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Contribution of the EU Budget to the Implementation of the Social Cohesion Policy of the European Union

Katarzyna Stabryła-Chudzio[1]

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Abstract

Objective: The aim of the present study is to examine whether the European Union budget comprises significant resources for financing measures relating to social cohesion. The analysis is based on the contents of the Europe 2020 Strategy.

Given the constraints of space and for the sake of clarity of the argument, the author focuses on the role of the EU budget rather than all measures aimed at social cohesion undertaken by EU institutions or targeted by policies of individual Member States.

Methodology: Documents, studies and reports published by the European Commission constitute the main source of information. In addition, the author has taken into account macroeconomic data demonstrating the deterioration of the social situation since 2009, as well as the instruments that the European Commission has deployed since 2013 in order to respond to post-crisis challenges.

Conclusions: It can be roughly estimated that more than 40 percent of total resources within the Multiannual Financial Framework 2014–2020 shall be allocated to the social cohesion policy. Opportunities afforded by the implementation of the Europe 2020 Strategy include primarily the definition of objectives whose priority is indisputable and the introduction of the hitherto neglected analysis of certain socio-economic indicators, classified by country or region and, in certain cases, examined in more detail than required by the European Commission. The monitoring of objectives is conducive to the introduction of new solutions and implementation tools, as exemplified by the new instruments within the Multiannual Financial Framework 2014–2020, as well as the adjustment of available funds in light of the most pressing challenges. The European Semester has facilitated the task of comparing progress in strategy implementation by individual Member States, as well as the provision of recommendations for each of them and an individualized approach.

Research implications: This article contributes to the discussion on further integration of the European Union's social dimension, with particular emphasis on the need to work out a common approach to immigration policy.

Originality: The author presents her own opinions regarding current events in terms of the post-crisis social cohesion policies of the European Union, taking into account the European Commission's financial instruments.

Keywords: social cohesion, EU budget, cohesion policy, financial instruments of the European Union

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1 Cracow University of Economics
Correspondence address: Cracow University of Economics, Faculty of Finance, Rakowicka 27 St., 31-510 Cracow, e-mail: stabrylk@poczta.onet.pl.

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Introduction

Since the late 1980s, cohesion policy (previously known as structural policy) has occupied a prominent place in the activities of the European Union. In financial terms, the importance of cohesion policy increases in subsequent programming periods, which results in a progressive reduction of funds allocated to the first pillar – that is, the Common Agricultural Policy (CAP) – and greater attention paid to the so-called development priorities of the European Union. It is not synonymous with the marginalization of the agricultural policy, which would be impossible for political reasons, but rather entails emphasis on attenuating differences between Member States and EU regions in terms of their level of socio-economic growth (and, in the positive sense, striving towards the so-called real convergence; i.e., achieving a similar level of economic and social development) and on boosting competitiveness in relation to the United States, BRIS countries and, above all, China.

The aim of the present study is to examine whether the European Union budget comprises significant resources for financing measures related to social cohesion. The analysis is based on the content of the Europe 2020 Strategy.

For the purposes of this article, social cohesion policy of the European Union refers to any measure taken at the EU level in the following areas:

- combatting unemployment and social exclusion, particularly among young people;
- counteracting unemployment and social exclusion;
- increasing employment rates (with particular emphasis on workers of pre-retirement age);
- raising education levels;
- access to and use of broadly defined infrastructure (i.e., roads, the Internet, cultural assets).

Given the constraints of space and for the sake of clarity of the argument, the author focuses on the role of the EU budget rather than all measures aimed at social cohesion and undertaken by EU institutions or targeted by policies of individual Member States.

In 2013, the European Council called for the inclusion of indicators that relate to the social situation and the labour market in all studies pertaining to the European Semester (European Commission, 2013, p. 1). Consequently, in the Annual Growth Survey, the European Commission defines priorities at the EU and national levels, with particular emphasis on employment growth in the EU and on improving social cohesion; on the basis of national reform programmes, as well as stability and convergence programmes, it formulates social policy recommendations for individual Member States. It should be noted that social policy and employment are, primarily, the prerogatives of individual Member States. Consequently, the European Commission can only propose a set of initiatives that would facilitate the coordination of actions at the national level; it will take a while before its role in guiding Member States and monitoring their progress will lead to any conclusive assessment.

