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REGULATION (EEC) No 2396/71 OF THE COUNCIL

of 8 November 1971

implementing the Council Decision of 1 February 1971 on the reform of the European Social Fund

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 127 thereof;

Having regard to the Council Decision of 1 February 1971¹ on the reform of the European Social Fund;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament²;

Having regard to the Opinion of the Economic and Social Committee³;

Whereas the Council Decision of 1 February 1971 defines, under Articles 4 and 5 thereof, two types of situation justifying intervention by the European Social Fund (hereinafter called the 'Fund');

Whereas in the first type of situation it is for the Council, acting on a proposal from the Commission, to determine the areas in which the Fund should be able to intervene and to define the specific conditions and manner in which it shall intervene, and whereas in the second type of situation the Fund may intervene according to particular conditions and limits which are to be fixed by this Regulation;

Whereas the operations and working methods of the Fund should be broadly outlined, account being taken of the new tasks defined by the Council Decision referred to above;

Whereas long-term structural unemployment and underemployment is widespread in some areas of the Community;

Whereas it is necessary to promote the training of highly skilled manpower;

Whereas the list of aids which may qualify for assistance from the Fund should be drawn up and amended as and when necessary by the Council, under a procedure which will allow such list to be adapted speedily to meet new requirements; whereas it is appropriate to this end to state the categories of aid which may be taken into consideration;

Whereas assistance from the Fund must be granted on the basis of the actual cost of operations, and whereas it seems appropriate to examine, in the light of the experience gained at the end of the first financial year, the possibilities of reducing any discrepancies which have arisen;

Whereas it is important to make detailed provision for submission and approval of applications, and whereas it is appropriate that the Council adopt financial provisions relating to the payment of assistance and the organisation of supervision;

Whereas, in order to facilitate action by the Council and the Commission and projects which may be carried out with the aid of the Fund, it may be useful to undertake preparatory studies and pilot schemes;

Whereas the authority of the Committee of the European Social Fund must be adapted in relation to the new tasks of the Fund;

Whereas conditions must be fixed for the award of assistance to be granted under Article 125 of the Treaty for operations begun before the date of entry into force of this Regulation;

¹ OJ No L 28, 4.2.1971, p. 15.

² OJ No C 66, 1.7.1971, p. 22.

³ OJ No C 88, 6.9.1971, p. 6.

HAS ADOPTED THIS REGULATION:

TITLE I

Scope

Article 1

1. Assistance may be granted from the Fund pursuant to Article 5 of the Council Decision of 1 February 1971 for operations which:

- (a) are aimed at solving the problems which arise in areas which, because they are less developed or there is a decline in the main activities, suffer a serious and prolonged imbalance in employment; or
- (b) are aimed at facilitating adaptation to the requirements of technical progress of those branches of economic activity in which such progress gives rise to substantial changes in manpower and professional knowledge and skill; or
- (c) are undertaken because of substantial changes in conditions of production or disposal of products in groups of undertakings with similar or connected activities which are thus forced to cease, reduce or transform their activities permanently.

2. Subject to the conditions and limits laid down in paragraph 1, assistance may be granted from the Fund for operations which:

- (a) are directed towards eliminating long-term structural unemployment and underemployment, for the benefit of persons who either are unemployed or will become so after a specific period, and those who are underemployed or have had to cease working in a self-employed capacity;
- (b) are directed towards the training of manpower whose qualifications must be adapted to permit them to pursue occupations requiring high qualifications;
- (c) are directed towards the integration or reintegration into employment of the following groups of people, after the employment services of the Member State or States concerned have acknowledged these operations as justifiable:
 - workers who are difficult to place in employment again on account of their age;
 - women over thirty-five years who wish to pursue a professional or trade activity for the first time or whose qualifications after a lapse of time are no longer those in demand;

— young people under twenty-five years who are unemployed through lack of qualifications, or whose qualifications are no longer in demand.

