

## Opinion of the European Economic and Social Committee on 'The future of the European Social Fund after 2013'

(exploratory opinion)

(2011/C 132/03)

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On 7 October 2010, the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on

*The future of the European Social Fund after 2013*

(exploratory opinion).

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 24 February 2011.

At its 470th plenary session, held on 15-16 March 2011 (meeting of 15 March 2011), the European Economic and Social Committee adopted the following opinion by 172 votes to one with seven abstentions.

### 1. Conclusions and recommendations

The European Economic and Social Committee considers that:

1.1 The principles of economic, social and territorial cohesion and solidarity are laid down in the Treaty and are two of the most important pillars in terms of the integration of citizens and regions. Accordingly, these principles should remain at the heart of discussions on the future EU budget.

1.2 Cohesion policy must not simply reduce the disparities between regions; it should also contribute to reducing the social inequalities affecting certain population groups, by promoting a society of full employment, equal opportunities, social integration and social cohesion and thus, more broadly, the European social model. The European Social Fund (ESF) must continue to be a structural fund that forms part of the EU's cohesion policy.

1.3 The ESF is the key instrument for supporting the implementation of the European employment strategy and it must continue in the future to be an effective instrument for investing in human resources and promoting a high level of quality jobs and social inclusion, within the framework of the 'Europe 2020' strategy. In view of the current economic situation, therefore, the ESF must remain an important strategic and financial instrument and be given more

resources to match the greater challenges it faces (higher rates of unemployment), reflecting the increase in the EU's general budget, namely at least by the 5,9 % proposed by the European Commission for the EU's 2011 budget as a whole.

1.4 At this time of economic crisis, the European Council's decision to enhance the role of the ESF is particularly important. Employment market and social policies must continue to provide the overarching framework of the ESF. Investment must be aimed at both the development of human resources, improving skills and the reintegration into the labour market of workers who have been made redundant. Nonetheless, priority should be given to the creation of quality jobs, sustainable growth and the incorporation into the labour market and into society of vulnerable social groups including young people, women, migrants, the long-term unemployed, people who are the furthest removed from the labour market, older people and people with disabilities and ethnic minorities, in order to increase the EU's competitiveness and achieve the objectives of the 'Europe 2020' strategy.

1.5 Lessons must be drawn from the use of the ESF to support both the economic recovery and the economic growth of the European Union by improving support for SMEs, VSEs and social economy stakeholders, in accordance with ESF objectives, as well as through social improvements, both in terms of preserving and creating quality jobs and in terms of social inclusion, especially through work.

1.6 The ESF should – as an EU instrument promoting investment in human resources – support the three priorities of the Europe 2020 Strategy: smart, inclusive and sustainable growth. Employment, training, education, active inclusion and equal opportunity policies are all key factors for empowering people by developing their knowledge and qualifications, promoting a culture of innovation, raising levels of employment and encouraging an inclusive labour market.

1.7 The principle of partnership, which involves the social partners and other organised civil society organisations, provides the essential guarantee that measures linked to the structural funds, and the European Social Fund in particular, will function properly.

1.8 Lessons must be drawn from the role of the social partners in social dialogue and the role of the NGOs within such partnerships if we are to counter the effects of the economic crisis and achieve results.

1.9 The principles of partnership, non-discrimination and accessibility, and sustainable development<sup>(1)</sup> must be maintained and strengthened in order to consolidate the good results achieved throughout the last programming period.

1.10 The provisions on the structural funds must clearly establish the principle of partnership and the other abovementioned principles rather than simply referring to ‘current national rules and practices’, and the role of each partner must be clearly defined. The position of the follow-up committees vis-à-vis the competent national and regional authorities should be strengthened as part of their responsibilities for planning, implementation and follow-up.

1.11 The EESC shares the view that there is a need to improve the assessment, efficiency and the results of fund utilisation. However, in order to achieve this, it is vital to identify indicators and to set both quantitative and qualitative benchmarks as part of a broader framework covering the entire procedure for the implementation of cohesion policy.

1.12 Consistency amongst the priorities laid down at the different levels – European, national, regional and local – must be ensured.

1.13 There must be enhanced synergies with the European Regional Development Fund and other funds, within which the principles of partnership, non-discrimination and sustainability must be strengthened. Overlapping between the ESF and the

European Globalisation Adjustment Fund must be avoided (EGAF) and consistency ensured given that – as far as restructuring is concerned – the measures targeted by the ESF are preventive while those of the EGAF are curative in nature.

