



EUROPEAN COMMISSION

Brussels, 6.10.2011
COM(2011) 609 final

2011/0270 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on a European Union Programme for Social Change and Innovation

{SEC(2011) 1134 final}

{SEC(2011)1130 final}

{SEC(2011)1131 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• General context

Europe's societies are confronted with multiple challenges stemming from increased global competition, the fast pace of technological progress, demographic trends, and climate change. The recent economic and financial crisis, which hit all Member States and regions in the Union, has compounded the situation. In the area of employment and social policy, the Union continues to face complex problems, such as:

- high unemployment rates, especially among the low-skilled, the young, older workers, migrants and people with disabilities;
- an increasingly fragmented labour market, in which more flexible work patterns and other challenges are emerging and which have an impact on job security and working conditions;
- a shrinking workforce and increasing pressure on social protection systems as a result of demographic change;
- difficulty in combining work and caring responsibilities and achieving a sustainable work-life balance, hampering personal and family development;
- an unacceptably high number of people living below the poverty line and in social exclusion.

The crisis also highlighted the close links and spill-over between EU-27 economies, especially in the euro area, whereby reforms or the lack of them - in one country - affect the performance of the others. This means that coordinated action at the Union level is more effective in addressing these challenges than individual actions of single Member States. To be cost-effective, reforms also need to be as far as possible based on evidence. The involvement of policy-makers and other stakeholders in a collective learning process and in developing and testing new approaches is likely to lead to greater acceptance and ownership of, and commitment to the Europe 2020 strategy. In this context, social innovation, and in particular social experimentation, can be a powerful tool for shaping the reforms and policy adjustments needed to implement Europe 2020.

However, the development and dissemination of a social innovation approach on a larger scale in the Union is hampered by a number of factors, including:

- insufficient knowledge of the needs and capabilities of civil society organisations, social enterprises and social entrepreneurs and public sector organisations;
- fragmentation of efforts and resources, lack of transparency and visibility, limited financial support and insufficient technical skills of the kind that can help organisations to develop and deliver social innovations;
- low levels of involvements of citizens and business;

- poor diffusion, and little scale-up of good practices;
- poor methods of impact evaluation of actions and policies.

While tackling socio-economic problems is primarily the responsibility of the Member States and regions and decisions have to be taken closest to the citizen, the Union has a role to play in putting the need for specific reforms on the agenda, identifying barriers to change and ways of overcoming them, ensuring that existing Union level rules are complied with, stimulating sharing of good practice and mutual learning, and supporting social innovation and Europe-wide approaches.

• **Grounds for the proposal**

The European Union Programme for Social Change and Innovation is based on three existing instruments:

- the Progress Programme established by Decision No 1672/2006/EC;
- EURES;
- the European Progress Microfinance Facility for employment and social inclusion established by Decision No 283/2010/EU.

The Progress Programme

Within the limits of its competence, the Union employment and social policy, seeks mainly to ensure collective action and effective policy co-ordination between the Member States. The framework is provided by the Treaty (TEU) which sets out two principal types of action, namely co-ordination (adoption of measures designed to encourage co-operation between the Member States) and legislation (adoption, by means of Directives, of minimum requirements).

Previous experience in fostering co-operation between Member States in the employment and social affairs field points to a number of factors which influence the success of co-ordinated policy responses, including consistent conceptualisation of key-factors and their interdependency (e.g. how to explain in-work poverty, how to tackle health inequalities), common terminology and measurement to allow to monitoring and benchmarking, comparable data, and convergence or synergies between goals, values and interests of a variety of stakeholders.

Since its inception, the Progress Programme has contributed to delivering effective policy responses. The strengthened policy framework under the new Europe 2020 strategy implies an even stronger need for evidence-based policy-making so that Union policies and legislation are responsive to the socio-economic challenges. The successor to the Progress Programme will assist the Commission in implementing its tasks:

- fact-finding and evidence-gathering about relevant policy developments;
- monitoring and reporting on progress made by Member States towards Union common priorities and objectives;
- ensuring effective and uniform application of Union law;

- modernising Union law on working conditions in line with the Smart Regulation principles.

EURES

Free movement of workers, one of the four freedoms enshrined in the Treaty, contributes to economic development and social cohesion in the Union. However, there are a number of barriers to geographical mobility in the Union, ranging from legal and administrative obstacles, housing costs, portability of pensions, and linguistic barriers to lack of transparency of job vacancies and support for matching job-seekers with job offers. EURES aims to improve labour market transparency by making job vacancies available on the EURES Job Mobility Portal and to provide support for information, advice and guidance services at national and cross-border level.

