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AK Position Paper

# EU Structural Funds for Social Services, 2014+

Extensive version

## About us

**The Federal Chamber of Labour is by law representing the interests of about 3.2 million employees and consumers in Austria. It acts for the interests of its members in fields of social-, educational-, economical-, and consumer issues both on the national and on the EU-level in Brussels. Furthermore the Austrian Federal Chamber of Labour is a part of the Austrian social partnership.**

**The AK EUROPA office in Brussels was established in 1991 to bring forward the interests of all its members directly vis-à-vis the European Institutions.**

### **Organisation and Tasks of the Austrian Federal Chamber of Labour**

The Austrian Federal Chamber of Labour is the umbrella organisation of the nine regional Chambers of Labour in Austria, which have together the statutory mandate to represent the interests of their members.

The Chambers of Labour provide their members a broad range of services, including for instance advice on matters of labour law, consumer rights, social insurance and educational matters.

More than three quarters of the 2 million member-consultations carried out each year concern labour-, social insurance- and insolvency law. Furthermore the Austrian Federal Chamber of Labour makes use of its vested right to state its opinion in the legislation process of the European Union and in Austria in order to shape the interests of the employees and consumers towards the legislator.

All Austrian employees are subject to compulsory membership. The member fee is determined by law and is amounting to 0.5% of the members' gross wages or salaries (up to the social security payroll tax cap maximum). 560.000 - amongst others unemployed, persons on maternity (paternity) leave, community- and military service - of the 3.2 million members are exempt from subscription payment, but are entitled to all services provided by the Austrian Federal Chambers of Labour.

Herbert Tumpel  
President

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Director

## Preliminary Note

The European Union must use its budget to improve the economic and social conditions for its citizens and to prepare itself for future challenges.

The European Union must use its budget to improve the economic and social conditions for its citizens and to prepare itself for future challenges. For that, it needs

- a **sufficient allocation for employment, social affairs and poverty alleviation**; which shall include
- a significantly higher than planned endowment for the **European Social Fund** as well as
- the assurance that the **European Globalisation Fund** continues to be reserved exclusively for employees and
- a reform of the revenue side through the introduction of a **financial transaction tax**.

In addition, it is also critical, **how the resources of the individual funds are used**. In the present paper, it will be shown how, with a focus on social services, the objectives of growth and employment can be achieved in a better and more efficient way.<sup>1</sup>

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<sup>1</sup> A series of presentations as well as all draft regulations can be found here: [http://ec.europa.eu/regional\\_policy/what/future/proposals\\_2014\\_2020\\_en.cfm](http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm), the draft of the EAFRD Regulation here: [http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627\\_en.pdf](http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627_en.pdf)

# The AK position in detail

The use of the talents and skills of women and men alike is also essential to be competitive in the global context.

## Why social services?

Investments in social services meet, in many different ways, the high demands of an **intelligent, sustainable and integrative growth strategy** - at European level as well as in Austria. This is also confirmed by **recent studies**.<sup>2</sup> The consolidation packages in the individual EU countries will contribute in the coming years to a slowdown in economic dynamics. It is, therefore, all the more important to achieve sustainable economic growth through an increase in women's employment, by way of a **strengthening of domestic demand**. The use of the talents and skills of women and men alike is also essential to be **competitive** in the global context. This requires an intelligent employment strategy that cannot survive without social services:

- Regarding the increase in employment, the expansion of social services has **greater effects** than any other form of public expenditure;
- the **Employment target** of 75% Europe-wide cannot be achieved

without a corresponding increase in women's employment, for that it needs an **abolishment of employment barriers** by the relief of unpaid family work;

- This is also an indispensable prerequisite for managing **the demographic change** and to ensure the financial viability of pension systems;
- If social infrastructure is lacking, the result is dislocations in the **regional labour market** due to an exodus of qualified workers, the presence of which is an important factor for the **location decisions** of companies.

The EU funds could also play an important role in helping **local authorities** to fulfill their task of making communities attractive and economically successful habitats, despite their tight finances. Further arguments and details are given in the paper: "11 good reasons for using EU funds for social services."

<sup>2</sup> Growth through expansion of social services, Michael Dauderstädt, Friedrich Ebert Foundation; WISO direct <http://library.fes.de/pdf-files/wiso/08887.pdf> as well as Women and the economic crisis - social services networking as a response to economic and structural crisis, by Gudrun Biffel, Anna Faustmann, Isabella Skrivaneck, Danube University Krems, [http://www.arbeiterkammer.at/bilder/d163/Studie\\_Sozialedienste\\_englisch.pdf](http://www.arbeiterkammer.at/bilder/d163/Studie_Sozialedienste_englisch.pdf)

In total, €376 billion are available for all Member States in the years between 2014-2020.

