission proposal and by as much as 40 % under the Council proposal), and calls at the very least for the current level of appropriations to be maintained.

| | |
|---------------------------|--|
| Rapporteur | Ossi MARTIKAINEN (FI/ALDE), Chairman of Lapinlahti Municipal Council |
| Reference document | Proposal for a Regulation of the European Parliament and of the Council on the Fund for European Aid to the Most Deprived COM(2012) 617 final/2 |

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

1. reiterates the need for a European initiative for the most deprived people in the European Union in order to meet the objective set by the EU under the Europe 2020 Strategy of reducing the number of people at risk of poverty or social exclusion by at least 20 million by 2020. This objective is all the more pressing given that the number of people at risk of poverty or social exclusion rose by six million to 119.6 million between 2009 and 2011. This move away from the Europe 2020 Strategy objective makes it all the more difficult to understand the decision of the European Council of 7 and 8 February 2013 to propose a EUR 1 billion cut in the budget allocated to European aid to the most deprived;

2. recognises the need for a change in the legal basis of the programme (Article 174 TFEU) but suggests that a dual basis be used from 2014, also making reference to Article 39 TFEU in order to maintain continuity and the link with the objectives of the common agricultural policy;

3. stresses the importance of the subsidiarity principle in drawing up an effective strategy for aid to the most deprived;

4. is critical of the Commission proposal's lack of consistency with the Europe 2020 Strategy, in that it makes no reference to the indicator of the number of people at risk of poverty, which is one of the three indicators used in the Europe 2020 Strategy to assess the European objective of social inclusion and reduction of poverty;

5. regards as important and understandable that the Commission has 1) proposed a new legislative basis which avoids the conflict established by the European Court of Justice concerning the acquisition of food aid products on the market and 2) put forward a new programme with broader functions which creates a framework for the continuation of aid measures and at the same time makes the outcomes of these measures more effective and sustainable;

6. believes that combining food aid for the most deprived with measures to alleviate child poverty and homelessness and with coordination with the ESF will provide an opportunity to carry out multifunctional activities and to simultaneously tackle the emergence of shortcomings in various basic needs;

7. welcomes the Commission's intention of going beyond the basic objective of the current programme for the most deprived persons but fears that the longer list of aspects of

poverty which the new fund is supposed to address will only dilute its final impact, particularly as the European Council's position means that resources are likely to be cut by almost 30 % (EUR 3.5 billion for the most deprived persons programme in 2007-2013 and EUR 2.5 billion for the new fund in 2014-2020);

8. points out that in many cases the ESF's administrative procedures have proven to be cumbersome for stakeholders and, with respect to the new tool to meet the basic needs of the most deprived, urges that unnecessarily detailed regulation be avoided;

9. believes that given the protracted nature of the economic crisis, the tool to assist the most deprived should not take resources from the ESF but rather would need its own longer-term funding through the allocation of the necessary appropriations from heading 2 of the multiannual financial framework;

10. welcomes the fact that the Commission proposal gives local and regional authorities the possibility to play an active role in distributing aid to those in need and believes that this active role can reduce administrative burdens and procedures at national and EU level, because local and regional authorities use in their own activities well-developed procedures and auditing rules based on national and EU legislation;

11. draws attention to the WHO's strategy entitled Health21 – Health for All in the 21st Century, which stresses the urgent need to reduce social and economic inequities in improving the health of the whole population. In parallel, the WHO calls for a series of measures particularly targeting those most in need, burdened by ill-health, addressing inadequate services for health and tackling health-related and social disadvantages (point II of the preamble to the WHO Declaration entitled Health21, adopted at the 51st World Health Assembly);

12. notes that, although the food aid programme for the most deprived in its new form is combined with other social integration and solidarity tools, its background and previous activities as part of the CAP were fully justified since in essence the CAP seeks to ensure sufficient and affordable food for EU citizens (Article 39(1)(e)) and to guarantee security of supply (Article 39(1)(d));

13. believes therefore that new programmes also should retain the possibility of being able to use any surplus agricultural products (intervention stocks). Use of these surpluses should not, however, be deducted from the fund's budget;

14. believes it is important for the proposed legislation to give the Commission, national authorities and local and regional authorities a clear set of rules and the possibility to tackle any discernable shortcomings, because at issue here is a particularly sensitive area of activity from the point of view of public confidence and the EU's legitimacy. Different views exist on the necessity, functioning and outcomes of this area of activity in the various Member States and their regions;