At the same time, the role of public employment services (PES) has changed as a result of the recent economic crisis and the need for more tailor-made services. PES should become life-long learning providers, offering a wide range of services (such as skills assessment, training, career guidance, matching jobs and profiles, client counselling), and catering for the needs of those furthest from the labour market. In addition, EURES should promote new working methods with private employment services.

European Progress Microfinance Facility

Becoming self-employed is one of the avenues for unemployed people to get into a job. Job creation through the establishment and consolidation of new businesses plays a key-role in achieving the Europe 2020 objectives: a significant number of new jobs in the Union are created by newly established firms and almost 85% of these jobs are created in micro-firms. However, the Union is far from exploiting its full potential in this respect. One of the major obstacles to business creation is lack of access to finance, and especially micro-credit, which has been exacerbated by the recent economic crisis. Europe's micro-finance sector has not yet reached maturity. In order to grow, Union micro-finance institutions would need to build and maintain adequate funding models. Therefore, there is a clear need to strengthen institutional capacity-building (especially of non-banking microfinance institutions) in order to cover start-up costs and funding for lending to high-risk target groups.

The European Union Programme for Social Change and Innovation aims to increase coherence of EU action in the employment and social areas by bringing together and building on the implementation of the Progress Programme, EURES and the European Progress Microfinance facility. In addition, the Programme provides for an opportunity to simplify implementation through common provisions covering, inter alia, common general objectives, common typology of actions and rationalisation of reporting and evaluation. At the same time, the Programme provides for a limited set of specific provisions applying to the three axes (Progress, EURES and Microfinance and Social Entrepreneurship) in order to take account of legal requirements (including comitology rules which only applies to the Progress axis, geographical coverage and specific reporting and evaluation requirements in the case of the Microfinance and Social Entrepreneurship axis).

- **Objective of the proposal**

The Programme will seek to achieve the following general objectives:

- (a) Strengthen ownership of the Union objectives in the employment, social and working conditions fields among key Union and national policy-makers, as well as other interested parties in order to bring about concrete and coordinated actions at both Union and Member State level;
- (b) Support the development of adequate, accessible and efficient social protection systems and labour markets and facilitate policy reform, by promoting good governance, mutual learning and social innovation;
- (c) Modernise Union law in line with the Smart Regulation principles and ensure that Union law on matters relating to working conditions is effectively applied;
- (d) Promote workers' geographical mobility and boost employment opportunities by developing Union labour markets that are open and accessible to all;
- (e) Promote employment and social inclusion by increasing the availability and accessibility of microfinance for vulnerable groups and micro-enterprises and by increasing access to finance for social enterprises.

The 'gender equality' and 'non-discrimination' sections of the Progress Programme will be incorporated into new instruments in the area of justice. However, in pursuing its objectives, the European Union programme for Social Change and Innovation promotes gender and non-discrimination mainstreaming.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

- **Consultation with the interested parties**

As part of the review of the current Progress programme, the Commission organised a two-step consultation:

1. A working group comprising the programme's key stakeholders representatives was set up to provide the Commission with a set of recommendations on the future instrument's design, objectives, implementation and funding.
2. A public online consultation on a successor instrument to the Progress programme was carried out between 4 April and 27 May 2011.

The EURES Working Party and Heads of Public Employment Services (PES) held specific discussions on the future of EURES during 2011.

With regard to microfinance, the Commission collected the views of the European Microfinance Network (EMN), which represents the Union microfinance sector, the managing authorities of the European Social Fund and the European Investment Fund (which implements the Progress Microfinance Facility on behalf of the Commission) and the

European Investment Bank. In addition, the findings of two workshops organised by the Commission's services, which covered both micro-finance and support to social entrepreneurship, were taken into account.

- **Impact assessment**

A composite impact assessment of the financial instruments under the responsibility of the Directorate-General 'Employment, Social Affairs and Inclusion', covering the European Social Fund, the European Globalisation Adjustment Fund, the Progress Programme, EURES and the Progress Microfinance Facility was carried out¹. The impact assessment considered three options:

- **option 1: no policy change:** under this option, the Progress programme, EURES and the Progress micro-finance facility, would continue to exist as separate instruments running alongside the European Social Fund.
- **option 2: a new integrated programme for social change and innovation:** the new programme is made up of three separate albeit complementary axes: Progress, EURES and microfinance and social entrepreneurship.
- **option 3: a single instrument for employment and social affairs:** such an instrument would have a shared management strand (the European Social Fund) and a direct management strand.

The impact assessment has concluded that option 2 is the preferred option that would bring about the most benefits in terms of efficiency gains, critical mass, coherence and effectiveness, while avoiding political and institutional risks.

