



May 2012  
AK Position Paper

Common provisions on European Funds and specific provisions concerning the European Regional Development Fund and the Investment for growth and jobs goal

## 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

Werner Muhm  
Director

# Executive Summary

The expansion of social services – in particular childcare and care services – should be given far more consideration

In the wake of the financial crisis 2008, which hugely increased the economic and social imbalances in Europe, the EU has to deal with big socio-economic challenges. Austerity measures, introduced by a number of Member States, even aggravate the situation, resulting in the fact that broad sections of the population - both in urban and rural regions - are affected or threatened by unemployment. It has to be the primary aim of the European cohesion policy 2014+ to counteract this trend and to develop relevant instruments (e.g. funds to tackle youth unemployment).

From our point of view, the following **key issues** of the general regulation on the funds covered by the “Common strategic framework” (CSR Fund) as well as of the European Regional Development Fund (ERDF) have to be developed further. The general regulation specifies the common framework for all GSR funds and lays down general principles, thematic objectives and contents. Hence, it is of major importance:

- The goal of **gender equality** has not yet found adequate support and requires concretisation to be implemented effectively.
- The **expansion of social services** – in particular childcare and care services – should be given far more consideration.
- The AK is **opposed to focussing subsidies only on small and medium-sized enterprises**. It should also be possible to subsidise large-scale enterprises to safe-guard existing industrial structures.
- Similar to climate change targets and SME support, the **effective allocation of re-sources (in %) for the social targets of the Europa 2020 strategy** – Europe’s big

challenges for the future – has to be determined. All funds shall be included in the targets related to promoting employment, fighting poverty and education.

- We welcome the **integration of social partners**, regional authorities and civil society with regard to preparing, carrying out, monitoring and evaluating the partnership agreement and programmes, which has been expressly required by the European Commission. The code of conduct has to be implemented by all funds at federal and state level, and its compliance concerning acceptance and evaluation has to be monitored.

In this context, we strongly criticise that the **STRAT.AT.2020 Process** only provides for the integration of social partners and civil society at forum level. This approach is in contrast to the Austrian practice with regard to social partnership. We **request that the social partners will be fully involved in developing the partnership agreement for the structural programmes of the EU in Austria**.

- The AK explicitly supports Article 84. 3 of the Common Strategic Framework, which lays down that **at least 52 % of structural fund resources for more developed regions in every Member State, are allocated to ESF**.

# The AK position in detail

**In the following we specify our demands in more detail:**

## Gender equality

The AK criticises that gender mainstreaming and gender budgeting are ignored by the ERDF and only play a subordinated role in the general Regulation. In its study “The Multi-Annual Financial Framework 2014-2020 from a Gender Equality Perspective”, the European Parliament too has identified a retrograde step compared to the current period and a lack of concrete targets and requirements.

The “European Community of Practice on Gender Mainstreaming” (Gender-CoP) has prepared concrete proposals for the general Regulation as well as for the ESF Regulation on the integration of gender mainstreaming and the promotion of women. The latter contains details on required text changes in order to guarantee the necessary integration of the equality objective at all levels – i.e. analysis, targets, measures, participating organisations, monitoring and evaluation.

The AK is strongly in favour of fully integrating the proposals of the Gender-CoP in the general Regulation. This integration is necessary also in view of the fact that gender equality is neither firmly embedded in the ERDF nor in the EAFRD Regulation. We therefore strongly request that provisions are laid down in respect of programming and the impact resources should have on gender equality. In any case, the strategy for gender equality (2010–2015) should be taken into consideration in respect of the principle mentioned Article 7.

**ERDF-investment priorities for social innovations and services**

The AK generally welcomes that the Europe 2020 Strategy is laying down the political objectives for the cohesion funds and requests that the **focus will be placed on the social targets of the Europa 2020 Strategy**. Due to the latest developments (among other economic crisis, austerity budgets) – like the majority of the other EU Member States – in particular in the policy areas employment, education as well as reduction of poverty and social exclusion, Austria has to set priorities in order not to put the model of the European welfare state at risk.

Expanding social services is essential for intelligent, sustainable and integrative growth within the meaning of the Europe 2020 Strategy (Article 2). Without raising the employment rate of women, it will not be possible to achieve the Europe-wide employment target of 75 %. The talents and skills of – often well trained – women are also vital for a competitive EU. And the goal of preventing poverty, which is also enshrined in the Europe 2020 Strategy, is best achieved by giving women and men the opportunity of generating an independent income.

Not having a social infrastructure, is a significant income barrier in particular for women. Hence, removing this barrier is an important contribution for more employment. Its non-existence leads to distortions in the (regional) labour market and even to migration, in particular of qualified employees, whose existence is an important factor for enterprises when choosing a location. Hence, expanding social services contributes to a number of objectives of

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the EU, which are specifically referred to in the Recitals. However, an explicit mention in the operative part is missing. We therefore propose to add the following texts in the general Regulation:

- With regard to intelligent, sustainable and integrative growth (Article 2) - addition: "Thereby the use of the entire employment potential is of special significance"
- With regard to gender equality (Article 11) - addition: "Inequalities between women and men violate fundamental rights. In addition, they are a burden to the economy and lead to wasted talents. The strategy for gender equality (2010–2015) lays down the relevant concrete targets and measures. In particular the expansion of childcare and care facilities is a strategy to strengthen the employment of women and thereby of social cohesion, equality and competitiveness."
- With regard to increasing territorial cohesion (Article 21) Insert: "...to address functional territorial units and subordinate regions with particular geographic or demographic problems. Of particular importance is thereby the range of social services. For this purpose and for better...."

