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COMMISSION STAFF WORKING DOCUMENT

IMPACT ASSESSMENT

Accompanying the 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}
{SWD(2012) 351 final}

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1. Procedural issues and consultations of the interested parties

1.1. Introduction

In June 2010, EU Heads of State and Government agreed on a poverty and social exclusion target as part of the Europe 2020 strategy. They committed themselves to reducing poverty and social exclusion in the EU by at least 20 million people by 2020. Yet actual figures indicate an upward trend. Poverty and social exclusion have risen in many Member States since the crisis began in 2008, raising concerns over the social consequences for individuals and the society at large. The willingness and ability of Member States to support those who are at the margins of our society have in many cases decreased. Social cohesion is threatened more than before in particular where high poverty rates prevailed already at the start of the crisis or where there is a need to comply with tough austerity measures. In many Member States the European level is argued to be (co-) responsible for these developments.

Structural measures aiming at reducing poverty and social exclusion across the EU are important to maintain and foster social and political cohesion within Member States and within the EU as a whole. Poverty has also repercussions on economic performance: deterioration of human and social capital translates into a loss of economic potential and outputs for the EU as a whole and deprives parts of population from opportunities to develop their capabilities and contribute beneficially to the society. Failure to reduce poverty and social exclusion is also morally unacceptable in a Union aiming at full employment and social progress (Art 3 TEU).

The European Parliament has requested the Commission to maintain a food aid programme and to develop a European strategy on homelessness.

In its proposal for the next multiannual financial framework the Commission has taken up on this request and reserved a budget of 2.5 billion Euro for an instrument under Cohesion Policy to promote social inclusion and the harmonious development of the Union, reorienting the existing programme of food support for the most deprived persons. The main Union's instrument to support employability, fight poverty and promote inclusion is and will remain the European Social Fund (ESF) (see also Annex 1). Legal analysis showed that a separate instrument is necessary as the ESF legal basis (Art 162 TFEU) requires a sufficiently close link of the supported activities with employment or mobility. Social groups for which there is no expectation of integration into the labour market (e.g. pension age people) or types of intervention which do

not aim directly or indirectly at integration in the labour market (such as for instance the provision of food) could therefore not be supported if the instrument was part of the ESF. As all other instruments under cohesion policy, this instrument should to be implemented under shared management and should cover all Member States.

This document examines the range of interventions the Fund for European Aid to the Most Deprived, FEAD could support.

The precursor to the envisaged instrument is the programme of aid for the most deprived people (MDP), which was created in 1987 to make a meaningful use of the then agricultural surpluses by making them available to Member States wishing to use them as food aid for the most deprived persons of the Community. Successive reforms of the common agricultural policy mean that EU agricultural commodity markets are expected to remain balanced - on average - over the outlook period (2011-2020), without the need for market intervention. With the expected absence of intervention stocks, the MDP has thus lost the rationale underpinning it and will be discontinued with the completion of the 2013 annual plan. Yet over the years, the scheme had become an important source of provisions for organisations working in direct contact with the least fortunate people of our society providing them food (see also Annex 2).

The General Court ruled on 13 April 2011 on a complaint brought by Germany and supported by Sweden, against the monetary allocations granted to Member States under the 2009 MDP for purchases of food on the market. The ruling is basically stating that in order to comply with Article 27 of the Single CMO Regulation applicable at the time, with the exception of specific market circumstances that do not prevail today, food supplies under the scheme should essentially come from public storage only.

The successive Commission proposals for a revised scheme faced a blocking majority in the Council (DE, DK, NL, SW, UK, CZ and AT). This deadlock could only be overcome thanks to a joint DE/FR declaration, supporting the continuation of the programme until 2013, but stating that "the conditions are not met for a proposal of a new program for a period post 2013 to be presented by the Commission and adopted by the Council". The Commission for its part said that it "will take account of this strong opposition to any legal and financial proposal of such a program in the future" but "without prejudice to its right of initiative under the Treaty".

1.2. Organization and timing of preparatory work

An Inter-Service Steering Group (ISSG) was set-up in April 2012. It met 5 times, the last being on 6 August 2012. The following DGs and services participated at least once in the meetings of the ISSG chaired by EMPL: AGRI, BUDG, COMP, ECFIN, SJ, REGIO, RTD, SANCO and SG.

The IA-Board discussed a draft version of this document on 19 September 2012. In line with the recommendations of the Board the context for this initiative was clarified. The problem definition was revised to facilitate the understanding of achievements of the MDP in the past and the relevance of the lessons learned to the proposed new instrument. Furthermore also feedback from civil society, stakeholder organisations and public authorities has been integrated more systematically to demonstrate that there is a need for such an instrument.

The objectives have been reviewed and better explained. The presentation and the analysis of the options have been checked, so to make sure that the impacts of the options become clear. The monitoring and evaluation section was expanded. The links between the indicators chosen and the specific and operational objectives are clarified. In adding a comprehensive presentation of the implementation arrangements in a new annex 3 it is expected that misunderstandings and ambiguity on consistency and coherence of the new instrument with Member States activities have been cleared.

1.3. Consultations

Due to time constraints related to the preparation of instruments for 2014-2020 and prolonged debates on the rationale and budget in 2012-2013 of the existing programme of aid for the most deprived people (MDP), it has not been possible to organise a full-fledged consultation on the new proposed instrument. Yet discussions in Council, Parliament and with civil society and local authorities on the current aid for most deprived people programme (MDP) provide meaningful insights and ideas for the future. The Commission has been open to stakeholders' views (see below and Annex 4).

Opinion of the civil society and local authorities

The proposed significant cut of the support provided under the MDP scheme (from € 480 million to € 113.5 mio) in 2012 following the General Court ruling of 13 April 2011 led to a large number of negative reactions from civil society organisations, stressing the importance of this support and pleading for a continuation of the scheme at a time that the needs are increasing. The Federation of European Food Banks (FEBA) estimated that this cut would

result in an immediate fall back of over a third of the aid they deliver. Some charities also launched a web based campaign to save the programme[1]. Regional and local authorities' representatives also reacted. For instance, the Committee of the Regions in its opinion on the MFF called for the continuation of the MDP in 2014-2020[2]; the AMGF (Association of Mayors of Large French Cities) called on each mayor to mobilise its deputies on this matter[3]. During 2011 and 2012 the Commission did receive a number of letters or parliamentary questions raising this matter.

Subsequently a compromise was reached in Council to continue the scheme for the years 2012 and 2013 with a yearly budget of € 500 million. The Red Cross, large charities such as Caritas and Eurodiaconia, civil society organisations representing food banks, as well as organisations working with children and homeless people have continued to plea for support to be provided beyond 2013. In April 2012 eight umbrella organisations wrote to the social attachés in the Permanent Representations of the Member States[4]. In June 2012 the Red Cross, Eurodiaconia, Caritas Europa and FEBA wrote on the same issue to the President of the European Council. Several regional and local authorities also called for the programme to be continued after 2013 at, at least, the same level of financing[5].

In April 2012 FEBA issued a communication[6] summing up briefly its wishes for a future food aid mechanism. These are:

1. A much higher financial allocation (i.e more than the 360 million € / year foreseen);
2. No co-financing by Member States;
3. Focus on food distribution to the most deprived, rather than vouchers or money;
4. Continued use of the large food aid networks, as stakeholders and partners;
5. Financial support for these networks participating in public service delivery and working in the field of social economy and solidarity;

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[1] http://sauvonslepead.restosducoeur.org/?page_id=571 & http://www.eurofoodbank.eu/portail/index.php?option=com_content&view=article&id=158%3Adans-la-riche-europe-il-y-a-encore-des-gens-qui-ont-faim&catid=2&Itemid=27&lang=en

[2] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:054:0040:0048:EN:PDF

[3] http://www.grandesvilles.org/actualites/bref/amgvf-se-rejouit-maitien-pead-pour-2012-2013

[4] Available at: http://www.eurofoodbank.eu/portail/images/_FEBA/Documents/2012-EAPN%20Food-aid-prog-EOs-letter-to-perm-rep-02-04-2012.pdf

[5] See for instance the Association of Mayors of Large French Cities at: http://www.grandesvilles.org/actualites/bref/amgvf-se-rejouit-maitien-pead-pour-2012-2013

[6] http://www.eurofoodbank.eu/portail/index.php?option=com_content&view=article&id=151%3Apositio n-de-la-faba-sur-le-futur-programme-europeen-daide-alimentaire-aux-plus-demunis-avril-2012&catid=2%3Aevenements&Itemid=27&lang=en

6. The creation of a specific instrument, "sui generis", for food aid.

In addition in December 2011, 11 umbrella organisations had already written to the Commissioner and the Director General for Employment, Social Affairs and Inclusion asking for progress to be made towards an EU Homelessness Strategy[7]. The EU Committee of the Regions and the Economic and Social Committee have also supported this call[8] .

Two meetings with umbrella associations of organisations representing beneficiaries and actual end-beneficiaries were held in order to discuss rationale, mission and scope of the new instrument. The minutes of these meetings are given in annex 4. The MDP annual stakeholders meetings held in Brussels on 5 July 2012 was also an occasion to present and discuss their views on the future[9]. In general the different organisations welcome the possible broadening of the scope of the instrument beyond food aid, the fact of placing people at the centre of the instrument but regret the smaller budget allocated.

Positions of Member States

The discussions in the Council on the MDP give some indications on what their positions on a new programme might be, although these discussions did not reflect the envisaged rationale, mission and scope of the new instrument.

Seven Member States (DE, DK, NL, SE, UK, CZ[10] and AT) have argued that food support is more suited to social policy and is a national competence. Other Member States argued strongly in support of the scheme on social and political grounds.

A number of Member States (BE, BG, EL, ES, HU, IT, LT, LU, LV, MT, PT, RO and SI) issued a statement[11] in December 2011, in which they requested the continuation of the MDP following 2013.

In their 2012 National Reform Programmes at least half of the member states have referred to homelessness as a priority issue of their social inclusion policies.

The Compact for Growth and Jobs adopted by the European Council on 29 June 2012 notes that "in the implementation of the country-specific recommendations, Member States will put particular emphasis on […]

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[7] http://www.eapn.eu/en/news-a-events/news/other-news/2992-towards-an-eu-homelessness-strategy-joint-letter-from-feantsa-and-european-ngos

[8] CoR (2010) and EESC (2011)

[9] See: http://ec.europa.eu/agriculture/most-deprived-persons/meetings/index_en.htm

[10] CZ supported this line in spite of the fact that it makes use of the programme, however only with requests far below the theoretical share of CZ from the budget.

[11] ST 18593/11 ADD 2

tackling unemployment and addressing the social consequences of the crisis effectively […and] developing and implementing effective policies to combat poverty and support vulnerable groups".[12]

Position of the European Parliament

The European Parliament has repeatedly and across all political groups expressed strong support for the continuation of the food aid programme[13] for achieving better social cohesion in Europe. Some MEPs have, however warned against a trade-off between the new instrument and the ESF as taking the funds for the new programme from the ESF would in their view mean solidarity of the poor with the poor. In addition, the European Parliament called for an EU strategy on homelessness- first in a Written Declaration (2010) and then in a resolution[14] which was adopted in 2011.

2. Problem definition

2.1. Lessons learned from the implementation of the MDP

While the proposed instrument is a new one, it is relevant to look at the still existing MDP programme. Although the MDP has a different 'raison d'être', using agricultural surpluses, some of the motivation to envisage the new instrument stems from positive experience and effects linked to the MDP. Therefore learning from this experience is important. Furthermore, the MDP is, apart from small-scale projects supported by the EU as social experimentation, the only European Union programme currently reaching directly the most deprived persons in the EU.

An extensive study of the operation of the MDP since 1987 was carried out in the context of the Impact Assessment Study that accompanied the 2008 Commission proposal to review the scheme[15]. Particularly relevant is also the report of the European Court of Auditors on the MDP[16]. The annual reports of the participating Member States also contain useful information and a body of circumstantial evidence is available at the level of the organisations delivering the food aid to deprived people.

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[12] http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/131388.pdf.

[13] Resolutions from 7 July 2011, 19 January 2012 and debate from 29 March 2012.

[14] link to the EP resolution

[15] http://ec.europa.eu/agriculture/markets/freefood/impact/index_en.htm

[16] ECA, 2009. L'aide alimentaire de l'Union Européenne en faveur des personnes démunies: une évaluation des objectifs, ainsi que des moyens et des méthodes utilisés. Rapport spécial n° 6.

Key points

On the basis of the lessons learned from the functioning of the MDP, the following issues can be pointed at as being relevant for the possible set-up of a new instrument.

- ***Reliability of the programme***. The MDP has never sought to resolve all food poverty in the Member States. Yet during the consultation of the charitable organisations, all insisted that the predictability of the supply was an essential element for their operations. In fact, for many Member States and organizations the MDP represents the main source of support for food aid (Poland - 90%, Hungary – 84%, Italy – 68%)[17]. Even in France the programme represents for the different organisations involved between 22% and 55% of the products distributed[18].
- ***Leverage effect***: though there is formally no co-financing with national means, in practice there is a considerable leverage effect as the organisations provide the bulk of the means for running the food aid distribution and parts of the food aid itself.

  The table below shows the estimated value of the resources mobilised by the French Food banks for the years 2010 and 2011 (source – 2010 and 2011 reports). The resources mobilised by the food banks are essentially non-financial, in-kind contributions of goods and voluntary labour (93% of the total resources). Financial resources were estimated to represent only 7% of the total value of the resources handled. It shows a multiplier effect (total resources versus MDP inputs) of around 3.

[17] Source: FEBA

[18] Dossier presse of 19 September 2011 prepared by the French Federation of Food Banks, the French Red Cross, the Restos du Coeur and the Secours Populair.

Table 1 Resources[19] mobilised by the French Food Banks (source 2010 and 2011 reports of the federation of food banks)

	Value (€ millions)
In kind resources	
Food - MDP	106
Food - Others	187
Voluntary work	37
Other in kind contributions	2
Total in kind	***333***
Financial resources	
MDP	0
Others	23
Total financial resources	***24***
TOTAL RESOURCES MOBILISED	**357**

The ratio of financial resources to the total resources[20] gives another measure of effectiveness. In France this is 1:15. This ratio varies across the different Member States but remains high: IT 1:9, PL 1:20, LT 1:24, PT 1:16. It shows the great reliance the charitable organisations involved have on in-kind contributions including voluntary labour.

- ***Long-term perspective***. The programme is currently based on annual plans. Yet the organisations engaged in food distribution activities and providing ancillary services are largely dependent on volunteer work. Volunteers expect predictability as to their inputs. Such organisations find it difficult to maintain volunteer commitments in cases of rapidly changing volumes of activity.
- ***Variety of foods distributed***. Originally the products to be distributed were limited to those for which intervention applies. The reform of the CAP reduced the number of these products. This limitation made it more difficult to offer nutritionally balanced packages. Currently the MDP is rather used as a source of food products with a long conservation to be complemented by more perishable goods from other sources.
- ***Reinforcing monitoring and reporting***. In the absence of clear definitions and reporting and evaluation rules, there is considerable uncertainty as to the reach and the impact of the programme. The annual implementation reports point to approximately 18 millions cases of support per year. Considering that the same person might have

[19] Figures may not add up because of rounding.

[20] Source: FEBA

benefitted repeatedly (and counted each time) the number of people who was actually supported is likely to be lower (see annex 2).

Conclusions from the European Court of Auditors' assessment of the MDP

The European Court of Auditors examined the programme in four Member States (Italy, France, Poland and Spain). These represent 72% of the allocations. The audit was centred on the 2006-2008 annual plans[21].

The audit focused on the validity of the intended aims in the context of an evolving market and social situation, the adequacy of the means made available, the programme's impact, and the administrative and management procedures. The main conclusions were:

- The fact that the programme is managed at operational level by thousands of charitable organisations, mainly staffed by volunteers and dealing with an unstable and not easily monitored target population, poses particular challenges for the administration of the scheme.

- Monitoring and reporting systems at Commission and Member States levels have to be improved, as well as the methodology for allocating the financial resources between the Member States.

- Finally, the tendering procedures employed by the Member States differ considerably and do not ensure equal access to all EU operators and the broadest competition. Thus there is the risk that best conditions are not achieved always for products withdrawn from intervention stocks or for those purchased on the open market. It is also considered that the bartering arrangements used are cumbersome and difficult to control.

The Court made a number of recommendations concerning the appropriateness of financing the programme under CAP expenditure, the need for increasing the impact of the measure, the integration of the programme into the social policy framework, the expansion of the variety of the products distributed, the need for improving the distribution methods as well as management, monitoring and tendering procedures.

Beneficiaries' views and perceptions

[21] http://eca.europa.eu/portal/pls/portal/docs/1/8038724.PDF

Subsequently a few examples taken from annual reports and organisation's publications, illustrating the benefits and impacts of the MDP.

The Restos du Coeur estimate that approximately half of its aid recipients in one given year do not return the year after. The little extra help these persons received allowed them to rebound.[22] Still, these figures are rough estimates and several institutions felt not able to provide any such indications.

2011 annual activity report of the French federation of Food banks

A la Banque Alimentaire d'Auvergne, une chargée d'insertion accompagne 8 salariés par an en chantier d'insertion et les aide à bâtir un projet professionnel : âgés de 26 à 54 ans, ils travaillent à la Banque Alimentaire en contrats aidés comme chauffeurs-livreurs-magasiniers pour une durée d'un an ; ils y acquièrent une qualification supplémentaire qui a permis à la moitié d'entre eux de se reclasser en 2011.

"*On retrouve petit à petit les repères de la vie active. Se réinsérer tout en aidant des gens en difficulté alors qu'on est soi-même dans le besoin, c'est valorisant.*" - Vincent, 33 ans

L'aide alimentaire à la Croix-rouge Francaise – De l'équilibre nutritionel à l'accompagnement social[23]

Monique - 49 ans mère de 8 enfants

" Je viens ici une fois par semaine depuis un mois. Mes grands enfants ne sont pas au courant de ma situation… Suite à la séparation d'avec mon mari et à une période de chômage, je me suis retrouvée à la rue avec mon plus jeune fils… Malgré quelques missions d'intérim ponctuelles, j'ai du mal à m'en sortir et l'aide de la Croix-Rouge est vitale pour moi. Avec ce qu'on me donne ici, j'arrive à tenir une semaine. Les bénévoles ont toujours un petit mot gentil, on est bien accueilli. "

FairShare[24]

One beneficiary of the Eat Well Live Well programme is Tim, who worked in the RAF as an engineer for 12 years and the NHS for 10 years before circumstances led to him being forced to move and become homeless:

"*Food was by far the most important reason for me to visit the centres. Also, finding a*

[22] Presentation to the annual stakeholders meeting of 5 July 2012. http://ec.europa.eu/agriculture/most-deprived-persons/meetings/05-07-2012/restos-du-coeur_fr.pdf

[23] Dated 17/11/2010. Available at: www.croix-rouge.fr

[24] http://www.fareshare.org.uk/case-studies/

place to have a shower and get clean clothes. Being somewhere warm and getting something good to eat. I got involved with volunteering at FareShare through the Shift Co-ordinator. They knew I was on the street, and they told me FareShare needed some help in delivering food. At first I started giving a hand to help the delivery and collection on a Tuesday. FareShare held a training week for staff and volunteers, and I was asked to stay on by the Operations Manager and give input, because of my experience in the RAF and NHS – especially around health and safety, and also because I was still actively on the street.

Being asked to stay and give my input in the running of the operations was really important to me. Soon after this, I started volunteering a lot more regularly, even while I was still on the street. At FareShare, as part of their volunteer training, they've given me basic food hygiene training, and fork lift truck training. Also, I've really been able to use some of the skills I used before in previous jobs."

Through his experience at FareShare Tim's prospects are looking a lot brighter; he now lives in his own accommodation and is working full-time again.

Impact of cooking workshops[25].

Les professionnels de la santé et du secteur social soulignent deux aspects importants à leurs yeux. En favorisant l'établissement de nouveaux liens sociaux, d'échanges interpersonnels, de coopérations… les ateliers peuvent réduire le risque d'isolement et limiter certains troubles psychologiques liés à l'inactivité (ennui, autodévalorisation, repli sur soi, dépression) et qui sont susceptibles d'induire des dérèglements du comportement alimentaire : grignotage d'aliments gras et sucrés (recherche de réconfort), épisodes boulimiques, etc. Un second atout réside dans la réappropriation de repères : au travers des ateliers proposés, les participants pourront être sensibilisés à l'importance de structurer leur journée alimentaire (nombre et horaires des repas), d'être conscient des quantités ingérées, de prévoir et d'organiser l'achat puis la préparation des aliments, etc.

Targeting of MDP support

The current MDP regulation does not define the most deprived persons. It is up to the Member States to fix their own targeting criteria; some do so, while others leave it to the charities or NGOs to determine which persons to provide with a meal or a food basket.

[25]. Etude réalisée pour le Haut Commissariat aux solidarités actives contre la pauvreté dans le cadre de l'appel à projets « Expérimentations Sociales » Octobre 2009. EPISTEME – 10, rue de la Paix – 75002 PARIS.