1.14 A number of improvements must be made to the implementation of procedures and the practical aspects of accessing ESF funding, in particular by considerably reducing bureaucracy, speeding up the payment system in order to minimise the financial burden for those implementing programmes and simplifying the invoicing and account settlement procedures, through the use of lump sums, for example.

1.15 The future ESF must guarantee sufficient resources to implement the ‘Europe 2020’ strategy, by means of innovative funding formulae<sup>(2)</sup>, such as the direct allocation of funds to targeted measures in the areas of employment and social inclusion to the most vulnerable groups or persons at risk of exclusion.

1.16 The social partners and civil society have a vital role to play in the ESF review, implementation and assessment process. Consequently, in future, the EESC will permanently monitor ESF utilisation and, accordingly, will help improve this key element in the decision-making process; namely, communication between the European institutions, social partners and all civil society stakeholders.

## **2. Context: the debate launched by the Commission on the future of the European Social Fund**

2.1 The implementation of programmes funded by the ESF for 2007-2013 has reached its midway-point.

2.2 The Commission presented its general guidelines on the EU’s future financial framework in the *EU Budget Review* (COM(2010) 700) and on the structural funds in the conclusions of the *Fifth report on economic, social and territorial cohesion* (COM(2010) 642).

2.3 The future of the ESF should be considered in light of the Lisbon Treaty. In accordance with the new Article 9 of the Treaty, the European Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.

<sup>(1)</sup> As laid down in Articles 11, 16 and 17 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

<sup>(2)</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the national parliaments of 19 October 2010 on the EU Budget Review, COM(2010) 700.

2.4 The amended Article 175 now covers territorial cohesion. As the principal European instrument for supporting human resources, the ESF will continue to help achieve economic, social and territorial cohesion, as stipulated in Article 162 of the Treaty on the Functioning of the European Union.

2.5 The new political framework for the coming decade, the 'Europe 2020' strategy, was adopted by the European Council on 17 June 2010. Accordingly, the EU has committed itself to achieving an employment rate of 75 % for people aged between 20 and 64, to cutting the percentage of early school leavers to below 10 % and to ensuring that at least 40 % of young people obtain a higher education diploma, to reducing the number of people at risk of poverty by 20 million and to increasing public and private investment in research and development by up to 3 % of GDP <sup>(3)</sup>.

2.6 In 2011, the European Commission will propose a new budgetary framework for the post-2013 period. This framework will be accompanied by legislative proposals on the structural funds, including the European Social Fund. In this regard, the Commission presented a communication on 19 October 2010 on *The EU Budget Review*. This should also provide an opportunity to breathe new life into the ESF and make changes. There is a need to raise the profile of the ESF within the EU's new budgetary framework and to highlight its uniqueness.

2.7 The Commission's fifth report on economic, social and territorial cohesion, published on 10 November 2010, presents options for the future cohesion policy.

2.8 With regard to the future of the ESF in particular, discussions have been launched by means of specific studies.

2.9 Furthermore, the ESF Committee adopted an opinion on 3 June 2010 and the Commission organised a conference on 23 and 24 June 2010.

2.10 On 7 October 2010, the Commission asked the European Economic and Social Committee to draw up an exploratory opinion in order to study the issues raised in the ESF Committee's opinion.

2.11 Discussions have focused on five themes:

- What added value does the ESF offer compared to strictly national financing instruments?
- What should be the tasks and priorities of the ESF in the context of the 'Europe 2020' strategy?

— How should we ensure that the ESF concentrates its resources on priority geographical areas and themes?

— How can we develop maximum synergy with the other funds and the European Regional Development Fund in particular?

— What implementing system should be put in place to achieve more efficient and yet simplified management?

2.12 Furthermore, in view of the trend towards job losses in the European Union at the moment, the ESF is required to play an even more prominent role within European cohesion policy. Its budget must therefore increase considerably, namely at least by the 5,9 % proposed by the European Commission for the EU's 2011 budget as a whole.

### 3. General comments on the future of the European Social Fund

3.1 The principles of cohesion and solidarity are laid down in the Treaty and are two of the most important pillars in terms of the integration of citizens and regions. Accordingly, these principles should remain at the heart of the discussions on the future EU budget.

3.2 The Lisbon Treaty reaffirms these principles, and Article 174 thereof states that '*in order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion*'.

3.3 In particular, the Treaty stresses that '*the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions*'. This objective has become all the more important following the two latest rounds of EU enlargement.

3.4 Furthermore, the EU's Charter of Fundamental Rights, which became legally binding following its incorporation into the treaty, states that, together with territorial cohesion, the EU must promote social cohesion by guaranteeing the social rights of all citizens regardless of their region or nationality, prohibiting discrimination and taking action in the field of equal opportunities, amongst other things.