### What are the EU Structural Funds?

The European Union does not only take decisions on regulations and directives in certain areas, it also has its own budget. It is organised largely in the context of funds, which are each available for specific purposes. In total, €376 billion are available for all Member States in the years between 2014-2020. The funds are:

**1. European Guarantee Fund for Agriculture (EGFA):** finances the direct payments to farmers and measures to regulate agricultural markets

**2. The European Agricultural Fund for Rural Development (EAFRD):** measures for the development of rural areas for the benefit of all residents

**3. European Regional Development Fund (ERDF):** the strengthening of economic and social cohesion by reducing disparities between regions

**4. European Social Fund (ESF):** promotion of employment and social inclusion

**5. and extra-budgetary, the European Globalisation Fund (EGF),** which is to support redundant workers in the re-integration into the labour market

Furthermore, there are European Marine and Fisheries Fund (EMFF) and the Cohesion Fund, but are not of relevance in this context

### How much money is involved?

How the actual distribution of funds will look from 2014 on is still being negotiated. However, as the overview of the current period below shows, the Regional Development Fund (ERDF) and the Fund for Rural Development (EAFRD) have significant funds that, hitherto, have been used almost exclusively for the promotion of business and agriculture.

### Envisaged Budget for the EU Structural Funds 2014-2020 in € billions

	EU
European Guarantee Fund for Agriculture - EGFA	317,2
Rural Development - EAFRD	101,2
Regional Development - ERDF	183,3
European Social Fund - ESF	84,0

In addition, it is envisaged that **the major part of the resources** from the agricultural fund (EAGF also called Pillar 1) is used for the **direct promotion of farmers**, despite the sharply declining number of workers in this sector (in the last 10 years - 25%!). Therefore, it is even more important, to make greater use of EAFRD and ERDF in the future for a wider range of demographic groups, through which the **expansion of social services** will be promoted much more. Now is the time to enshrine this as a target.

#### What are the objectives of the EU Structural Funds?

In the new period the use of all structural funds is to be aligned to the **Europe 2020-Strategy**. The core of this is an "intelligent, sustainable and integrative growth". In this, five core objectives are foreseen:

1. Increasing the **employment rate** from the current 69% to at least 75%,
2. Increasing investments in **Research and Development** to 3% of the gross domestic product
3. Reducing the **greenhouse gas emissions** by 20% compared to 1990, increasing the share of renewable energy to 20%
4. Reducing the proportion of **school drop-outs** from the current 15% to 10% and the increase of graduates from the current 31% to at least 40%,

5. Reducing the proportion of citizens below the **poverty line** by 25%, or 20 million people

**Investment in social services** can contribute not only to **more jobs** which are essential for poverty reduction, but also have educational significance and therefore belong to a sustainable and inclusive **growth strategy**.

#### How do the Structural Funds work?

The structural funds are a complex system of regulations. At European level, the legal and political framework is specified, which must be made concrete by the specific programmes at a national level. The following elements are important in this:

At European level:

- **EU 2020 Strategy** sets the overall policy goals
- **Common Strategic Framework (GSF)** and the **multi-annual financial framework (MFM)**: specify the basic structure and the budget on the European level
- The **regulations for each fund** regulate the specific legal frameworks of each of these budgets

Based on these targets documents can be prepared at a national level:

- The **national reform programme** breaks down the EU 2020 Strategy to the national level

Investment in social services can contribute not only to more jobs which are essential for poverty reduction, but also have educational significance and therefore belong to a sustainable and inclusive growth strategy.

- The central document is **the partnership agreement**, that is the agreement between EU-member-state and the European Commission in which the substantive priorities and their funding are set.<sup>3</sup>
- The **operational programmes** make concrete the measures and the respective funding for the individual fund

Significant **weaknesses** of the requirements from the EU-level are:

- the goal of **equality between women and men** is barely enshrined
- **the expansion of social services** – in particular child care, education and nursing – is **only marginally** contained and then only as an option

In both these areas binding guidelines at European level would be ideal. If, however, the incorporation does not succeed, the existing scope of the national programming must be used.

#### What does the time schedule look like?

In October 2011, the European Commission presented the **draft regulations**; in **autumn 2012** these should be adopted **conclusively**.

**Parallel** to this **on the national level**, work is being carried out on the

Partnership Agreement and the programmes for the implementation of the funds. If the results **on both levels** are still to be influenced, **activities** should already now be deployed.