The "at risk of poverty rate - AROP" indicator is used in the present programme as a proxy to allocate resources between Member States. This indicator represents the share of people with an income below 60 % of the national "equalised median income"; one can expect that the final beneficiaries will belong to this group, but of course not all people of this group are actually targeted with the MDP.

The ECA report already pointed to the diversity of the populations served by food aid. The examples given above also serve to illustrate it. This variability is also demonstrated by the surveys a number of food banks conducted (see also Annex 5) Examples for this diversity are:

- Gender: mostly women in FR and PT but mostly men in the UK;
- Age: mostly adults between 26 and 50 years in FR but more than two thirds older people (66+) in PT.
- Income: in FR 24% dispose of less than 500€ per month. In PT this is 80%, 49% have even less than 250€. In PT over one quarter of the recipients did not have enough to eat at least once per week over the previous three months.

In fact, given the variability of poverty in the national contexts it has proven impossible to characterise and quantify at EU level the most deprived people by a limited set of statistics. Ultimately the only common characteristic is possibly the fact that these are individuals and families beyond the social stigma of asking for direct material aid[26].

Targeting the aid through a set of criteria set at EU level should, in theory, increase the impact. However, all stakeholders consulted stressed the need for a degree of liberty in determining who is in need. In particular, they have stressed that they often provide assistance to people in "temporary need", and so often not yet recognised by the national social services as being in difficulty. The overwhelming opinion expressed in the public consultation undertaken in 2007 was that no differentiation should be made between populations in need. By its very nature, such a scheme has to adapt to very different situations in the various participating Member States. The experience with MDP suggests that the existing open approach is found adequate with beneficiaries. There are no indications that further selectivity on the European level would create improvements. At the contrary, introducing standards at Community level could hinder the necessary flexibility the programme must preserve in order to adapt to the varied circumstances of the most deprived. In addition,

[26] As an illustration, a study conducted by the French Ministry of Labour in 2011 shows that half of the people eligible for the RSA, an income support scheme, were not benefiting from it. Among those who knew they were eligible or were not sure, 7% did not apply "as a matter of principle". See: http://www.rsa-revenu-de-solidarite-active.com

detailed criteria would impose heavier administrative burdens and increase the cost of assistance, as compliance with criteria must be checked.

2.2. *Description of the problem*

Poverty – a challenge for Europe

The Europe 2020 strategy has set ambitious targets also in terms of poverty reduction. By 2020 Europe should have 20 million less persons at risk of poverty or social exclusion. Yet despite significant structural support to help the population to adapt to a changing economic context, poverty levels increase since 2009. European citizens thereby consider the reduction of poverty, next to fighting unemployment, as the most important social issue on which the EU should act.[27] Hence the need for the Union to address this problem.

During the discussions with the charitable organisations, all insisted that the predictability of the European support via the MDP was an essential element for their operations. It allows the continued mobilisation of volunteers and facilitates the access to other sources of funding or contributions in kind. A termination of the MDP without substitution would clearly threaten this acquis besides being potentially perceived as a demonstration of the lack of interest of the European Union in pressing social questions. Currently more and more social stakeholders and EU citizens perceive the EU as a threat for their personal and collective protection[28]. Action at European level is required, all the more so, as a lack of social cohesion would hinder the Union's further development and undermine its legitimacy in the eyes of its citizens.

At the same time there is also a lack of adequate evidence which complicates policy co-ordination at EU level despite the presence and acknowledgement of common goals. Importantly, ensuring such adequacy requires not only the generation of new information (such as comparable statistics, sufficient analytical knowledge), but also effective sharing of existing ones (such as available good practices) through mutual learning processes such as periodic monitoring, evaluation and peer review. To fully use such evidence stakeholders should reach a common understanding of the meaning of essential elements of the status quo. This is a prerequisite for the elaboration of

[27] Special Eurobarometer 350, Eurobarometer 73.5: The European Social Fund (Nov. 2010). These results are even more important as poverty reduction per se is clearly going beyond the mandate of the ESF. http://ec.europa.eu/esf/BlobServlet?docId=159&langId=en

[28] Policy Brief 5.4 EU Governance and Social Policy: larger and larger uncertainties looming. Available at: http://www.gusto-project.eu

consensual policy solutions. Therefore good policy making requires an active involvement of all relevant stakeholders throughout the policy process.

Indicators of people at risk of poverty or social exclusion

The Europe 2020 strategy poverty reduction target is expressed in terms of the population at risk of poverty or exclusion (herein referred to as AROPE for short). This is the combination of three components[29]:

- People at-risk-of-poverty after social transfers (AROP);
- Severely materially deprived people (SMD);
- Jobless households (JLH).

The use of a combination is considered necessary because no single definition fully captures the multi-faceted nature of poverty and its variability in the national contexts[30].

Overall pattern and trends

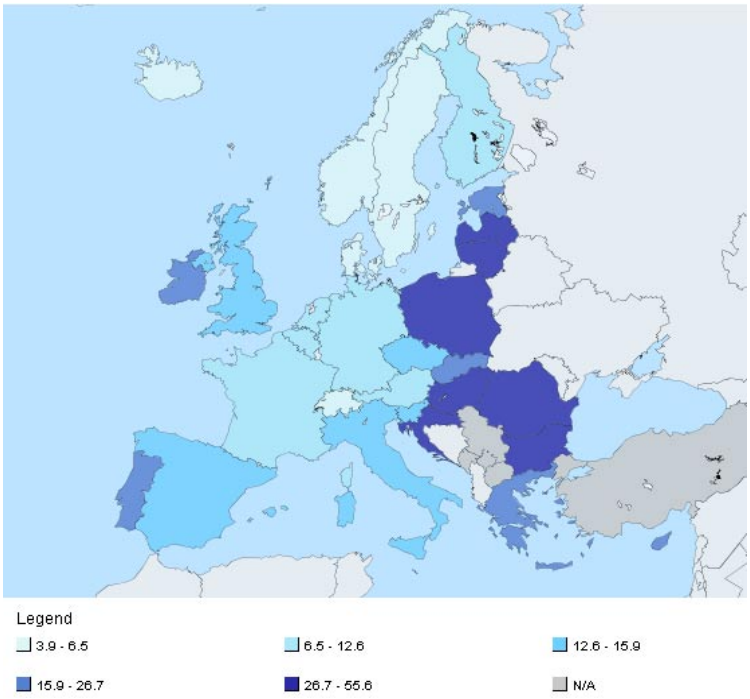
As the map below shows, poverty and social exclusion[31] are not uniformly spread across the EU. In general, problems are more acute in eastern and southern Member States.

[29] For definitions and descriptions of these indicators, see Eurostat at: http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators

[30] See also the Employment and Social Developments in Europe 2011 review, Ch3: http://ec.europa.eu/social/main.jsp?catId=113&langId=en&pubId=6176&type=2&furtherPubs=yes.

[31] All data in this section are taken from Eurostat.
See http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators for more information on Europe 2020 indicators and the data.

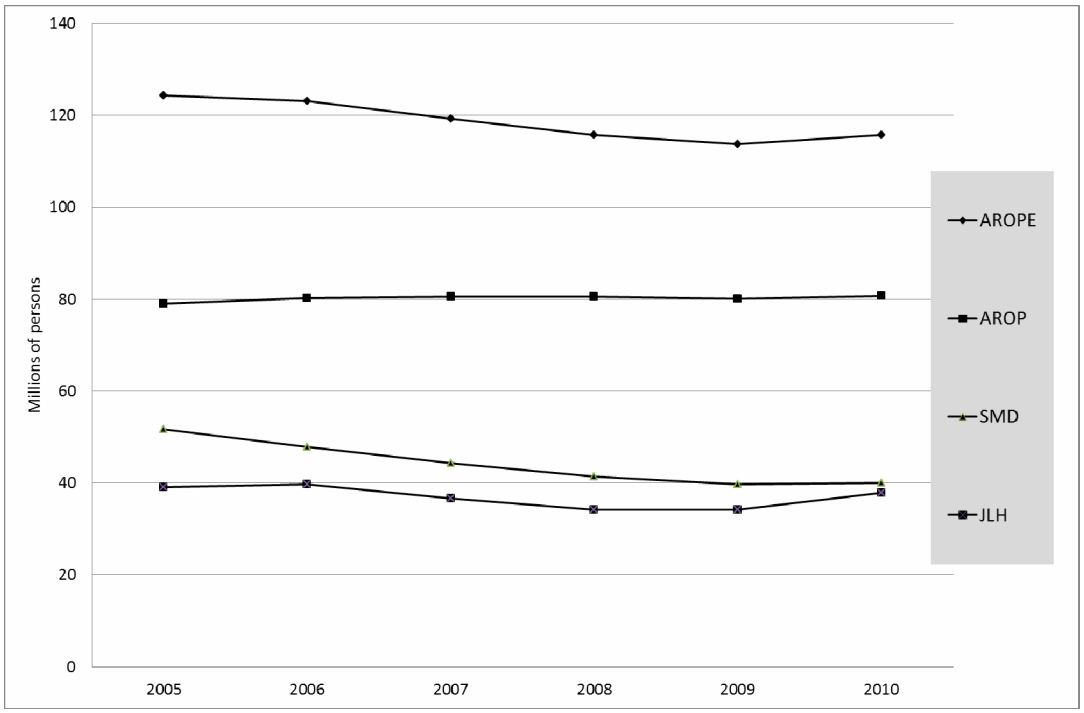
Figure 1. Geographical distribution of the population at risk of poverty or social exclusion (in % of the total population, 2010)



Source: Eurostat

In 2010, nearly one quarter of all Europeans (116 million) were at risk of poverty or social exclusion. This is about 2 million more than in 2009. Data at EU level are not yet fully available for 2011 but the trend continues worsening in all MS where data is available but RO (+1,0 pp in FI, +2,2 pp in SI, +2.7 pp in LV, +1,3 pp in CZ).

Figure 2. Developments in the risk of poverty or exclusion (AROPE) and its components in the EU (2005 – 2010)



Source: Eurostat, EU SILC. Note that the Jobless Households indicator refers to the age group 0 to 59.

Legend: AROPE=Population at risk of poverty or social exclusion, AROP=People at-risk-of-poverty after social transfers, SMD=Severe material deprivation, JLH=Jobless households

During the first phase of the current financial and economic crisis, from 2007 to 2009, social protection benefits increased relative to GDP in practically all Member States (the highest increases being seen in Lithuania, Estonia, Ireland and Latvia). The situation in the period 2009 – 2012 has been different: social protection benefits in kind are expected to fall relative to GDP in most Member States (by almost 3 pp of GDP in Lithuania and Hungary) while cash social protection benefits should decrease relative to GDP in nearly half of the Member States (by as much as 2 to 4 pp of GDP in the Baltic States)[32].

The three components are discussed separately below.

People at risk of poverty

The first component is the number of people at risk of poverty after social transfers. About 81 million European citizens (16.4% of the total population) were considered at "risk of poverty after social transfers"[33] in 2010. As opposed to the other two indicators measuring absolute poverty, this indicator

[32] EU Employment and Social Situation Quarterly Review – December 2011.

[33] Eurostat

measures relative income poverty, defined as at risk of poverty those persons within a Member State which dispose of less than 60% of the average disposable income.

The risk of poverty increased in around half of the Member States, with the most notable rises (of around 1 pp or more) in Denmark, Luxembourg, Slovakia and Spain. In contrast rates decreased by around 4 pp in Estonia and Latvia, and by some 2 pp) in Romania and the UK. However, the trends in the AROP indicator must be treated with caution, since the risk of poverty refers to a relative threshold determined by the general level of income and its distribution over the whole population. This threshold may change from one year to another as individual incomes change suddenly, as has occurred since the beginning of the crisis in many countries.

Part of the changes reported on the AROP indicator are due to the fact that various sources of income are not all hit at the same time following an economic shock. Work incomes (i.e. wages and salaries) are the first to decrease as the situation on the labour market deteriorates, while other sources of income, such as pensions and social benefits, do not adjust immediately. As work incomes decrease while others remain unchanged, there is distortion in the overall income distribution and the median income and therefore the poverty threshold falls. People with an income previously slightly below the poverty line may now move above the line, though in reality their situation has not changed, or has even got worse.

Bearing the above explanation in mind, the poverty threshold declined dramatically in Ireland between the EU SILC survey results for 2008 and 2010, falling around 13.5%, but also fell a notable 5.4% in Latvia, 2.7% in Lithuania and 2.6% in the UK. In such a context, decreases in the poverty rate simultaneously with a drop in the poverty threshold, as has been observed in Latvia and the UK, do not mean that the situation of people improved compared to the previous reference period and hence should not to be interpreted as positive outcomes.

Severe material deprivation

The second concept is that of severe material deprivation. Severe material deprivation is measured as the inability to afford at least 4 items within a list of nine[34]. This indicator allows capturing broader aspects of exclusion,

[34] The measure concerns the situation after transfers and relates to the (in)ability of households to afford to: pay their rent, mortgage or utility bills, hire purchase instalments or other loan payments; keep their home adequately warm; face unexpected expenses; eat meat or proteins every second day; go on one week's annual holiday away from home; buy a colour television; buy a car; buy a telephone (including mobile phone); and buy a washing machine. http://www.socialsituation.eu/monitoring-report/material-deprivation/copy_of_indicators-of-material-deprivation.

providing an absolute measure of poverty. Eight per cent of all European citizens or about 40 million live in conditions of severe material deprivation and cannot afford a number of necessities considered essential in Europe to live a decent life.

Between 2008 and 2010, severe material deprivation rose dramatically in Latvia and Lithuania (more than 7 pp) and considerably in Estonia and Hungary (around 4 pp). It also rose between 1 and 2 pp in Cyprus, Ireland, Malta and Spain. In contrast, severe material deprivation declined or remained broadly stable in around half of the Member States, most notably in Austria and Romania (with declines of around 2 pp) Poland (down 3.5 pp) and above all Bulgaria (down 6 pp). Once again this highlights the strong differences in developments across Member States in terms of the impact of the crisis and its effect on poverty and deprivation. Signs of the worsening situation following the crisis are more clearly evident in the trends of the severe material deprivation component, which is timelier in its response to shocks and has risen markedly in several Member States.

Persons living in household with very low work intensity

The most immediately evident impact of the crisis has been the growing exclusion from the labour market, which is manifestly apparent in the component of AROPE focused on the share of people living in jobless households.

Access to employment is an important element to get out of poverty and social exclusion. The clear downward trend in unemployment lasting several years has been reversed in 2009. In 2010, 38 million European below 60 years of age (10% of this age group) lived in a household with no or very low work intensity[35]. Indeed, a clear majority of Member States have experienced rises to various degrees in the low work intensity component, compared to increases in only half of the Member States for the other components. For the EU as a whole, the share of persons living in jobless households (defined as households with zero or very low work intensity) increased from 9 % to 10 % between 2008 and 2010. The situation has worsened significantly in several Member States, with an increase of 1 pp or more in Denmark, Estonia, Finland, France, Greece, Ireland, Italy, Latvia, Lithuania, Portugal, Slovakia and Spain. Among these the rise has been especially marked in Estonia, Lithuania and Spain (all up between 3.5 and 4 pp) but above all in Latvia (up 7 pp) and Ireland (up 9 pp). As a result, in 2010 the share of people living in low work intensity households was around or slightly above 10 % in Belgium, France,

[35] Persons are defined as living in households with very low work intensity if they are aged 0-59 and the working age members in the household worked less than 20 % of their potential during the past year.

Denmark, Germany, Italy, Latvia, Hungary, Spain and the United Kingdom, and in Ireland considerably higher with a rate of 23 %.

Material aspects of poverty

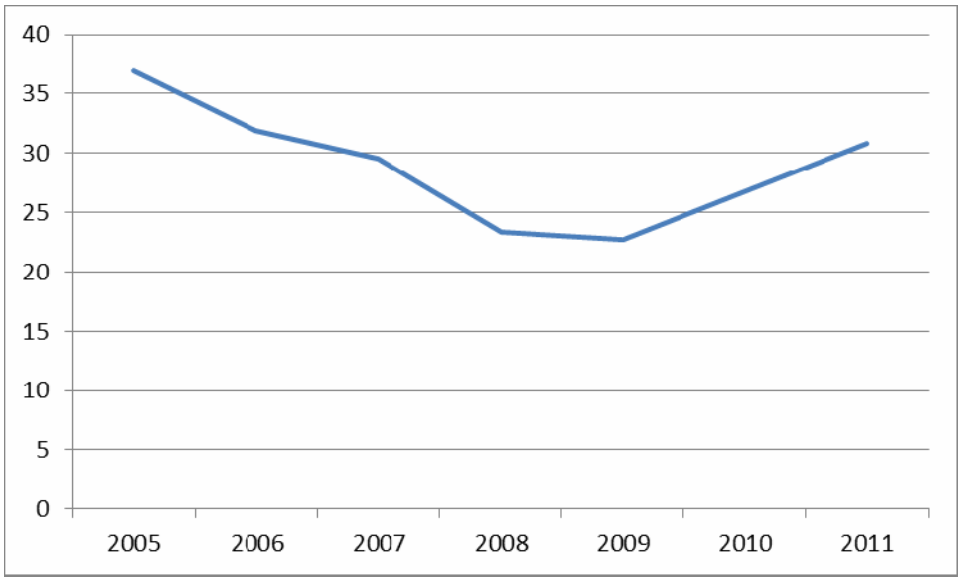
Food deprivation, homelessness and lack of basic goods for children are key factors of social exclusion. These were identified based on the answers provided to the 2011-2012 Country survey on Active Inclusion (see Annex 6) and on the consideration that any future instrument would be focussing on the provision of material assistance. Addressing them requires provision of material assistance. Apart from the MDP, however, material assistance has so far not been addressed by Union instruments, such as the ESF.

Food poverty

One of the features of material deprivation is the **inability to access appropriate quantities and quality of food**.

The share of the population unable to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day – something which is defined as a basic need by the World Health Organisation – was 8.7% of the population in 2010. The impact of the crisis is illustrated with the situation in Latvia where the number of persons experiencing food deprivation declined steadily until 2009 when the trend inverted.

Figure 3. Percentage of the population in Latvia unable to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day



Following the unusually steep rise in agricultural commodity prices, food prices in the EU have increased more rapidly than overall inflation since 2006

which is alarming since low income groups are more price-sensitive for food than other groups as it is a basic need (Annex 7).

Malnutrition is a particular problem for ***homeless people***, although there are few studies on this issue. A limited survey[36] undertaken in the UK in 2004 showed that about 65% of those homeless people investigated had to make a regular choice between buying food and paying for other essential needs. The study also showed that they do not eat well, in particular going without fruit and vegetables. Other studies, in Northern Ireland[37] and Ireland[38], showed that a greater proportion of homeless were classified as underweight, in comparison with the general population, as a consequence of poor diet. Eating irregularly and consuming unhealthy, unhygienic food are associated with the poor health and decreased life expectancy of the homeless.

Also ***children*** are a particularly sensitive population group as regards food poverty. Poor eating patterns may induce reduced brain development and capacity to learn as well as determine future health-related problems. Evidence has shown that children from poor families are at higher risk of having unbalanced diets, particularly when there are also other social and family difficulties. Single-parent children are at greater risk of poverty and here the question often arises of access to food. About 5% of the children (aged 16 or less) in the Union do not have one meal with meat, chicken, fish or vegetarian equivalent at least once a day simply because they or their parents cannot afford it. About the same proportion do not eat fresh fruit or vegetables once per day for the same reasons[39]. In the southern regions of Italy about one youth (17 years of age or less) in ten is living in a family forced to limit significantly food purchases[40].

Homelessness

A particularly severe form of material deprivation is homelessness. It is often a result of a complex interplay between structural, institutional, relationship and personal factors. Evidence on the immediate triggers for homelessness suggests that eviction (mostly after rent arrears), health problems and relationship or family breakdown are the most important events leading to homelessness in most EU countries.

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[36] Alison Gelder, Housing Justice. January 2004."Struggling to eat well. Homelessness and healthy eating"

[37] Food Standards Agency. 2007. "research into food poverty and homelessness in Northern Ireland". Deloitte MCS limited.

[38] Sharon Friel and Catherine Conlon. "Food poverty and policy". April 2004.

[39] Source: Eurostat

[40]Campiglio, L. & G. Rovati (eds), 2009. La povertà alimentare in Italia: prima indagine quantitativa e qualitative. Fondazione per la sussidiarietà. 299 p. Summary available at: http://www.bancoalimentare.it/files/documenti/Sintesi_Poverta_alimentare_in_Italia_280909.pdf

The extent of homelessness is however difficult to quantify for a number of reasons. The homeless are underrepresented in surveys, many of which are household-based; there is no EU formally accepted standard methodology for counting the homeless; and homelessness is often a transient state. The ETHOS classification of homelessness and severe housing exclusion[41] shows that homelessness is a dynamic process and that homeless people shift frequently from one category into the other.

Extrapolations based on data from some EU Member States combined with information from the US yield an estimation of 4.1 million people[42] in the EU in 2009/2010.

While better figures are needed, it is clear that homelessness has been increasing due to the social stress of low growth, rising unemployment and fiscal austerity.

