

Balance of competences – Euclid Network

Introduction

Euclid Network is a community of civil society leaders and social entrepreneurs, connected across borders and boundaries. We offer collaborative support to develop leaders and their ideas to find solutions which meet economic or social need in Europe. In addition to a core membership Euclid's community embraces around 5,000 leaders in over 80 countries worldwide.

Our organisation receives multi-annual core funding from the European Commission and manages projects funded by the EU, the UK government and private foundations.

Euclid's expertise and views come from the Network and our projects. Our activity in Central and Eastern Europe and the Western Balkans informs our thinking on enlargement and this is the basis for our response.

For some time, Euclid has campaigned for the 'mainstreaming' of social business and social innovation initiatives into the European Union's external policies. There can be no 'one size fits all' approach in the Western Balkans. The region is diverse and national concerns vary. However, there are common drivers of need, opportunity and expectation across Europe. Social entrepreneurship can help shape the local solutions which meet peoples' needs for jobs, services and a better environment.

Euclid is represented on GECES, the social business experts group providing expert input on the progress of the measures envisaged in the Social Business Initiative.

1. What has been the impact of EU enlargement on UK interests?
How has the UK influenced the enlargement process?

The UK has directly and indirectly benefited from the enlargement of the Single Market and growth in trade. Freedom of movement for migrants is perceived as a problem in current political commentary on the labour market. The UK's liberal labour market is a magnet for many from around the world, including the EU and the Western Balkans.

Opportunities for business to recruit visa-free staff and for UK citizens to work and study easily across a larger EU are key benefits. The subsequent intercultural dialogue and sharing of new ideas, skills and knowledge also supports the extension of peace, stability and democracy within the UK and across the continent.

The UK has influenced the enlargement process in negotiations, including the standards in the *acquis* and helping accession or candidate states through provision of expertise and capacity building. This includes government-to-government activity and, in Euclid's field, in helping to build civil society capacity and democratic engagement; as well as encouraging social entrepreneurship through twinning budding entrepreneurs with experts in the UK (and other EU countries). For example, earlier this year, Euclid launched a pilot action to create mentoring links between UK-based civil society organisations and Macedonian civil society organisations to support democratic reform and capacity building in Macedonia. The action is funded by the British Embassy in Macedonia and builds on Euclid's expertise on exchange projects targeting civil society and social entrepreneurs. More information is available here: <http://www.euclidnetwork.eu/projects/current-projects/civil-society-peer-exchanges.html>

2. What effect has EU enlargement had on UK interests in specific policy areas? What advantages and disadvantages has the UK experienced as a result? Please give examples. .

The principal advantages and perceived disadvantage are described in the response to the first question. Euclid has commented previously on the theme of research and development where UK interests, along with other mature members of the EU, seem to benefit more than smaller, newer states. However, it could be argued that the approach to structural funds puts the UK at a disadvantage as newcomers and poorer EU members represent an increase in competition and tend to dominate prioritisation. However, a lack of awareness of these structures and processes in the regions does reduce the capacity of these members to access the funds. Last year, Euclid organised a study visit for Croatian civil society organisations to the UK to share knowledge about how to absorb structural funds¹.

¹ To know more: <http://www.euclidnetwork.eu/projects/completed-projects/together-toward-europe-croatia.html>

3. How do you consider the balance between the roles of member states and of the EU institutions in the process? Might UK interests be served by any changes to the balance of competences in this area?

? Exercise of competence

4. How effectively have the member states and the EU institutions run the enlargement process? Have lessons drawn from previous enlargement rounds been applied?

Euclid Network was launched in 2007 so our views are based on lessons offered by our members about the last round and more recent involvement in the Western Balkans.

EU institutions, member states and other international institutions adopt a case by case approach to candidate states or recent members. So the particular focus or priority varies. There is learning from how the EU supported civil society organisations in the last round which should be taken on board.

Civil society organisations became dependent on Brussels funding and are now scrabbling to get to grips with social entrepreneurship since financing has been reduced. This is evidenced by our members in Bulgaria.

Some UN agencies (i.e. UNDP) have changed their priorities in the region and the social economy and social enterprises are no longer among them. This is evidenced by our members in Slovakia.

5. How do you assess the EU's use of conditionality (e.g., the Copenhagen Criteria? the „New Approach“ on rule-of-law issues)? Has conditionality been effective in ensuring candidate countries implement reforms necessary for EU membership? Please give examples.

There was a worrying example from Euclid members in Serbia last year of how new law may have unintended consequences. A draft law on social entrepreneurship appeared to make it harder for existing enterprises to flourish or for new entrepreneurs to get started. The new law would require social enterprises to be recognised by the state. These state-founded or -owned enterprises would have an advantage in the market place. Wages would be restricted and 50% of any surplus would go into a state fund. We raised this with Commissioner Füle in

February 2013 and he said the Commission were investigating the issue².