3. **LEGAL ELEMENTS OF THE PROPOSAL**

- **Legal basis**

The proposal is based on Article 46(d), Article 149, Article 153(2)(a) and the third paragraph of Article 175 of the Treaty.

- **Subsidiarity and proportionality principles**

As the objectives of the proposed Programme for Social Change and Innovation cannot be sufficiently achieved by the Member States, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives.

4. **BUDGETARY IMPLICATION**

The financial appropriations for implementing the Programme for the period from 1 January 2014 to 31 December 2020 will amount to EUR 958.19 million (in current prices).

¹ Add reference.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on a European Union Programme for Social Change and Innovation

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 46(d), Article 149, Article 153(2)(a) and the third paragraph of Article 175 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) In line with the Commission Communication ‘A budget for Europe 2020’⁴, which recommends rationalising and simplifying the Union’s funding instruments and sharpening their focus both on Union added value and on impacts and results, this Regulation establishes a European Union Programme for Social Change and Innovation (hereinafter ‘the Programme’) to provide for the continuation and development of activities carried out on the basis of Decision No 1672/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Community Programme for Employment and Social Solidarity – Progress⁵, Regulation No 492/2011 of the European Parliament and of the Council of 5 April 2011 on freedom of movement for workers within the Union⁶ and Commission Decision 2003/8/EC of 23 December 2002 implementing Regulation No 1612/1968 as regards the clearance of vacancies and applications for employment⁷ and Decision No 283/2010/EU of the European Parliament and of the Council of 25 March 2010 establishing a European Progress Microfinance Facility for employment and social inclusion⁸ (hereinafter ‘the Facility’).

² OJ C , , p. .

³ OJ C , , p. .

⁴ COM(2011) 500.

⁵ OJ L 315, 15.11.2006, p. 1.

⁶ OJ L 141, 27.5.2011, p. 1.

⁷ OJ L 5, 10.1.2003, p. 16.

⁸ OJ L 87, 7.4.2010, p. 1.

- (2) On 17 June 2010 the European Council endorsed the Commission proposal for a Europe 2020 Strategy for jobs and smart, sustainable and inclusive growth, which provides for five headline targets (including three dealing respectively with employment, the fight against poverty and social exclusion, and education) and seven flagship initiatives, and thus constitutes a coherent policy framework for the coming decade. The European Council advocated full mobilisation of the appropriate EU instruments and policies to support achievement of the common objectives and invited the Member States to step up coordinated action.
- (3) In accordance with Article 148(4) of the Treaty on the Functioning of the European Union, the Council adopted guidelines for employment policies on 21 October 2010, which, together with the broad guidelines for the economic policies of the Member States and of the Union adopted in accordance with Article 121 of the Treaty, comprise the Europe 2020 integrated guidelines. The Programme should contribute to applying the Europe 2020 integrated guidelines, and in particular Guidelines 7, 8 and 10, while supporting implementation of the flagship initiatives, with special regard to the European Platform against Poverty and Social Exclusion, an Agenda for New Skills and Jobs, and Youth on the Move.
- (4) The European Platform against Poverty and Social Exclusion and the Innovation Union flagship initiatives identify social innovation as a powerful tool for addressing the social challenges arising from population ageing, poverty, unemployment, new work patterns and life styles, and citizens' expectations regarding social justice, education and health care. The Programme should support action to step up social innovation in policy areas falling within its scope in the public, private and third sectors, taking due account of the role of regional and local authorities. In particular, it should help identify, evaluate and scale up innovative solutions and practice through social experimentation to assist the Member States more effectively in reforming their labour markets and social protection policies. It should also act as a catalyst for transnational partnerships and networking between public, private and third-sector actors as well as supporting their involvement in designing and implementing new approaches to tackling pressing social needs and challenges.
- (5) In line with the Europe 2020 Strategy, the Programme should pursue a coherent approach to promoting employment and combating social exclusion and poverty. Its implementation should be rationalised and simplified, notably through a set of common provisions including, *inter alia*, general objectives, typology of actions, monitoring and evaluation arrangements. The Programme should also focus on large projects with clear EU added value in order to reach critical mass and reduce administrative burden for both the beneficiaries and the Commission. In addition, greater use should be made of simplified cost options (lump-sum and flat-rate financing) in particular for the implementation of mobility schemes. The Programme should be a one-stop shop for microfinance providers, providing financing for micro-credit, capacity building and technical assistance. Lastly, the Programme should provide for budgetary flexibility through the establishment of a reserve to be allocated on an annual basis in order to respond to policy priorities.
- (6) The Union should equip itself with a sound analytical basis to support policy-making in the employment and social area. Such an evidence base adds value to national action by providing a Union dimension and comparison for data-gathering and the development of statistical tools and methods and common indicators with a view to composing a full picture of the situation in the fields of employment, social policy and working conditions across the Union and ensuring high-quality evaluation of the efficiency and effectiveness of programmes and policies.