Even more worryingly, a new profile of homeless people is emerging which consists of families with children, young people and people with a migrant background[43]. (See also Annex 8)

Material deprivation of children

There are 25.4 million children at risk of poverty or social exclusion in Europe[44]. The proportion of children living in a household at risk of poverty or social exclusion ranges from 14-15 % in Denmark, Finland, Slovenia and Sweden to more than 40 % in Bulgaria, Latvia and Romania. Overall, children are at greater risk of poverty or social exclusion than the rest of the population (27 % against 23 % for the total population). Only in a minority of countries (Cyprus, Denmark, Finland, Slovenia, and Sweden) are children at a lower risk of poverty or social exclusion than the global population. In other countries, such as Hungary, Ireland, Luxembourg, Romania and the United Kingdom, the risk of poverty or social exclusion for children is more than 5 % higher than for the population as a whole.

The crisis has not impacted uniformly across the whole population. Often The situation for children and young adults, already before the crisis in many countries a disadvantaged group, has deteriorated over proportionately.

The risk of poverty or social exclusion for children increased by 0.9 % between 2008 and 2010. The rise in children at risk of poverty or social exclusion was

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[41] http://www.feantsa.org/files/freshstart/Toolkits/Ethos/Leaflet/EN.pdf

[42] Frazer, H., E. Marlier and I. Nicaise, 2010. Feuille de route pour l'inclusion sociale pour l'Europe 2020.

[43] Compilation of data from several Member States forwarded by FEANTSA

[44] The information in this section is mostly taken from the special focus on child poverty drivers in the March 2012 EU Employment and Social Situation Quarterly Review.

especially marked in Ireland (+11 % for children against +6 % for the total population) and Latvia (+9 % for children against +4 % for the total population. However the risk of poverty or social exclusion for children also increased in countries where the overall risk of poverty or social exclusion was stable for the population as a whole. For example, it increased by 1.7 % in Germany while it decreased by 0.3 % for the total population.

5.9 % of households in the EU cannot afford new clothes for their children and 4.5% not even two pairs of properly fitting shoes (including a pair of all-weather shoes). This corresponds to approximately 6 million children.

Children suffering from material deprivation are less likely than their better-off peers to do well in school, enjoy good health and realise their full potential as adult.

(See also annex 9)

2.3. Initiatives in the Member States

All the stakeholders of the MDP strongly underlined that providing food aid or other forms of material assistance, is a first step in a process that potentially leads to the social and economic reintegration of people and better social cohesion in and among Member States. The services offered alongside food include information, support to access rights, health care, legal and fiscal assistance, recreational activities, training in budgeting, cooking and nutrition, personal development training including nurturing confidence, and setting goals as well as training in basic skills or assistance with administrative procedures.

In order to get a clear picture of the initiatives that exist to provide access to food for the most deprived, a questionnaire was submitted to the Member States in the context of the 2008 Impact Assessment for the MDP. The replies received and other contributions by NGOs and civil society organisations[45] indicate that:

- Social support provided by Member States and regional and local authorities never or rarely focuses specifically on access to food, except for subsidies for school canteens, or meals delivered at home to the elderly or disabled.

[45] See for instance a study conducted in 2010 on behalf of the Portuguese Food Banks Association in cooperation with other institutions. Available at: http://www.bancoalimentar.pt/news/view/269

- Food initiatives that target socially excluded and marginal populations tend to be led by charitable organisations, which are supported by donations, sometimes subsidised by local authorities and, more rarely, by Member State authorities.

A survey of the members of the Italian network of Food Banks showed that on average they offered four different types of services[46]. A similar situation is noted in Portugal where about half the organisations distributing food aid also provide other goods than food, and between 20 and 30% give also medicines or financial assistance. Nearly half (42%) have activities focusing on children[45].

While there are variations in the roles of NGOs and the state as providers of services for homeless persons in Europe[47], the predominant model is that local authorities have the main responsibility for enabling and steering such services and NGOs are the main service providers, financed to a large extent by municipalities.

Existing services for homeless people in Europe are still to a large extent directed at covering the most urgent and basic needs of their clients. But contemporary homeless strategies and services aim to minimise the need for temporary accommodation, to maximise efforts to prevent homelessness and to re-house homeless people as quickly as possible.

NGOs and civil society organisations provide a variety of support to children also going beyond the provision of food adapted to children's specific needs and health awareness. The support is – for instance – related to clothing, recreational and leisure activities (which remain a challenge for many disadvantaged children and are essential to their development) or parenting support (e.g. awareness raising, advice, sometimes combined with play activities involving children).

2.4. Who is affected in what ways, and to what extent?

The persons affected are the most deprived people in the EU in all EU Member States.

The provision of goods which are considered by most citizens as basic and the fact that these goods are only provided in quantities which fit for a single person or a household implies that free-rider effects are very limited. Also given the – compared to the overall economy – small size of this segment, it is

[46] Campiglio, L. & G. Rovati (eds), 2009. La povertà alimentare in Italia: prima indagine quantitativa e qualitative. Fondazione per la sussidiarietà. 299 p. Summary available at: http://www.bancoalimentare.it/files/documenti/Sintesi_Poverta_alimentare_in_Italia_280909.pdf

[47] Report prepared for the European Consensus Conference on Homelessness. 9-10 December 2010.

justified to speak of a niche segment. People not in need do not feel inclined to make use of such services. That means no measureable impact is expected on the overall economy.

However, even a relatively small instrument might help to provide a stable core of support around which civil society-driven schemes, drawing on voluntary work, can develop.

Member States and organisations involved in the distribution of aid for the most deprived are also affected by being the responsible for implementing the programme.

2.5. How would the problem evolve, all things being equal?

In accordance with the Multi-annual Financial Framework Communication[48] of June 2011, the baseline scenario foresees a programme providing food to the most deprived such as the existing MDP. The goods are acquired centrally and distributed in material form to the beneficiaries (e.g. food banks) which distribute them further to the final beneficiaries.

The budget allocated is € 2.5 billion over a period of 7 years (2014 – 2020). It is estimated that this would allow offering direct material assistance to approximately 2.1 million persons per year (Annex 10). Taking into account the expected multiplier effect this would amount to at least 4.2 million people reached. This is about 10% of the persons experiencing severe material deprivation. However, the overall context is that of increasing needs. The current economic and financial crisis has a direct negative impact on the social economic situation of many European citizens and particularly the weakest.

At same time by focusing on only one specific type of basic need (food-poverty) other similarly pressing and closely related needs stay unaddressed. The assistance given is not embedded in a broader integrated approach to poverty alleviation and fight against social exclusion. As a consequence the sustainability of the results achieved and the added value of the instrument are not maximised.

2.6. EU right to act

The Commission has proposed in the MFF communication and in the common provisions regulation for CSF funds that the successor to the programme of food aid for the most deprived people shall be integrated into MFF budget

[48] See: http://ec.europa.eu/budget/reform/index_en.htm

heading 1[49]. Article 174 (TFEU) provides for the Union to "promote its overall harmonious development". The first subparagraph defines the overall objective of cohesion policy which is to "strengthen economic, social and territorial cohesion". Cohesion policy is thus not limited to acting on regional disparities. The envisaged programme would contribute to the social cohesion objective of cohesion policy.

The legal basis of the proposed new instrument is Article 175 third paragraph of the TFEU which makes provisions for specific actions outside the Structural Funds possible.

The proposed new instrument is strongly anchored in the principle of subsidiarity. While helping ensure the availability of emergency assistance for most deprived people across the Union in the context of the Europe 2020 strategy and thus contributing to strengthening social cohesion in the Union, it leaves up to Member States and their lower levels of government decisions that should be taken at their respective levels. The instrument will be implemented under shared management, with national authorities initiating the planning and taking the individual decisions leading to the delivery of the assistance through national programmes.

The proposed instrument and the reflections put forward in the present document do not change the general division of competencies between the EU and Member States or between Member States and lower level administrative and political entities.

2.7. EU added-value

The Europe 2020 strategy for smart, sustainable and inclusive growth is based on a balanced vision of economic growth and social progress based on ambitious targets for employment, education and for poverty reduction. Poverty and social exclusion are major obstacles to the achievement of the Europe 2020 objectives. The major tool that the EU has in order to overcome unemployment and social challenges is the European Social Fund (ESF). It is a structural instrument, which invests directly in people and their competences and labour market opportunities. Yet some of the most vulnerable Union

[49] A Budget for Europe 2020, COM(2011)500final. Available at: http://ec.europa.eu/budget/library/biblio/documents/fin_fwk1420/MFF_COM-2011-500_Part_I_en.pdf .
By way of comparison, to help eligible households meet their food needs, the US Department of Agriculture (USDA) offers in-kind assistance through a variety of programmes, including benefits for the purchase of groceries through the Supplemental Nutrition Assistance Program (SNAP); coupons or electronic benefit cards for specific foods through the Special Supplemental Nutrition Assistance Program for Women, Infants, and Children (WIC); and free or reduced-price meals through the National School Lunch and School Breakfast Programs. Expenditure on these 4 programmes totalled $97 billion in 2011 and accounted for over 90% of USDA food and nutrition assistance expenditure.

citizens face very basic needs which will prevent their effective participation in ESF-types of action and which need to be addressed through emergency assistance of a different nature than measures that can be co-financed from the ESF.

European financial support can demonstrate the direct solidarity of the Union with the poor people, thus taking up on the broad request by European citizens. It can encourage the exchange of experience and information about the effectiveness and efficiency of actions and it increases awareness of the situation in which these groups are by actually asking Member State's representatives to talk about the situation and to develop a sort of strategy (Operational Programme) how best to address the immediate needs of these people. Finally, it allows the Union to lead by example. The proposed FEAD will also be a structural instrument in the sense that it will be available and programmed over the 2014-2020 period. It will complement and not overlap with the already existing cohesion policy tools by offering temporary remedial actions, enabling most deprived members of society to start on a recovery path.

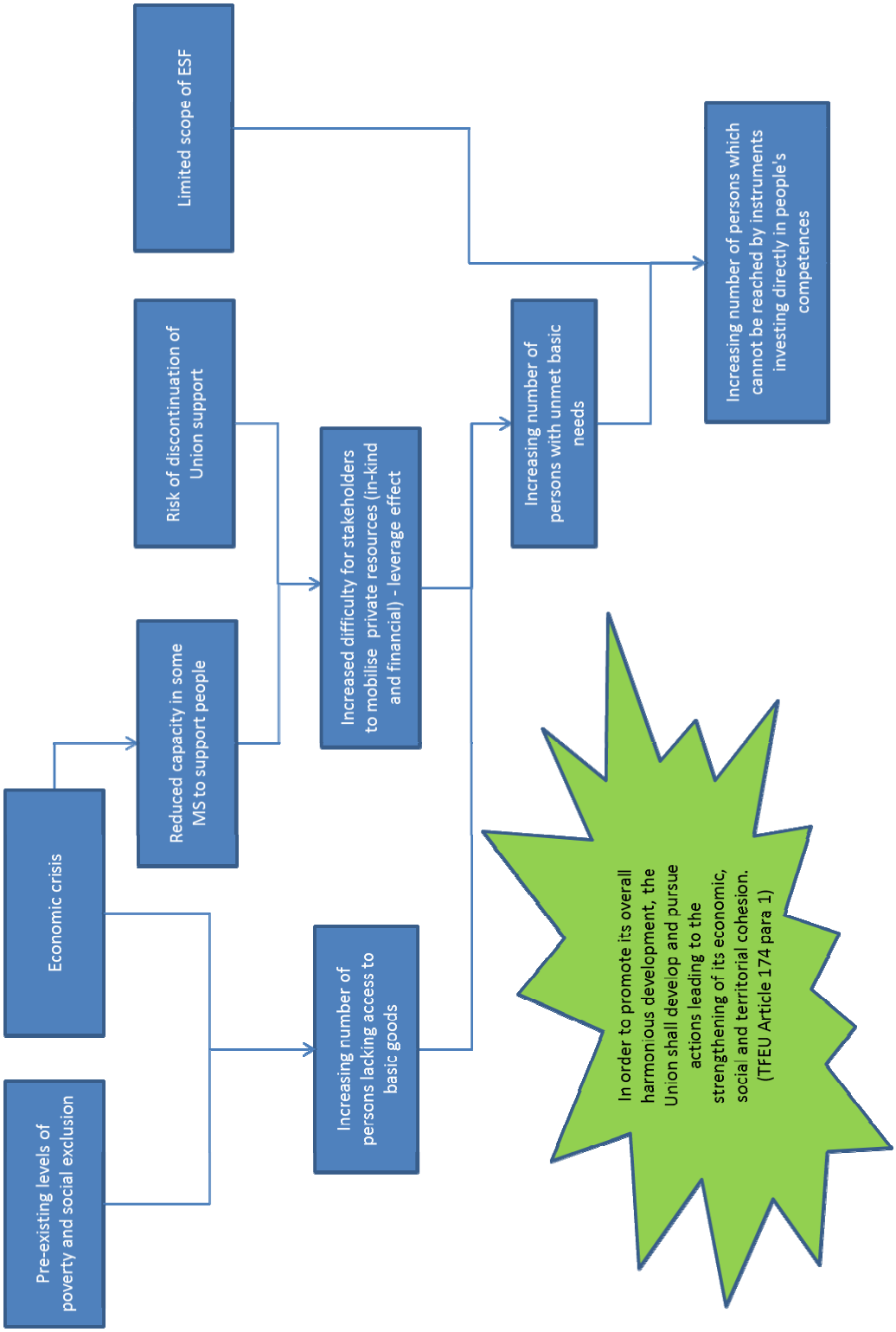
By addressing pressing needs for food and – subject to the selected policy option – for other related assistance of temporary nature, the proposed instrument will help prevent lasting poverty and social exclusion of people who find themselves in situations of severe deprivation. As well as helping enable the most deprived members of the society to maintain their dignity and human capital it will contribute to the strengthening of social capital and social cohesion within their communities. Ultimately the proposed instrument can, in conjunction with other types of support that can be co-financed notably from the ESF, also help improve the employability of the end-beneficiaries, enabling them to make a contribution to the economy.

EU-level action in this respect is necessary given the level and nature of poverty and social exclusion in the Union, further aggravated by the economic crisis, and uncertainty about the ability of all Member States to sustain social expenditure and investment at levels sufficient to ensure that social cohesion does not deteriorate further and that the objectives and targets of the Europe 2020 strategy are achieved. At the same time, more and more social stakeholders and EU citizens perceive the EU as a threat for their personal and collective protection[50].

Distribution of the resources will take into account the number of severely materially deprived people and the recent poverty trends in each Member State in order to allocate the resources where they are most needed and maximise effectiveness. The Figure 4 below presents a summary of the problem definition.

[50] Policy Brief 5.4 EU Governance and Social Policy: larger and larger uncertainties looming. Available at: http://www.gusto-project.eu

Figure 4. Summary of the problem definition



3. Objectives

3.1. General objective

The **general objective** of the European Fund for Aid to the Most Deprived (FEAD) is to contribute to the achievement of the poverty reduction target of the Europe 2020 strategy thereby increasing social cohesion in the European Union.

3.2. Specific objective

The new instrument aims at providing existing systems and structures delivering assistance to deprived people with additional resources and at providing a platform around which to exchange information and experiences strengthening thereby mutual learning. The idea behind the new instrument is thereby the idea of 'leading by example', i.e. of actually doing something which is important and sensible in a good and sometimes even exemplary way.

This double intention is taken up by two distinct specific objectives:

1. To contribute to alleviating the worst forms of poverty in the European Union by providing non-financial assistance to the most deprived persons;
2. To help to coordinate efforts, to develop and introduce instruments to promote social inclusion of the most deprived persons.

When defining the objective it has to be taken into account that implementation of the scheme will be done on the national level following national operational programmes. These will be able to be more precise on their specific objectives as they will identify what the worst form of poverty are in a given Member State and concrete institutional weaknesses of the existing instruments, which need to be improved.

3.3. Operational objective

Because the instrument is to be implemented in shared management the identification of operational objectives would ideally take into account the ex-ante evaluations of the individual operational programmes. These are yet to be conducted.

At the European level the operational objectives, for which the monitoring system will need to provide consistent data on the European level are to:

1. Assist needy people with basic goods;
2. To have a multiplier effect of at least 2. The multiplier effect is estimated as the ratio of total resources mobilised to the EU resources provided.

3.4. Consistency with other EU policies and strategies

A future fund is expected to make a positive contribution to key EU policy areas:

- ***Social inclusion*** – The Europe 2020 strategy for growth and jobs set a key target of "lifting at least 20 million people out of poverty and social exclusion by 2020 ". Preventing the transmission of poverty across generations, as well as, addressing its most extreme forms (such as homelessness) are important priorities in this context reflected in up-coming initiatives such as the field of child poverty or in various EU policies with relevance of homelessness. (See also annex 1 on the ESF)

- ***Fundamental rights*** – as stated in the Strategy for the effective implementation of the Charter of Fundamental rights by the European Union[51], the EU must be exemplary as regards the protection of fundamental rights and ensure in all its actions that fundamental rights enshrined in the EU Charter are as effective as possible. In addition, the EU Agenda for the Rights of the Child emphasises that EU action must target children in situations when they are most vulnerable and refers expressly to children growing up in poverty and social exclusion in this regard[52].

- ***Public health*** – a food distribution scheme should take into account relevant aspects of the Commission's "Strategy for Europe on Nutrition, Overweight and Obesity related health issues" by contributing to improving the health of the EU's most deprived citizens.

- ***Common Agricultural Policy (CAP)*** - the objectives of the CAP as defined in Article 39(1) of the Treaty include stabilising markets, assuring the availability of supplies and ensuring that supplies reach consumer at reasonable prices. A social support programme with a food distribution component would contribute to guaranteeing the broad availability of food within the Union.

[51] COM (2010) 573 final

[52] COM(2011) 60 final

- ***Food legislation*** - the renewed fund could usefully take advantage of opportunities created by EU and national policies to reduce food losses and food waste at all stages of the food chain[53] (see also Annex 11).

The FEAD should not overlap with but rather complement other EU financial instruments addressing social cohesion. This is the case for the ERDF and more particularly for the ESF which remains the main EU instrument for investments in the areas of employment, education and life-long learning and social inclusion. Only actions not covered by the ERDF or the ESF should be considered for inclusion in the FEAD's scope. Infrastructure should not be eligible.

4. Policy options

All options (except the "no funding" one) foresee that implementation will be under shared management through operational programmes similar to those under cohesion policy. These programmes are proposed by the Member States, decided on by the Commission and last for seven years. The Commission plays an information brokering role organising the exchange of information and learning between Member States. Actual implementation is done by Managing Authorities. Depending on the programmes, the Managing Authorities either organise a central purchase of the material assistance goods to be distributed or leave this procurement to the beneficiaries themselves.

Operational Programmes are important elements to ensure both the respect of the principle of subsidiarity and the coherence with other programmes including the ESF. The flexibility Member States have in elaborating their operational programmes allows adapting to local needs and context and ensures respect for subsidiarity. It also means that making a priori estimates for EU wide levels of support for given target groups, the specific characteristics of the target groups themselves, the numbers reached, the results expected, can at best only be based on important assumptions. (See also annex 2 for a more extensive discussion of implementation arrangements).

The options considered do not differ in terms of the allocation of resources to the Member States. All assume the same amount of funding based on the number of severely materially deprived (SMD) people averaged over three years and the increase in the number of persons living in households with very low working intensity over the same period of time. Both indicators are

[53] for example by clarifying the relevant legislation on food date labelling (best before/use by dates)

component of the Europe 2020 strategy indicator for the number of persons at risk of poverty or social exclusion and are available from Eurostat. The SMD is the best proxy available for the size of the target groups intended. The number of persons at risk of poverty or social exclusion is the indicator that first seems to reflect the impact of the on-going economic and financial crisis. The total amount available has been fixed in the MFF communication at €2.5 billion for a period of seven years, to be distributed across all Member States. The actual amounts per Member State will be the object of an Implementing Act by the Commission.

For all options it is proposed to focus the FEAD on non-financial assistance to the citizens in need due to the following reasons:

1. Focussing on in-kind aid works as a targeting mechanism. Because asking and accepting in-kind aid is often difficult, this should help ensure that only the most deprived people are reached. At the same time it helps avoid rigid and complex criteria which might not be the most relevant in each local situation and the application of which would need to be subject to controls and verifications.

2. Moreover, providing aid in-kind also increases the opportunities for low threshold interactions with the recipients.

An additional targeting mechanism is to define selection criteria for the organisations distributing the assistance to the final recipients. Only those organisations delivering aid packages and offering a number of ancillary social inclusion services to their clients should be supported by the new instrument.

The options considered cover two different dimensions, the scope of the instrument and the use of the intervention stocks.

4.1. The scope of the new instrument

The main dimension concerns the scope of the actions of the new instrument.

The ***first*** option is to limit it, as the current MDP, to ***Food Aid***. The recipients are given food packages or free meals.

Secondly, it is also possible to design the programme based on a wider concept of ***Food Assistance***. Stakeholder organisations often draw attention to the opportunities the provision of food aid offers for a first contact to be made between the charities/NGOs and deprived people who are in need, not only of food, but help in many other ways. Following a first contact, further

assistance is often arranged, by the organisations themselves or by the appropriate social services to which the recipients are directed. When further assistance is delivered by the organisations themselves they usually rely on volunteers, often professionals dedicating part of their free time. Services offered may include, for instance, training in budgeting, cooking and nutrition. In this way, providing food aid can be a first step in a process that leads to the social and economic reintegration of excluded people. Broadening the scope of the instrument and equipping these organisations with additional means to provide more integrated services can therefore help increase the leverage effect of the FEAD.