Due to the manifold importance of social services, these can potentially contribute to three of the eleven thematic objectives:

Thematic objectives (Article 9)

(8) Promoting employment and supporting labour mobility: on the one hand, expanding social services has a higher impact on employment than any other form of using public funds; on the other hand it enables in particular people with care responsibilities to carry out a gainful occupation.

(9) Promoting social inclusion and combating poverty: this objective is effectively pursued by the opportunity for women and men to generate an independent income.

(10) Investing in education, skills and lifelong learning: in its recent Communication, the European Commission emphasises the importance of childcare as an institution for early childhood education (COM(2011) 66) and its significance for the future education and employment opportunities of children. It is therefore vital to provide a sufficient number of facilities.

### No exclusive SME support

It is of vital importance for Austria's regional policy that **large-scale structures are not excluded from investment support**. It will not be possible to stabilise problem and migration regions with environmental aids or research and development aids alone. In the upper Styrian districts, it is particular leading enterprises, most of which are large-scale corporations, which represent the backbone of economic development. They are surrounded by small and medium enterprises, which provide many jobs. We therefore reject the proposed indicative allocation of resources that in transition and more developed region the majority of subsidies has to be spent on energy efficiency and renewable energies as well as on promoting the competitiveness of SME and innovation. We are also specifically opposed to the intervention area of the ERDF (Article 3) and request that large-scale enterprises will also be able to receive investment support funds if they - in national comparison - are located in migration regions or structurally political weak regions.

We are also opposed to the indicative determination of the thematic concentration (Article 4) and argue that the allocation of funds is misguided if 80 % may only be used for SME support. We are also of the opinion that the urban development platform (Article 8) should also take into consideration migration as well as the economic downturn, in particular the loss of the manufacturing industry.

### Conditionalities

Combining the general provisions for all funds in one Regulation contributes to a **common approach in programming and administration** and thereby to coherence and simplification and has to be welcomed. However, this simplification is counteracted by the rigid pre-dominant principle of result orientation, which requires significant time and effort to be spent on preparing and monitoring and the ex-ante conditionality, which is equally demanding in respect of meeting the countless requirements. The determination and preparation of output and result indicators to review the targets of the performance framework are often subject to unreliable measurability and assignability to interventions carried out. Apart from that it is not clear as to how, regarding the assessment, economic fluctuations and external influence factors will be taken into account.

However, a basic review should be **proportionate**, restrict itself to relatively easy ascertained and secured indicators and enable a simple procedure with scope for interpretation.

The threatened consequences if the requirements, such as retention of the performance reserve, suspension or correction (cancellation) of financial resources are not being met do not correspond to the intentions of cohesion policy and have to be rejected. Actual significant shortcomings in respect of programming policy or implementation can be recognized by ongoing evaluation and remedied by amending the relevant programmes. Financial consequences are counterproductive and have a deteriorating effect on the development of the regions.

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Instead of making their problems worse, the EU should stimulate growth

We are also **strongly opposed to macro-economic conditionalities**. The requested close relationship of cohesion policy and economic governance of the EU, such as Council recommendations on compliance with the Stability and Growth Pact, requirements concerning the correction of excessive deficits or macro-economic imbalances, has an aggravating, procyclical and negative effect on the economic development. This might call for a review of national support programmes. A reduction of cohesion funds as a “penalty” for non-compliance with EU requirements in the macro-economic sector even more exacerbates the downturn of the economy, brought on by enforced austerity measures, and makes it, especially for problem countries, more difficult or impossible to make the necessary investments. This would in particular affect those countries that are dependent on cohesion support and already have budgetary difficulties. Instead of making their problems worse, the EU should stimulate growth and reinforce its support by increasing the EU cofinancing rate for the affected Member States beyond what had been planned originally to enable them to implement their programmes and investments in spite of the budget problem they are faced with.

### Sustainable urban development

The AK welcomes the fact that greater focus has been placed on sustainable urban development and here in particular the establishment of an urban development platform to promote capacity building and exchange of experience, and the adoption of a list of cities

where integrated actions for sustainable urban development will be implemented. In our opinion, the cities to be selected for Austria should be far fewer than the maximum number of 20 cities per Member State. Due to the limited financial resources as well as based on experiences made with Target-2 Vienna, these should only be made available to a small number of – well selected – cities to achieve visible success. In particular in connection with urban planning, special importance must be placed on the investment priorities ‘Promoting social inclusion’ (Article 5) and ‘Combating poverty’.

### Breakdown of assisted regions

In respect of the breakdown, a more differentiated approach should be taken for more developed regions. Additional criteria such as (youth) unemployment, demographic composition, migration, commuter volumes, income and risk of poverty, should be included in the evaluation. In addition to the very differently sized NUTS-2 units, also deviating regions with a minimum population – in particular in overall more developed States – can be recognized as transition region. As these States too can have less developed regions, which do not confirm to the required NUTS-2 classification.

We would therefore ask you to consider our key demands in the Austrian position.

Should you have any further questions  
please do not hesitate to contact

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