# European Social Fund (ESF+): specific measures to address strategic challenges

2025/0085(COD) - 01/04/2025 - Legislative proposal

PURPOSE: to amend Regulation (EU) 2021/1057 establishing the European Social Fund + (ESF+) as regards specific measures to address strategic challenges, refocus investments on critical new priorities and simplify and accelerate policy delivery.

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

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the cohesion policy funds, including the ESF+, provide financing in support of the harmonious development of the EU, through actions that lead to the strengthening of its economic, social and territorial cohesion. The mid-term review of cohesion policy presents an opportunity for Member States to redirect 2021-2027 resources towards investment in defence capabilities, for the competitiveness, preparedness and strategic autonomy of the EU and in other emerging priorities, including clean industrial deal objectives by submitting corresponding programme amendments to the Commission. Strengthening these dimensions requires having people with the right skills. In the current demographic context, increasing skills and labour shortages are a main impediment for growth and economic adjustment. Investing in skills development and labour mobility is top priority.

The framework for cohesion policy investments in people set out in the European Social Fund Plus (ESF+) regulation is not sufficiently aligned with these new priorities. The exceptional challenges the Union is confronted with requires additional focus, flexibility and a reinforcement of incentives. The proposed adjustments will help steer reprogramming towards emerging priorities and will support speeding up implementation. This proposal sets out adjustments to the ESF+ regulation to achieve these objectives.

PURPOSE: the Commission is proposing to amend Regulation (EU) 2021/1057 establishing the European Social Fund + (ESF+) in order to address strategic challenges and allow for Member States to refocus their resources to new priorities.

***Defence***

It allows for a focused support to development of skills in the defence industry under a dedicated priority that benefits from further flexibilities that include an increased prefinancing on the allocation of the priority, exemption from the calculation of amounts towards thematic concentration and an increased level of co-financing. Nevertheless, such flexibilities are conditioned to reallocating a minimum amount of the programme resources to new priorities.

***Adaptation of workers, enterprises and entrepreneurs to change contributing to decarbonisation of production capacities***

The proposal allows for a focused support to skilling, up-skilling and re-skilling with a view to adaptation of workers, enterprises and entrepreneurs to change contributing to decarbonisation of production capacities under a dedicated priority that benefits from **further flexibilities** that include an increased pre-financing on the allocation of the priority and increased level of cofinancing. Nevertheless, such flexibilities are conditioned to reallocating a minimum amount of the programme resources to new priorities.

***Facilitating the refocusing of resources by Member States***

In order that the Member State could effectively make use of the new priorities and flexibilities, Member States will be allowed to re-submit their assessment to the mid-term review accompanied by a request for programme amendment to establish any of the newly introduced dedicated priorities.

To help accelerate the implementation of the ESF+, all programmes that establish any of the newly introduced dedicated priorities and STEP and reallocate at least 15% of their resources, would receive an **additional one-off pre-financing of 4.5%** on the basis of their amended programme budget.

***Eastern border regions***

Given the challenges of the Eastern border regions since the Russian aggression against Ukraine, programmes under the Investment for jobs and growth goal with NUTS 2 regions that have borders with Russia, Belarus or Ukraine, should benefit from the possibility of a one-off 9.5% pre-financing of the programme allocation in 2026 and a 100% Union financing.

***Deadlines for reprogramming***

The proposal stated that Member States and regions should submit their amendments to the programmes within **two months** from the entering into force of the revised legislation. The Commission will assess the proposed amendments and engage closely with the authorities, in order to adopt the revised programmes.

***Budgetary implications***

The proposal concerns cohesion policy programmes from the 2021-2027 period and will result in additional pre-financing to be paid under the ESF+ in 2026. This additional prefinancing will lead to **frontloading of payment appropriations to 2026** compared to a no policy-change scenario and is budgetary neutral over the 2021-2027 period. Based on the estimated uptake of the proposal as well as taking into account payment forecasts and implementation shifts, the net budgetary impact is estimated to **EUR 500 million** that will be included in the draft budget 2026. The possibility to apply for an increased Union financing rate for investments under the dedicated priorities and for programmes covering Eastern border regions will also lead to a partial front-loading of payments, followed by lower payments at a later stage as the overall envelope is unchanged. The actual impact will highly depend on the Member States' uptake.