Moreover, MDP stakeholders and particularly the Food Banks have pointed at the complementarity between food aid and some actions to reduce food waste. In particular, food banks or other organisations delivering food aid could establish partnerships with the food supply chain in order to recuperate and store in safe conditions edible food from retailers combined with social employment.

Finally a much more ambitious rethink is possible. With a ***Broad Scope***, food aid would not anymore be the only element but other forms of material assistance could be considered. These would be related to homelessness and child poverty, two areas which play a key role for social inclusion, show a clear worsening trend as a result of the crisis and are so far not taken up by other community instruments, such as the ESF[54]. Accompanying measures directly related to the type of material provided would further strengthen integrated approaches to poverty alleviation and the fight against social exclusion in line with the European platform against poverty and social exclusion[55].

4.2. Intervention stocks

Making a meaningful use of agricultural surpluses was at the core of the MDP, when the EU first got involved in providing food aid to deprived people. It is therefore important to assess to what extent this tradition could/should be maintained. The basic issue here is when a national FEAD programme decides to distribute food aid, whether existing interventions stocks (either for direct use or to be processed into other products) should be used or not.

The use of intervention stocks implies bearing risks. If the selling price recovers significantly above the intervention price within a reasonable period

[54] For an overview of the mapping undertaken see Annex 2.

[55] See: http://ec.europa.eu/social/main.jsp?langId=en&catId=961.

of time a profit is generated which can be used to increase the actual volume of aid distributed. In case the market price would not recover to levels above the intervention price, the managing authorities could minimise their losses by using the intervention stock for the food aid scheme. In this case safeguards must be built in to prevent further pressure on the markets, such as carrousels (return of the withdrawn intervention products). While the possibility of a direct transfer might seem tempting, it implies a reduction of budgetary transparency and a certain risk for the programme (the profits might not materialise).

Intervention stocks are not directly useable for human consumption. They must be at least packaged, for instance Skimmed Milk Powder from bulk to manageable units, or even transformed, for instance soft wheat to flour. The use of intervention stocks for food aid would oblige managing authorities to engage themselves in the task of organising such transformation processes (e.g. from grain to flour or pasta). Operators (i.e. the companies actually taking care of the transformation) are required to transport and possibly process products before delivery to the NGOs. They will keep a percentage of the food products, as payment for the operation. Compared to a direct purchase on the open market, the exchange of intervention stocks for finished products can be expected to result in reduced utility (higher transaction costs and potential suboptimal provision of goods).

While it cannot be completely excluded that markets may sometime be depressed and that intervention stocks built up again, the actual forecast is that there will structurally be no intervention stocks to use in the first place. The current CAP foresees direct market interventions for soft wheat, other cereals and rice, skimmed milk powder (SMP), butter and beef. The new CAP foresees to further reduce the possibilities for such market interventions. The analysis presented in the Prospects for agricultural markets and income 2011-2020 [56] concludes that "EU commodity markets are expected to remain balanced - on average - over the outlook period (2011-2020), without the need for market intervention". The June 2012 Short Term Outlook for arable crop, meat and dairy markets foresees that all intervention stocks will be run down to zero by the end of 2012[57].

The use of intervention stocks is therefore discarded from further analysis of the options in this impact assessment on the technical grounds that:

[56] http://ec.europa.eu/agriculture/publi/caprep/prospects2011/index_en.htm

[57] http://ec.europa.eu/agriculture/analysis/markets/sto-crop-meat-dairy/2012-06_en.pdf

1. Using intervention stocks reduces budgetary transparency and encourages to act upon expectations about the future development of prices for these agricultural products in a programme aiming at providing support to the most deprived people within the EU.

2. A regulation which foresees the use of intervention stocks is necessarily much more ***complex***, not least because it would need to set up different work flows, involve more institutions (e.g. in the storage and processing of agricultural intervention stocks into food) making its implementation more difficult and burdensome.

3. The forecasts are that the ***opportunity will not arise*** anyway as intervention stocks are expected to be non-existent or at least highly unpredictable.

Nevertheless, it may be justified to foresee an optional use of intervention stocks (to the extent they are available after 2013), Intervention stocks are typically not quickly perishable and they can be often re-sold after a certain time. However, to the extent they would be at the risk of perishing, it could be indeed questioned why stocks of food built up (even if on an irregular basis) with European tax payers' money cannot be used in support of the most deprived persons in our society.

4.3. Options

Beyond the three options which follow directly from the considerations about the scope of the instruments (options 1 to 3), a fourth option (option 0 – no funding) has been included into the analysis. The motivation to do so and in that to deviate from the decisions already taken at the level of the MFF Communication is that option 0 although not preferred by the Commission forms part of the ongoing public debate.

Option 0 - No funding

Under the no-funding option, the Union completely withdraws as of 2014 from material support to the most deprived. The years 2012 and 2013 constitute in effect a phasing out of the MDP. As surpluses from intervention stocks have become less available for distribution and, due to their present role as safety net, they are not likely to reach their previous high levels in the coming years, it could be considered that the programme has lost its original rationale. It could therefore be abolished.

Option 1 – Food Aid

Under this option entrusted authorities manage a food aid scheme. Managing authorities will have to decide whether (1) they provide food stuffs to their beneficiaries, which was the practice of the MDP in the past and which requires a rather detailed planning and coordination system, or (2) would provide funds for the purchase of food stuffs or (3) whether they choose a mixed system, i.e. providing food stuffs and money.

Option 2 – Food Assistance

The major change compared to the previous option is that accompanying measures are supported explicitly. Services offered may include, for instance, training in budgeting, cooking and nutrition. The beneficiaries[58] may spend up to a certain share on supporting actions (e.g. collecting and storing food from retailers to avoid it being wasted) and their social inclusion activities. This amount is set as a fixed proportion of the value of the food aid distributed.

MDP stakeholders and particularly the Food Banks have pointed at the complementarity between food aid and some actions to reduce food wastage. In particular, food banks or other organisations delivering food aid could establish partnerships with the food supply chain in order to recuperate and store in safe conditions edible food from retailers combined with social employment.

Option 3 – Broad scope

Under this option, the Member State is free to choose whether to use the funds allocated to it to provide food assistance, or, alternatively, to use all or part of them to organise other type of non-financial support to people experiencing severe material deprivation. These would be related to homelessness and child poverty, two areas which play a key role for social inclusion, show a clear worsening trend as a result of the crisis and are so far not sufficiently addressed by other community instruments, such as the ESF[59]. Support may cover materials necessary for settling in permanent housing[60], and children clothing. **Table 2** below provides an overview of the different options and their relationships.

[58] In analogy with ESF terminology the word 'beneficiary' signifies the institution which supports the people in need (e.g. Red Cross, Eurodiaconia etc.). The person in need who receives support is called 'final beneficiary' or 'end beneficiary'.

[59] For an overview of the mapping undertaken see Annex 2.

[60] For instance the starter packs given to homeless people under "housing first" programmes.

Table 2. Summary of the scope options

Option	Implementation arrangements	Types of non-financial assistance possible	Accompanying measures
Option 0 – no funding	The Union completely withdraws as of 2014 from material support to the most deprived.	N/A	N/A
Option 1 – Food Aid (baseline)	Operational programmes decide whether managing authorities: • provide food stuffs to the beneficiaries; or • give funds to the beneficiaries to purchase the goods; or • implement a mixed system..	Food packages Meals	N/A
Option 2 – Food Assistance	Same as for option 1	Same as for option 1	• training in budgeting, cooking and nutrition; • personal development training including nurturing confidence, and setting goals; • community gardens; • partnerships with the food supply chain eventually combined with social employment
Option 3 – Broad scope	Operational programmes will have to decide on: (1) which type of material assistance to provide; (2) how the managing authorities will provide it: o give the goods to the beneficiaries; or o give funds to the beneficiaries to purchase the goods; or o a mixed system.	(1) Food Aid (same as for option 1) (2) Goods for homeless persons moving into permanent housing ; material and equipment for shelters (3) Goods for children (clothes, shoes,..)	Same as for option 2 plus: • personal development training including nurturing confidence, and setting goals; • extra-curricular activities • parenting counselling

5. Analysis of impacts

Taking into account the nature of the options, the analysis of impacts will focus on a qualitative analysis of socio-economic impacts. It needs to be borne in mind, however, that actual impacts will also depend on the concrete implementation, i.e. on the programmes designed in each of the Member

States and the actual actions and organisations supported and not directly on the legal provisions at EU level.

Environmental impacts are discussed in a more comprehensive way in a subsequent section as they are relatively small.

5.1. Scope options

Option 0: No funding

Economic Impacts

With the no funding option, the foreseen budget of 2.5 billion Euro for 2014 – 2020 would be made available for other purposes. Assumptions about the alternative use of the funds are decisive to assess social as well as economic impacts. According to the Commission's proposal, funding to the programme is to be allocated from national cohesion policy envelopes. If the budget was instead allocated to the ESF it could result in additional positive impact for those groups typically covered by ESF assistance. However, it would reduce them for those not covered. In terms of social inclusion an important element of assistance would be missed.

Social Impacts

Given the context of tight budgets and the drive in most of the EU to reduce public expenditure national administrations are unlikely to completely take over the tasks the MDP has performed so far.

In case of no replacement by national or regional schemes, the millions of persons who are annually supported directly by the programme would not have access to food aid. Furthermore as this programme is an important and reliable resource to numerous beneficiaries, there might also be indirect effects with even bigger negative consequences. To organisations largely depending on volunteers, the existing scheme offers a useful stability on the basis of which they have been able to develop activities and services which go beyond what is financed by the food aid scheme (e.g. collection of food from retailers, advice), thus increasing the effects of assistance.

Experience shows that when a pillar of assistance is taken away, a system does not collapse immediately, but it becomes more difficult for the organisations to maintain a critical level of activity and to the motivation necessary in the medium to long run. Thus some organisations' activities are likely to successively fade out.

This option would lead to the deterioration of the situation of the most deprived people who currently benefit from the existing food aid and therefore it would have a negative impact on the respect of fundamental rights, in particular the respect for human dignity and for private and family life, the rights of the child, the rights of the elderly, equality between men and women and the principle of social security and social protection.

Moreover, the no-funding option would attest an erosion of solidarity in Europe with its most deprived citizens at a time the problem of poverty is increasing.

All stakeholders and Member States in fact appear to agree on the latter assessment. The main argument for the Member States so far opposed to the continuation of the MDP programme has been that food aid intervention from the EU's side would be in conflict with the subsidiarity principle. At the same time, these Member States have not refuted the concern that for a number of Member States it would be impossible or exceedingly difficult to replace the existing scheme with their own means.

Option 1 (Baseline): Food aid only

Economic Impacts

Managing authorities will have to decide whether they exclusively provide food stuffs to their beneficiaries, which was the practice of the MDP in the past and which requires a rather detailed planning and coordination system, would provide funds for the purchase of food stuffs or whether they would go for a mixed system, i.e. providing food stuffs and money.

Although direct monetary support is in general welcomed by the stakeholder organisations, and also potential managing authorities generally agree on a preference for monetary support, there is a broad agreement that a mixed system is to be avoided. Therefore it can be expected that under this option a system of exclusively material support is most suitable as this would avoid having to provide a double accounting system. Under this system, the selected beneficiaries would communicate their needs to the managing authority who would purchase the goods and organise their distribution.

Having such a programme might tempt agro-industries to become more reluctant about donating stocks, as they might expect that the programme might also pay for them. In effect, the programme could be paying for something that in its absence would be free. Nevertheless, given the size of the programme as compared to agricultural output as a whole, the wasted food,

the hassle of fixing a price for goods, which are – although still ok – non-saleable to the usual conditions, and also the aspect those companies also benefit from a good reputation as a donor, it seems very unlikely that this would be a major issue. Moreover, corporate donations tend to be perishable products in excess stocks while the FEAD could be expected to be as the current MDP mainly a source of non-perishable or long conservation products. It has also not been an issue in the current MDP.

Social Impacts

On the basis of the experience with the existing support programme one can forecast that this programme would allow food banks and similar organisations to help annually around 2.1 million people[61]. This corresponds to approximately 5% of the severely materially deprived population. However the real coverage is likely to be at least twice as big. This estimate does not take into account the mobilisation of additional resources from national and private sources. These often more than doubles the total resources available. Moreover, the SMDP can only be seen as a very rough proxy for the target population which is used only in the absence of any better one. Only a fraction will really qualify for assistance under any of the options considered programme.

Nevertheless the argument of the Member States against the scheme, that this is basically an instrument of passive support to people and in so far in conflict with the subsidiarity principle would be difficult to de-substantiate in particular as also the even beneficiary organisations confirm that a more activating approach is possible and desirable.

This option would allow the continuation of an important and reliable resource to numerous beneficiaries. Organisations largely depending on volunteers would continue to benefit from the stability of the existing scheme and **the impact on fundamental rights** of this option would be positive, however more limited than in the subsequent options.

Option 2: Food assistance

Economic impacts

Using limited resources for accompanying measures such as a social worker who gives guidance to volunteers or money to buy a van with which the collection of spare food from retailers and producers would be facilitated will

[61] This estimate is based on the definition used by the French Food Bank: a recipient is a person having benefitted from support at least once in a given month. It is not possible to compare this figure with MDP participants data as there is no agreed methodology to report on them.

necessarily entail that beneficiaries should obtain monetary support. Allowing part of the money to be spent on accompanying measures means that less money can be spent on the purchase of food.

When allocating money to the NGOs instead of material goods, the volume of orders might decrease as compared to a central body doing so; however, prices will still be on the level of wholesale prices and be far below retail prices. The advantage of this approach being that coordination becomes more straightforward then in highly centralised systems and that in a somewhat more decentralised system also SME are more likely to become suppliers.

Social impacts

There is no difference between option 2 and option 1 (baseline) in terms of targeting. The profile of the population served remains the same. The major difference is the support for an integrated Food Assistance approach to the beneficiaries.

Taking into account the somewhat smaller volume of goods directly purchased as compared to option the number of final beneficiaries served will necessarily be reduced. The coverage of the target population is therefore also expected to be somewhat smaller though these reductions are likely to be small in comparison with the large uncertainties attached to these estimated (see the simulations in annex 10).

Directly linked to the possibility of financing accompanying measures are two types of social benefits: NGO's will be able to finance the logistics necessary to collect and store food-donations, and they will be able to improve the activating elements of their support. Therefore it is expected that option 2 has a higher and more sustainable positive impact on the final beneficiaries then this would be the case for the option 1 – the baseline. In addition, the positive **impact on fundamental rights** would also be higher than in option 1.

Thus the programme is expected to become more efficient as a stepping stone from social marginalisation to a situation where instruments such as the ESF can actually step in. It should lead in the long term to an increased chance of reintegration for certain groups into the labour market, thus increasing labour supply. Some of the actions supported might also lead to self-employment or social employment. However, these effects are expected to be non-measurable.

The risk that national social security or protection systems may reduce their allocations to "compensate" for benefits received through this scheme is existent, although this risk can be considered as relatively small as poverty is not yet phasing out – on the contrary.

Option 3: Broad scope instrument

Economic impacts

Option 3 means that it becomes more difficult to predict what will be supported in the national or regional context. Managing authorities gain a greater autonomy and flexibility to decide whether they allow NGOs to support a broader range of actions (e.g. providing homeless with food but also help them moderate homelessness[62]) or whether they limit the possible activities to one type of action only.

Similar to option 2 this option foresees the provision of accompanying measures – irrespective of which set of action the Member State finally decides to support. This should allow for a similar level of multiplier as option 2.

Crowding out governmental support, although it cannot be completely excluded, becomes even less rational, as in Member States where one of the proposed areas of interventions is already relatively well covered by governmental intervention, there would still be considerable gaps in other areas.

Social impacts

With this option the Union provides the Member States with the possibility to go beyond food aid, and notably help the homelessness and severe materially deprived children.

This should provide for a flexible instrument which can be tailored to the needs of the most deprived people in each Member State. As shown in annex 10 the composition of final beneficiaries is thereby likely to change, as at least some Member States will go beyond exclusively providing food aid, though it is impossible to estimate a priori to which extent with any certitude. The assumption here is that the Member States currently using the MDP will continue to distribute food aid whereas the Member States not using it will concentrate on one of the new areas of activity. In this context a repartition key of 80/10/10 seemed reasonable. Taking into account the estimated costs[63], the number of people supported per year can be estimated to be at around 2.13 million, i.e. quite similar to the situation under option 1 (see the simulations in annex 10) not accounting for the multiplier effect. The coverage of the target group is therefore also expected to be of the same order, though the actual composition would likely change (more homeless people and more children).

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[62] Such help could consist in starter kits for getting settled, but could also consist in blankets or sleeping bags to avoid freezing in the winter.

[63] Provided by the stakeholders consulted.

The greater flexibility made possible by the broader scope should ensure a stronger overall impact than option 2, even if the concretely attributable impact on food poverty will be smaller. This does not entail that the actual programmes in the Member States themselves would be less focussed. A focussed approach that can effectively target the limited funds to specific targeted actions can be maintained while envisaging more flexibility at national level to design the most appropriate interventions in favour of the most deprived.

Even more so than option 2, this option could become a stepping stone for some final beneficiaries to get back into society. Some of the beneficiaries' organisations notably the food banks and the Restos du Coeur, however expressed their worry that this would further reduce the volumes of food aid distributed. Other organisations less focussed on the distribution of food aid as such felt a broad scope to be more in line with their activities. At the same time broadening the scope is seen as one way to make the instrument more flexible and therefore potentially more acceptable to all Member States.

Given the additional focus on homeless and children in material deprivation, the positive **impact on fundamental rights** of this option is the strongest one. In particular, it enhances the promotion of the rights of the child and of the right to social and housing assistance as stipulated in Articles 24 and 34 (3) of the Charter of Fundamental Rights of the European Union.

5.2. Environmental impact

The environmental impacts of the FEAD are essentially linked to distribution of the goods and the reduction of waste.

A joint study[64] conducted by SITA and the French Federation of Food Banks examined the carbon balance of the food bank of the Bas Rhin (France). The operation of this food bank is estimated to result in a saving of 1,770 tons carbon per year while the amount of food products collected and distributed amounted in 2009 at 1,707 tons[65]. These saving results from the collection of food stuffs otherwise treated as waste. Fareshare, a British charity estimated that its activities helped businesses reduce CO_2 emissions by 1,800 tonnes in 2010/11 while the amount of food collected and distributed amounted to 3,600 tons[66]. These figures point to an effect in the range of 0.5 to 1.0 tons CO_2 reduction per ton of food.

[64] http://www.banquealimentaire.org/partenaires/sita-001239
[65] http://www.bancalim67.org
[66] http://www.fareshare.org.uk

Overall it seems possible to conclude that food aid will have a positive environmental impact compared to no food aid, as it allows maintaining the food recovery structures created so far. Pursuant to the analysis of social and economic impacts it is expected that under the food-assistance option, recovery might become even more systematic, as the accompanying measures might allow the charities to actually invest in a somewhat more systematic recovery and storage.

The options 1 to 3 correspond to decreasing volumes of food aid delivered and therefore to decreasing levels of carbon saving (from 573 thousand to 400 thousand tons not taking into account the multiplier effect). These carbon savings must be placed in relation to the overall food production and distribution in the Union. While limited, the carbon savings through food aid are not negligible. The environmental impact of option 0 depends essentially on how the funds becoming available are reallocated. Assuming that they are used for the ESF, there would be no direct volume or waste reduction effect.

The table below summarises the discussions.

Table 3. Expected environmental impacts.

	Volume effect	**Waste reduction effect**	**Overall assessment of environmental impact**
Option 0 – No funding	--	--	--
Option 1 – Food aid only (baseline)	0	0	0
Option 2 – Food assistance	-	+	0
Option 3 – Broad scope	--	+	-

Legend: baseline =; - worse than baseline; + better than baseline; -- worse than -; ++ better than +

In fact the ultimate environmental effect is very uncertain for any of the options. If Member States and beneficiaries decide to maximise recycling even the options 2 and 3 could have a positive volume effect. Actions against food waste eligible under the instrument in the options 2 and 3 may increase the waste reduction effect.

6. Comparison of options

The analyses made of the different options are compared in below. Thereby the operational objective to assist needy people links to the two direct impacts:

number of people supported and whether the most urgent needs are actually addressed. The operational objective of a multiplier between 2 to 4 has been translated into the question whether the options manage to mobilise the resources and whether overall administrative requirements are reasonable. – Thereby the link between these two impacts and the specific objective to organise support in a way that volunteers are encouraged to contribute and to maximise the multiplier effect is obvious.

The effect on social inclusion and on employment and labour market refer very much to the general objective. It was considered as too ambitious to claim a strong direct or even measurable link between the instrument and these impacts.

Table 4. Expected impacts.