3. Irrespective of the conditions and limits laid down in paragraph 1, assistance may be granted from the Fund for operations in favour of handicapped persons who may be able to pursue a professional or trade activity after medical rehabilitation, vocational training or retraining.

4. Save in exceptional cases, such operations shall contribute towards the implementation of a specific programme directed at remedying the causes of imbalance affecting employment; such programme shall be set up for the area, branch of the economy, groups of undertakings or categories of persons concerned. It shall, in particular, indicate clearly the economic inter-relationship of the operations being planned and shall state the objectives and methods for attaining them.

Article 2

For each financial year, 60% of the appropriations available for assistance from the Fund pursuant to Article 5 of the Decision of 1 February 1971 shall be reserved as a matter of priority for operations which are aimed at eliminating long-term structural unemployment and underemployment in those areas referred to in Article 1 (1) (a).

TITLE II

Means and detailed provision for intervention by the Fund

Article 3

1. The list of aids for which assistance from the Fund may be granted pursuant to Articles 4 and 5 of the Council Decision of 1 February 1971 shall be drawn up and amended as and when necessary by the Council, acting by a qualified majority on a proposal from the Commission.

2. Such list may contain aid falling within one or more of the following groups, directed towards:

- (a) facilitating the training of persons who need to acquire, widen, adapt or improve their professional knowledge and ability;
- (b) facilitating the transfer of those persons, together with their families, who are obliged to change their place of residence in order to pursue a

professional or trade activity and in their integration into the new social and working environment;

- (c) maintaining, for a fixed period, the income of persons who have lost their jobs or whose activities have been reduced or suspended, and who are awaiting training or employment;
- (d) helping to inform and guide persons seeking employment or re-employment;
- (e) eliminating obstacles which make it difficult for certain categories of disadvantaged workers to take up available employment;
- (f) promoting better working conditions in less developed areas.

Assistance from the Fund may not be granted to finance the initial training of young people immediately after completion of their term of compulsory schooling; nevertheless, assistance from the Fund may be granted for young people who, although available on the labour market, are unable to find work because of lack of qualifications or because there is no demand for the qualifications they possess.

3. The Commission shall grant assistance from the Fund on the basis of the actual cost of the operations.

In the light of the results of the activity of the Fund and the findings of the Commission at the end of the first financial year the Council, acting on a proposal from the Commission, shall re-examine the bases on which assistance shall be granted by the Fund, in particular with a view to examining the possibilities of reducing any discrepancies between the assistance granted by the Fund and the actual costs.

Article 4

For the purposes of implementing Article 8 (2) of the Council Decision of 1 February 1971, each Member State shall provide the Commission with a list, to be published by the Commission in the *Official Journal of the European Communities*, of the public authorities empowered by it to provide financial assistance for operations by bodies or other entities governed by private law and to guarantee the completion of such operations.

Article 5

1. Only the Member States concerned shall be competent to forward to the Commission applications for assistance from the Fund; they shall specify for each application the legal status, as recognised by them; of the administrations, bodies or

entities responsible for carrying out the operations in question.

2. Applications for assistance shall be submitted prior to the carrying out of an operation. They shall describe the plan of the operation and shall specify in particular its objectives, methods and duration; the person responsible for financing and carrying out the operations; the categories of persons concerned; the estimated cost; the method of financing; the yearly instalments of expenditure; the types of aid which it proposes to put into use; they shall give any other information which may be useful for appraising the significance and effectiveness of the operation, and state the procedure for any necessary checking thereof. The application shall indicate the conditions under which the two sides of industry have taken part in planning the operation.

Operations for which assistance is applied for must be compatible with the economic and social objectives of the Community.

In the case of applications for assistance under Article 5 of the Council Decision of 1 February 1971, evidence shall also be given that the conditions and limits set out in Article 1 are fulfilled and respected.

