

Rapporteur-general: Ms BISCHOFF


On 14 July 2009 the Committee Bureau instructed the Section for the Single Market, Production and Consumption to prepare the Committee’s work on the subject.

In accordance with Rule 20 of the Rules of Procedure, the European Economic and Social Committee appointed Ms BISCHOFF as rapporteur-general at its 456th plenary session, held on 30 September and 1 October 2009 (meeting of 1 October), and unanimously adopted the following opinion.

1. Summary of the EESC’s conclusions and recommendations

1.1 The EESC emphasises the Progress programme’s importance in strengthening social Europe, creating more and better jobs, reducing poverty and achieving greater social cohesion. Together with the European Social Fund (ESF), it is one of the key elements underpinning the Social Agenda. Moreover, one of the key tasks of the Progress programme is providing support for continued development of the social dimension.

1.2 The EESC is pleased that every effort is being focused on overcoming the crisis and that all budget lines are being examined for the contribution they can make to dealing with the crisis, particularly with regard to protecting employment and creating new jobs.

1.3 The unemployed and disadvantaged groups are especially in need of effective support and advice if they wish to become self-employed. One of the resources that can be used for this purpose is the European Social Fund (ESF). The Committee therefore recommends looking more closely at the interfaces between the European Social Fund and the microfinance facility in Progress in order to ensure that targeted services and access to credit are in place, and that duplication is avoided.

1.4 As EESC opinion INT/494 explains, the Committee in principle supports the idea of providing micro-credit under favourable conditions to microenterprises in the social economy provided that they take on unemployed or disadvantaged people. That said, what this actually means needs to be more clearly defined.

1.5 However, the Committee is worried that the re-allocation of funds and the resulting cuts of EUR 25 million a year will seriously impact the effectiveness and scope of the Progress programme in the 2010-2013 period, including in terms of the programme’s further development and its strategic thrust. We would therefore urge the Commission to look more closely into the repercussions and to consider possible alternatives. In addition, the potential implications for other budget lines and programmes – especially the ESF – and on autonomous budget lines, for instance in relation to social dialogue, should be discussed.

1.6 Given its concern that the transfer of budgetary resources could undermine the effectiveness of the Progress programme in the field of European social and employment policy, the Committee would ask the Commission for a statement, supported by evidence, demonstrating that the objectives of Progress can be better achieved with the resources that are to be reallocated than under the current procedure. It should also explain how the further development of social Europe can be secured, especially in the context of developing, communicating and implementing a post-Lisbon strategy after 2010.

1.7 The Committee also recommends that greater consideration be given to how to achieve more effective implementation of Progress and more strategic planning and more targeted measures; we also need to ask in which areas and in relation to which measures savings can be made, without undermining the objectives and strategic thrust of the programme over the remainder of its life.
1.8 The Committee would also like information on which market incentives are to be put in place to ensure that the banking sector actually provides the access to credit that is, among other things, part of its task.

2. Introduction and summary of the Commission proposal

2.1 Following on from its Communication on Driving European recovery (1) and the discussions at the employment summit on 7 May 2009, the Commission proposed various priority measures in its communication on A shared commitment for employment of 4 June 2009 (2). These include:

— better use of short-time working arrangements;

— better anticipation and management of restructuring;

— boosting job creation;

— helping young people.

2.1.1 One of the recommendations was for Member States, together with social partners and with ESF support, to assist unemployed and young people in starting their own businesses on a sustainable basis, for example by providing business training and start-up capital (3).

2.1.2 All available budget lines, not least the European Social Fund, are to be used to a greater extent to overcome the crisis. Among other things, ESF financial assistance is to be used to promote entrepreneurship and self-employment, including setting up new businesses or reducing the cost of borrowing.

2.1.2.1 In its communication the Commission also suggests a new European microfinance facility for employment in order to give the unemployed new opportunities and open the way to entrepreneurship for particularly disadvantaged groups, including young people.

2.1.2.2 The plan is also to assist founders of microenterprises by way of mentoring, training, coaching and capacity building, in addition to interest-rate support from the ESF (4).

2.2 Finally, on 2 July 2009, the Commission proposed a new Progress microfinance facility for employment and social inclusion (5), designed to support the development of microenterprises by the unemployed and disadvantaged groups, and the continued evolution of the social economy. It also recommended reallocating EUR 100 million from the current budget, making use of the Community Programme for Employment and Social Solidarity – Progress.