	Option 0 – No funding	**Option 1 – Food aid only (baseline)**	**Option 2 – Food assistance**	**Option 3 – Broad scope**
Number of people supported	- No programme – no people supported	0 Direct effect estimated at 2.1 million per year	- Direct effect estimated at 1.96 million per year. Slightly less than the baseline as some of the resources available are spent on accompanying measures	0 Direct effect estimated at 2.13 million per year
Reaching the most deprived (having the highest added value)	-	0	0	+ The greater flexibility offered should allow a targeting better matched to the needs in each MS/ region

	Option 0 – No funding	Option 1 – Food aid only (baseline)	Option 2 – Food assistance	Option 3 – Broad scope
Effect on social inclusion	-	0 One problem of serious deprivation (lack of food) is addressed, no guarantee that this is the most urgent need	+ Same target group, but more effective offer	++ The better targeting on the most urgent needs should increase the social inclusion effects
Employment and labour market	?? The employment and labour market effect of option 0 depends on the use of the money. In case the money foreseen for this scheme would go to the ESF there would possibly be a neutral or positive employment and labour market impact	0	+ Combining food-aid with other activation measures following a chain of support might lead more efficiently to employment	+ As compared to option 2 some of the participants may be even further removed from the labour market (f.i. children). However, this could be offset by the greater flexibility to address local situations.
Overall social impact	**? depends on how the resources would be allocated to other programmes but probably overall negative in comparison with the baseline**	**0**	**+**	**++**

	Option 0 – No funding	Option 1 – Food aid only (baseline)	Option 2 – Food assistance	Option 3 – Broad scope
Mobilisation of resources	- With the discontinuation of the programme voluntary contributions would become more difficult	0	+	++
Administrative complexity and transparency	+ No programme – no administration (not taking into account that without the programme these people still might need support which will be more difficult to organise	0	- As option 2 corresponds to a broader scope they represent increasing levels of complexity for management. Potential overlaps with other schemes notably the ESF also increase	-- Same consideration as for option 2 but with possibly greater complexity as the scope of actions is even broader, at least if a programme chooses to work on more than one domain only.
Overall economic impact	? Very much depending on the question how these people will be supported otherwise.	0	+	++
Environmental impacts	-	0	+	+

Legend: baseline 0; - worse than baseline; + better than baseline; -- worse than -; ++ better than +

However, the social impact of the FEAD can be expected to go beyond the considerations made above.

1. By providing a platform around which practitioners will be able to exchange information and experiences it will bring significant benefits for many stakeholders in terms of processes (how things are done). As process effects are related by definition to how actions are delivered, it can be expected to continue to do so even if it is difficult to anticipate what effects will be generated in the future.

2. The evidence-based and mid- to long-term oriented implementation of the FEAD by means of operational programmes will also encourage a dialogue between various stakeholder groups and support a strategic approach in the future. Improvements of the delivery mechanisms (notably simplification and reductions of the administrative burden) should ensure the continued relevance of process effects. The FEAD will be an instrument to facilitate a practical dialogue between European priorities and social cohesion policies.

None of the **options** has any significant impact on the administrative burden for the Commission services. This is because any of the options would only reallocate funds from Structural Funds to programmes following a very similar implementation mechanism. At Member State level the administrative needs of the programme are estimated at two full-time officials per Member State, excluding controls but for the reason stated above, will only consist in a reorientation of administrative resources that would otherwise be mobilised for the ESF.

In light of the above Option 3 is the preferred option on the grounds that it will allow the Member States to better target their interventions to local needs. Also the accompanying measures should ensure a greater sustainability of the results obtained.

7. Monitoring and evaluation

As described in the earlier chapters of the document the programme will be implemented under shared management. Provided the diversity within the Union it can be expected that the exact targeting and the link with existing social support instruments will vary strongly between and sometimes even within Member States.

Furthermore it needs to be kept in mind that the institutions actually receiving the support rely to a large extent on volunteer work and donations. Therefore putting heavy reporting obligations on such organisations should be avoided as much as possible. Still it can be expected that these organisations will not

only need to inform the Commission about their work but also other donors and the volunteers so to keep up their motivation.

In that sense each charity benefitting from the support should be motivated to provide transparency about the support received and the support given on an annual basis.

While identifying a limited number of major lines of activity it should be possible to report for each of these lines by a few indicators. The indicators in Table 5 were tested with European level umbrella organisations and deemed adequate and realistic.

Table 5. List of indicators proposed for reporting

Action domain	Input	Output

Food Aid	Resources (in value) mobilised
	• In kind contributions:
	  o goods (from EU, from other sources)
	• Financial
	  o From EU
	  o From other sources
		• Number of food packages distributed
		• Number of meals prepared/distributed
		• Number of final recipients (food packages; meals)

Homelessness	Resources (in value) mobilised
	• In kind contributions:
	  o goods (from EU, from other sources)
	• Financial
	  o From EU
	  o From other sources
		• Number of starter kits
		• Number of persons served

Child poverty	Resources (in value) mobilised • In kind contributions: o goods (from	• Number of aid packages given • Number of children reached

Action domain	Input	Output
	EU, from other sources) • Financial o From EU o From other sources	
Accompanying measures		• Number of persons served • Number of families served (only for child poverty related actions)

Such a basic annual reporting will be accompanied by structured surveys at least twice during the implementation period. These surveys will aim at:

1. providing some insights on the structure of the clients, i.e. whether there is a dominance of a certain age group or minorities etc. It is expected that this information will only be provided on the basis of informed guesses, as in several cases anonymity might be a precondition for a client to be able to accept the support.

2. Assessing the importance of the in-kind contributions other than goods, for instance voluntary labour and services provided free of costs;

3. Collecting data on the immediate impacts of the aid provided on the persons reached.

These surveys will form the basis for the evaluation of the effectiveness, efficiency and impact of the operational programmes.

The output indicators are directly related to the operational objective 1. The "input" indicators with the results of the surveys will allow elaborating a table such as table 1 and calculate the multiplier effect (Operational objective 2).

Annex 1. The European Social Fund

The ESF is established by Article 162 of the Treaty which also defines its objective which is to "improve employment opportunities for workers".

With a budget of 76 billion € for the programming period 2007-2013, the ESF is the major EU instrument to invest into human capital and social inclusion, reaching over ten million persons per year. The ESF is part of cohesion policy (as are the European Regional Development Fund – ERDF - and the Cohesion Fund - CF) as such it is primarily governed by a fund specific regulation[67] and a general regulation common with the ERDF and the CF[68] both expiring at the end of 2013. It is a structural fund which aims at improving structures and systems. It will not finance measures providing out-of-work income maintenance and support (so-called passive measures as opposed to active measures which aim at activating people and improving their integration into the labour force).

It is implemented under shared management with a strong focus on subsidiarity. The implementation occurs through national or regional operational programmes (currently 117) embedded in a wide diversity of social structures and situations and covering a broad range of policy issues such as employment, education and life-long learning, social inclusion and institutional and administrative capacity building. It is the Managing Authorities who effectively implement the programmes starting with the selection of the projects.

Despite their social character, food aid or any aid in kind to the most deprived persons cannot be directly linked to the ESF Treaty objective. They can therefore not be funded under the ESF.

The very activation rationale of the European Social Fund implies in addition that the most deprived persons are all too often too far from the labour market and too excluded to benefit from its interventions.

[67] Regulation (EC) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999.

[68] Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.

Annex 2. The food distribution programme for the Most Deprived People (MDP)

What it does

The EU's "Food Distribution programme for the Most Deprived Persons of the Community" (MDP) has been in place since December 1987, when the Council adopted the rules for releasing public intervention stocks of agricultural products to Member States wishing to use them as food aid for the most deprived persons of the Community.

The MDP does not set out to resolve all food poverty in the Member States. It is a complementary action which, in general, provides support to organisations which receive little or no state funding. The role of these charities is to offer help to people who in many cases have fallen outside the system, i.e. the most marginalised members of society. Yet over the years, the scheme has become an important source of provisions for organisations working in direct contact with the least fortunate people of our society. For example, over half of the products distributed annually by the European Food Banks come from the programme.

Each year, more than 500 000 tons of products are distributed under this programme to over 18 million people in 20 participating Member States. Calculating a pure average this means around 28 kg/person.

It should also be noted that the programme's value goes beyond contributing to the right to food; it also has a leverage effect on the development of social actions by private bodies (charities) and public authorities (Member State and local).

According to data provided by the European food banks[69], which are among the beneficiary organisations of the programme, supply management and food distribution are daily handled by more than 7,800 volunteers and 1,000 employees. When organizing public food collections, they can gather hundreds of volunteers, thus creating a chain of social solidarity.

Also Caritas[70] pointed out that, besides the direct contribution tackling food poverty, the programme has social impacts, linked to the involvement of volunteers, who help developing public spirit and citizenship. It also contributes to more social cohesion /inclusion and avoids social instability,

[69] Source FEBA

[70] Presentation of Caritas –Europe at the 2012 annual stakeholders meeting of the MDP programme, held in Brussels on 5 July 2012.

representing a point of contact with deprived individuals and families and operating as a potential entry point to other critical services.

For many countries and organizations the MDP is the main source of support (Poland - 90%, Hungary – 84%, Italy – 68%, FEBA – 55%).

The legal basis

The legal bases of the MDP are the articles 42 and 43(2) of the TFEU. The General Court ruled on 13 April 2011 on a complaint brought by Germany and supported by Sweden, against the allocations granted to Member States under the 2009 MDP for purchases of food on the market.. The ruling, against the Commission, basically states that in order to comply with Article 27 of the Single CMO Regulation applicable at the time, with the exception of specific market circumstances that do not prevail today, food supplies under the scheme should essentially come from public storage only. Following the judgment and the ensuing political discussion, an amendment of Article 27 the Single CMO Regulation was adopted[71]. This amendment, based on Articles 42 and 43(2) TFEU, provides a separate new basis for the purchases of food products on the market until the phase-out of the MDP scheme at the completion of the 2013 annual plan.

How the programme works in practice

Each year, Member States wishing to participate communicate their needs to the Commission. Based on these requests and Eurostat data on poverty, the Commission defines a budget ceiling for each participating Member State and a list of products to be withdrawn from public stocks or purchased on the market, using the budget allocated.

When intervention stocks are supplied, tenders are launched for the conversion, or exchange, of these commodities (e.g. wheat) into processed products. These products are distributed as food aid to the most deprived, either in the form of food baskets or as meals in centres run by charities and other competent bodies, designated by the Member States.

The Member States dispose of significant freedom in the selection of food products to distribute to the most deprived people and the exact distribution patterns vary from country to country.

Although the programme's organisation at Member State level varies, three broad systems can be distinguished:

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[71] Regulation (EU) No 121/2012 of the European Parliament and of the Council of 15 February 2012 amending Council regulations (EC) No 1290/2005 and (EC) No 1234/2007 as regards distribution of food products to the most deprived persons in the Union.

- In the first case (France, Italy…) the NGOs selected as beneficiaries of the Programme are the direct distributors of the food. They receive the food from the operator(s) that have won the call(s) for tender to supply the products, then organise storage, transport to their distribution centres and arrange the food's distribution.
- In a second system (Spain, Lithuania …) the NGOs designated as beneficiaries of the Programme are not the direct distributors. They act as an interface between the public authority level and the organisations which are in contact with the deprived. They receive the food from the operators, stock it in storage facilities and then allocate it to the organisations responsible for the distribution. These include parishes and various kinds of social centres (orphanages, centres for the unemployed or the homeless…).
- Under a third system (e.g. in Belgium) the local public bodies responsible for social services are themselves in charge of the distribution.

Participation

Participation in the programme is voluntary. The number of Member States participating in the programme has more than doubled in eleven years, from nine Member States in 2001 to twenty in 2012[72]. The same twenty Member States have indicated that they wish to take part in 2013.

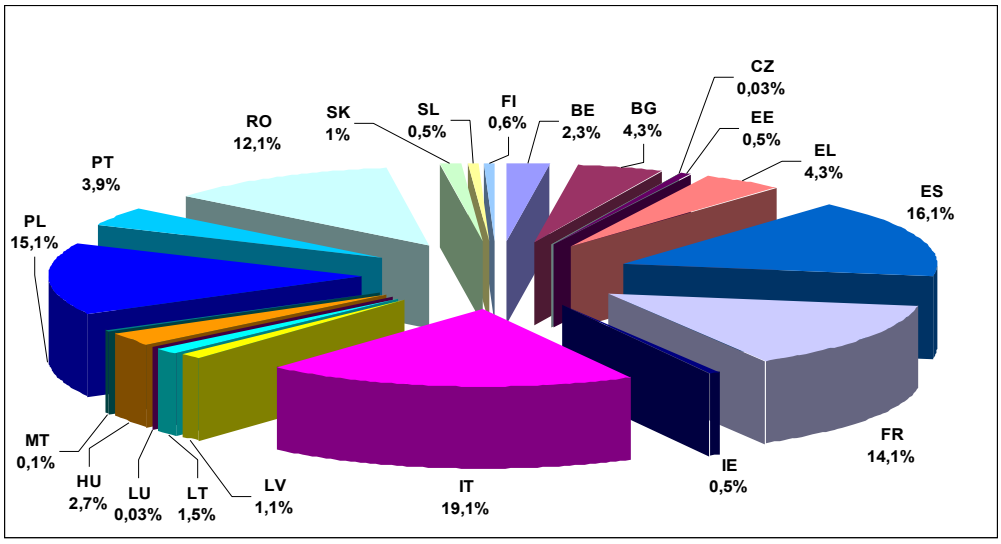
The allocation of resources between Member States is based on population data and statistics on poverty provided by Eurostat. The Eurostat indicator used to measure income poverty is the "at risk of poverty rate". This represents the share of people with an income below 60 % of the national "equalised median income".

As Figure 5 shows in 2012 the main recipients were Italy (19% of the allocation with 95 million euros) followed by Spain (16% - 80.4 million), Poland (15% - 75.3 million), France (14% - 70.6 million) and Romania (12% - 60.7 million). Germany, the Netherlands, the UK and Denmark participated in the programme initially, but no longer take part.

[72] Most of the MS which joined the Union in 2004 also decided to participate in the programme.

Annex 2. The food distribution programme for the Most Deprived People (MDP)

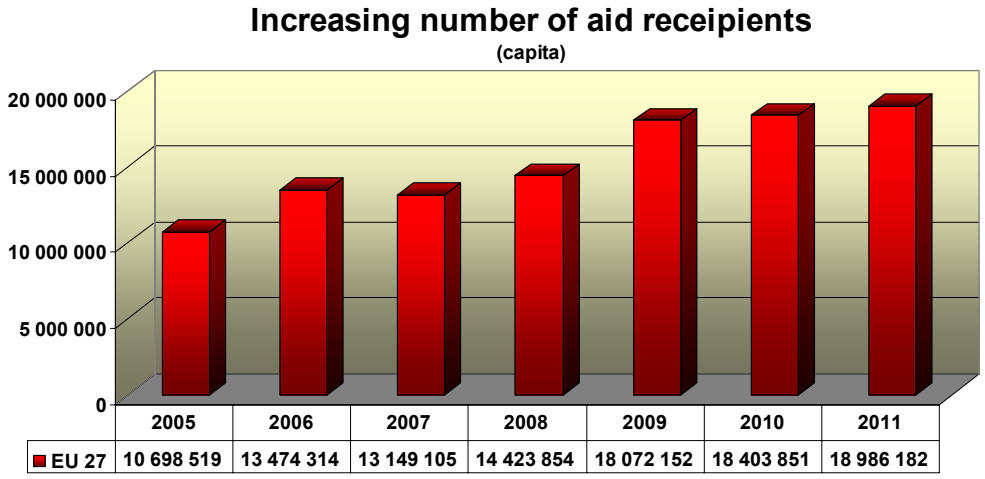
Figure 5. Allocations of MDP budget in 2012 (in %)



Final recipients of the aid

The number of beneficiaries has risen sharply over the last five years (Figure 6). In 2011, Member States reported that over 18.9 million people benefited from the programme, which corresponds to 35% of the estimated number of deprived people in the 20 beneficiary Member States[73].

Figure 6. Number of MDP beneficiaries



The Member States have significant freedom in planning and implementing the food distribution programme at national level. The targeting is left to the social services in the Member States or to the organisations distributing the

[73] The indicator used is that of persons at risk of poverty. (see also Eurostat)

aid as they may assist persons without documents or who do not want to pass by the social services.

Typically, food aid is provided to a wide range of people living in poverty, including homeless people, orphans, single parents, big families, elderly, disabled persons or people suffering from serious and long-lasting diseases, unemployed persons, refugees or people in emergency situation (i.e. victims of disasters)

The differences between the criteria identified by the participating Member States for selecting the final recipients are considerable. However, three main groups can be distinguished:

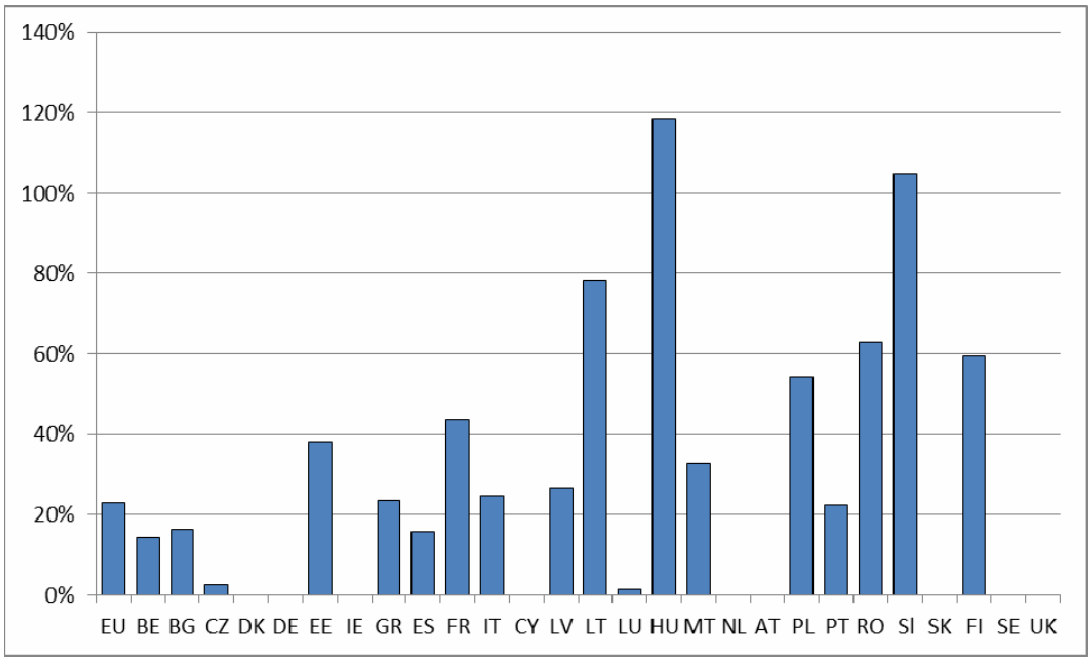
- Definition of the most deprived persons on the basis of low income, i.e. persons entitled to social security assistance according to national law: Belgium, Estonia, Lithuania, Latvia, Slovakia and Poland.
- Definition linked to housing status, i.e. homeless persons or at risk of becoming homeless: Czech Republic and Luxembourg.
- Definition based on two or more criteria, including low income, difficult living conditions, unemployment, health or disability, age-related dependency: this approach is followed by the majority of participating Member States (Hungary, Romania, Spain, Finland, France, Italy, Ireland, Slovenia, Slovakia, Bulgaria and Malta).

Usually, participating Member States that opted for a definition adopted directly by the national authorities apply the "low income criteria", the latter coupled with disabilities (RO) or the housing criterion (CZ). Conversely, those Member States that left the definition of final recipients to the recognised charitable organisations opted for a mix of criteria.

Comparing the population at risk of poverty and the number of MDP beneficiaries on average about one in five is given assistance by the programme. In practice the ratio is probably lower as the implementation figures most likely include some double counting, meaning a single individual more than once and up to as many times as he or she receives a food package or a meal. Double counting is also the most likely explanation for the very high proportions in some Member States.

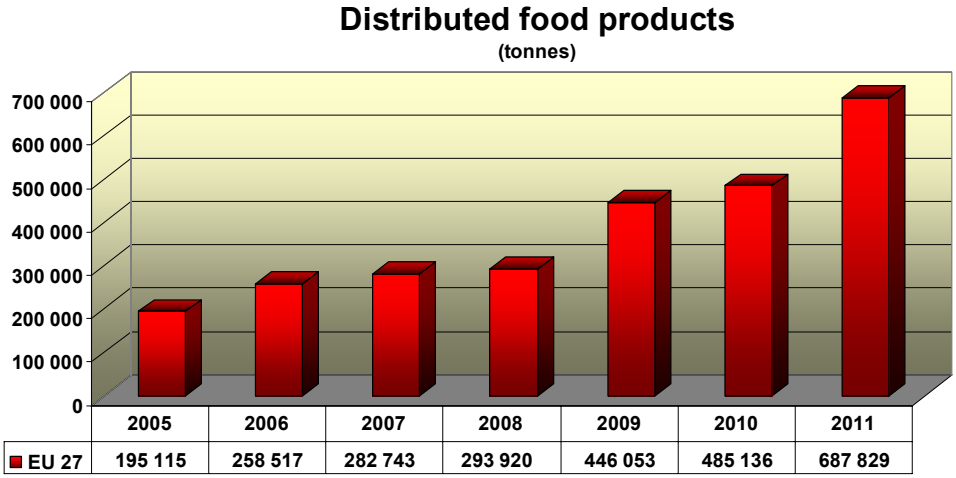
Annex 2. The food distribution programme for the Most Deprived People (MDP)

Figure 7. Ratio of the MDP beneficiaries to the population at risk of poverty for the year 2010 (Source Eurostat and MS implementation reports)



The volume of products distributed within the programme has risen over the years thanks to the increased budget available but also "exploiting" the increased value of the intervention products on the market, as happened in 2011 (Figure 8). In 2011 the participating Member States were able to distribute 40% more products than in 2010, mainly because of the increase of market prices between the market intervention and the transformation into marketable products.