3.5 Cohesion policy must not just reduce the disparities between regions but should also, by adopting a people-centred approach, promote a society of full employment, equal opportunities, social integration and social cohesion and thus, in broader terms, the European social model.

<sup>(3)</sup> Communication from the Commission of 3 March 2010: EUROPE 2020 A strategy for smart, sustainable and inclusive growth (COM(2010) 2020 final).

3.6 The European Council decided that the structural funds were the financial instruments required to implement the Lisbon strategy, which had geared its work towards the least-qualified people and those facing the most difficulties in accessing active national employment policies<sup>(4)</sup>. In this context, the European Social Fund (ESF) is the key instrument for supporting the implementation of the European employment strategy and must in future continue to be an effective instrument for ensuring an increase in quality jobs and social inclusion, within the framework of the 'Europe 2020' strategy.

3.7 Economic, social and territorial cohesion must remain at the heart of the 'Europe 2020' strategy, in order to ensure that all available energies and capacities are harnessed and dedicated to implementing the strategy. The structural funds are the key instruments for achieving the priorities of what is known as 'smart, sustainable and inclusive growth' in the Member States, regions and territories. Accordingly, the ESF must continue to be an important strategic and financial instrument for increasing rates of employment and social inclusion.

3.8 The principle of partnership, which involves the social partners and other civil society organisations<sup>(5)</sup>, provides the essential guarantee that measures linked to the structural funds, and the European Social Fund in particular, will function properly.

3.9 Lessons must be drawn from the role of the social partners in social dialogue and the role of NGOs within such partnerships if we are to counter the effects of the crisis and achieve results.

3.10 There is a need to improve the assessment, efficiency and the results of fund utilisation. However, in order to achieve this, it is vital to identify indicators and to set both quantitative and qualitative benchmarks as part of a broader framework covering the entire procedure for the implementation of cohesion policy. For the time being, the procedure focuses on ensuring the regularity of expenditure rather than on efficiency. These two approaches should be brought closer together while the administrative burden should be reduced at the same time, to a reasonable level in line with the proportionality principle.

3.11 In view of the current economic crisis, the European employment strategy must once again be the European Union's central priority and more funds must be made available for

creating and maintaining more and better jobs for everybody. Employment market policies must continue to provide the overarching framework of the ESF.

3.12 The European Council's decision regarding the cohesion policy's contribution to the economic recovery plan is clearly a positive sign. The structural funds, which account for more than a third of the EU budget, can represent a source of funding that makes it possible to meet the short-, medium- and long-term challenges.

3.13 The trans-national dimension, which is characteristic of previous EU initiatives (in particular EQUAL), should be re-introduced as a fundamental principle of cohesion policy, in order to ensure not only a European approach but also and above all one that is based more on solidarity particularly as it has not been sufficiently taken into account during the 2007-2013 programming period, as provided for under the new mainstreaming approach. Accordingly, the possibility of funding being allocated to European projects, especially for innovative projects relating to trans-national networks, should be re-introduced.

#### **4. Specific comments and proposals regarding the issues addressed**

##### *4.1 The added value of the ESF*

4.1.1 Since it was created, the ESF has proven its European added value, and this holds all the more true in these times of economic crisis and as a means of bolstering economic growth in the EU.

4.1.2 The ESF is the structural fund which affects individuals directly: workers, the unemployed, people excluded from society, people encountering major difficulties in gaining access to the labour market, young people, the elderly and other groups of vulnerable persons.

4.1.3 The ESF is the primary instrument for supporting the implementation of the European employment strategy. This strategy should therefore be specifically integrated into national, regional and local labour market policies and into the ESF's objectives.

4.1.4 Europe needs to invest heavily in human resources, which are without doubt a crucial asset for the competitiveness of any society. This investment should anticipate social changes and at the same time respond to the problems of preserving and creating jobs, by boosting workers' qualifications and skills, by raising European companies' productivity levels, by seeking innovative and more effective ways to organise work through genuine investments in developing workers' skills, through social integration and by promoting equal opportunities and social economy initiatives.

<sup>(4)</sup> EESC opinion on the 'Employment of priority categories (Lisbon Strategy)', OJ C 256 of 27.10.2007.

<sup>(5)</sup> As laid down in Article 11 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

4.1.5 At this time of economic crisis, the European Council's decision to enhance the role of the ESF is particularly important.