2.3 The Community Programme for Employment and Social Solidarity - Progress (2007-2013) provides financial support for the implementation of the European Union’s objectives in the areas of employment, social affairs and equal opportunities, including the further development of such objectives. Progress also contributes to the specific implementation and development of the European Social Agenda. One of the aims of the programme is to strengthen the EU’s support of Member States’ commitments and efforts to create more and better jobs and to build a more cohesive society (6).

2.3.1 So far, Progress funding has been used for the following:

— providing analysis and policy advice;

— monitoring the implementation of EU legislation and policies;

— promoting policy dialogue between various stakeholders;

— creating a platform for the exchange of experience between Member States.

2.3.2 To this end and in line with the strategic framework, Progress offers the following products (7):

— relevant training and learning of legal and policy practitioners;

— accurate monitoring/assessment reports on the implementation and impact of EU law and policy;

— identification and dissemination of good practices;

— information and communication activities, networking among stakeholders and events;

— appropriate statistical tools, methods and indicators;

— appropriate policy advice, research and analysis;

— support to NGOs and networks.

(2) COM(2009) 257.
(4) Cf. ibid, p. 12.
(7) Cf. ibid, p. 9.
2.3.3 The Progress programme was set up to replace several Community programmes with the goal of unlocking synergies and, by bringing separate programmes together, achieving greater transparency and coherence.

2.4 In 2005, the EESC wholeheartedly welcomed the Commission’s proposal in its opinion SOC/188, which described the Progress programme as one of the key funding instruments, alongside the ESF, for the Social Agenda.

2.4.1 However, the same EESC opinion also insisted on the importance of providing sufficient budget funding for the programme, and questioned whether the resources proposed by the Commission would suffice. The opinion notes the importance of ensuring that ‘the declared administrative simplification results not just in better technical programme management but also in an appropriate structure that is favourable for the target groups’.

2.4.2 The Committee also suggested supporting not only relevant EU NGO networks but also exchanges of national civil society stakeholders.

2.5 In line with the interinstitutional agreement of 2006 and following pressure from the European Parliament, Progress funding was increased by EUR 114 million. As a result, the programme was launched with a total budget of EUR 743 250 000 for a seven-year period (2007-2013) and was structured accordingly. It is intended that this budget should be used for changes or modernisation in the five areas covered by Progress: employment; social protection and inclusion; working conditions; anti-discrimination; and gender equality.

2.6 Progress is open to the 27 EU Member States, candidate countries, and EFTA/EEA countries. The programme is targeted at the Member States, local and regional authorities, public employment agencies and national statistics offices. Universities, research institutes, the social partners and NGOs can also take part.

2.6.1 The Commission selects the projects that are to be given financial support, either on the basis of tenders or calls for proposals.

2.7 The Commission feels that reallocating part of the budget will not undermine the objectives of the Progress programme.

2.7.1 The sum of EUR 100 million is to be re-allocated to the new Progress European microfinance facility for employment and social inclusion; this means that for the remaining life of Progress from 2010 to 2013, there will be EUR 25 million a year less funding available (1).

2.7.2 The Commission therefore proposes to amend Article 17(1) of Decision No 1672/2006/EC establishing the Progress programme as follows:

— The financial envelope for implementing the Community activities referred to in this Decision for the period from 1 January 2007 to 31 December 2013 is hereby set at EUR 643 250 000’ (2).

3. General comments

3.1 The EESC is generally pleased that all European programmes are being examined for the contribution they can make to dealing with the crisis, particularly with regard to protecting employment and creating new jobs.

3.1.1 The most disadvantaged groups, whether the unemployed, young people, single parents, migrants or women, are especially in need of effective support. However it is not enough to provide loans; rather, what these groups need is specialised upstream advice, training and support, not least in order to equip them to prepare a good business plan. The overlap with ESF support should be examined, not least so as to assess potential risks and opportunities associated with a business idea.

3.2 In principle, when framing the Progress microfinance facility, a greater distinction should be drawn between the following target groups:

a) existing microenterprises in the social economy

b) individual applicants.