Figure 8. Volume of food products distributed



Annex 2. The food distribution programme for the Most Deprived People (MDP)

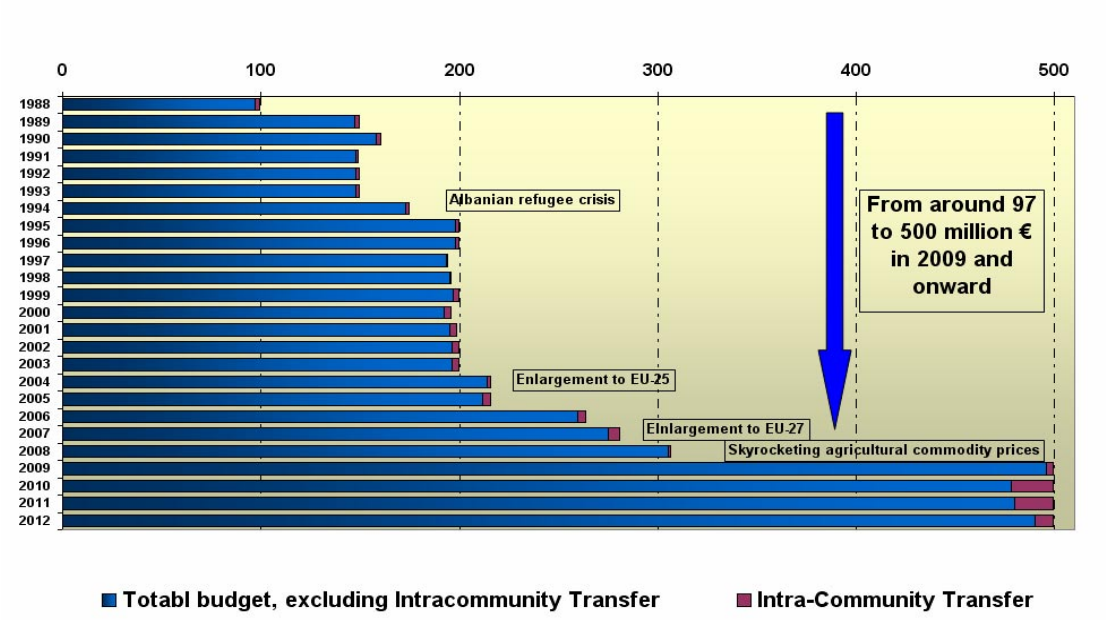
Resources

The MDP is currently funded by the European Agricultural Guarantee Fund (EAGF). The EU's budget allocation to the MDP has increased over the years (Figure 9), from EUR 100 million in 1988 to EUR 500 million in 2013.

The main budgetary increases took place in 1994 to respond to the Albanian refugee crisis and in 2004 and 2006 in view of the EU enlargement. A further budget increase was granted for the 2009 programme to take account of food price inflation, although this increase did not fully off-set the rising cost of providing the food aid.

Regulation (EU) No 121/2012, revising the legal basis of the scheme, has set an annual budgetary ceiling for the years 2012 and 2013 of EUR 500 million.

Figure 9. Total budget allocation to the MDP 1988-2012 (in millions Euros)



The programme's reform process

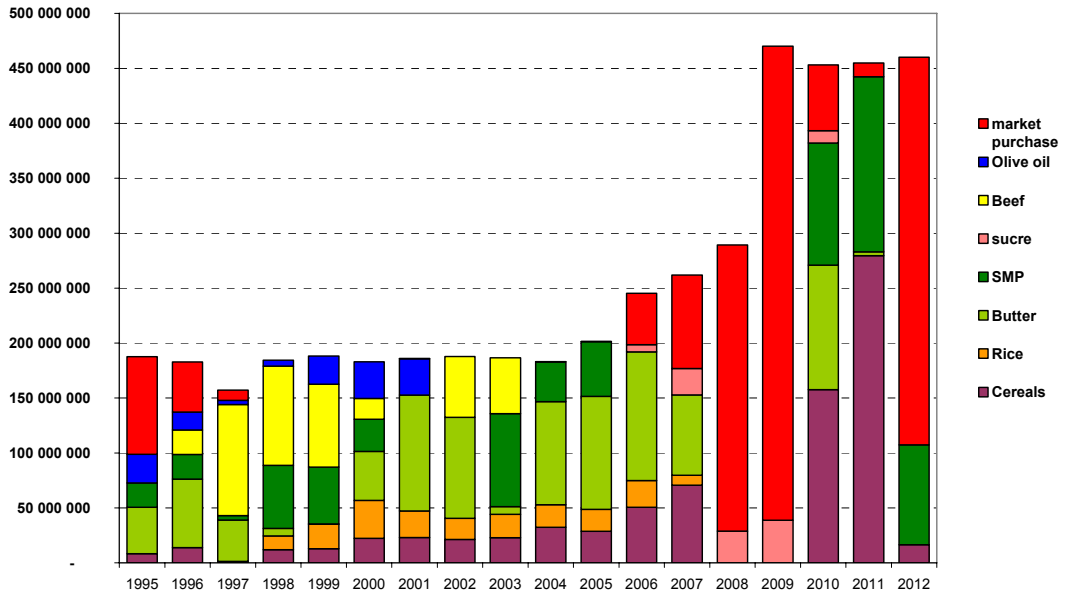
Over time the CAP has been substantially reframed, with a switch of emphasis from the primary objective of increasing productivity to enhancing the long-term sustainability of agriculture. As a result, both the range and the quantity of products in intervention stocks have reduced. To supplement the increasingly limited resources available for the programme, it was modified in the mid-1990s to allow market purchases, but only subject to certain conditions. Since 1996, when intervention stocks were found to be temporarily not available they could have been complemented by a budgetary transfer, calculated by the Commission by converting the "temporarily missing"

intervention stocks into an equivalent monetary value. This budget was used to purchase food on the free market, through calls for tender. This was not intended as a long term solution but one that could be called upon when there were temporarily insufficient supplies of certain products.

From 1998 to 2005, all distributed food products came from intervention stocks and comprised olive oil, beef, sugar, milk powder, butter, cereals and rice.

Since 2006, according to availability, the products have been supplied from intervention stocks and/or through market purchases. In 2008 and 2009, only sugar was available from intervention stocks, which represented respectively 15% and 13% of the overall allocation in monetary terms. In 2010 and 2011, however, products from intervention stocks represented respectively 87% and 97% of the overall allocation. In 2012, due to the low stock level, only a smaller part (28%) of the available resources was allocated in intervention products.

Figure 10. Breakdown of allocation under the MDP, 1995-2011 (in euro)



Acknowledging that the limited availability of intervention stocks could become a problem for the food distribution scheme, the Commission first published a proposal to adjust the scheme (including measures to make it easier to access products from the open market) in 2008 and other amended proposals in 2010 and 2011.

Annex 2. The food distribution programme for the Most Deprived People (MDP)

Following Court ruling and the entry into force of a revised legal basis for the scheme[74], when adopting the annual plans for the years 2012 and 2013 the Commission will have to give priority to intervention stocks, if available and suitable for distribution.If these are not available, monetary allocations for the purchase of food products on the market can be granted.

As intervention is returned to its original function as a safety net, it cannot be expected that the surplus stocks seen in the past will build up in the future[75].

However, supply forecasts are based on economic models, which shed light on probable trends. There are always elements of unpredictability and it cannot be excluded that large surpluses of certain products may sometimes become available. The situation can also arise in individual Member States that stocks are particularly high at certain times of the year. In these circumstances it may be more economically practical to consider releasing these stocks to the programme, rather than incurring storage expenditure.

[74] Regulation (EU) No 121/2012

[75] AGRI, December 2011. PROSPECTS FOR AGRICULTURAL MARKETS AND INCOME IN THE EU 2011–2020

Annex 3. Proposed implementation arrangements

Actual implementation issues are not covered by the Impact Assessment Report because they are largely pre-determined by decisions and choices already made. Yet because they are important for a better understanding they are developed below.

The starting points are:

1. The funding of the new instrument is taken from the allocations to the structural funds under Heading 1b "Economic, social and territorial cohesion" which corresponds to Cohesion Policy instruments. It is therefore to be an instrument in shared management.

2. Existing systems and mechanisms should be used as far as possible. It should not be necessary to set-up entirely new systems.

At the same time the relatively small size of the instrument, as well as the nature of its objectives and target population, calls for simple and flexible implementation modalities.

Shared management

Cohesion Policy instruments are implemented in shared management and through operational programmes (OP) covering a period of 7 seven years (corresponding to the MFF). Such programmes fall under the responsibility of a managing authority. This seven year programming is a major change compared to the MDP which is based on annual plans. However multi-annual planning has been a request by many stakeholders and should be welcomed.

Operational Programmes are elaborated by the Member States in accordance with the regulation. For instance option 3 (a broad scope) entails that the Member State proposes an allocation of its resources under the instrument to food aid, homelessness and child deprivation. This choice needs to be motivated and the Commission may suggest modifications. The same applies for a number of important issues for instance the criteria or procedures to be used to select the persons to be assisted, the exact goods that could be purchased under the programme or even if purchases will be done centrally by the managing authority itself or by the organisations delivering them to the assisted persons. Ultimately Member State and Commission will agree on a programme. Programmes of different Member States may show important differences.

This flexibility allows adapting to local needs and context and ensures respect for subsidiarity. It also means that making a priori estimates for EU wide

levels of support for given target groups, the numbers reached, the results expected, can only be based on important assumptions.

Operational Programmes are also important elements to ensure both the respect of the principle of subsidiarity and the coherence with other programmes including the ESF. In accordance with the financial regulation, each operation programme will be subject to an ex-ante evaluation. The Operational Programmes should set out in particular and in a more concrete way than this can be done on the European level:

- What the programme aims to do and why;
- The existing national scheme(s);
- How complementarity with the European Social Fund is to be ensured;
- How operations and aid recipients will be selected;
- What the implementing provisions are and how implementation will be monitored;
- How stakeholders were consulted in the preparation of the Operational Programme
- A financing plan.

Because the new instrument might be managed by authorities or bodies already familiar with the ESF, the Regulation allows Member States who wish to do so, to use the same procedures. On the other hand, the Regulation also allows Member States to continue the provision of Food assistance under mechanisms similar to those under the current AGRI scheme. Under the latter, foodstuffs are bought by national authorities and made available to entities, often NGOs, who distribute the food to the most needy.

Flows of resources

To be as flexible as possible, the draft Regulation allows three models of implementation:

- In the first model, the managing authorities give grants to the partner organisations, which buy the food or goods and distribute them directly to the most deprived.
- In the second model, the managing authority gives grants to partner organisations who buy the food or goods and make them available to their partners who distribute them directly to the most deprived.

This model describes the situation of several existing networks: a central (separate legal) entity purchases large quantities for all members of the network to obtain better prices. Subsequently, the central entity makes the goods available to the other members which actually distribute them without necessarily having the capacity to make the actual purchases.

- In the third model a public organisation purchases the food or goods and makes them available to indirect or direct partner organisations.

  This model allows a mix of the two previous regimes within one Member State. It would allow the managing authority to directly give money to those partner organisations where this is appropriate, while involving intermediary organisations in other cases, such as when it comes to the Food Banks that, according to their European charter, are not allowed to receive funding to buy foodstuffs.

  This model actually copies the model of the current MDP scheme and allows the use of intervention stocks and avoids that especially smaller NGOs have to organise heavy purchasing procedures.

EU platform

The draft regulation foresees that the Commission will develop an EU platform for exchange of experiences. This has been suggested by the consulted stakeholders' umbrella organisation, and taken on board as it has a strong EU added value.

The EU platform will be financed by the technical assistance at the initiative of the Commission.

Monitoring and evaluation

The monitoring and evaluation requirements are kept as simple as possible.

Monitoring through annual implementation reports and annual meetings.

Since both the amount of funding and the scope of the Fund are relatively limited, the room for manoeuvre after approval of the operational programme (OP) will be limited.

There will be annual review meetings between the MA and the Commission, unless both parties agree there is no need for one.

Establishing a monitoring committee, similar to the one required for the ESF, would imply to include all stakeholders. Looking into the actual situation it can be expected that there will be a high overlap between representatives for

the target groups and potential beneficiaries of the Fund. This may entail serious conflicts of interests. Therefore, no monitoring committee will be required.

Two structured surveys during the programming period.

The Regulation provides the standard obligations in terms of ex ante and ex post evaluations.

The Regulation also introduces two compulsory surveys on the assisted persons. The results of these surveys will allow the Commission to do an EU wide evaluation on the possible impact of the FEAD.

During the programming period, evaluations at the initiative of the MS are optional.

Eligibility of expenditures

Three broad categories of expenditures can be distinguished: the costs of food or goods, the overheads associated to the distribution of the items and the costs of the accompanying measures.

Costs of food and goods

The draft FEAD regulation allows to reimburse the costs of food and goods either on the basis of incurred costs (invoices of the supply procedure) or according to the number of (packages of) items distributed, through a simplified cost option.

Overheads associated to the provision of the material assistance.

The costs of transport, storage and administration will be reimbursed on the basis of a fixed flat rate of 5% of the overall value of food and goods distributed. This percentage is used under the current AGRI scheme, and it is below the common threshold for overheads of 7%.

A limited percentage (1%) is provided for the costs of transport and storage borne by a national organisation which makes the food or goods available to a partner organisation (third model of implementation).

Costs of the accompanying measures

Considering the amounts involved, the features of the target populations, the nature of the potential activities supported, but also of the partner organisations that will deliver them, it is essential to propose a very simple eligibility rule to establish the costs of accompanying measures.

The draft regulation fixes 5% of the overall value of the food and goods distributed to be spend on accompanying measures.

Management and control system

The management and control system stems directly from the Common Provisions Regulation. This allows Member States to use the structures, procedures and teams managing the ESF if they so wish. They would then not have to establish an entirely new management and control system.

However, a number of simplifications have been introduced. The main ones are:

Pre-financing

All partner organisations consulted stressed that they do not have the ability to pre-finance the purchases of food or goods. Instead of annual pre-financings the Managing Authority will receive a higher initial pre-financing. Considering the amounts available, an annual procedure seems superfluous. For the same reason, the draft Regulation only foresees a closure at the end of the programme implementation.

Scope of audit

Audits will cover all stages of implementation of the operation and all levels of the distribution chain, except for the stage of actual distribution to the most deprived, unless a risk assessment establishes a specific risk of irregularity or fraud.

Considering the nature of the target populations, and the circumstances of the actual distribution (often in the street) it would be impossible for the partner organisations to submit signed lists of end recipients. As a consequence, audits will be based on the stocks management documents of the partner organisations, but not on lists of beneficiaries.

Annex 4. Minutes of the stakeholders meetings

Meeting of 24 may 2012

The meeting on 24 May 2012 was attended by representatives of the European Level umbrella organisations having been very vocal in support of the continuation the MDP: European Federation of Food Banks (FEBA), the European Red Cross, Eurodiaconia, Caritas-Europe, the European Anti-Poverty Network (EAPN), and the European Federation of National Organisations Working with the Homeless (FEANTSA). The French Restos du Coeur was also invited in view of its active role in the campaign leading to the original creation of the MDP.

1. THE SCOPE OF THE NEW INSTRUMENT

All participants stressed that the foreseen amount of € 2.5 billion is actually too little. The representatives from FEBA referred to their position paper and to the need to keep the ruling of the ECoJ in mind. Eurodiaconia pointed to an increasing demand for food aid in view of the crisis.

The Red Cross representatives welcomed the possibility to expand the scope beyond food aid but wondered which other services might be funded. There is a need to take into account the changing profiles of the food aid recipients with many more elderly people and working poor. It may be necessary to focus the instrument but much depends on what actually we want to achieve. The best is probably to have a mix of actions, some more aiming at emergency aid and others with a more long term vision. The future instrument could encourage innovation and learning.

Eurodiaconia pointed out that there are many ways to deliver food aid not only distributing food packages. Food aid should be given in a way that empowers the recipients and cannot be linked to employment or work. It also enquired which other actions might be funded. It mentioned a programme for homeless people in the Netherlands where food aid is limited in time but is also linked to other forms of aid such as housing, furniture and clothing. It wondered whether the new programme could fund staff as this would allow a better follow-up of "clients" than what is possible with volunteers only. Several of its member organisations already use the ESF for capacity building.

Caritas felt that Food Aid should remain the core of the new programme but suggested that it might be expanded to cover also other food related actions such as fostering local food economies and community gardens. Other lines of thought were action on youth unemployment and the European volunteers.

EAPN wondered how far it would be possible to go without overlapping with the ESF.

FEBA wondered whether the extended scope could cover transnational cooperation (for instance even transporting excess stocks from one Member State to another) and social economy (f.i. in food processing). In any case, the next instrument will need to be based on two pillars, food aid and social re-insertion. The social re-insertion part should be largely at the discretion of the MS.

FEANTSA pointed out that while part of the membership did use the MDP another was sceptical about food aid as such. For the shelters at least, access to food is not an issue. For some groups re-integration in society may be made more difficult by food aid. Also emergency aid financing is much more likely to be increased by Member States.

Eurodiaconia and Caritas pointed out that provision of health care is not normally an issue and should not be covered by the new instrument.

2. THE LINKS TO SOCIAL INCLUSION ACTIONS AND TO COHESION POLICY

All participants expressed worries about the links between the new instrument and the ESF.

COM clarified that there is no intention to integrate the new instrument in the ESF but rather to create a new instrument based on article 175 of the TFEU.

Eurodiaconia pointed out that the two instruments serve very different purposes. Food aid in particular should not be linked to access to the labour market. Eurodiaconia pointed to the profile of the final recipients as only those with a legal status can be given access to official social inclusion services. Food aid is not only a point of entry, a gateway, but offers a point of stabilisation. A "stabilisation programme" could provide a platform from to access other services or programmes.

3. POSSIBLE SOLUTIONS TO MAXIMISE THE IMPACT

All participants rejected co-financing as a measure to increase impact. The Red Cross pointed to significant de-facto co-financing by the organisations delivering the aid in the form of labour and other resources. Caritas thought that national co-financing might not be realistic.

Restô du Coeur reminded the need to have a clear European Added Value. One possibility is to facilitate transnational cooperation.

Restô du Coeur and FEBA stressed that food aid was often a gateway to access other services and therefore creates a leverage effect. In that context FEBA explicitly opposed the idea of working with vouchers as experimented in the US. Vouchers lead to a loss of direct contact with the final recipients.

FEBA mentioned explicitly the actions against food waste and specific collection campaigns which are facilitated by the existence of the European programme. More generally it pointed to the importance of stability to run and maintain an organisation largely dependent on volunteer work. For FEBA the programme is a concrete expression of solidarity.

FEANTSA expressed doubts as to whether food aid was in all countries a gateway to other (social inclusion) services. Impact could be increased by a focus on the most vulnerable which could be the homeless people but not necessarily only the homeless. The ESF has difficulties reaching these more vulnerable persons.

Annex 4. Minutes of the stakeholders meetings

Meeting of 27 June 2012

The meeting on 27 June 2012 was attended by representatives of the European Federation of Food Banks (FEBA), the European Red Cross, Eurodiaconia, Caritas-Europe, the European Anti- Poverty Network (EAPN), and the French Restos du Coeur.

Introduction

EMPL (D. Reyntjens) opened the meeting by confirming that the Commission will make a proposal for the Regulation of a new standing alone instrument under the Cohesion Policy.

It was suggested that the discussion would focus on five main elements:

1) The scope of the new instrument;
2) The potential use of intervention stocks;
3) Implementation issues;
4) Monitoring and evaluation.

COM also insisted that the elements to be shared with the stakeholders during the meeting were still under development, and not yet fully validated by the hierarchy.

Scope of the new instrument

COM explained that the new instrument should be enshrined in the Cohesion policy and should complement the existing financial instruments addressing social cohesion , by providing support to the people too excluded to benefit from the activation measures of the European Social Fund.

To this end, the options for the scope of the new instrument examined in the impact assessment would cover:

1) food aid;
2) food aid and accompanying measures;
3) broad scope and accompanying measures.

The accompanying measures would consist in activities aiming at the social reintegration for the most deprived, while having a link with the material assistance. For example, under option 2, the measures accompanying the

distribution of food aid could be advising on balanced diet, food-waste minimising cooking guidance

The broad scope could consist in several aspect of severe deprivation, food deprivation but also homelessness or children severe deprivation.

Most participants welcomed the extension of the scope of the instrument, in particular its better integration in the Cohesion policy, even though the potential overlap with the ESF would be indeed a challenge.

Some stakeholders' representatives (Caritas, FEBA and Restos du Coeur) insisted that food aid should remain the core of the new instrument.