Social dimension of the Europe 2020 Strategy

In the Europe 2020 Strategy, published in March 2010, the European Commission set out three priorities, which were subsequently divided into headline targets and specific goals (European Commission, 2010):

- Smart growth: developing an economy based on knowledge and innovation;
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy;
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

From the point of view of social cohesion, the first and third priority are of the utmost importance (Table 1), as they refer to employment (increasing the employment rate among 20-to-64-year-olds to 75%), education (reducing the share of early school leavers among 18-to-24-year-olds from 15% to 10% and increasing the share of college and university graduates aged 30–34 from 31% to 40%) and the prevention of social exclusion (reducing the number of people at risk of poverty by 25%, or 20 million).[2] Employment policy is now focused on the following areas: overall labour productivity growth as compared to other countries, eliminating unemployment among those under 24 years of age, facilitating access to the labour market for workers over 55, and facilitating the professional activation of the long-term unemployed and immigrants.

Measures aimed at ensuring the success of the new strategy include: the EU “Youth on the Move” initiative that improves learning outcomes and increases the attractiveness of the European sector of tertiary education internationally; the Agenda for New Skills and Jobs, with an emphasis on improving labour mobility and lifelong learning;

[2] The at-risk-of-poverty threshold is set at 60% of the median disposable income in each Member State.

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the Digital Agenda for Europe, promoting public access to high-speed Internet in the EU; and the European Platform against Poverty and Social Exclusion, aimed at ensuring a dignified life and promoting active involvement in social life.

Table 1. Prospects for achieving the goals of the Europe 2020 Strategy in the context of social cohesion

Headline indicator	Past situation to 2008	Current situation since 2014	Target 2020
Employment rate, total (% of the population aged 20–64)	70.3	69.2	75
Gross domestic expenditure on R&D (% of GDP)	1.85	20.03*	3
Early leavers from education & training, total (% of population aged 18–24)	14.6	11.2*	<10
Tertiary educational attainment, total (% of population aged 30–34)	31.2	37.9*	>+40
People at risk of poverty or social exclusion** (Cumulative difference from 2008 in thousands)	–	4527	-20,000

* Provisional data.
** People at risk of poverty or social exclusion are in at least one of the following three conditions: at risk of poverty after social transfers (income poverty), severely materially deprived or living in a household with very low work intensity. Persons are only counted once even if they are present in several sub-indicators. The overall EU target is to lift at least 20 million people out of risk of poverty or social exclusion by 2020, with 2008 as the baseline year. All data refer to EU27.

Source: http://ec.europa.eu/eurostat/web/europe-2020-indicators/europe-2020-strategy (20.01.2016).

Although these priorities have been reflected in the new Multiannual Financial Framework 2014–2020, the main burden of implementation is borne by Member States, as they are required to comply with the priorities of the Strategy until 2020. It should also be noted that the presented goals and their target values have been adjusted to the socio-economic situations of individual countries, which should select and apply methods and tools in order to achieve targets set out in the Strategy. As a result, target values differ between countries and have served as the basis for establishing average values for the European Union.

The European Commission formulated the new strategy taking into account three reference points: first, the failure of the Lisbon Strategy; second, increasingly visible disparities in economic competitiveness, particularly as compared to China and the United States; and third, the effects of the global economic and financial crisis that became evident in 2009.

Several socio-economic indicators show that efforts aimed at ensuring social cohesion in the European Union in the period up to 2013 were thwarted (http://ec.europa.eu/eurostat/web/national-accounts/data/main-tables (10.11.2015)):