15. rejects the principle of voluntary Member State participation as this could deprive local and regional authorities of access to the fund without providing for any participatory, democratic consultation mechanism at national or European level or taking account of the challenges of combating poverty and exclusion at sub-national level;

16. believes that for regions affected by the economic crisis and cohesion regions the programme should be financed in full using EU funds;

17. calls on the institutions to consider that co-financing may lead to the tool not being introduced, even though the economic and social situation of many regions means that such a tool is necessary;

18. urges the Commission, in line with its previous opinion, to continue to assess whether the appropriations allocated to this measure are sufficient and points out that it already thought the previous level of funding (EUR 500m per year) was inadequate; for various reasons this need has only kept on growing which means that the proposed level of funding is too low, with the current level of appropriations being cut significantly (by 30 % under the Commission proposal and by as much as 40 % under the Council proposal). The Committee calls at the very least for the current level of appropriations to be maintained;

The Committee's detailed explanations and policy recommendations

19. recognises that a sufficient, varied and healthy diet is a basic right affirmed in many international human rights agreements and declarations and that this right should be ensured for all EU citizens and residents at all levels;

20. points out that poor nutrition among the most deprived stems from many different but also interrelated phenomena, such as:

- demographic trends and global changes in the agricultural product market and agricultural and trade policy;
- shortcomings in the internal market in agricultural products and a lack of transparency in the food value chain;
- reduction in land suitable for food production and its excessive use for the production of energy crops;

- certain EU measures and red tape that stand in the way of subsistence agriculture or small-scale marketing of agricultural products;

- structural changes in many rural areas;

- effects of the economic crisis on employment and purchasing power;

- unemployment and the resulting more widespread poverty of families and children;

- instability of the EU's neighbouring regions;

21. believes that in order to solve these wide-ranging and multi-faceted problems effective EU policies and funding are needed;

22. believes that ensuring an adequate and varied diet for EU citizens must continue to be a key basic function of the CAP. The Committee calls for reform of the agricultural policy so that food pricing on the market is transparent and that primary agricultural production remains profitable in all EU regions;

23. believes that although market trends, the development of yields in recent years and changes in patterns of consumption have reduced surplus agricultural products, these may continue to be accumulated in future too and using them as aid for deprived people would be important for the EU's legitimacy;

24. stresses that point 12 above can be justified by the fact that right from the beginning the CAP has been one of the key areas of EU policy and will remain as such. Incorporating it into the legislative basis for the new tool (dual legislative basis) would ensure the long-term continuation of aid for the most deprived despite the fact that current challenges may impose a long-term burden on the funding of the EU's other policies, such as social cohesion;

25. points out that the socio-economic situation of European regions also varies within the Member States and believes that the proposed programme is needed to complement those measures in the interests of European cohesion and solidarity which are carried out by each Member State and its local and regional authorities. In this sense, the proposed programme is based firmly on the EU's shared set of values and the fundamental idea of European integration;

26. feels it is important for the various objectives to be combined within the framework of the new fund with a view to preventing the causes of poverty and exclusion, because

homelessness, poor nutrition and social deprivation of families with children have an impact on each other. However, the Committee points out that the programmes which preceded the new tool focussed on nutrition, the lack of which has clearly become once again a genuine long-term problem in many regions. Consequently, the Committee calls on the Member States and regions to stress the importance of food aid in implementing the programmes and, on this basis, to help citizens also benefit from programmes and measures which alleviate homelessness and social exclusion;

27. notes that points 16-18 above are based on the fact that:

— For the worst affected regions, financing the programme for the most deprived entirely from the Community budget is justified as a sign of cohesion between European citizens, regions and peoples.

— The idea of co-financing for the proposed tool can be approached from two angles. On the one hand, co-financing may in some cases make the programmes more effective and make national and regional authorities more committed to them; on the other hand, it may reduce interest in becoming involved in the programmes and thus lead to a watering down of the opportunities needed in many regions. The CoR stresses that, given the current economic circumstances, the latter scenario is more likely, and therefore calls on the institutions to once again consider a co-financing rate of 85 %.