4.1.6 Investments must also be aimed at boosting human resources and reintegrating into the labour market workers who have been made redundant and at creating jobs and sustainable growth in order to achieve synergies and interaction between these two processes. The contribution that effective social cohesion can make to European competitiveness must therefore be taken into account. Through the ESF, funding aimed at integrating the groups furthest removed from the labour market (such as people with disabilities, young people with particular employability problems, older people at risk of remaining unemployed and other people suffering social exclusion) will make a significant contribution to increasing the EU's competitiveness and, in the medium term, to achieving the objectives of the Europe 2020 strategy.

4.1.7 The principle of partnership provides the essential guarantee that measures linked to the structural funds will function properly.

4.1.8 The provisions on the structural funds must clearly define the principle of partnership rather than simply referring to 'current national rules and practices', and the role of each partner must be clearly defined.

4.1.9 The partners, including social economy organisations, must have access to technical assistance and their capacity-building needs to be supported by sector-specific organisations, through ESF.

4.1.10 High-quality partnerships must be created, involving the social partners and organised civil society at each stage of the fund's implementation, particularly in view of their key role in countering the impact of the economic crisis.

4.1.11 The other fundamental principles in terms of maximising the added value of the ESF are sustainable growth to protect and improve the environment, equality between men and women, and preventing discrimination based on sex, age, racial or ethnic origin, religion or belief, disability or sexual orientation during the implementation of the fund, as well as access to it, in particular for people with disabilities or those living on the margins of society<sup>(6)</sup>.

<sup>(6)</sup> As laid down in Articles 11, 16 and 17 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

4.2 *The tasks and priorities of the ESF in the context of the Europe 2020 strategy*

4.2.1 Economic, social and territorial cohesion must remain at the heart of the 'Europe 2020' strategy, as laid down in the European Council's decision.

4.2.2 The degree of alignment between the ESF and the Europe 2020 Strategy is dependent on the existence or otherwise of strategic guidelines aimed at transposing the EU's strategic priorities into operational programmes.

4.2.3 In this context, the ESF must continue to be the instrument for implementing the European employment strategy. The ESF must, therefore, contribute to creating quality jobs, which is a vital aspect of ensuring the EU's economic growth. Whilst priority must be given to creating quality jobs, attention should also be paid to creating other types of jobs such as green jobs, given the changes in the production model that have taken place, and on sustainable and inclusive growth.

4.2.4 The ESF is the EU's main financial instrument for investing in human resources, supporting the implementation of active integration measures and training, retraining and activation measures.

4.2.5 Lessons must be drawn from the use of the ESF to support the European Union's economic recovery.

4.2.6 The measures and priorities should be as follows:

- to support active inclusion and the integration onto the labour market of, in particular, young people, older workers, people with disabilities and other vulnerable groups, such as migrants and to combat discrimination;
- to raise the employment rate among women and to combat wage inequality;
- to set up observatories to monitor the labour market and the use of structural funds;
- to encourage worker redeployment and retraining, geared towards innovation and the transition to a low-carbon economy;
- to improve support for SMEs, VSEs and social economy stakeholders which not only account for 80 % to 90 % of the EU's industrial fabric but also create quality employment;

- to define ‘training during a recession’ on the basis of discussions on the changes taking place in the sectors and regions;
- to better disseminate best practices, such as investment in short-time working associated with the training of workers;
- to enhance social dialogue through joint training for the social partners;
- to support lifelong learning and training;
- to support direct participation in the programming, management and evaluation of the fund, in accordance with Article 11 of Regulation (EC) No 1083/2006, particularly by improving capacity building;
- to ensure the quality of jobs and working conditions;
- to promote health and safety in the workplace;
- to provide care services that are physically and financially accessible, and take steps to ‘deinstitutionalise’ people served by care centres, including, for instance, people with disabilities;
- to modernise public employment services.

#### 4.3 *The geographical and thematic priorities of the ESF*

4.3.1 The structural funds are the European Union’s main instrument, in cooperation with the Member States, for supporting the Union’s least-favoured areas and the most vulnerable social groups, in order to reduce the socio-economic disparities between the different Member States and regions. This role must be maintained.

4.3.2 Furthermore, by reducing inter- and intra-regional disparities (and inequalities between different social groups) economic, social and territorial cohesion should be priorities for the future ESF with a view to successfully implementing the Europe 2020 strategy. All Member States have shortcomings in different areas. Consequently, all regions suffering from unemployment that is above the EU average or labour market inequalities affecting the most vulnerable groups in particular should benefit from the ESF, including those regions with a higher GDP, such as metropolitan or border regions, for example.