1. Slowing economic growth – in 2009, real GDP in the European Union declined by 4.4%[3] as compared to the previous year, with the lowest values in Lithuania (-14.8%), Estonia (-14.7%) and Latvia (-14.3%). In 2013, the average real growth rate for the entire European Union stood at 0.2%, while a decline in GDP was observed in eleven Member States, *inter alia* in Cyprus (5.9%), Greece (3.2%) and Spain (1.7%).
2. Rise in unemployment, especially among young people – assuming 2008 as the baseline year (i.e.=100), the average unemployment rate in 2009 in the European Union increased by 28.57% (by 145.45% in Estonia, by 137.93% in Lithuania and by 127.27% in Latvia). The following year, it began to decrease in Germany (by 7.89%), Luxembourg (9.8%) and Austria (by 9.43%). By the end of 2013, unemployment in the European Union increased (by an average of 3.81% in 2013 alone). In 2014, the unemployment rate declined in 19 countries.
   Among NEETs (young people neither in employment nor in education or training) aged 15–34, compared to 2008 as the baseline year (100), unemployment in the European Union increased in 2009 by 11.97% (by 56.1% in Estonia, 46.94% in Latvia and by 29.38% in Spain). It should be noted, however, that in the following year, unemployment in this group decreased in Latvia (by 0.93%).
3. Increase in the number of people living below the at-risk-of-poverty threshold and at risk of social exclusion, from 112.5 million in 2009 in 27 Member States to 121.6 million (122.9 million including Croatia, i.e. 24.5% of the EU population).

Economic and financial crisis cannot be the pretext for curbing efforts aimed at reducing social and economic differences, as it should rather be regarded as a result of previous failures in the field of structural reforms and negligence in the consolidation of the public finances of Member States. It must also be emphasized that the strategy was drawn up after the onset of the crisis – and long after its first symptoms – which further undermines the effectiveness of measures taken thus far, making one question the utility of pursuing the Strategy in its present form until 2020 and the probability of its triggering any permanent changes within the European economy (Table 2).

[3] Data for the 28 EU Member States, although Croatia's accession took place in mid-2013. No data for the 27 Member States in 2009 is available.

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Table 2. Conclusions of the Europe 2020 Strategy as of March 2014

Agenda for new skills and jobs
"The individual initiatives that have been put in place will help improve the functioning of the labour market over time and tackle the main bottlenecks, especially in the areas of skills and mobility. Yet, against the background of the crisis, the overall macroeconomic effects of the flagship initiative have been limited. (...) Results in the area of quality of work and working conditions are more varied, with little progress in relation to working time and health and safety. No progress has been made in relation to a proposal for guiding principles to promote enabling conditions for job creation, even if this key action is addressed to a certain extent in the context of the European Semester."
Youth on the Move
The initiative has been fully implemented, yet communication has been far from perfect: "(i) a Council Recommendation targeting early school leaving was formulated in 2011 and gave impetus to national action to reduce dropout rates, and cooperation at European level in the field of vocational education and training was strengthened; (ii) modernising higher education has been at the core of a Communication from the Commission; (iii) mobility was fostered through a range of instruments, notably the new integrated approach of the Erasmus+ programme, the European Skills Passport or the scheme 'Your First EURES job' aimed at providing labour market opportunities for young people in the 28 Member States; (iv) to fight against youth unemployment and inactivity, a Council Recommendation establishing Youth Guarantees was adopted and Youth Guarantee schemes were launched – they can be supported by the European Structural and Investment Funds and the Youth Employment Initiative, for Member States with regions showing a youth unemployment rate of above 25%."
Digital Agenda for Europe
Additional investment efforts are needed in the area of broadband Internet access, aimed at reducing development disparities and fighting against social exclusion. "The flagship initiative managed to give the digital economy the necessary political attention. (...) 'Digital agenda for Europe also gave impetus to national replication and action in 20 Member States and a number of regions that set up their own digital agendas. (...) The use of the internet has now become widespread across the EU, ecommerce is gaining strength, although its cross-border take-up remains limited so far, e-government services have been developed and basic broadband coverage across the EU is complete."
European Platform against Poverty and Social Exclusion
"The flagship initiative also did not fully succeed in creating a coherent and integrated framework for social policies and exploiting the synergies between the different actions; it is rather a collection of initiatives and the value added of the flagship initiative is not self-evident."

Source: European Commission (2014a).

First conclusions on the effects of implementation of the Europe 2020 Strategy indicate that no clear progress has been achieved in terms of social cohesion. While education level target values are achievable, it may prove impossible to reach the desired level of employment or to reduce poverty by 20 million (European Commission, 2014, s. 11–14).