— Cutting even the current level of appropriations by 30-40 % is short-sighted because in the follow-up to the previous food programme for the most deprived and in stakeholder meeting reports, it is suggested that an appropriation level of around EUR 680m per year is required. This would mean that the additional funding needed is almost as substantial as the planned cuts to the current level of funding.

II. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Preamble

| Text proposed by the Commission | CoR amendment |
|---|--|
| Having regard to the Treaty on the Functioning of the European Union, and in particular Article 175(3) thereof, | Having regard to the Treaty on the Functioning of the European Union, and in particular Article 175(3) <u>and Article 39(1) thereof,</u> |

Reason

The reasoning is indicated in points 2 and 12 of the first part of the opinion ('Political Recommendations').

Amendment 2

Recital 7

| Text proposed by the Commission | CoR amendment |
|--|---|
| In order to set out an appropriate financial framework, the Commission should establish, by means of implementing acts, an annual breakdown of global resources by Member State using an objective and transparent method reflecting disparities in terms of poverty and material deprivation. | In order to set out an appropriate financial framework, the Commission should establish, by means of implementing acts, an annual breakdown of global resources by Member State using an objective and transparent method reflecting disparities in terms of poverty and material deprivation, <u>including the relative poverty threshold.</u> |

Reason

As relative poverty is an indicator used by the Europe 2020 Strategy and Eurostat, it should also be used by the new fund.

Amendment 3

New Recital after Recital 8

| Text proposed by the Commission | CoR amendment |
|---------------------------------|--|
| | <u>In order to respond as effectively and appropriately as possible to the needs of the most deprived, and in line with the Common Strategic Framework, the partnership principle should apply to all procedural stages of the fund.</u> |

Amendment 4

Recital 35

| Text proposed by the Commission | CoR amendment |
|---|---|
| <p>The frequency of audits on operations should be proportionate to the extent of the Union's support from the Fund. In particular, the number of audits carried out should be reduced where the total eligible expenditure for an operation does not exceed EUR 100 000. Nevertheless, it should be possible to carry out audits at any time where there is evidence of an irregularity or fraud, or as part of an audit sample. In order that the level of auditing by the Commission is proportionate to the risk, the Commission should be able to reduce its audit work in relation to operational programmes where there are no significant deficiencies or where the audit authority can be relied on. In addition, the scope of audits should take fully into account the objective and the features of the target populations of the Fund.</p> | <p>The frequency of audits on operations should be proportionate to the extent of the Union's support from the Fund. In particular, the number of audits carried out should be reduced where the total eligible expenditure for an operation does not exceed EUR 100 000. Nevertheless, it should be possible to carry out audits at any time where there is evidence of an irregularity or fraud, or as part of an audit sample. In order that the level of auditing by the Commission is proportionate to the risk, the Commission should be able to reduce its audit work in relation to operational programmes where there are no significant deficiencies or where the audit authority can be relied on. In addition, the scope of audits should take fully into account the objective and the features of the target populations of the Fund. <u>When assessing the need for audits, for each measure consideration should also be given to developed public audit practices and powers which the relevant local and regional authorities may already apply to measures undertaken and the actions supporting them. Similarly, consideration should be given to whether the activities of partner organisations carrying out a measure may fall within the scope of public funding and the audit practices associated with this, and to the extent of the organisation's activities and its experience.</u></p> |

Amendment 5

Article 4, paragraph 1

| Text proposed by the Commission | CoR amendment |
|---|---|
| <p>The Fund shall support national schemes whereby food products and basic consumer goods for the personal use of homeless persons or of children are distributed to the most deprived persons through partner organisations selected by Member States.</p> | <p>The Fund shall support national schemes <u>which, with the active participation of local and regional authorities, ensure that</u> whereby <u>healthy</u> food products <u>which are as varied as possible</u> and basic consumer goods for the personal use of homeless persons or of children are distributed to the most deprived persons through partner organisations selected by Member States.</p> |

Amendment 6

Article 5, paragraph 3

| Text proposed by the Commission | CoR amendment |
|--|--|
| <p>Support from the Fund shall be implemented in close cooperation between the Commission and the Member States.</p> | <p>Support from the Fund shall be implemented <u>distributed</u> in close cooperation between the Commission, and the Member States, <u>the local and regional authorities and relevant partner organisations in order to maximise its impact.</u></p> |

Reason

The impact assessment accompanying the legislative proposal sets out in Annex 2 (page iii) the three different management systems for the most deprived persons programme identified in the Member States of the EU, some of which directly involve local and regional authorities, as well as partner organisations that are closer to the beneficiaries.