4.3.3 The ESF, which focuses on employment, the development of human resources and promoting social integration, must continue to be the instrument directly affecting individuals, in particular workers, the unemployed, people excluded from society, young people, older people and other vulnerable persons.

4.3.4 Consistency amongst the priorities laid down at the different levels – European, national, regional and local – must be ensured.

4.3.5 This consistency must be reflected in the drawing-up and implementation of operational programmes.

4.3.6 Each Member State must identify priorities and approaches according to the conditions and potential specific to each region. The Member States must also set priorities in line with their own national reform plans, conditions and potential and, therefore, in accordance with the Europe 2020 Strategy, particularly in the areas of employment, training and social inclusion.

4.3.7 Appropriate financial assistance mechanisms must also be examined, such as the direct allocation of funding to measures targeting vulnerable groups, such as people with disabilities<sup>(7)</sup>, in order to focus cohesion policy on a limited number of priorities<sup>(8)</sup>. The EESC has already recommended that funds target specific objectives related to social inclusion<sup>(9)</sup>.

#### 4.4 *Synergy with the other structural funds*

4.4.1 The European Social Fund is the main instrument for implementing the European employment strategy and must retain this role.

<sup>(7)</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 15 November 2010 on the ‘European disability strategy 2010-2020: a renewed commitment to a barrier-free Europe’, COM 2010(636).

<sup>(8)</sup> EESC opinion on the ‘Proposal for a European Parliament and Council Regulation on the European Social Fund’, OJ C 234 of 22.9.2005

EESC opinion on the ‘Proposal for a Council Decision on guidelines for the employment policies of the Member States (under Article 128 of the EC Treaty)’, OJ C 162 of 25.6.2008, p. 92

EESC opinion on ‘People with disabilities: employment by stages for people with disabilities in the EU. Post-2010 Lisbon Strategy’, OJ C 354 of 28.12.2010, p. 8

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 15 November 2010 on the ‘European disability strategy 2010-2020: a renewed commitment to a barrier-free Europe’, COM 2010(636).

<sup>(9)</sup> EESC opinion on the ‘Fourth Report on Economic and Social Cohesion’ OJ C 120 of 16.5.2008, p. 73, § 4.5.2.

4.4.2 However, there must be greater synergies with the European Regional Development Fund, within which the principles of partnership, non-discrimination and sustainability – as well as employment and social inclusion objectives – must be strengthened. Therefore, the principle of flexibility should be reinforced in order to optimise complementarities and coordination between the ESF, ERDF and other funds (such as the European Agricultural Guidance and Guarantee Fund, EAGGF), thus securing funding for complementary initiatives, such as those designed to foster access to professional training for people with disabilities and access to infrastructures for this social group.

4.4.3 Overlapping between the ESF and the European Globalisation Adjustment Fund must be avoided and consistency ensured given that – as far as restructuring is concerned – the measures targeted by the ESF are preventive, while those of the EGAF are curative in nature.

#### 4.5 Management system

4.5.1 A number of improvements must be made to the implementation of procedures and the practical aspects of accessing ESF funding.

4.5.2 In order to ensure that those improvements are made, the principle of partnership must be maintained and strengthened in the future ESF. It is important to point out that the principle of partnership is a fundamental tool for the effective implementation of the ESF, since it enables additional resources to be harnessed, and it is crucially important that this be promoted at a time of widespread public spending cuts throughout the European Union.

4.5.3 These improvements include, in particular:

- reducing bureaucracy before and during implementation of the operational programme by making the procedures for

accessing funding more flexible, speeding up the payment system in order to minimise the financial burden for those implementing programmes and simplifying invoicing and accounting procedures, through the use of lump sums, for example, and by simplifying accounting procedures for projects using specific results rather than financial documents as a basis;

- limiting the scope of Member State authorities to establish mechanisms or additional administrative conditions which make access to ESF funds more complicated;
- better disseminating information regarding funding opportunities by, among other things, setting minimum European standards for the transparency and accessibility of information about ESF funding opportunities, in particular by simplifying the language used;
- improving the transparency and efficiency of procedures for selecting the projects to be financed, both at Member State and regional level, ensuring in particular that innovative projects receive special attention;
- particular attention should also be paid to the built environment, new technologies and transport (including goods, services and infrastructures) in order to remove the barriers to full accessibility to all actions co-funded by the ESF.

4.5.4 The effective use of funds must be ensured and evaluated in terms of quantitative and qualitative results.

4.5.5 Indicators relating to funding must be established.

4.5.6 The social partners and civil society have a vital role to play in this process.

Brussels, 15 March 2011.

*The President*  
of the European Economic and Social Committee  
Staffan NILSSON

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