Article 6

The approval of the Commission, provided for in Article 7 of the Council Decision of 1 February 1971, shall bear on the conformity of applications for assistance with the provisions of this Regulation and with implementing Decisions taken by the Council and by the Commission.

Article 7

1. The Commission may use the appropriations allotted for that purpose in the Community budget to promote, carry out or give financial assistance to preparatory studies and pilot schemes in order to give guidance to the Council and the Commission in the choice of areas in which the Fund should be able to intervene and to enable the Member States and those responsible for operations to choose the most effective aid and to organise the implementation thereof to the best effect.

2. Pilot schemes shall be financed by the Commission and the authorities or by the public or private bodies concerned.

The contribution of the Commission may not exceed 50% of the actual cost.

Before initiating such pilot schemes, the Commission shall secure the approval of the Member State or

States on whose territory or territories they are to be carried out.

3. Pilot schemes, within the meaning of this Article, are those which involve not more than 30 jobs.

Article 8

1. By approving an application for assistance from the Fund, the Commission shall be committed to undertaking the necessary expenditure in accordance with the provisions of the Financial Regulation.

2. Assistance shall be paid in instalments concurrently with the progressive development of the operations.

3. The Council shall, in accordance with Article 209 of the Treaty, adopt the financial provisions necessary for the implementation of this Article.

TITLE III

The Committee of the European Social Fund

Article 9

1. The Committee provided for in Article 124 of the Treaty shall be consulted on any important question concerning the activity of the Fund; it shall be supplied with relevant information for the purpose of such consultation.

2. Where the Commission disagrees with an Opinion of the Committee the Commission must, within a time limit of six weeks, inform the Committee of the reasons for its disagreement.

3. The Committee may, on its own initiative, submit Opinions to the Commission.

4. The Committee shall be regularly informed of the various aspects of general Community policy on social and economic affairs and of those activities of the Standing Committee on Employment which are likely to concern the activity of the Fund.

Article 10

The Commission shall consult the Committee in advance on:

(a) the preliminary draft of the section of the Community budget relating to the Fund;

(b) proposals to the Council for rendering certain areas open to contribution, pursuant to Article 4 of the Decision of 1 February 1971;

(c) all proposals made to the Council and all rulings concerning the activity of the Fund;

(d) applications for assistance submitted for approval;

(e) the desirability of promoting, carrying out financial assistance to a pilot scheme;

(f) the desirability of amending this Regulation, and any proposals to this end;

(g) the desirability of putting Article 126 of the Treaty once again into effect.

TITLE IV

General provisions

Article 11

The Commission, by virtue of the authority granted it by the Treaty and in particular by Article 124 thereof, and in close co-operation with the competent authorities of the Member States and without prejudice to any provisions adopted on the basis of Article 209 of the Treaty, shall ensure the control of the use of the funds granted pursuant to this Regulation.

Article 12

1. Assistance from the Fund as provided for in Article 125 of the Treaty shall be granted, in accordance with Council Regulation No 9 of 25 August 1960,¹ as last amended by Regulation No 37/67/EEC,² for operations initiated before the date of entry into force of this Regulation and terminated before the expiry of that half of the calendar year in which such date falls.

2. The expenditure necessary for the granting of such assistance shall be the subject of the appropriations entered under the heading 'European Social Fund' in the Community budget.

Article 13

Without prejudice to Article 127 of the Treaty, the Commission shall be responsible for taking the necessary measures for implementing the rules laid down in this Regulation.

¹ OJ No L 56, 31.8.1960, p. 1189/60.

² OJ No C 33, 24.2.1967, p. 526/67.

Article 14

Subject to the provisions of Article 12 of this Regulation, Regulation No 9 is hereby repealed.

Article 15

This Regulation shall enter into force on 1 January 1972 or, if the necessary financial regulation does not enter into force on that date, on the date of entry into force of the latter.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 8 November 1971.

For the Council

The President

A. MORO