- (7) The Union is uniquely placed to provide a Union platform for policy exchanges and mutual-learning between the Member States in the employment and social areas. Knowledge of policies applied in other countries and of their results broadens the range of options available to policy-makers, triggers new policy developments and encourages national reform.
- (8) Ensuring that minimum standards are in place and that working conditions improve constantly in the Union is a central feature of Union social policy. The Union has an important role to play both in ensuring that the legislative framework is adapted, in line with 'Smart Regulation' principles, to evolving work patterns and new health and safety risks and in financing measures to improve compliance with Union rules on the protection of workers' rights.
- (9) Civil society organisations active at various levels can play an important role in meeting the objectives of the Programme, by participating in the policy-making process and contributing to social innovation.
- (10) The Union is committed to strengthening the social dimension of globalisation by promoting decent work and labour standards internationally, either directly *vis-à-vis* third countries or indirectly through cooperation with international organisations. Accordingly, suitable relations need to be developed with third countries not participating in the Programme in order to help achieve its objectives, having regard to any agreements of relevance between such countries and the Union. This may involve the attendance of representatives of these third countries at events of mutual interest (such as conferences, workshops and seminars) that take place in countries participating in the Programme. In addition, cooperation should be developed with the international organisations concerned, and in particular the International Labour Organisation (ILO), the Council of Europe and the Organisation for Economic Cooperation and Development (OECD), with a view to implementing the Programme in a way that takes the role of such organisations into account.
- (11) In accordance with Articles 45 and 46 of the Treaty, Regulation (EU) No 492/2011 lays down provisions intended to achieve freedom of movement for workers by ensuring close cooperation between the Member States and with the Commission. EURES should promote better functioning of the labour markets by facilitating transnational geographical mobility of workers, providing greater transparency on the labour market, ensuring the clearance of vacancies and applications for employment and supporting activities in the areas of recruitment, advice and guidance services at national and cross-border level, thereby contributing to the objectives of the Europe 2020 Strategy.
- (12) EURES' scope should be widened to develop and support targeted mobility schemes at Union level with a view to filling vacancies where labour market shortcomings have been identified. In accordance with Article 47 of the Treaty, the scheme should facilitate mobility among young workers.
- (13) The Europe 2020 Strategy, and in particular Guideline 7, identifies self-employment and entrepreneurship as crucial to achieving smart, sustainable and inclusive growth⁹.

⁹ Council Decision 2010/707/EU of 21 October 2010 on guidelines for the employment policies of the Member States (OJ L 308, 24.11.2010, p. 46).

- (14) Lack of access to credit is one of the main obstacles to business creation, especially among people furthest from the labour market. Union and national efforts in this area need to be stepped up in order to increase the supply of microfinance and meet demand from those who need it most, and in particular unemployed and vulnerable people who wish to start up or develop a micro-enterprise, including on a self-employed basis, but do not have access to credit. As a first step, in 2010 the European Parliament and the Council set up the Facility.
- (15) Making microfinance more available on the Union's young microfinance market calls for the institutional capacity of microfinance providers, and in particular non-bank microfinance institutions, to be stepped up in line with the Commission Communication 'A European Initiative for the development of micro-credit'¹⁰.
- (16) Social enterprises are a cornerstone of Europe's pluralist social market economy. They can act as drivers of social change by offering innovative solutions, and therefore make a valuable contribution to meeting the objectives of the Europe 2020 Strategy. The programme should improve social enterprises' access to finance and thereby contribute to the Social Business Initiative launched by the Commission¹¹.
- (17) In order to capitalise on the experience of international financial institutions, and in particular the European Investment Bank Group, action involving microfinance and social entrepreneurship should be implemented by the Commission indirectly by entrusting budget implementations tasks to financial institutions in accordance with the financial regulation. Using Union resources concentrates leverage from international financial institutions and other investors, unifies approaches and thus improves access to finance for micro-enterprises, including the self-employed and social enterprises. The Union contribution thus assists in the development of the emerging social business sector and the microfinance market in the Union and encourages cross-border activities.
- (18) Pursuant to Articles 8 and 10 of the Treaty, the Programme should support the mainstreaming of gender equality and anti-discrimination objectives in all its activities. Regular monitoring and evaluation should be carried out to assess the way in which gender equality and anti-discrimination issues are addressed in the Programme's activities.
- (19) Pursuant to Article 9 of the Treaty, the Programme should ensure that the requirements linked to the promotion of a high-level of employment, a guarantee of adequate social protection and the fight against social exclusion are taken into account in defining and implementing the Union's policies and activities.
- (20) To ensure more efficiency in communication to the public at large and stronger synergies between the communication actions undertaken at the initiative of the Commission, the resources allocated to information and communication activities under this regulation shall also contribute to corporate communication of the political priorities of the European Union as far as they are related to the general objectives of this Regulation.
- (21) Since the objectives of this Regulation cannot be sufficiently achieved at Member State level and can therefore, by reason of their scale and effects, be better achieved at Union level, the