#### What needs to be done at EU level with regard to EU structural funds and social services

What is needed is a clear enshrinement of and budgeting for equality and social services in all the regulations:

##### Equality between women and men

An explicit enshrinement of the equality target and the expansion of social services in the three relevant regulations is needed:

1. Regulation on the common provisions of the CSF Fund (General Regulation; CSF = Common Strategic Framework)

<sup>3</sup> In Austria this is the so-called „STRAT.AT“; For detailed information go to [www.stratat2020.at](http://www.stratat2020.at)

2. Regulation on the European Regional Development Fund (ERDF)

3. Regulation on the European Fund for Rural Development (EAFRD)

**In all the regulations a better enshrinement of gender mainstreaming and the advancement of women**

must result in accordance with the proposals of the Gender CoP or analogous to them: [http://www.gendercop.com/wp-content/uploads/2011/12/Comments\\_GE\\_General-Regulation\\_ESF\\_Regulation\\_191211.pdf](http://www.gendercop.com/wp-content/uploads/2011/12/Comments_GE_General-Regulation_ESF_Regulation_191211.pdf)

**General Regulation<sup>4</sup>**

**The most important point** is that a compulsory requirement for all funds is introduced; at least **5% of the funds for local population-driven measures** (Article 28).

The necessary changes in detail:

**Article 7 – Promoting equality between women and men:**

Insert a reference to the Strategy for Equality between women and men 2010-2015 as operationalisation, and a textual addition between paragraphs 1 and 2: “The strategy for equality between women and men (2010-2015) sets out the detailed objectives and actions for this. In

particular, the expansion of child care, education and care facilities is a strategy for strengthening women’s employment and the cohesion, equality and competitiveness.”

**Article 28 - From the local population-driven measures to local development**

It is envisaged that a portion of the funds will be used for activities initiated and supported by “local action groups”. Social Services are then of the greatest benefit when they are available locally, and often they are only then efficient and of a high quality if **different players** cooperate. In this sense they are typically ideal for the local population-driven measures for local development which are envisaged in Article 28. Sufficiently high funding for these actions must therefore be provided so that partnerships between social services can be promoted.

It is necessary to provide a compulsory requirement for all funding of **at least 5% of the resources for local population-driven measures** (Article 28).

**Regulation on the Regional Development Fund (ERDF)<sup>5</sup>**

**Most important point: at least 5% of the funding** must be committed for

Social Services are then of the greatest benefit when they are available locally, and often they are only then efficient and of a high quality if different players cooperate.

<sup>4</sup> Draft of the general regulation for downloading: [http://ec.europa.eu/regional\\_policy/sources/docoffic/official/regulation/pdf/2014/proposals/regulation/general/general\\_proposal\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2014/proposals/regulation/general/general_proposal_en.pdf)

<sup>5</sup> ERDF draft regulation under: [http://ec.europa.eu/regional\\_policy/sources/docoffic/official/regulation/pdf/2014/proposals/regulation/erdf/erdf\\_proposal\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2014/proposals/regulation/erdf/erdf_proposal_en.pdf)



“investments in the social infrastructure, health care and educational infrastructure” (Art 3 no. 1 (c))

These funds must be used for Article 5(9) (b) local employment initiatives or (10) (a) investment in the health and social infrastructure for social services (Art 9b and 10a)

The necessary changes in detail:

**Article 3 - Areas of intervention and Article 4 - Thematic focus**

Investments in social infrastructure are explicitly possible in the ERDF under Article 3 no.1 (c) “investments in social infrastructure, health and education infrastructure”. The possibilities are severely restricted, however, through the extremely high concentration of themes that are foreseen:

- According to Article 4, at least **80% must be used for three priorities** (Research, SMEs and CO2 emissions reduction).
- Article 7: at least **5% for sustainable town planning**

Conversely, one target is missing; a part of the funds to be provided mandatorily for social infrastructure. At least 5% of the funds **should be used for Article 3 (c)**.

**Article 5 – Investment priorities**

This 5% of funding must be used for the following two measures, whereby textual additions are required:

(9) (b) local employment initiatives and aid for structures which offer neighbourhood services, especially social services in the field of child care, education and nursing care, to create new employment opportunities....

(10) (a) Investment in the health and social infrastructure, in particular in the field of child care, education and nursing care, which contribute to national, regional and local development, the reduction of inequalities in health, and transition from institutionalised to community-based services;

**APPENDIX - Common indicators:** own “nursing care” indicator analogous to the “health” indicator

**Regulation on the Fund for Rural Development (EAFRD)<sup>6</sup>**

**Explicit enshrinement** of social infrastructure in the development priorities (Article 5 § 6) and the use of **at least 25% of the funding** for this priority; at the same time decreasing the proportion of national co-financing to 30%

**LEADER cooperation activities** (= a part of the EAFRD): Adequate funding of this priority (Article 44)

One target is missing; a part of the funds to be provided mandatorily for social infrastructure.