Following a question from FEBA, COM indicated that no decision was taken yet on the compulsory or optional support by each Member States of the various types of deprivation, in the case of a broad scope, although flexibility is rather likely.

Equally, COM clarified that no decision is taken yet on the co-financing, while noting the unanimous opposition of all stakeholders.

Potential use of intervention stocks.

COM presented briefly the potential features of two options (compulsory or optional use of intervention stocks) that are being considered.

It also stressed that the rationale that presided the creation of the current food aid instrument, i.e. existence of agriculture surpluses, no longer prevails.

COM also stressed that the use of intervention stocks would mean additional administrative burden that would need to be compensated by significant and stable enough benefits it make their use worth.

The Restaurants du Coeur in particular felt that a link with agricultural stocks needed to be maintained.

Implementation issues.

COM explained that the inclusion in the Cohesion policy calls for a functioning of the new scheme based on the seven years operational programmes and a management and control system similar to the one of the European Social Fund.

FEBA wondered whether such a long period could be precarious, especially in the context of increasing demand for aid in crisis. COM replied that, would need occur, the operational programmes could be amended.

COM also indicated that under the new instrument, the charitable organisations may receive funding instead of foodstuff as it is the case under the current Food for Deprived Programme.

With the exception of FEBA, all stakeholders' representatives spoke in favour of this possibility, assuring that their respective organisations have the sufficient experience and the capacity to manage EU funds.

The Restaurants du Coeur pointed to an issue also raised by the ECA, namely the administrative capacity of smaller organisations to handle European funds instead of goods.

Concerns were raised about the partnership between public authorities and NGOs at national level. COM stressed that, as for the European Social Fund, partnership will be a principle of the new instrument.

Monitoring and evaluation

The intention of COM, welcome by all participants, is to reinforce the monitoring system. To this end, stakeholders' representatives were asked to share any elements they would have on definition by their organisation of the "participants", as well as data on costs, etc…

COM is also considering introducing a mid-term evaluation, an idea also supported by the organisations.

CONCLUSIONS

The Commission thanked the different participants for their contribution to the discussion and indicated that it intends to adopt a proposal for a Regulation in the autumn.

Annex 5. Profile of food aid recipients

Surveys conducted by different organisations in several Member States draw a very varied picture of the food aid recipients (see boxes below on surveys organised in the FR, PT and UK). These surveys inform about the clientele of these organisations, irrespective of whether the support they received came exclusively from the MDP or not:

Profile of Banques Alimentaires (FR) beneficiaries (2010)

- More than 2/3 of the recipients are women (68% in 2010; 70% in 2008);
- 61% are adults between 26 and 50 years of age, 10% are younger and 29% older. Yet 53% have dependent children.
- The majority are not fully marginalised (71% have fixed housing) but are "fragilised" and depend on income support.
- Total household income is usually less than 1000 € per month (70% of respondents – 24% have less than 500€).
- Food (26%) is after rent (33%) and utilities (37%), the major cost the beneficiaries face.
- The survey also confirmed:
    - Presence of many retired people (11%);
    - The relative high participation of persons in employment (15%)
    - The impact of personal or family issues. 39% of the beneficiaries are divorced or separated (the national average is 8%).

Source: Press conference by Banques Alimentaires in November 2010. Presentation available at: http://www.hauts-de-seine.net/solidarites/ressources-documentaires/rapports-partenaires

Profile of (PT) recipients of aid from social solidarity institutions (2010)

- 75% of the recipients are women.
- 48% are 66 years or older. 6.5% are younger than 30 years.
- Total income is usually less than 500 € per month (49% of respondents have even less than 250€).
- 17% are working poor, 20% unemployed, 63% retired
- Spending on food is mentioned by 72% of the respondents as a major preoccupation followed by housing (69%), health care (35%) and education of the children (17%)
- 27% experienced lack of food at least once a week in the last three months
- The survey also showed:
    - The relative high participation of persons in employment (17%) and the very high proportion of retired (60%);
    - The impact of the crisis in the country. 90% of the organisations surveyed cited unemployment as a reason for the observed increase in support requests. Increased debts were cited by 59% and divorce and separation by 43%.

Source: Caracterização das Instituições de Solidariedade Social e das Famílias carenciadas

Available at: http://www.bancoalimentar.pt/news/view/269

Profile of FareShare (UK) food aid recipients (2011)

- Homeless people, or those at risk of homelessness, are substantially represented among the groups of vulnerable people reached by FareShare's community food network, although the proportion of these groups is decreasing. They represent the main client group for one third of the associations.
- The next major client groups are in order of schoolchildren, persons with mental health problems closely followed by families. The diversity among the vulnerable groups catered to by the network is increasing,
- Around 60% of service users are men.
- Almost half of service users are adults between the ages of 26 and 64,

and a quarter are in their late teens or early twenties. 14.5% are children under 16 and 13.2% are elderly people.

Source: 2011 National Impact Survey Available at:

http://www.fareshare.org.uk/wordpress/wp-content/uploads/2011/10/Report-online.pdf

Annex 6. Non-financial assistance to poor persons in the EU Member States

The following table is based on the preliminary answers received on the question "In which areas did the Member State improve the access to services for the poor?" of the Country Survey on Active Inclusion conducted in 2011-12. Unless otherwise specified (e.g. Social Assistance (SA) recipients), the programmes apply to the general category of 'the poor' (blank field= nothing mentioned). It should be taken into account that in many Member States support to poor citizens is very much delegated to the local level. Thereby the exact provisions may also differ between regions or even municipalities.

Table 6. Answers to question 13 of the Country Survey on Active Inclusion (2011-12)

MS	Health and Social Services	Food	Transport	Housing	Childcare / Education	Communica-tion	Banking	Education	Sports, Leisure, Arts & Culture
AT			SA recipients receive 'Mobilpass' i.e. free public transportation			exempted from radio and TV fees		free access to adult education centers	free access to public swimming pool

Annex 6. Non-financial assistance to poor people in the EU Member States

MS	Health and Social Services	Food	Transport	Housing	Childcare / Education	Communica-tion	Banking	Education	Sports, Leisure, Arts & Culture
BE	SA recipients receive RVV status, granting automatic right to substantial reimbursement of medical costs and social maximum billing (guarantee that health expenses will not exceed certain threshold) *Flanders:* SA recipients receive Lower contribution to care insurance against risks at old age (Vlaamse zorgverzekering),		*Flanders:* SA recipients receive social season ticket ('Buzzy Pazz') granting lower public transport rates on De-Lijn	*Flanders:* Non-automatic right to heating allowance (stookoliefonds), social rate (equals lowest rate on market) or social maxima for gas and electricity		Non-automatic right: social phone rate provided by Telecom			socio-cultural participation of minors education, youth, culture and sports (as decided by Council 18/19 Nov. 2010) *Flanders:* Social rate for holidays for low income families or SA recipients
BG	SA recipients' health expenses may be covered			heating allowance paid to provider, social housing allocated					
CY	Social Assistance (SA) recipients receive free medical care, borrowing of wheel chairs		SA recipients have access to free public transportation						

Annex 6. Non-financial assistance to poor people in the EU Member States

MS	Health and Social Services	Food	Transport	Housing	Childcare / Education	Communica-tion	Banking	Education	Sports, Leisure, Arts & Culture
CZ	For SA recipients: Free medical care			Social rental housing			Financial literacy programmes at secondary school (planned for primary schools, too) curricula, debt counselling		
DE	Stipulated by national law psycho-social supervision, drug counselling		Often reduced prices with local public transport for SA recipients	A mixed system of social rental housing and housing allowances	Stipulated by national law childcare assistance On the level of the commune: e.g. lower fees in Kindergarten etc.		Stipulated by national law debt-resolving assistance and counselling in some municipalities	On the level of the commune: often reduced fees Volkshochschule etc.	Decided on the level of the commune SA recipients often get access for free or at reduced prices
DK							Debt counselling for low-income persons and persons in debt		
EE	Depending on municipality social services, counseling,	Depending on municipality provision of free meals, day centers, provision of clothes		Depending on municipality social housing			Depending on municipality Debt counselling		

Annex 6. Non-financial assistance to poor people in the EU Member States

MS	Health and Social Services	Food	Transport	Housing	Childcare / Education	Communica-tion	Banking	Education	Sports, Leisure, Arts & Culture
EL	Health insurance extended for unemployed and households with low-work intensity (law 3996/2011, N.4052/2012)			Social programme for homeless in collaboration with orthodox NGO "Apostoli"					
ES	Health services are provided to persons without resources								
FI	Ceiling for health care costs (hospitals, medicine) for SA recipients			Housing allowance	Child day care fee may be zero for low-income families				
FR	For RSA (Revenu de solidarité Active) recipients : free complementary health insurance		For RSA recipients: subsidised or free public transport						
HU				gas consumption allowance paid to provider	free meals in education institutes, free study books in education		debt service support		
IE	Depending on income: medical cards granting free health care services								

Annex 6. Non-financial assistance to poor people in the EU Member States

MS	Health and Social Services	Food	Transport	Housing	Childcare / Education	Communica-tion	Banking	Education	Sports, Leisure, Arts & Culture
IT	Depending on municipality: SA receive health services, psycho-social services	'Social Card': food expenditures and other utilities since 2008		Gas and electricity bonus for households with very low work intensity and large households since 2009 Housing allowance varies according to province/region	SA recipients get priority access to childcare centres		Depending on municipality: SA receive debt counselling services		
LT					depending on municipality children of SA recipients may be eligible to free board at schools, social scholarships, school's supplies at the beginning of the school year; children of very low income families may receive two free school meals per day (free breakfast abolished since 1 January 2010)				

Annex 6. Non-financial assistance to poor people in the EU Member States

MS	Health and Social Services	Food	Transport	Housing	Childcare / Education	Communica-tion	Banking	Education	Sports, Leisure, Arts & Culture
LU	Medical expenses covered for low-wage earners		SA recipients have free access to public transportation	Social housing aid providing temporary physical shelter for needy, housing allowances	"cheque-service" (child-care service voucher) since 2009 reduces costs for low income families, For SA recipients: 22 additional hours a week free childcare for 0-12 year olds (0-25 hours a week instead of 0-3 hours a week for people not receiving social assistance.				For SA recipients: National Language Institute offers language classes at reduced rate
LV	Low-income earners are guaranteed fully subsidised healthcare services and compensation for drugs , psychological support	Depending on municipality: catering		Depending on municipality: Social housing, housing allowance, over-night shelter			Depending on municipality: Mortgage, finance counselling, free courses on banking		Low-income households have free access to TV
MT	Free of charge healthcare for SA and other vulnerable groups			For SA recipients: rent allowance, subsidies to water and electricity expenses		For SA recipients: Subsidies for telephone bills			
NL	Centres for Youth and Family (*Centrum voor Jeugd en Gezin*: 'CJG' established in 2007-2011) provides preventive family services			SA recipient may receive rent allowance			Debt-solving counselling		

Annex 6. Non-financial assistance to poor people in the EU Member States

MS	Health and Social Services	Food	Transport	Housing	Childcare / Education	Communica-tion	Banking	Education	Sports, Leisure, Arts & Culture
PL	Not-insured persons may be granted purpose benefit covering fully or partially health expenses, reimbursement of drugs *Social Services:* social work specialist consulting, care or nursing services, stay and services at a social assistance house, e.g. assistance with organisation of funeral		crisis intervention or in-kind goods, food clothes	Means-tested housing allowance, supervised temporary accommodation					
PT	Depending on municipality: for elderly and SA recipients: contribution to healthcare expenses Psycho-social counselling, drug counselling	Depending on municipality: social shops to collect donations of non-perishable goods; collection of clothes, goods and food	Subsidised seasons tickets		Subsidised transportation tickets, school books, scholarships, meals				
RO	for MI recipients: Health insurance covered for MI recipients: Social Aid and Emergency Aid	Law 208/1997: Social Canteens (financed and administered by local governments) providing two warm meals a day and subsidised food to SA recipients, low-income families (118 canteens in 2009, mostly in urban areas)		Eligibility Threshold for Heating allowance has been lowered for low-income households (Emergency ordinance 07/10/2009) , for MI recipients: heating expenses are fully covered					

Annex 6. Non-financial assistance to poor people in the EU Member States

MS	Health and Social Services	Food	Transport	Housing	Childcare / Education	Communica-tion	Banking	Education	Sports, Leisure, Arts & Culture
SE	For SA recipients: alcohol and drug counselling/check-up, family assistance			For SA recipients: Housing help					
SI	Since Jan 2009 coverage of full health services for poorest,	food packages, free clothing and free vacation provided by NGOs			SA recipients are exempted from child care fees, subsidised public transport for secondary school pupils, subsidised school meals for poor children		Free legal aid	SA recipients are exempted from TV fees	
SK				Housing benefit as part of Benefit in Material Need	For children of poor households: Subsidised school meals; For children of SA recipients also school supplies, exempted from kindergarten fees				

Annex 6. Non-financial assistance to poor people in the EU Member States

MS	Health and Social Services	Food	Transport	Housing	Childcare / Education	Communica-tion	Banking	Education	Sports, Leisure, Arts & Culture
UK	National Health Service: Free health care for all; for low-income earners: free prescriptions, dentistry, eye care, wigs and fabric supports, and healthcare travel costs.	Healthy start – IS/JSA(IB) are qualifying benefits for 'healthy start vouchers': Recipients may be able to get vouchers worth £3.10 for milk, fresh fruit and vegetables or infant formula for pregnant women and children, Free vitamin supplements		CitizenAdviceBureau (CAB): Housing advice services	Since 2010/22011: free school meals for primary school children in out-of work and low-income working families, For low-income families: school clothing grants or vouchers		CAB: Debt counselling		

The table below checks the complementarity of ESF and FEAD for specific types of support. The list is based on answers received from Member States on the Country survey of Active Inclusion(see Table 6).

Table 7. ESF eligibility of forms of non-financial assistance

Annex 6. Non-financial assistance to poor people in the EU Member States

Needs	Existing schemes in Member States	Eligible for ESF support under the following investment priorities[76]	Comment
Food	Various forms of food aid (soup kitchens, food banks, social groceries, specific food distribution according to specific needs or types of beneficiaries, such as baby food) – often more reliance on civil society/churches than on public authorities	None	Falls within the remit of the current MDP.
	Food distribution integrated within the provision of other social services	None	All MDP stakeholders consulted would contend that food distribution is de facto always linked to other social services even if no obligation is placed at the level of the individuals assisted.
Transport	General subsidisation of (local) public transport and reduced prices for recipients of SA	This is an eligible expenditure of the ESF when relating to employment/social inclusion purposes	Financial assistance Difficult to justify if not related to social inclusion activities and therefore eligible under ESF.
Heating	Measures to address fuel poverty, such as targeted vouchers	None	Partly overlapping with ERDF IP: Supporting energy efficiency and renewable energy in the (…) housing sector Financial assistance
Housing	Shelters for the homeless	• Combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation: • Enhances access to (…) social services for the homeless	The traditional intervention on homelessness is the "staircase model" or "continuum of care model" in which homeless people pass through several stages of temporary before being given accession stable housing. There is now a new approach called "Housing First" which gradually gains ground in EU Member States. According to this model homeless people should

[76] See also the key actions identified under the ESF investment priorities (SWD, 2012. CSF)

Annex 6. Non-financial assistance to poor people in the EU Member States

Needs	Existing schemes in Member States	Eligible for ESF support under the following investment priorities[76]	Comment
			access immediately stable housing with individualised support. In some MS this involves also the provision of so-called starter kits.
	Housing rental/acquisition	None	Financial assistance
Health	Access to health care	• Active inclusion; • Integration of marginalised communities such as Roma; • Combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation; • Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest.	Only eligible under FEAD as part of accompanying measures, otherwise the risk of overlap with ESF is too high
Care	Long-term care for the elderly and people with disabilities	• Equality between men and women and reconciliation between work and private life; • Active inclusion; • Combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation; • Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general	Not eligible for FEAD support because there is too much overlap with ESF

Annex 6. Non-financial assistance to poor people in the EU Member States

Needs	Existing schemes in Member States	Eligible for ESF support under the following investment priorities[76]	Comment
		interest	
Long-term care	Support to informal carers for the elderly and for people with disabilities;	• Enhance access to affordable care services, care for dependent persons, including the elderly, through investment in sustainable care services	Not considered as adequate for FEAD as the creation of e.g. day-care facilities could be supported by ESF and ERDF and other support to informal carers is probably best done by actual financial support.
Childcare	Childcare (forms of childcare not related to the employability of parents; e.g. after-school care)	• Integration of marginalised communities such as Roma: • Reducing early school leaving and promoting equal access to good quality early childhood, primary and secondary education ; • Combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation; • Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest	Only eligible under FEAD as part of accompanying measures, otherwise the risk of overlap with ESF is too high
Childcare	Parenting support;	None	As an accompanying measure to support materially deprived children
Education	Provision of educational material (e.g books);	• Although not spelled out, supply of educational material is a traditionally eligible expenditures of ESF education	As an accompanying measure to support materially deprived children

Annex 6. Non-financial assistance to poor people in the EU Member States

Needs	Existing schemes in Member States	Eligible for ESF support under the following investment priorities[76]	Comment
		related interventions	

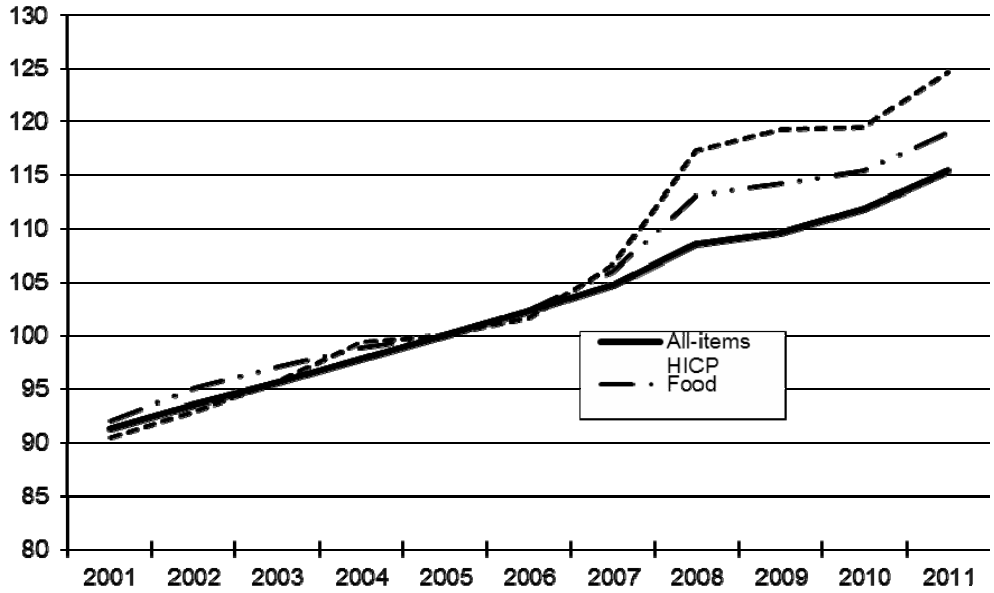
Annex 7. Sensitivity to increasing food prices

Following a steep rise in agricultural commodity prices, food prices in the EU have increased more rapidly than overall inflation since 2006 (see figure 11).

Low income groups spend a higher proportion of their income on food than other groups as it is basic need. Therefore food price increases concern low income households more than groups with a higher income. Furthermore higher income households can pay higher prices for food, by either saving less money or by economising on other – less basic – goods; strategies which are not available to low income households: they neither save money nor spent it on luxury goods (on which savings would be possible).

This situation is compounded by the ongoing financial and economic crisis. In a recent report, the World Bank looked at how households coped with the crisis[77]. It concludes that the most common strategy adopted involved reducing household expenditures. Surveyed households reduced expenditures on a broad range of goods and services. Durable goods purchases and food expenditures were reduced. Alarmingly, food purchases were reduced by the poor, whose nutritional status was already at risk to begin with.

Figure 11. Evolution of food prices compared to the consumer prices index (2005 =100)

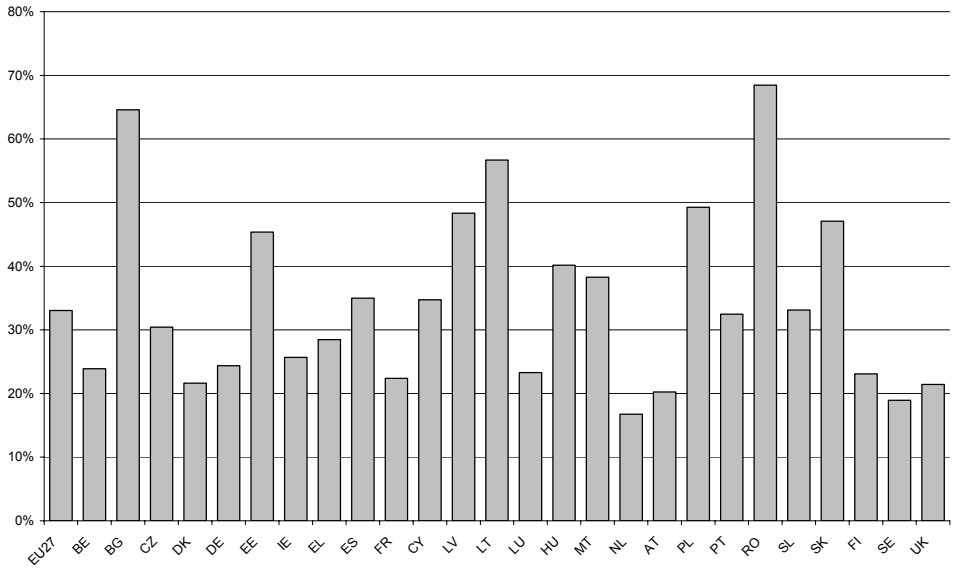


On average, at EU-27 level, spending on food accounts for more than 33 % of expenditure of those people in the lowest income quintile compared with only

[77] The World Bank, 2011. The jobs crisis: household and government responses to the great recession in Eastern Europe and Central Asia.

