



EUROPEAN COMMISSION

## MEMO

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# **Poverty: Commission proposes new Fund for European Aid to the Most Deprived - frequently asked questions**

(see also IP/12/xxxx)

### **How would the Fund work?**

There would be considerable flexibility. Member States would plan their programmes for 2014-20 on the basis of their national and regional situations and preferences (e.g. whether they prefer to distribute food or goods or a combination). The Commission would then approve the national programmes and national authorities would then take the individual decisions leading to the delivery of the assistance through partner organisations (often non-governmental). A similar approach is already used for cohesion funds.

The national authorities could either purchase the food or goods themselves and then make them available to partner organisations or provide the latter with funding. If the purchase of food or goods is undertaken by a partner organisation, it can either distribute itself the material assistance or entrust the distribution to other partner organisations.

### **Why does the proposed Fund focus on food, the homeless and materially-deprived children?**

The proposed Fund aims to help the most-deprived, the homeless and materially-deprived children to break out of the vicious circle of poverty and deprivation and so make a concrete contribution to the Europe 2020 target of reducing the number of people in poverty or at risk of poverty by at least 20 million.

One of the main features of material deprivation is the inability to access appropriate quantities and quality of food, something which is defined as a basic need by the World Health Organisation. Another particularly severe form of extreme poverty and exclusion is homelessness. There are an estimated 4.1 million homeless people in Europe today.

The new instrument will also explicitly target children because they are more exposed to poverty than the rest of the population and suffer from forms of material deprivation that make them less likely than their better-off peers to do well at school, enjoy good health and realise their full potential as adults.

The proposed new Fund would focus on these forms of extreme material deprivation not only because they are potentially life-threatening, but also because insufficient food and a lack of basic goods such as clothes makes it impossible for the most affected people to escape from poverty and exclusion and even to take advantage of training or counselling measures.

### **How would the partner organisations be selected?**

The partner organisations would be public bodies or non-governmental organisations selected by Member States on the basis of objective and transparent criteria.

### **How would passive assistance help people come out of poverty?**

First, ensuring people have enough food and basic goods such as clothes is a pre-condition for people to even hope to get a job, and so escape from poverty and exclusion. It for example makes it possible for them to participate in training. Second, the proposed Fund is more than just passive assistance. National programmes to implement the Fund would have to include active social inclusion measures and the proposed Fund could be used to partially fund such measures.

### **Is the budget foreseen sufficient given that there are 40 million people suffering from food deprivation in the EU?**

The Fund does not aim to reach all 40 million people who are suffering from food deprivation in Europe but those who are particularly badly off. It would be up to Member States to focus their programmes on the most needy. Moreover, it should be clear that the 2 million only refer to the additional number of persons that can be helped thanks to EU funding. In total the number of people helped directly by the Fund, by Member States co-funding and contributions in kind by the partner-organisations would be some 4 million.

### **Where would the money come from? Would it be deducted from Member States' national structural fund allocations?**

In accordance with the June 2011 Multi Financial Framework proposal (see IP/11/799) the € 2.5 billion would come from the Cohesion Policy budget heading. In other words, the global budgetary envelope proposed under the MFF covers not only the European Social Fund and the European Regional Development Fund but also the new Fund proposed for the most deprived.

### **How would the Fund complement the European Social Fund (ESF)?**

The proposed Fund would help people to break out of the vicious circle of poverty and deprivation by offering temporary remedial actions, i.e. meeting people's very basic needs so that they are in a position to get a job or follow a training course or counselling such as those supported by the European Social Fund. If people have insufficient food or clothing or lack other essential goods, they are not in a position to follow training courses or counselling.

### **Why is the successful "Food Distribution programme for the Most Deprived Persons of the Community" (MDP) being discontinued?**

The programme of aid for the most deprived people (MDP) 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. However, successive reforms of the common agricultural policy, combined with the simultaneous increase of food prices on international markets, 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.

Moreover, the General Court ruled on 13 April 2011 on a case 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.

With the expected absence of intervention stocks, the MDP has thus lost the rationale underpinning it and will be discontinued after 2013.

### **Why would the new Fund allow the use of intervention stocks if the current programme based on them has to be stopped?**

Although the level of EU agricultural intervention stocks are expected to remain very low, food markets are very volatile. It is possible that in some years, if the market prices of certain products drop, there could be food products in intervention stocks. In such cases, it could be economically advantageous for the new Fund to use them once prices have recovered. The proposal therefore allows for this possibility.