¹⁰ COM(2007) 708, 13.11.2007.

¹¹ COM(2011) XXX

Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives.

- (22) This Regulation lays down, for the duration of the Programme, a total financial amount that constitutes the prime reference, within the meaning of point 17 of the Interinstitutional Agreement of {...} between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management, for the budgetary authority during the annual budgetary procedure.
- (23) The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, penalties.
- (24) Implementing powers should be conferred on the Commission with a view to ensuring there are uniform conditions for implementing actions under the EURES and the Microfinance and Social Entrepreneurship axes of the Programme.
- (25) The implementing powers relating to actions carried out under the Progress axis of the Programme should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers¹².

HAVE ADOPTED THIS REGULATION:

¹² OJ L 55, 28.2.2011, p. 13.

Title I

Common provisions

Article 1

Subject matter

1. This Regulation establishes a European Union Programme for Social Change and Innovation (hereinafter ‘the Programme’) which aims to contribute to the implementation of the Europe 2020 Strategy, its headline targets and Integrated Guidelines by providing financial support for the European Union’s objectives in terms of promoting a high level of employment, guaranteeing adequate social protection, combating social exclusion and poverty and improving working conditions.
2. The Programme shall run from 1 January 2014 to 31 December 2020.

Article 2

Definitions

For the purposes of this Regulation:

- (a) ‘Social enterprise’ means an enterprise whose primary objective is to achieve social impact rather than generate profit for owners and stakeholders. It operates in the market through the production of goods and services in an entrepreneurial and innovative way, and uses surpluses mainly to achieve social goals. It is managed in an accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activity.
- (b) ‘Microcredit’ means a loan of up to EUR 25 000.
- (c) ‘Micro-enterprise’ means an enterprise that employs less than 10 people, including self-employed persons, and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million, in accordance with Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises¹³.
- (d) ‘Microfinance’ includes guarantees, counter-guarantees, microcredit, equity and quasi-equity extended to persons and micro-enterprises.

Article 3

Structure of the Programme

1. The Programme shall be made up of the following three complementarity axes:

¹³ OJ L 124, 20.5.2003, p. 36.

- (a) The Progress axis, which shall support the development, implementation, monitoring and evaluation of Union employment and social policy and legislation on working conditions and shall promote evidence-based policy-making and innovation, in partnership with the social partners, civil society organisations and other interested parties;
 - (b) The EURES axis, which shall support activities carried out by the EURES network, i.e. the specialist services designated by the EEA Member States and the Swiss Confederation, together with other interested parties, to develop information exchanges and dissemination and other forms of cooperation to promote workers' geographical mobility;
 - (c) The Microfinance and Social Entrepreneurship axis, which shall facilitate access to finance for entrepreneurs, especially those furthest from the labour market, and social enterprises.
2. The common provisions laid down in Articles 1 to 14 shall apply to all three axes set out in points (a), (b) and (c) of paragraph 1, to each of which specific provisions shall also apply.

Article 4
General objectives of the Programme

1. The Programme shall seek to achieve the following general objectives:
- (a) Strengthen ownership of the Union objectives in the employment, social and working conditions fields among key Union and national policy-makers, as well as other interested parties in order to bring about concrete and coordinated actions at both Union and Member State level;
 - (b) Support the development of adequate, accessible and efficient social protection systems and labour markets and facilitate policy reform, by promoting good governance, mutual learning and social innovation;
 - (c) Modernise Union law in line with the Smart Regulation principles and ensure that Union law on matters relating to working conditions is effectively applied;
 - (d) Promote workers' geographical mobility and boost employment opportunities by developing Union labour markets that are open and accessible to all;
 - (e) Promote employment and social inclusion by increasing the availability and accessibility of microfinance for vulnerable groups and micro-enterprises, and by increasing access to finance for social enterprises.
2. In pursuing those objectives, the Programme shall aim to:
- (a) Promote equality between women and men and combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation;

- (b) Ensure that the requirements linked to the promotion of a high-level of employment, a guarantee of adequate social protection and the fight against social exclusion are taken into account in defining and implementing of the Union's policies and activities.