The achievement of objectives also will not be tantamount to improving the education system in the European Union. Positive changes in education must translate into noticeable improvements in the labour market (employment growth, increased productivity). Much depends on the development of appropriate curricula, which do not lend themselves to any straightforward assessment. Education should prepare young people to participate in their country's social and economic life. Vocational training, albeit often underestimated, also has an important role to play in this respect.

On the basis of 2012 and 2013 data, the European Commission analysed the viability of target indicators set for 2020 and revised them as follows (European Commission, 2014a):

- employment rate: 71.8%,
- gross domestic expenditure on research and development in the EU: 2.2% of GDP,
- early school leavers: 10.1%,
- share of college and university graduates in the EU: 45.1%.

Financing social cohesion policy from the EU budget

Among the many consequences of the 2008 financial crisis, we should emphasize the deepening divergence of the social structure in terms of: the level of unemployment among different age groups, a cross-section of society in terms of the skill level of the workforce, the percentage share of those most in need within the general population, or the distribution of income among the population. The implementation of social policies is mainly the responsibility of Member States, while the EU budget is used for supporting and enhancing measures taken at the national level, along with the implementation of the European Commission's plan and the provisions of strategic documents jointly agreed on by all EU Member States. As a result, funds from the EU budget are allocated on the basis of two principles: direct management (i.e., calls for proposals announced by the European Commission) and shared management with Member States, in accordance with their economic and social needs together with the objectives of the European Union (Table 3).

The Youth Employment Initiative was established mainly as a response to rising unemployment and the lack of prospects for those under 25 years of age (EUR 6.4 billion in 2014-2020).[4] According to data for 2014, over 4.5 million young people (between 15 and 24 years of age) were unemployed, with large disparities between Member States – from

[4] Young people under the age of 25, who are not in employment, education or training (NEETs).

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7% in Germany to 50% in Spain and Greece. The Commission assumed that the new initiative would help young people from regions where unemployment exceeded 25% to find a job or to undertake education or training within four months of becoming unemployed, leaving school or completing a training programme. The plan is arguably very ambitious, yet only steadfast measures can halt or reverse the negative trend that began in 2008.

Table 3. Instruments of social cohesion financed from the European Union budget

Prevention and elimination of unemployment	Assistance to persons most in need, eliminating social exclusion, promoting equal opportunities	Raising the level of education and skills, lifelong learning, retraining	Access to the Internet, cultural assets, construction of roads and modern infrastructure related to education and health
European Social Fund	European Social Fund	European Social Fund	European Regional Development Fund
European Globalisation Adjustment Fund	Fund for European Aid to the Most Deprived	European Globalisation Adjustment Fund	"Connecting Europe" Facility
Youth Employment Initiative		Youth Employment Initiative	Creative Europe
European Agricultural Fund for Rural Development	European Agricultural Fund for Rural Development	Erasmus+	European Agricultural Fund for Rural Development
European Maritime and Fisheries Fund	European Maritime and Fisheries Fund		Cohesion Fund
Employment and Social Innovation			

Source: author's own study.

A new instrument is the Fund for European Aid to the Most Deprived, aimed at promoting social cohesion, increasing the level of social inclusion and, consequently, contributing to poverty eradication in the EU (with an objective set at EUR 3.8 billion in 2014–2020). The fund supports national programmes providing the most deprived with food and basic material assistance, through the intermediary of partner organizations appointed by the Member States.

The Erasmus + (EUR 14.7 billion in 2014–2020) focuses on three key types of measures (ec.europa.eu, 07/11/2015):

- the transnational and international learning mobility of students, young people, teachers and staff;
- cooperation for innovation and good practices, focus on strengthening innovative partnerships between educational institutions and business; and
- support for policy reform, strengthening the tools and impact of the open methods of coordination in education, training and youth.