<sup>6</sup> Download from: [http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627\\_en.pdf](http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627_en.pdf)

The lack of social services is one of the most striking weaknesses of many rural regions, the expansion of which is a great opportunity for their development.

### Article 5 - EU priorities for rural development

Enshrining the social infrastructure through the following **appendage**: Art 5 § 6 b: promoting the development of social infrastructure, particularly child care, education and care services and using **at least 25% of the funding** for priority 6.

At the same time, the national co-financing share should be reduced to 30% in order not to endanger the implementation of the priority due to the budgetary situation of Member States.

### Articles 7 and 9 - Development programmes for rural areas and 9 - Contents

The lack of social services is one of the most striking weaknesses of many rural regions, the expansion of which is a great opportunity for their development; this must be included in the **strength-weakness analysis** (Article 9 paragraph 1 b) and in the **Strategy** in accordance with Article 7 para 1.

### Article 21 - Basic services and village renewal in rural areas

Explicit enshrinement of social infrastructure in Point (d) is possible by **inserting**: "... local basic services for rural populations, in particular social ser-

vices such as child care, education and care services, and the corresponding infrastructure.

### Article 36 - Cooperation

Social Services must be available locally and are often only efficient and of a high quality if the different players (public and private) work together. Case studies, e.g. from Austria, also demonstrate this.<sup>7</sup> This must be enshrined in Article 36:

Art 36 § 1 (i) .... defined public-private partnerships, by local development strategies, that target one or more of the EU priorities for rural development, in particular projects to improve social infrastructure.

### Article 44 - LEADER-Partnership activities

To cope with the **financial and organisational challenges** in the field of social services more and more **partnerships** are needed. There are already quite a few **examples of successful LEADER-projects** (e.g. with nursing and child care<sup>8</sup>). It requires an adequate **funding allocation for LEADER**, to be able to promote partnerships for the expansion and improvement of the social infrastructure.

<sup>7</sup> See <http://wien.arbeiterkammer.at/online/vernetzung-sozialer-dienstleistungen-64409.html>

<sup>8</sup> Examples: Nursing care in 22 communities [http://www.land-oberoesterreich.gv.at/cps/rde/xchg/SID-85511302-6FDD8DBA/ooe/hs.xsl/93874\\_DEU\\_HTML.htm](http://www.land-oberoesterreich.gv.at/cps/rde/xchg/SID-85511302-6FDD8DBA/ooe/hs.xsl/93874_DEU_HTML.htm); flexible child care provisions <http://www.leader-innviertel.at/kick-off-for-a-family-oriented-leader-region/>; assisted living for vulnerable people <http://www.service-wohnen-brauneis.de/>

### What needs to be done at national level with regard to EU structural funds and social services

What is needed is a clear enshrinement of and budgeting for equality and social services in all documents:

In the **partnership agreement** between the European Commission and the member states:

- Absolute **consideration of the aim of equality** of women and men in the analysis, objectives, measures, participating organisations, monitoring and assessment
- Enshrinement of the **expansion target of social services** as an essential contribution to a strategy of intelligent, sustainable and inclusive growth in terms of the Europe 2020 strategy
- At least 25% of the EAFRD funds for the promotion of social inclusion/rural development (Article 5, Priority 6) and 5% from the ERDF for investment in infrastructure (Article 3 (c))
- Adequate allocation for local population-driven measures for local development (= the LEADER part of the programme in EAFRD and corresponding financial commitment in the ERDF)

### Operational Programme on the ERDF: Regional Development Strategies

- Absolute **consideration of the aim of equality** of women and men in the analysis, objectives, measures, participating organisations, monitoring and assessment
- **At least 5% of funding** for the area of Article 3 (1) (c) "Investment in the **social infrastructure**, the health and education infrastructure" and for the measures according to Article 5 (9) (b) "local employment initiatives" and/or (10) (a) "investment in health and social infrastructure."
- Definition of social services like child care, nursing care or educational facilities **as SMEs**.
- **At least 5% of the funding for local population-driven measures** for local development with the focus on expansion and improvement of social services

### Operational programme for EAFRD

- Absolute **consideration of the aim of equality** of women and men in the analysis, objectives, measures, participating organisations, monitoring and assessment

What is needed is a clear enshrinement of and budgeting for equality and social services in all documents.

- Absolute consideration of the provision and quality of social services in the **strength-weakness analysis** and in the **strategy** for rural development
- Use of **at least 25% of the funding** for the priority according to Article 5 § 6)
- Sufficient funding for LEADER (= a part of the EAFRD programme) in order to be able to promote partnerships in the field of social services (Article 44)

Should you have any further questions  
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