3.3 As EESC opinion INT/494 notes, the Committee in principle supports the idea of providing micro-credit under favourable conditions to individuals and microenterprises in the social economy provided that jobs are created or protected as a result. However, the Committee is worried that the re-allocation of funds and associated funding cuts for Progress will seriously impact the effectiveness and scope of the programme (3). In particular it is questionable how the programme will be able to adequately fulfil its task of supporting continued development of social Europe, not least in the context of the post-Lisbon strategy. We would therefore ask the Commission to look at this problem more closely as soon as possible. Arguing, as the ex-ante evaluation does, that funding must realistically be taken from an existing budget line, is not enough to justify the transfer from the Progress budget line (4).

(1) According to the Commission’s updated financial statement, by the end of 2009 slightly over EUR 280 million will have been spent from a total budget of EUR 745 million; EUR 100 million will then be deducted or rather transferred from the remainder.


(3) In its ex ante evaluation of the proposal, the Commission explains that, while it would be desirable to have a budget of over EUR 100 million for the new microfinance facility, any transfer of more than EUR 100 million would negatively affect the objectives and priorities of the Progress programme. However, no explanation is given as to why this only applies to sums of over EUR 100 million.

(4) The only realistic possibility would therefore be to reallocate from an existing budget line. The Progress budget line seems to be the most appropriate in this regard. SEC(2009) 907, p. 12.
3.3.1 After all, there are many other budget lines and programmes – some of them very much larger, in particular the ESF, which already allows Member States to use funding for micro-credit, albeit Member States have yet to make use of this provision.

3.3.2 In addition, the potential implications for autonomous budget lines, for instance, in relation to social dialogue should also be set out.

3.4 It remains unclear what incentives the banking sector has to provide the access to credit that is, among other things, part of its task. Simply transferring funding from the Progress programme in order to finance a particular measure does not offer any added value in terms of achieving the objectives of the programme. The Committee would therefore recommends that the Commission propose appropriate market incentives to encourage credit providers to develop a micro-credit market for such target groups.

3.5 At the same time, we would ask the Commission to demonstrate whether the microfinance facility programme can be funded from other budget resources or programmes. Only then would it be possible to speak of additional funding for promoting employment and social inclusion. As a result of the crisis, Europe will face major challenges: growing unemployment, falling tax revenues and large budget deficits. Progress has a key role to play here, too. It must therefore be ensured that it is adequately funded.

3.6 If the new microfinance facility is to be funded by transferring resources from the Progress programme, a more precise analysis will be needed of the projects or products to be scrapped or cut back, given that there will be EUR 25 million a year less funding for the programme. The programme's funding over its total duration (2007-2013) would be cut by slightly over 13%; in reality, the cuts would be much deeper given that the EUR 100 million would be taken and transferred from the remaining budget for 2010-2013. This must not be allowed to translate into corresponding cuts in, for instance, Progress support for European NGO networks. In line with the Progress strategic framework, one of the programme's performance indicators is the amount of funding distributed to NGOs and networks.

3.6.1 For example, the 2009 strategic framework emphasises increased investment to boost national and EU networks' capacity to participate in and influence decision-making and policy implementation at both EU and national level (1).

3.7 The Committee also feels that it would be wholly inappropriate to cut back funding for measures in the field of mutual learning/peer-reviews, which are at the heart of the open method of coordination. These measures should be further developed in order to more effectively support national efforts to overcome the crisis, not least through closer involvement of the social partners and the relevant NGOs.

3.8 The Committee believes that indiscriminate cuts in individual areas of the programme would undermine its objectives and seriously affect its impact. It therefore recommends that, if the new microfinance facility is funded from the Progress budget, the programme committee should be convened to discuss, in conjunction with civil society, just how to approach the cuts.

3.9 One of the concerns during the remaining Progress programming period will be to agree on, communicate and implement a new post-Lisbon strategy, with the involvement of all stakeholders. Major support will be needed for this strategy, with a substantial amount of funding coming from Progress. The programme’s annual work plan for 2009 already includes some relevant measures. Progress funding for this purpose will have to be stepped up from 2010 onwards.

Brussels, 1 October 2009.

The President
of the European Economic and Social Committee
Mario SEPI

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(1) European Commission: Ensuring Progress delivers results - Strategic Framework for the implementation of Progress, the EU programme for employment and social solidarity (2007-2013), p. 18.