Article 5

Budget

1. The financial appropriations for implementing the Programme over the period from 1 January 2014 to 31 December 2020 shall amount to EUR 958.19 million¹⁴.
2. The following indicative percentages shall be allocated to the axes set out in Article 3 (1) as follows:
 - (a) 60% to the Progress axis, of which at least 17% shall be allocated to promoting social experimentation as a method for testing and evaluating innovative solutions with a view to scaling them up;
 - (b) 15% to the EURES axis;
 - (c) 20% to the Microfinance and Social Entrepreneurship axis.

The remaining 5% shall be apportioned among the axes on an annual basis in line with policy priorities.
3. The Commission may make use of the appropriations referred to paragraph 1 to finance technical and/or administrative assistance, in particular relating to auditing, outsourcing of translation, meetings of experts, and information and communication activities for the mutual benefit of the Commission and the beneficiaries.
4. Annual appropriations shall be authorised by the budgetary authority within the ceilings laid down in the multiannual financial framework.

Article 6

Types of actions

The following types of actions may be financed under the Programme:

1. Analytical activities:
 - (a) Gathering of data and statistics, as well as development of common methodologies, classifications, indicators and benchmarks;
 - (b) Surveys, studies, analyses and reports, including through the funding of networks of experts;
 - (c) Evaluations and impact assessments;

¹⁴ In current prices.

- (d) Monitoring and assessment of the transposition and application of Union law;
 - (e) Preparation and implementation of social experimentation as a method for testing and evaluating innovative solutions with a view to scaling them up;
 - (f) Dissemination of the results of these analytical activities.
2. Mutual learning, awareness and dissemination activities:
- (a) Exchanges and dissemination of good practice, innovative approaches and experience, peer reviews, benchmarking and mutual learning at European level;
 - (b) Council Presidency events, conferences and seminars;
 - (c) Training of legal and policy practitioners, and EURES advisers;
 - (d) Drafting and publication of guides, reports and educational material;
 - (e) Information and communication activities;
 - (f) Development and maintenance of information systems in order to exchange and disseminate information on Union policy and legislation as well as labour market information.
3. Support for main actors in regard to:
- (a) The operating costs of key Union-level networks whose activities relate and contribute to the objectives of the Progress axis;
 - (b) Capacity-building of national administrations and specialist services responsible for promoting geographical mobility designated by the Member States and microcredit providers,
 - (c) Organisation of working groups of national officials to monitor the implementation of Union law;
 - (d) Networking and cooperation among specialist bodies, national, regional and local authorities, and employment services at European level;
 - (e) Funding of European-level observatories;
 - (f) Exchange of personnel between national administrations.
4. Actions to promote mobility of individuals in the Union, in particular the development of a multilingual digital platform for the clearance of job vacancies and applications, and targeted mobility schemes to fill vacancies where labour market shortcomings have been identified and/or to help specific groups of workers such as young people.
5. Support to microfinance and social enterprises in particular through the financial instruments provided for under Title VIII of Part one of Regulation XXX/2012 [New Financial Regulation] on the financial rules applicable to the annual budget of the Union, and grants.

Article 7
Joint action

Actions eligible under the Programme may be implemented jointly with other Union instruments, provided that such actions meet the objectives of both the Programme and the other instruments concerned.

Article 8
Consistency and complementarity

1. The Commission, in cooperation with the Member States, shall ensure that activities carried out under the Programme are consistent with, and complementary to other Union action, in particular under the European Social Fund (ESF) and in such areas as social dialogue, justice and fundamental rights, education, vocational training and youth policy, research and innovation, entrepreneurship, health, enlargement and external relations, and general economic policy.
2. The activities supported by the Programme shall comply with Union and national law, including state aid rules.

Article 9
Cooperation with committees

The Commission shall establish any relations needed with committees dealing with policies, instruments and actions of relevance to the Programme in order to ensure that they are regularly and appropriately informed of progress in implementing the Programme.

Article 10
Dissemination of results and communication

1. The results of the actions implemented under the Programme shall be suitably communicated and disseminated in order to maximise their impact, sustainability and Union added value.
2. Communication activities shall also contribute to corporate communication of the political priorities of the European Union as far as they are related to the general objectives of this Regulation.