Since 2007, an interesting form of support has been provided (and modified on several occasions) by the European Globalisation Adjustment Fund for those who have lost their jobs due to redundancies resulting from changes in global trade patterns and the economic crisis. Active assistance consists in the provision of funds that are subsequently allocated, *inter alia*, to training, upgrading of skills, retraining and help for those starting their own businesses. Thus far, a total of EUR 535.7 million has been allocated to 130,500 beneficiaries (the average amount of assistance per person is EUR 4,182, while the highest has been recorded in Austria, at over EUR 23,000). Assistance has been provided in 20 countries and 45 sectors (mainly automotive and textile industries; http://ec.europa.eu/social/main.jsp?catId=326&langId=en; 10.11.2015).

Another instrument that contributes to improving the situation on the labour market is the Programme for Employment and Social Innovation, which combines three previously existing tools: Progress, EURES and micro-loans (EUR 919.5 million for the period 2014-2020). With the EURES network, which provides information on vacancies across the European Union, the European Commission supports efforts deployed by Member States to promote the mobility of workers. Although often contested, especially by certain extreme right-wing political parties, hiring foreign workers contributes to improving the situation on the EU labour market, enhances productivity and absorbs the asymmetric impact of economic shocks (European Commission, 2015, p. 6–7). According to Eurostat data for 2014, over 7 million people in the European Union (i.e., 3% of the workforce_ have worked and lived in another Member State, which is mainly the consequence of the accession of new Member States since 2003. Financial support from the European Union budget is not limited to the provision of non-refundable assistance; increasingly, emphasis is put on loans, loan guarantees or equity share.[5] As a result, individual measures can be used repeatedly.

Repayable instruments have three main advantages (European Commission, 2015, p. 11–12). First, they can be used repeatedly, allowing beneficiaries to achieve the multiplier

[5] The “Microfinance” axis is intended to facilitate access to financing for entrepreneurs, in particular those furthest away from the labour market, as well as social enterprises.

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effect, which means that the outcome obtained with a particular input grows exponentially. Second, projects co-financed in this manner from EU funds are subject to certain risks, and beneficiaries are obliged to repay the funds borrowed, which means that project promoters need to carefully analyse the cost-benefit ratio, estimate potential profits and demonstrate the economic viability of the project. Finally, different sources of funding are combined, which results in synergy achieved through cooperation between the European Commission, the European Investment Bank, national banks and private investors.

Consequently, impact on social cohesion is not limited to programmes financed by the European Social Fund (approx. EUR 80 billion in 2014–2020), the European Agricultural Fund for Rural Development (approx. EUR 100 billion in 2014–2020) and the European Maritime and Fisheries Fund (EUR 5.8 billion in 2014–2020), which are aimed directly at professional activation, continued education and combating social exclusion. Business-oriented programmes such as COSME, or Competitiveness of Enterprises and Small and Medium-sized Enterprises (EUR 2.3 billion in 2014–2020), and the European Fund for Strategic Investments also provide important contributions.[6] Funds raised by enterprises are intended to contribute to their development through investments and the use of innovative solutions, or the production of high-tech goods. The intention of the creators of new programmes was to place greater emphasis on cooperation among research centres and economic operators, thus encouraging research and the practical application of research results, as well as improving the competitiveness of companies on the global market and stimulating employment.

The last group of instruments (the European Regional Development Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the Creative Europe programme) contribute to improving the quality of life and reducing disparities in living conditions, which is tantamount to counteracting social exclusion. Such measures include, among others, access to the Internet and to cultural assets, construction of roads and modern education and health care infrastructure.

Financial instruments from the EU budget are among many elements that contribute to the effective implementation of the objectives defined by the European Commission. For each priority, a set of requirements is established at the EU and national levels,

6 In the framework of EFIS, investment projects with a total value of EUR 315 billion are to be implemented by 2017 using leverage (i.e., the combination of EU guarantees; EUR 16 billion), including: Connecting Europe Facility (EUR 2.8 billion), Horizon 2020 (EUR 2.2 billion), budgetary reserves (EUR 3 billion), resources of the European Investment Bank (EUR 5 billion) and, above all, private funds.

through which certain goals can be achieved. The European Commission expects that Member States will (European Commission, 2010, p. 12–19):

