

European Social Fund (ESF) 2014-2020

2011/0268(COD) - 06/10/2011 - Legislative proposal

PURPOSE: to define the next framework for cohesion policy for the period 2014-2020 (ESF Regulation).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: unemployment and persistently high rates of poverty call for action at EU and national level. Almost 23 million people are today unemployed and over 113 million are estimated to be living at risk of poverty or exclusion.

Social and employment issues are a primary concern of European citizens, and an area where more is expected from the Union. Additional challenges that the Union faces relate to: shortfalls in skill levels, under-performance in active labour market policy and education systems, social exclusion of marginalised groups, and low labour mobility. There is a need both for policy initiatives and for concrete supporting actions.

The European Social Fund (ESF) supports policies and priorities aiming to achieve progress towards full employment, enhance quality and productivity at work, increase the geographical and occupational mobility of workers within the Union, improve education and training systems, and promote social inclusion, thereby contributing to economic, social and territorial cohesion.

As the ESF should be fully aligned with the Europe 2020 Strategy and its headline targets, it should support the policies pursued by the Member States under the Integrated Guidelines adopted in accordance with the Treaty and the Recommendations on the National Reform Programmes.

This proposal is part of a package of legislative measures relating to the **Cohesion policy 2014-2020**. This package includes:

- an [overarching regulation](#) setting out common rules governing the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). This will allow for the better combination of funds for a stronger impact of EU action;
- three specific regulations for the [ERDF](#), the **ESF** and the [Cohesion Fund](#);
- two regulations dealing with the [European territorial cooperation](#) goal and the European grouping of territorial cooperation ([EGTC](#));
- two regulations on the European Globalisation Fund ([EGF](#)) and the [Programme for Social Change and Innovation](#);
- a communication on the European Union Solidarity Fund ([EUSF](#)).

IMPACT ASSESSMENT: the impact assessment for the ESF Regulation mainly addressed the scope of the instrument and one specific aspect of simplification. It also discussed the articulation between and complementarity with the financial instruments available to the Commission's Directorate-General for Employment, Social Affairs and Inclusion, notably the ESF, the European Globalisation Adjustment Fund, the PROGRESS programme, EURES and the PROGRESS Microfinance Facility.

The ESF is seen as providing considerable **European added value** and has received very broad support. **Concentration on the main challenges** and Council Recommendations is widely seen as an important precondition for the effectiveness of support. **Reducing the complexity of support and the related audit burden**, notably for smaller beneficiaries, is also seen as an important area that needs to be addressed.

LEGAL BASIS: Article 164 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the present proposal defines the ESF's mission and scope for 2014-2020, together with the associated investment priorities addressing the thematic objectives, and lays down specific provisions concerning operational programmes co-financed by the ESF and concerning eligible expenditure.

Scope: the draft ESF Regulation for 2014-2020 proposes to target the ESF on **four ‘thematic objectives’** throughout the European Union:

- (i) promoting employment and labour mobility;
- (ii) investing in education, skills and lifelong learning;
- (iii) promoting social inclusion and combating poverty;
- (iv) enhancing institutional capacity and an efficient public administration.

Each thematic objective is translated into intervention categories or ‘investment priorities’. In addition, the ESF should contribute also to other thematic objectives such as supporting the shift towards low-carbon, climate resilient and resource efficient economy, enhancing the use of information and communication technologies, strengthening research, technological development and innovation and enhancing the competitiveness of small and medium-sized enterprises.

Concentration of funding: in order to ensure this concentration, it is proposed that:

- support for administrative capacity should be limited to Member States with less developed regions or eligible to the Cohesion Fund;
- at least 20 % of the ESF allocation should be dedicated to ‘promoting social inclusion and combating poverty’;
- operational programmes should concentrate funding on a limited number of ‘investment priorities’.

Gender equality: the draft Regulation clarifies and strengthens the ESF contribution to the Union's commitment to eliminate inequalities between women and men and prevent discrimination. Member States should combine a robust mainstreaming approach and specific actions to promote gender equality and non-discrimination.

Social innovation and cooperation: the proposal aims to reinforce social innovation and transnational cooperation under the ESF, through an incentive in the form of a higher co-funding rate for priority axes dedicated to them, specific programming and monitoring arrangements, and a stronger role for the Commission in the exchange and dissemination of good practices, joint actions and results across the Union.

Monitoring and evaluation systems: the draft Regulation proposes minimum quality standards and a set of compulsory common indicators. This should ensure that monitoring produces robust and reliable data that can easily be aggregated at EU level and that evaluation focuses on assessing the effectiveness and impact of ESF support.

Social partners: for the less-developed regions and countries, the draft Regulation calls for an appropriate amount of ESF resources to be allocated to capacity building actions for social partners and non-governmental organisations. Joint activities undertaken by the social partners will also be supported, considering their vital role in the field of employment, education and social inclusion.

Small beneficiaries: the draft Regulation proposes a limited number of specific eligibility rules to facilitate access to ESF funding for smaller beneficiaries and operations and to take account of the different nature of ESF operations and the different type of ESF beneficiaries as compared to other Funds. In order to ensure that simplification reaches the beneficiaries, the draft Regulation proposes to extend the use of simplified cost options, including by making their use obligatory for smaller operations. These provisions will reduce the administrative burden on beneficiaries and managing authorities, strengthen the results orientation of the ESF and will contribute to reducing error rates.

Financial instruments: lastly, specific provisions are introduced for financial instruments to encourage Member States and regions to leverage the ESF and thus increase its capacity to finance actions supporting employment, education and social inclusion.

BUDGETARY IMPLICATION: the Commission's proposal for a Multiannual Financial Framework includes **EUR 376 billion** for cohesion policy for the period 2014-2020. The proposed budget (in billion euros) is broken down as follows:

- Less developed regions EUR 162.6
- Transition regions: EUR 38.9
- More developed regions: EUR 53.1
- Territorial cooperation: EUR 11.7
- Cohesion fund: EUR 68.7
- Extra allocation for outermost and sparsely populated regions: EUR 0.926.
- Facility for transport, energy and ICT: EUR 40 billion (with an additional EUR 10 billion ring-fenced inside the Cohesion Fund).

The present proposal establishes minimum shares for the ESF for each category of regions defined in the proposal for a General Regulation. This results in a minimum overall share for the ESF of **25 % of the budget allocated to cohesion policy** (excluding the allocation to the Connecting Europe Facility), i.e. EUR 84 billion.

The indicated minimum ESF allocation includes the budget (EUR 2.5 billion) for a forthcoming Commission proposal regarding food support for the most deprived persons.

DELEGATED ACTS: this proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union (TFEU).