Article 11
Financial provisions

1. The Commission shall manage the Programme in accordance with XXXX/2012 [New Financial Regulation] on the financial rules applicable to the annual budget of the Union ('the Financial Regulation')¹⁵.
2. Lump-sums and scale of unit costs and flat-rate financing may be used in respect of support awarded to programme participants, in particular in respect of mobility schemes referred to in Article 6(4).

Article 12
Protection of the financial interests of the Union

1. The Commission shall take appropriate preventive measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of amounts wrongly paid and, where appropriate, by effective, proportional and deterrent penalties, in accordance with Article 325 of the Treaty, Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests¹⁶ and the Financial Regulation.
2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors as well as third parties who have received Union funds. OLAF shall be authorised to carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities¹⁷ with a view to establishing any fraud, corruption or other illegal activity in connection with a grant agreement or decision or a contract concerning Union funding.
3. Without prejudice to paragraphs 1 and 2, decisions, agreements and contracts resulting from the implementation of this Regulation shall expressly entitle the Commission, including OLAF, and the Court of Auditors to conduct such audits, on-the-spot checks and inspections.

Article 13
Monitoring

With a view to regular monitoring of the Programme and making any adjustments needed to its policy and funding priorities, the Commission shall draw up biennial monitoring reports and send them to the European Parliament and the Council. Such reports shall cover the Programme's results and the extent

¹⁵ OJ L XXX, XX.XX.2012, p. XX.

¹⁶ OJ L 312, 23.12.1995, p. 1.

¹⁷ OJ L 292, 15.11.1996, p. 2.

to which gender equality and anti-discrimination considerations, including accessibility issues, have been addressed through its activities.

Article 14
Evaluation

1. A mid-term evaluation of the Programme shall be carried out by the end of 2017 to measure progress made in meeting its objectives, to determine whether its resources have been used efficiently and to assess its Union added value.
2. Two years after the expiry of the Programme at the latest, the Commission shall carry out an ex-post evaluation measuring its impact and Union added value and shall forward a report on that evaluation to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

Title II
Specific Provisions

Chapter I
Progress Axis

Article 15
Specific objectives

In addition to the general objectives set out in Article 4, the specific objectives of the Progress axis shall be to:

- (a) Develop and disseminate high-quality comparative analytical knowledge in order to ensure that Union employment and social policy and working conditions legislation are based on sound evidence and are relevant to needs, challenges and conditions in the individual Member States and the other participating countries;
- (b) Facilitate effective and inclusive information-sharing, mutual learning and dialogue on Union employment and social policy and working conditions legislation at Union, national and international level in order to assist the Member States and the other participating countries in developing their policies and in implementing Union law;
- (c) Provide policy-makers with financial support to test social and labour market policy reforms, build up the main actors' capacity to design and implement social experimentation, and make the relevant knowledge and expertise accessible;
- (d) Provide Union and national organisations with financial support to step up their capacity to develop, promote and support the implementation of Union employment and social policy and working conditions legislation.

Article 16
Participation

1. Participation in the Progress axis shall be open to the following countries:
 - (a) The Member States;
 - (b) The EFTA and EEA member countries, in accordance with the EEA Agreement;
 - (c) The candidate countries and potential candidates, in accordance with the general principles and the general terms and conditions laid down in the framework agreements concluded with them on their participation in Union programmes.
2. The Progress axis shall be open to all public and/or private bodies, actors and institutions, and in particular:
 - (a) National, regional and local authorities;
 - (b) Employment services;
 - (c) Specialist bodies provided for under Union law;
 - (d) The social partners;
 - (e) Non-governmental organisations, and in particular those organised at Union level;
 - (f) Higher education institutions and research institutes;
 - (g) Experts in evaluation and in impact assessment;
 - (h) National statistical offices;
 - (i) The media.
3. The Commission may cooperate with international organisations, and in particular the Council of Europe, the OECD, the ILO and the World Bank.
4. The Commission may cooperate with third countries not participating in the Programme. Representatives of such third countries may attend events of mutual interest (such as conferences, workshops and seminars) that take place in countries participating in the Programme and the cost of their attendance may be covered by the Programme.

Article 17
Implementing powers conferred on the Commission

1. Measures relating to the following and which are necessary for the implementation of the Progress axis shall be adopted in accordance with the examination procedure referred to in Article 18(3):
 - (a) the multiannual work plans laying down medium-term policy and funding priorities;

- (b) the annual work plans, including the criteria for the selection of beneficiaries following calls for proposals.
- 2. All other measures necessary for the implementation of the Progress axis shall be adopted in accordance with the advisory procedure referred to in Article 18(2).