Amendment 7

Article 5, paragraph 6

| Text proposed by the Commission | CoR amendment |
|--|--|
| In accordance with their respective responsibilities, the Commission and the Member States shall ensure coordination with the European Social Fund, and with other Union policies and instruments. | In accordance with their respective responsibilities, the Commission and the Member States shall ensure coordination with the European Social Fund, and with other Union policies and instruments, <u>including EU action on health policy, such as the third multi-annual programme of EU action in the field of health for the period 2014-2020.</u> |

Reason

In its opinion CdR 67/2012 on the programme of action on health, the Committee of the Regions emphasised that ‘a sustainable healthcare policy must take into account health-promotion and disease-prevention factors, such as socio-economic conditions, lifestyle, culture, education, environmental factors and social circumstances’.

Amendment 8

Article 5, paragraph 8

| Text proposed by the Commission | CoR amendment |
|--|---|
| The Commission and the Member States shall ensure the effectiveness of the Fund, in particular through monitoring, reporting and evaluation. | The Commission and the Member States shall ensure the effectiveness of the Fund, in particular through monitoring, reporting and evaluation <u>and through close and regular consultation of local and regional authorities and partner organisations implementing the fund's measures in the impact assessments.</u> |

Amendment 9

Article 5, new paragraph after paragraph 12

| Text proposed by the Commission | CoR amendment |
|---------------------------------|--|
| | <u>The European Typology on Homelessness and Housing Exclusion (ETHOS) could be one of the criteria for allocating the fund.</u> |

Reason

Homelessness and housing exclusion are perceived and approached differently in different EU countries. The ETHOS typology was drawn up on the basis of an in-depth analysis of current national definitions and the day-to-day reality faced by charities.

Amendment 10

Article 5, new paragraph after paragraph 12

| Text proposed by the Commission | CoR amendment |
|---------------------------------|--|
| | <u>The Commission, the Member States and partner organisations shall help combat food wastage at each step of the distribution chain, including the supply of food and the education of beneficiaries to this end.</u> |

Reason

As called for by the European Parliament in its resolution dated 19 January 2012, food wastage should become a concern of the European Union. It is worth pointing out that the Commission estimates that food wastage across the supply chain as a whole stands at around 190 kg per European per year. The steps that might be taken to combat wastage could involve: a clarification of some health-related labelling linked to EU legislation and appearing on agricultural produce and food such as use-by dates and best before dates; a review of European rules on marketing standards for agricultural produce (particularly in the fruit and vegetable sector) so as to promote the sale of unclassified fruit and vegetables; and requiring supermarket chains to donate unsold food.

Amendment 11

Article 6, paragraph 1

| Text proposed by the Commission | CoR amendment |
|--|--|
| The global resources available for budgetary commitment from the Fund for the period 2014-2020 shall be EUR 2 500 000 000 at 2011 prices, in accordance with the annual breakdown set out in Annex II. | The global resources available for budgetary commitment from the Fund for the period 2014-2020 shall be EUR 2 500 000 000 <u>3 500 000 000</u> at 2011 prices, in accordance with the annual breakdown set out in Annex II. |

Amendment 12

Article 6, paragraph 3

| Text proposed by the Commission | CoR amendment |
|---|---|
| The Commission shall adopt a decision, by means of implementing acts, setting out the annual breakdown of the global resources by Member State, in accordance with Article 84(5) of Regulation (EU) No ... (CPR), without prejudice to paragraph 4 of this Article, taking into account the following indicators established by Eurostat: | The Commission shall adopt a decision, by means of implementing acts, setting out the annual breakdown of the global resources by Member State, in accordance with Article 84(5) of Regulation (EU) No ... (CPR), without prejudice to paragraph 4 of this Article, taking into account the following indicators established by Eurostat: |
| (a) the population suffering from severe material deprivation; | (a) <u>the relative poverty threshold, i.e. the percentage of the population living in a household that does not have an income at least equal to 60 % of the national median;</u> |
| (b) the population living in households with very low work intensity. | (a b) the population suffering from severe material deprivation; |
| | (b c) the population living in households with very low work intensity. |