17% for households in the highest income quintile. In most EU12 countries food expenditure accounts for even more, reaching, for example, in Romania 68% of total expenditure in the lowest income group[78].

Figure 12. Average share of income spent on food by households of the lowest income quintile - 2005



Given that the share of expenditure on food in the lowest income groups is fairly high, the effort of the poorest people to minimize their expenditure on food is much bigger than for higher income groups. A reduction in food expenditures is likely to be associated with higher energy density diets, i.e. increased consumption of starches, added sugars and fats which are the cost saving dietary elements. The main reason for such dietary unfriendly behaviour is satisfying energy needs. This relationship between retail prices and dietary composition of the food has as a consequence that the balanced diet and related health conditions of lowest income groups are substantially threatened by efforts to minimise their food expenditure. Moreover the spending on other goods and services is also affected.

[78] Structure of consumption expenditure by income quintile (Source Eurostat: data for 2005)

Annex 8. Homelessness

Profile of homeless people

Homeless people are still in majority single, male, middle aged, and have addiction and/or mental health problems. But the profile is rapidly changing with more families and women becoming homelessness, and unemployment and housing costs as additional causes/triggers of homelessness (see "new homeless" in Greece for instance). A very worrying trend is the rapid increase in youth homelessness – also in richer countries (Denmark +20%, Netherlands +15%), and homelessness amongst migrants (especially those with precarious legal status)[79].

The ETHOS classification of homelessness and severe housing exclusion acknowledges that homelessness is a dynamic process and that homeless people jump frequently from one category into the other. However, this classification is not widely used in a European context. As a consequence the few data which do exist on the actual number of persons experiencing homelessness cannot easily be combined and analysed. Extrapolations based on data from some EU member States combined with information from the US yield an estimation of 4.1 million people[80].

Political demand for EU action on homelessness

In 2009 the European Commission and the Member States (through the Social Protection Committee) focused on homelessness. The outcomes were national reports on homelessness and an analytical statement calling for a number of actions.[81] On the basis of the work the EU Council of Ministers called on member states to develop integrated homelessness policies based on housing-led approaches[82].

In a Written Declaration (2010) and in a resolution adopted by almost 600 MEPs (2011) the European Parliament called for an EU strategy on homelessness[83]. The resolution includes details how such a strategy should look like. This request is supported by the EU Committee of the Regions and the Economic and Social Committee[84] .

In 2012 the PEP conference (annual European event with people experiencing poverty) focused on homelessness and called for more EU action in this area.

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[79] FEANTSA

[80] Frazer, H., E. Marlier and I. Nicaise, 2010. Feuille de route pour l'inclusion sociale pour l'Europe 2020.

[81] http://www.peer-review-social-inclusion.eu/network-of-independent-experts/2009/homelessness-and-housing-exclusion.

[82] Joint report Social Protection & Social Inclusion 2010

[83] link to the EP resolution

[84] CoR (2010) and EESC (2011)

The recommendations from the PEP might be annexed to the conclusion of the next EPSCO Council meeting.

Basis for EU action on homelessness

In their 2012 National Reform Programmes at least half of the member states have referred to homelessness as a priority issue of their social inclusion policies.

In 2010 the EU adopted the European Platform Against Poverty Communication (EPAP). The EPAP is a flagship initiative of the Europe2020 strategy. Homelessness is thereby identified as one of the worst forms of poverty and social exclusion on which Member States and European level have to join forces to avoid any deterioration of the situation and to work towards improvement.

The Irish presidency of the EU will call the first ever European meeting of Ministers about homelessness in January 2013 in Brussels. This will be an important political moment and an occasion to kick off the EC action plan on homelessness

The Social Protection Committee (SPC) included a focus on homelessness in its 2012 work plan – foreseen for fall 2012.

Interventions in favour of homeless people

Support to homeless people distinguishes between emergency approaches (night shelters and soup kitchens) and reintegration approaches. In several countries these interventions are also institutionally separated and operate under different legal and funding frameworks (see for instance in France the distinction between "hébergement d'urgence" (Samu Social) and "hébergement de réinsertion sociale").

The emergency approach has not changed much over time, mainly the physical quality of the night shelters has improved in most countries. There will always be a need for emergency responses to cater for people in temporary life crises but the general tendency across Europe is a reduction of size and public investment in emergency homeless services.

The traditional intervention to reintegrate homeless is the "staircase model" or "continuum of care model" in which homeless people pass through several stages of temporary accommodation (night shelter, short stay shelter, longer stay shelter, half way houses...) before reaching stable housing. The logic behind this model is that people need time to stabilise their life situation and need to solve (most of) their socio-psychological problems before they can live in "normal" housing. Homeless people need to be made "housing-ready". This system has caused a continuous growth/diversification of the

homelessness service sector; rotation of homeless people in the "homeless system" with limited outflow to "normal" or supported housing.

Therefore the reintegration approach has moved increasingly towards "Housing-First" approaches. According to this model homeless people should go directly to stable housing with individualised (multi-disciplinary where necessary) support[85]. The approach has been tested/evaluated and was found to be more effective (better outcomes in terms of housing stability and wellbeing) and more cost effective (up to 20.000€ savings per person per year)[86] than the traditional staircase approach.

This housing first approach also provides funding opportunities for the FEAD. Starters' packs are sets of basic goods allowing homeless single persons or households to effectively occupy the lodging they have been allocated. Some organisations provide up to 8 different packs: Crockery/Cutlery; Pots/pans & kitchen utensils; Cleaning Items; Single Bedding packs; Double Bedding Packs; Towels; Curtains and Small electrics.

[85] Culhane D.P and S. Metraux, 2008. Rearranging the Deck Chairs or Reallocating the Lifeboats? Homelessness Assistance and Its Alternatives. Journal of the American Planning Association, 74(1): 111-121.

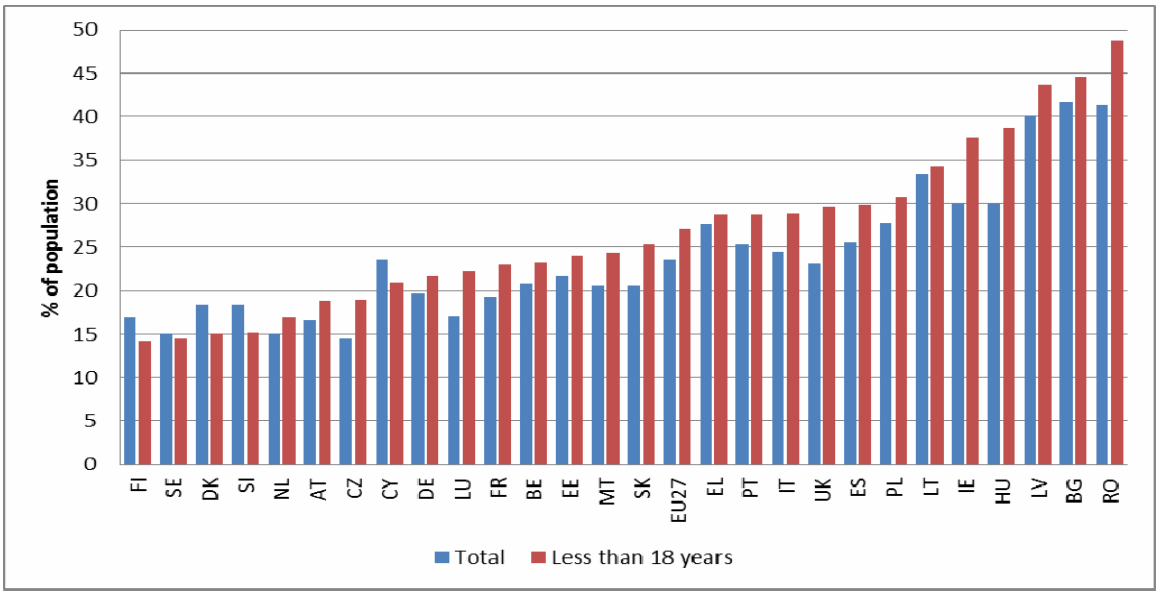
[86] Basu A., R. Kee, D. Buchanan, and L. Sadowski, 2012 . Comparative Cost Analysis of Housing and Case Management Program for Chronically Ill Homeless Adults Compared to Usual Care. HSR: Health Services Research 47:1, Part II; and
Pleace, N., 2012. Le logement d'abord. Observatoire Europeen sur le Sans-Abrisme.

Annex 9. Child poverty

The data and figures in this annex are taken from the SPC Advisory Report to the European Commission on Tackling Poverty, Promoting Child Well-Being of June 2012.

Europe's social and economic future greatly depends on its capacity to break the transmission of disadvantage across generations. Yet, as shown in figure 13, children (persons under 18) remain more at risk of poverty or social exclusion[87] than the overall population with a rate of 27.1% as against 23.5%. Only in a minority of countries (CY, DK, FI, SI and SE) are children less at risk than the total population. Besides, the last two decades have seen in a number of countries a shift in poverty and social exclusion risks away from the elderly to younger generations and children[88].

Figure 13. At risk of poverty or social exclusion rate in the EU for children and total population, 2010



[87] This indicator is the headline indicator to monitor the Europe 2020 social inclusion target. It reflects the share of the population living in a household which is at risk of poverty (a household whose income is below 60% of the national equivalised median income), living in a household with very low work intensity (i.e. on average, working age members of the household work less than 20% of their full work potential over the year) and/or living in a severely materially deprived household. A household is confronted with severe material deprivation if it cannot afford at least 4 items out of the following: 1) face unexpected expenses;,, 2) one week's annual holiday away from home; 3) pay for arrears; 4) a meal with meat, chicken, or fish every second day; 5) keep the home adequately warm; 6) a washing machine; 7) a colour TV; 8) a telephone; 9) a car for personal use.

[88] "Child poverty trends can also be affected by relative income gains and poverty trends in other population groups. OECD (2008) shows that in many countries the main burden of poverty has shifted from the elderly to children since the mid-1980s", OECD, Doing Better for Families, 2011, p. 177.

Annex 9. Child poverty

Source: Eurostat, EU-SILC [89](Note: Data for LV refer to 2011)

The **at-risk-of-poverty rate** among children (defined as the proportion of children living in households with an income lower than 60% of the median national income) varies importantly across Member States, from 10.9% in DK, 11.4% in FI and 12.6% in SI to 26.6% in LV, 26.8% in BG, and 31.3% in RO (as against an EU average of 20.5%). The composition of the household in which children live and the labour market situation of parents are key factors affecting child poverty: children facing the highest risk of poverty are those growing up with a lone parent[90] (40.2% of them are at risk of poverty in the EU) or in a large household consisting of two adults and at least three dependent children (26.5% of them are at risk of poverty, as against 14.6 % of children in households with two adults and two children).

Children living in households with very low work intensity are also particularly vulnerable, with a risk of poverty rate of 68.8%[91]. Other groups of children particularly exposed to the risk of poverty include children from households with migrant background, Roma children, street and homeless children. Children living in a migrant household (where at least one parent is born abroad) face a poverty risk of at least 30%, which is two to five times higher than the risk faced by children whose parents are born in the country of residence[92].

10.5 % of children in the EU are at persistent risk of poverty (e.g. live in a household with an equivalised disposable income below the at-risk-of-poverty threshold in the current year and in at least two of the preceding three years), as against 8.8% of the overall population[93].

Indicators of material deprivation among children provide a broader, complementary vision of children's well-being and living conditions[94]. On

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[89] Unless specified otherwise, EU-SILC (EU Statistics on Income and Living Conditions) figures were collected in 2010, which is the year mentioned in the title of the figures and tables. 2010 (t) refers to income and employment for 2009 (t-1), except for Ireland (12 months preceding the survey) and the UK (current income), while the information on living conditions and material deprivation refers to 2010.

[90] In 2010 about 8% of all dependent children were growing up in a single parent household, of which 90% were headed by women. Source: Eurostat, LFS

[91] The links between labour market participation, household structure and child poverty are discussed in section 1.3.1

[92] *Child Poverty and Well-Being in the EU, Current Status and Way Forward*, Social Protection Committee, European Commission, 2008

[93] 2009 figures

[94] This section is based on the outcomes of the 2009 EU-SILC module which entailed specific questions focused on the material deprivation of children. In-depth analytical work of the 2009 material deprivation EU-SILC information (core survey and thematic module) is being carried out by the EU-funded research network "Second Network for the analysis of EU-SILC (Net-SILC2)". The results of this work have been discussed with the SPC Indicators Sub-Group and the Eurostat Task-Force on material deprivation. The objective is to

average 5.9% of households in the EU cannot afford new clothes for their children with as much as 35% in BG, 25.2% in RO and 24.5% in LV. 34.5% of children in BG cannot afford to eat fresh fruits and vegetables once a day. The situation is similar if not that acute in RO (23.8%), HU (17.2%) and LV (15.4%). In some countries almost one in every five children does not have in their home a suitable place to study or do homework because the household cannot afford it (BG 19.7%, RO 24.8%). Almost one in every two households in BG cannot afford leisure activities for their children such as swimming, playing an instrument or participating in a youth organisation, while this is the case for 12% in the whole EU.

These data do not yet fully reflect the impact of the economic crisis[95], which has strongly affected households with children even in countries where the overall risk of poverty or social exclusion was stable. There are already indications that the percentage of children living in poverty or social exclusion is on the rise in a number of countries. Their share has risen by more than 1 percentage point (pp) in several Member States, namely AT, BE, CY, CZ, DK, DE, ES, FR, LV, LT, HU and SK between 2009 and 2010. The highest increases have been observed in countries with already high levels of child poverty and social exclusion such as IE (6.2pp), LV (4pp), ES (3.6pp) and LT (3.3pp) but also in Member States with levels below the EU average such as BE (2.7pp). The living standards of children have especially deteriorated as the share of children living in severe material deprivation has increased by as much as 6.2pp in LV, 4.9pp in LT, 3.7pp in EE and 3.3pp in HU. Among them, single parent households have been particularly hit: the risk of poverty or social exclusion for single adults with dependent children has increased by 9pp in IE and LT, by 7pp in ES and 6pp in IT, 5pp in FR, 4pp in SE and SK and 3pp in DK between 2008 and 2010.

come up with a revised indicator for the total population and a new indicator addressing the specific deprivation of children.

95 "Third Report on the Social Impact of the Economic Crisis and on-going Fiscal Consolidation 2011", Social Protection Committee, available at: http://ec.europa.eu/social/main.jsp?langId=en&catId=758

Annex 10. Simulations

The following steps were used to estimate some basic parameters of the different options. The results are given in the table below.

1) Technical assistance (TA):
    a. at the initiative of the Commission: for all options the Commission will need some technical assistance at its own initiative even if only to organise control, review and mutual learning meetings and eventually evaluations. This is set here at 0.35%, the same level as for the cohesion policy proposal.
    b. at the initiative of the Member States: under the baseline this is zero as there is no such TA in the current scheme. In options 2 and 3, the technical assistance is set at 4%, the same level as for the cohesion policy proposal.
2) Use of the resources:
    a. In all options the allocation for administration and logistics is set at 6%.
    b. Accompanying measures are only eligible under the options 2 and 3, not under the baseline (option 1). Their value is set at a level of maximum 5% of the value of the in-kind support distributed. This level is based on experience of the stakeholders consulted.
    c. Option 3 foresees a broad scope of support under which in kind support in the area of housing and child poverty are eligible. There is a priori no indication which share of the available resources might go to these forms of support. The assumption here is that the Member States currently using the MDP will continue to distribute food aid whereas the Member States not using it will concentrate on one of the new areas of activity. In this context a repartition key of 80/10/10 was assumed.
3) Applying these considerations yields estimates of the resources available.
4) This is used to estimate the levels of in-kind support for each option, using the following figures:
    a. The weighted average cost of food distributed by the food banks is 2.04€/kg and on average a kilo of food corresponds to 2 meals (Source: FEBA). This yields an estimate of just over €1 per meal. This figure is similar to the estimate provided by the Restos du Coeur of just under €1 per meal.
    b. The average price of housing support pack under the housing First scheme is 200€ per pack (Source: FEANTSA).

c. The average price of a child poverty support pack is 75€ per pack (Source: FEANTSA)

5) The volumes of in-kind support are used to estimate the number of beneficiaries under each option.
   a. The weighted average amount of food aid received by a participant is 76.6 kg per person (source: FEBA);
   b. Housing support or child poverty support packs benefit one person each.
6) Carbon saving is estimated using the ratio of 0.5 kg CO_2 per kg of food distributed (Sources: French Federation of Food Banks and Fareshare)
7) These calculations assume that all items are purchased by the programme. They do not take into account the multiplier effect of the scheme which is expected to be in the range of 2 to 4.

		Option 1	Option 2	Options 3	unit
1 - Total Budget		2,500	2,500	2,500	€ millions
TA-MS		-	100	100	€ millions
TA-COM		9	9	9	€ millions
available		**2,491**	**2,391**	**2,391**	**€ millions**
2 - Use of the resources					
Accompanying measures		-	5%	5%	% of in kind support
Administration/logistics		6%	6%	6%	% of in kind support
Domain of action					
	Food assistance	100%	100%	80%	% of in kind support
	Homelessness	-	-	10%	% of in kind support
	Child poverty	-	-	10%	% of in kind support
3 – Resource allocations					
Accompanying measures		-	114	114	€ millions
Administration/logistics		141	129	129	€ millions
Food Aid		2,350	2,148	1,718	€ millions
Homelessness		-	-	215	€ millions
Child poverty		-	-	215	€ millions
4 - In kind support					
Food distributed		1,152	1,053	842	thousand tons
Meals		2,304	2,106	1,685	million meals
Housing packs		-	-	1,074	thousand packs
Child poverty packs		-	-	2,864	thousand packs
5 - Number of beneficiaries					
Food aid		2.15	1.96	1.57	Millions per year
Housing		-	-	153	Thousands per year
Child poverty		-	-	409	Thousands per year
Total		**2.15**	**1.96**	**2.13**	**Millions per year**
6 - Carbon saving for food component		**576**	**527**	**421**	**Thousand tons CO_2**
7 – Size of target groups					
Severely Materially Deprived People		40	40	40	Million

Homeless persons			4	Million
Children suffering from material deprivation			6	Million
8 – Coverage of the Target Groups				
Severely Materially Deprived People	5	5	5	% per year
Homeless persons			4	% per year
Children suffering from material deprivation			7	% per year

Annex 11. EU actions on food losses/food waste/food surpluses

According to an EU funded study[96] the total amount of food waste[97] in EU 27 is about 90 million tonnes per year or 180 kg per capita per year - agricultural food waste and fish discards not included. The study underlines that food is lost or wasted at all stages of the food chain and that it occurs for various reasons, predominantly sector specific. Efforts to reduce food losses/waste should focus on all the levels of the food supply chain, targeting in particular the different causes per sector.

The Commission decided to address food waste in the context of:

1. The EU 2020 Resource Efficiency Flagship[98] where the need to maximise the efficient use of scarce natural resources has been stressed and the subsequent Roadmap to a Resource Efficient Europe[99] announcing that the Commission will further assess how best to limit food waste throughout the food supply chain;
2. The EU Parliament report on food waste[100] demanding the Commission to take practical measures towards halving food waste by 2025;
3. The Commission's Communication on "Sustainable food" foreseen for November 2013 where food waste will be a key issue.

The Commission is currently in the process of defining the most appropriate actions at EU level to complement the actions carried out at national and local level. The Commission is therefore consulting experts, stakeholders and Member States on how to minimise food waste without compromising food safety (including how to make maximum use of food surpluses). In the autumn 2012 a new EU research project (FP7) on food waste will be kicked off, that will develop a standardised definition, standardised methodologies to calculate food waste, and set up an EU multi stakeholder platform.

[96] Preparatory study on food waste across EU 27, BIO IS, October 2010

[97] According to the definition of the UN Food and Agriculture Organisation (FAO) food loss occur at production, post-harvest and processing stages in the food supply chain; and food waste at the end of the food chain (relating to retailers' and consumers' behaviour)

[98] "A resource efficient Europe – Flagship initiative of the Europe 2020 Strategy" COM(2011)21 – 26/1/2011.

[99] COM(2011)571 final adopted by the Commission on 20th September 2011

[100] Own-initiative report by Salvatore Caronna (S&D, IT) "Avoiding food waste: how to improve the efficiency of the food chain in the EU" - Committee on Agriculture and Rural Development – adopted on 19th January 2012.