6. How effective has EU financial and technical assistance been in helping candidate countries prepare for EU membership? Please give examples.

EU assistance has reached different levels of supports in different countries. One of the best examples could be considered the Serbian Office for Civil Society for the level of inclusiveness and transparency, as well as the proactive attitude of the Director.

Furthermore, Euclid Network worked with the Delegation of the European Union to the Republic of Serbia to foster financial sustainability for civil society organisations in the region. The support was positively received and several outputs, such as capacity building activities and briefings on crucial issues for financial independence of stakeholders, have had a sustainable impact. Additional information about the project can be found: <http://www.euclidnetwork.eu/projects/completed-projects/making-networks-work.html>

In part, it is not a question of whether EU financial and technical assistance is available but whether it is known to be available. During our annual conference, key policy figures and investment experts noted that there needs to be greater awareness of initiatives such as structural funds amongst civil society representatives in order to demonstrate demand for the service.

There is also evidence to suggest that EU financial and technical assistance can be inaccessible for civil society organisations who are a vital stakeholder in the preparation for EU membership, especially for organisations operating in rural areas. Euclid Network, together with Technical Assistance for Civil Society Organisations (TACSO), carried out an independent consultation to improve the Practical Guide (guideline for the funding rules that apply to all EU external aid contracts). The key finding from our consultation was that there is a strong need for additional guidance from the European Commission, including more trainings and workshops combined with provision of information and advice on EU funding, to support capacity building.

² For more information <http://www.euclidnetwork.eu/projects/policy-and-advocacy-work/lobbying-for-more-enabling-social-enterprise-policy-in-the-western-balkans-and-turkey.html>

Euclid Network is currently a project partner in the Technical Assistance for Civil Society Organisation 2 (TACSO2) <http://www.euclidnetwork.eu/projects/current-projects/technical-assistance-for-civil-society-organisations-2-tacso-2.html> .

? Future options and challenges

7. What challenges / opportunities might EU enlargement face in future?

The challenge is the magnet of economic opportunities in the mature EU states and, exacerbated at present by the draw of the northern states within the EU.

Euclid believes that the European Union should actively encourage social entrepreneurship and social innovation in candidate and pre-accession states for these reasons:

- First of all, to foster local economic development and encourage small businesses in order to create opportunities within these countries themselves and overcome the magnet of attraction which is the EU.
- Secondly, to foster economic activity which can bring stability and sustainability and give people a stake in society, as well as incentive to stay in their region.
- Thirdly, to absorb the learning from the last round and avoid a repeat of funding dependency (see question 4). Encourage civil society organisations to get to grips with social entrepreneurship now for a sustainable impact.

A broader question raised in the context of Euclid's Strasbourg conference, January 2014, was whether forming a social enterprise may become the only route to sustainability for civil society organisations. For greatest impact, the EU should focus on scaling up and replicating successful initiatives on a national and international level. It is important that policy supports this mission through an enabling environment for civil society organisations.

8. How might the EU's approach to enlargement be improved in future?

We have learned from our work across Europe that social entrepreneurship is not always a well-known or commonly understood concept. Euclid believes that the EU should work towards 'mainstreaming' policies on the theme of social entrepreneurship, social innovation and social investment into external policy and also ensure

that Single Market policies give the overarching theme a clear priority. Enablers for this might be:

- Develop a policy narrative on social entrepreneurship which could be used in different contexts by the EU institutions and by member states. This could support candidate and pre-accession states in the development of their own context for social entrepreneurship and innovation.
- Inject modest EU funding to kick-start social entrepreneurship. The concept is self-sustaining but initial support is required.
- Member state exchange programmes – and Brussels P2P programmes – could be refocused to boost knowledge and skills for social entrepreneurship and social investment.
- Encourage the development of a legal framework which will underwrite legitimacy and features of social enterprise in candidate states by drawing on the know-how of the expert group on social business, GECES.
- Embed the overarching theme across policies and guidance without pulling against member states' needs. For example, on structural funds, member states set their own priorities. Euclid supported members in Poland in talks with government about including social innovation, enterprise and investment. Without collective confidence and clarity of purpose about this approach being essential not *niche*, it may remain invisible in some states or a 'nice to have' in others.
- Simplify EU structures and processes. The level of bureaucracy means that citizens and civil society organisations cannot always effectively access the support and services provided by the EU.
- Strengthen the local perspective, which supports grassroots action for social change. Across member states, there are still varying levels of distrust towards political initiatives. As such, positive demonstration of effective action at local level would foster trust, support and engagement.

The Single Market is a crucial resource for UK interests and the EU in general, though further development is required. Enlargement has a significant impact on the Single Market and should therefore remain a key factor in its development.

9. What future impact might EU enlargement have on UK interests? How might any positive impacts be enhanced or disadvantageous impacts be addressed?

Already covered in responses to previous questions.

? General

10. Are there any further points you wish to make which are not captured above?