- ensure a sufficient supply of science, maths and engineering graduates and focus school curricula on creativity, innovation, and entrepreneurship;
- prioritise knowledge expenditure, including by using tax incentives and other financial instruments to promote greater private R&D investments;
- facilitate young people's entry into the labour market through apprenticeships, stages or other work experience;
- enhance the openness and relevance of education systems by building national qualification frameworks and better gearing learning outcomes towards labour market needs;
- promote deployment and usage of modern accessible online services (e.g., e-government, online health, smart home, digital skills, security);
- implement their national pathways for flexicurity, as agreed by the European Council, to reduce labour market segmentation and facilitate transitions as well as the reconciliation of work and family life;
- review and regularly monitor the efficiency of tax and benefit systems so as to make work pay with a particular focus on the low-skilled people, whilst removing measures that discourage self-employment;
- ensure that the competences required to engage in further learning and the labour market are acquired and recognised throughout general, vocational, higher and adult education, including non-formal and informal learning;
- promote new forms of work-life balance and active ageing policies and increase gender equality;
- develop partnerships between the worlds of education/training and work, particularly by involving social partners in the planning of education and training provision;
- define and implement measures addressing the specific circumstances of groups at particular risk (such as one-parent families, elderly women, minorities, Roma, people with disabilities and homeless people);
- undertake an assessment of the adequacy and sustainability of social protection and pension systems, and identify ways to ensure better access to health care systems;
- promote shared collective and individual responsibility in combating poverty and social exclusion.

The above objectives are interrelated. For example, quality education enhances one's opportunities on the labour market, while increased employment rates contribute to

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reducing poverty. A new approach to social policy expenditure might increase the effectiveness of the implementation of these priorities. It is postulated that expenditure on skill upgrading and the retraining of employees should be recognized as an investment in the System of National Accounts, in the same way expenditure on research and development has been.[7]

EU's immigration policy in the context of social cohesion

In its migration policies, interrelated with its social cohesion policy, the European Commission adopted a strategy of financial support that depends on the situation of third-country nationals coming to the European Union. The following table presents instruments earmarked in the EU budget for the protection of external borders, the provision of aid to refugees both within the EU and in neighbouring countries, or cooperating with the European Union in the field of humanitarian aid. Temporary aid for those who have not been granted refugee status and for migrants who are legally staying in a Member State with the intention to live and work in the EU has also been taken into consideration.

Table 4. Instruments of financial support from the EU budget in the EU immigration policy for 2014–2020

Name	Description	Total funds (billion EUR)
Asylum, Migration and Integration Fund	Developing all aspects of the Common European Asylum System; supporting legal migration to the Member States in accordance with their economic and social needs, such as labour market needs, while safeguarding the integrity of the immigration systems of Member States, and promoting the effective integration of third-country nationals; enhancing fair and effective return strategies in the Member States which contribute to combating illegal immigration, with an emphasis on sustainability of return and effective readmission in the countries of origin and transit; enhancing solidarity and responsibility-sharing between the Member States, particularly towards those most affected by migration and asylum flows, including through practical cooperation.	3.14
Internal Security Fund	The aim is to ensure uniform and effective system of control of the external borders of the European Union, having a common visa policy, the fight against cross-border crime and terrorism.	3.76

[7] The status of expenditure on research and development was the subject of debate over ten years ago; since 2014, it has been recognised as investment in the System of National Accounts.

Humanitarian Aid	Emergency assistance and protection in case of complex or long-lasting crises in countries most exposed to their consequences.	6.6
Refugee Facility	Aid to Turkey aimed at a tighter control of migrants who enter the territory of the European Union through Turkey.	3.00
The EU Civil Protection Mechanism	Cooperation of the 28 EU Member States, Iceland, Norway, Serbia, Montenegro and Macedonia. In 2015, Turkey declared its intention to participate in the Mechanism. Emergency assistance can be provided to any country that fails to cope with a crisis on its own; rescue team and experts are sent and temporary accommodation is provided, as well as medicines, blankets, tents, sleeping bags, ambulances, etc.	0.37
The EU Regional Trust Fund ("Madad Fund")	Financial support for countries hosting refugees from Syria (Lebanon, Turkey, Jordan and Iraq), restoring political stability in Syria and satisfying the basic needs of the population.	0.5
European Neighbourhood Instrument	Economic and social cooperation with 16 neighbouring countries to the east and to the south (including Armenia, Georgia, Ukraine, Israel, Jordan, Lebanon).	15.4
Instrument for Pre-accession Assistance	Financial support for countries hosting refugees (Turkey, Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina and Kosovo).	11.7
The EU Emergency Trust Fund	Aid provided to North Africa, the Sahel region, the Lake Chad area and the Horn of Africa for restoring institutional stability, fighting against poverty, economic development and management of immigration.	1.8
Fund for European Aid to the Most Deprived	Direct food and material assistance for asylum seekers in the European Union (according to data from September 2015 for Belgium, Sweden and Spain).	3.8