Amendment 13

New article after article 11

| Text proposed by the Commission | CoR amendment |
|---------------------------------|--|
| | <u>National monitoring committee:</u> 1. <u>Member States shall establish a national monitoring committee to ensure effective implementation of their Operational Programme.</u> 2. <u>The makeup of this national monitoring committee shall include local and regional authorities, and anti-poverty organisations. It shall establish a partnership with organisations representing the interests of deprived persons and organisations involved in distributing aid to deprived persons.</u> |

Amendment 14

Article 15, new paragraph after paragraph 3

| Text proposed by the Commission | CoR amendment |
|---------------------------------|--|
| | <u>The Commission shall produce a mid-term assessment of the Fund by March 2018 and shall present it to the European Parliament, the Council and the Committee of the Regions.</u> |

Amendment 15

Article 17, paragraph 3

| Text proposed by the Commission | CoR amendment |
|---|--|
| <p>During the implementation of an operation, the beneficiaries and partner organisations shall inform the public about the support obtained from the Fund by placing at least one poster with information about the operation (minimum size A3), including about the financial support from the Union, at a location readily visible to the public, at each place of provision of the food, goods and any accompanying measure, except if this is not possible due to the circumstances of the distribution.</p> | <p>During the implementation of an operation, the beneficiaries and partner organisations shall inform the public about the support obtained <u>in connection with the distribution of food and goods in a way that is compatible with their own practices and circumstances of distribution, such as posters or leaflets which present the activity and the support obtained for it from the European Union, and provide information on how to access other measures supporting the same objective, using tools that bring together information, guidance and employment and social inclusion processes working to break down inter-generational poverty</u>from the Fund by placing at least one poster with information about the operation (minimum size A3), including about the financial support from the Union, at a location readily visible to the public, at each place of provision of the food, goods and any accompanying measure, except if this is not possible due to the circumstances of the distribution.</p> |
| <p>Those beneficiaries and partner organisations which have websites shall also provide a short description of the operation, including its aims and results, and highlighting the financial support from the Union.</p> | <p>Those beneficiaries and partner organisations which have websites shall also provide a short description of the operation, including its aims and results, and highlighting the financial support from the Union.</p> |

Reason

It improves the original wording by broadening the general information approach to any other type of measure in support of the objective pursued, having the effect of including other tools to improve conditions within structures delivering public services. The aim is for the distribution of goods and food to serve as a forum for the active involvement of those affected in resources for promoting social inclusion and employment.

Amendment 16

Article 21, paragraph 3, first indent

| Text proposed by the Commission | CoR amendment |
|---|---|
| The food and the goods for homeless persons or for children may be purchased by the partner organisations themselves. | The food and the goods for homeless persons or for children <u>the final beneficiaries</u> may be purchased by the partner organisations themselves. |

Reason

The fund is aimed at the most deprived, who are a wider category of needy people than just homeless people or children. Article 2(1) and (7) and Articles 3 and 21(4), amongst others, specifically refer to the most deprived. This amendment thus seeks to bring more consistency to the Regulation.

Amendment 17

Article 24, paragraph 1 (a)

| Text proposed by the Commission | CoR amendment |
|--|--|
| (a) the costs of purchasing food and basic consumer goods for personal use of homeless persons or of children; | (a) the costs of purchasing food and basic consumer goods for personal use of homeless persons or for children <u>the final beneficiaries</u> ; |

Reason

Same reason as for amendment 16.

Amendment 18

Article 24, paragraph 1 (b)

| Text proposed by the Commission | CoR amendment |
|--|---|
| (b) where a public body purchases the food or basic consumer goods for personal use of homeless persons or of children and provide them to partner organisations, the costs of transporting of food or goods to the storage depots of the partner organisations at a flat rate of 1 % of the costs referred to in point (a); | (b) where a public body purchases the food or basic consumer goods for personal use of homeless persons or for children <u>the final beneficiaries</u> and provide them to partner organisations, the costs of transporting of food or goods to the storage depots of the partner organisations at a flat rate of 1 % of the costs referred to in point (a); |

Reason

Same reason as for amendment 16.

Brussels, 11 April 2013.

The President
of the Committee of the Regions
Ramón Luis VALCÁRCEL SISO