Source: author's own study on the basis of European Commission (2015b).

Immigration issues form part of a broader social cohesion policy of the European Union. In addition to the above instruments, we should mention financial support from structural funds: language courses, co-financing of infrastructure projects related to housing, social facilities and accommodation centres for migrants. It should be noted that the European Commission envisages the pooling of funds from the EU budget with funds from Member States and third countries cooperating with the EU in the field of aid for refugees.

The problem of the influx of migrants has yet to be resolved. It represents a challenge for EU policymakers, as it regards not only the allocation of a growing number of refugees but also, and above all, their further integration – that is, ensuring their access to

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education and employment while expecting them to comply with the rights and obligations established for EU residents.

The following issues will need to be settled in the future:

- voluntary or mandatory refugee intake quotas,
- establishment of permanent or temporary hotspots,
- defining clear criteria to distinguish between economic migrants and refugees,
- creating an efficient return scheme for those who have not been granted refugee status,
- security control of refugees,
- refusal to accept migrants in exchange for funds,
- sealing external borders through the establishment of joint maritime and land border protection forces in order to prevent smuggling and human trafficking,
- expanding the scope of competences of Frontex,
- redefining the Schengen area and creating the European Border Guard,
- "non-discriminatory" classification of migrants on the basis of their language skills, family ties, cultural ties and professional qualifications,
- cooperation with other countries in creating appropriate living conditions outside of the European Union,
- immigrants' willingness to assimilate versus forming enclaves,
- immigrants' incapability of living in a multicultural society,
- radicalization of behaviour among both EU nationals and migrants,
- tackling terrorist threats,
- lack of coordination among Member States despite the common asylum policy and border surveillance (shifting of problems and responsibilities between countries).

The European Union's immigration policy has yet another dimension linked to neighbourhood relationships. The establishment of joint measures of assistance provided to refugees and the need to solve safety issues are becoming priorities that will affect the future of the European Union. Leaders of EU Member States are aware of the need to cooperate with other countries if they are to regain control over the European borders. This policy can be considered a defeat of the European Union as a compact international organization that has failed to work out constructive solutions to the immigration crisis and must now quickly reach a consensus on issues that have yet to be tackled, as they have required further analysis. An example of the EU activity would be a meeting of EU leaders with Turkey. The European Union has promised financial aid amounting to EUR 3 billion, the abolition of the visa requirement for Turkish citizens and the acceleration of negotiations over Turkey's membership in the EU.[8]

Financial assistance from the European Union is also part of a broader social cohesion policy, as funds will be used for temporary legal, administrative and psychological assistance, as well as the provision of shelter for refugees, mostly from Syria, and for the organisation of return to countries of origin for migrants who have not been granted refugee status. The influx of immigrants into the European Union that began in 2015 requires the following measures:

- provision of temporary assistance to migrants who arrive in the EU,
- definition of clear refugee status criteria,
- organization of returns for people who have not been granted refugee status,
- development of an adaptation programme for refugees who wish to live in the EU (courses, education for children, language training, assistance in finding employment),
- sealing of Europe's external borders,
- ensuring safety within the EU,
- countering terrorism.

Conclusions

Opportunities afforded through the implementation of the Europe 2020 Strategy (European Commission 2014, p. 14–21) consist primarily in the definition of objectives whose priority is indisputable, the introduction of the hitherto neglected analysis of certain socio-economic indicators, classified by country or region and, in certain cases, examined in more detail than required by the European Commission, The monitoring of objectives is conducive to the introduction of new solutions and implementation tools, as exemplified by the new instruments within the Multiannual Financial Framework 2014–2020, as well as the adjustment of available funds in light of the most pressing challenges.

The European Semester has also facilitated the task of comparing progress in strategy implementation by individual Member States, as well as the provision of recommendations for each of them using an individualized approach. In a communication published in October 2015, the European Commission announced that three new indicators had

8 Turkey was granted the status of candidate country in 1999; negotiations began six years later.

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been added to the existing eleven within the Macroeconomic Imbalance Procedure; these pertain to economic activity, unemployment among young people and long-term unemployment (European Commission 2015d, p. 4).

However, the European Union still faces a number of social policy challenges, including:

- the aging population and the need to provide jobs for older workers in order to prevent an excessive pension burden and to ensure the sustainability of public finances;
- the need to upgrade citizens' qualifications or requalify, taking into account the changing needs of the labour market; according to J. Bowles (European Commission 2015, p. 7), more than half of the existing job categories may be automated within the next two decades, making certain jobs obsolete and putting those who have performed them thus far out of work. Moreover, according to the European Commission (2015, p. 8), 47% of EU workers have insufficient ICT skills, while 23% have none, which means that we can expect approx. 1 million vacancies in this area by 2020;
- the tightening of global competitiveness, which requires the introduction of innovative solutions and pressure on labour productivity.

In June 2015, the President of the European Council, the President of the Eurogroup, the President of the European Commission, the President of the ECB and the President of the European Parliament published a document outlining a common vision for the further development of the Economic and Monetary Union. Although its contents are rather general, it includes a section on social issues, which suggests that a national competitiveness authority should be created in each Eurozone country as a further element of coordination (in addition to the European Semester and the Macroeconomic Imbalance Procedure). A board of independent experts is to issue opinions on the relationship between wage growth and productivity, as well as progress through economic reforms conducive to enhancing the competitiveness of the economy, taking into account the experience of all Member States. The European Commission is to coordinate the activity of national authorities, and the new system is to contribute to the efficient functioning of the European Semester.

Authors of the report mentioned above stress that the goal is not to establish a single social policy, as each Member State has adopted and pursues a different social policy model, yet a certain amount of coherence across measures should be introduced within the EU (European Commission, 2015e, p. 7–9), particularly with respect to:

- reduction of unemployment within all age groups,
- emphasis on lifelong learning,
- lowering of labour costs (primarily the tax burden),
- combating social exclusion and poverty,
- coordinating of social security systems,
- modifying pension schemes and health care systems in order to effectively tackle problems related to the aging population.

Emphasis on social issues by the European Commission has been evidenced by the publication of a document on the expected impact of social reforms in Greece (social impact assessment). Consequently, any recovery programme introduced in a Eurozone country through the European Stability Mechanism must to contain a description of its economic and public finance impact, as well as its social impact (i.e., changes affecting the system of social security, health care, labour market and the guaranteed minimum income; European Commission, 2015c).

According to Gill and Raiser (2012), European societies are among the wealthiest in the world, with virtually universal access to health care and free education at the primary, the secondary and, in certain countries, also the tertiary level. Authors surmise that, owing to income inequalities lower than anywhere else in the world, higher and more progressive taxes, and a greater degree of protection in the form of social transfers, the distribution of income among the EU citizens is more equal than in the United States, Japan and many emerging economies. Nevertheless, in addition to the deteriorating situation of public finances, the crisis has brought to the fore a number of other problems: the aging population, low level of labour mobility within the European Union, growing social exclusion, differences in labour productivity between Member States and insufficient level of innovation as compared to other countries.

Over the past seven years, the European Commission has proposed and implemented a number of important solutions in response to social cohesion policy challenges. Objectives have been precisely defined and matched with financial tools through which EU institutions and Member States will strive to achieve the intended results.[9] However, it depends on the latter whether we can expect significant progress from 2020 onwards and whether the threats and risks outlined in the abovementioned reports could be eliminated, or at least mitigated, through the application of domestic policy instruments and the introduction of structural reforms.

9 It can be expected that approximately 40% of all resources within the Multiannual Financial Framework 2014-2020 will be allocated to social cohesion policy.

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