Article 18 *Committee*

- 1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
- 2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.
- 3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 19 *Transitional measures*

Actions which are initiated before 1 January 2014 on the basis of Decision 1672/2006/EC (Sections 1, 2 and 3 referred to in Article 3 thereof) shall continue to be governed by that Decision. With regard to those actions, the Committee referred to in Article 13 of that Decision shall be replaced by the Committee provided for in Article 18 of this Regulation.

Chapter II **EURES Axis**

Article 20 *Specific objectives*

In addition to the general objectives set out in Article 4, the specific objectives of the EURES axis shall be to:

- (a) Ensure that job vacancies and applications, and any related information are transparent for the potential applicants and the employers; this shall be achieved through their exchange and dissemination at transnational, interregional and cross-border level using standard interoperability forms;
- (b) Develop services for the recruitment and placing of workers in employment through the clearance of job vacancies and applications at European level; this shall cover all phases of placement, ranging from pre-recruitment preparation to post-placement assistance with a view to the applicant's successful integration into the labour market; such services shall include

targeted mobility schemes to fill vacancies where labour market shortcomings have been identified and/or help particular groups of workers such as young people.

Article 21 *Participation*

1. Participation in the EURES axis shall be open to the following countries:
 - (a) the Member States;
 - (b) the EFTA and EEA member countries in accordance with the EEA Agreement and with the Agreement between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other, on the free movement of persons¹⁸.
2. The EURES axis shall be open to all public and private bodies, actors and institutions designated by a Member State or the Commission which fulfil the conditions for participating in the EURES network, as set out in Commission Decision 2003/8/EC¹⁹. Such bodies and organisations shall include in particular:
 - (a) National, regional and local authorities;
 - (b) Employment services;
 - (c) Social partner organisations and other interested parties.

Chapter III **Microfinance and Social Entrepreneurship Axis**

Article 22 *Specific objectives*

In addition to the general objectives set out in Article 4, the specific objectives of the Microfinance and Social Entrepreneurship axis shall be to:

1. Increase access to, and the availability of, microfinance for:
 - (a) persons who have lost or are at risk of losing their jobs, or who have difficulty in entering or re-entering the labour market, persons at risk of social exclusion and vulnerable persons who are in a disadvantaged position with regard to access to the conventional credit market and who wish to start up or develop their own micro-enterprises;
 - (b) micro-enterprises, especially those which employ persons as referred to in point (a);

¹⁸ OJ L 114, 30.4.2002, p. 6.

¹⁹ OJ L 005, 10.01.2009, p. 16.

2. Build up the institutional capacity of microcredit providers;
3. Support the development of social enterprises, in particular by facilitating access to finance.

Article 23 *Participation*

1. Participation under the Microfinance and Social Entrepreneurship axis shall be open to public and private bodies established at national, regional or local level in the countries referred to in Article 16(1) and providing in those countries:
 - (a) microfinance for persons and micro-enterprises;
 - (b) financing for social enterprises.
2. To reach out to the final beneficiaries and create competitive, viable micro-enterprises, public and private bodies that carry out activities as referred to in paragraph 1(a) shall cooperate closely with organisations representing the interests of the final beneficiaries of microcredit and with organisations, in particular those supported by the ESF, which provide mentoring and training programmes to such final beneficiaries.
3. Public and private bodies that carry out activities as referred to in paragraph 1(a) shall adhere to high standards concerning governance, management and customer protection in line with the principles of the European Code of Good Conduct for Microcredit Provision and shall seek to prevent persons and undertakings from becoming over-indebted.

Article 24 *Financial contribution*

Except in the case of joint actions, the financial appropriations allocated to the Microfinance and Social Entrepreneurship axis shall cover the full cost of the actions implemented through financial instruments, including payment obligations towards financial intermediaries, such as losses from guarantees, management fees for the international financial institutions managing the Union's contribution and any other eligible costs.

Article 25 *Management*

1. In order to implement the instruments and grants referred to in Article 6(5), the Commission may conclude agreements with the entities listed in Article 55(1) (b) (iii) and (iv) of Regulation XXX/2012 [New Financial Regulation 2012] on the financial rules applicable to the annual budget of the Union, and in particular with the European Investment Bank and the European Investment Fund. Such agreements shall set out detailed provisions on implementing the tasks entrusted to those financial institutions, including provisions specifying the need to ensure additionality and coordination with existing Union and national financial instruments and to apportion the resources in a balanced way among the Member States and the other participating countries. Financial instruments, such as risk-sharing

instruments, equity instruments and debt instruments, may be delivered through investment in a dedicated investment vehicle.

2. Agreements as referred to in paragraph 1 of this Article shall provide for an obligation on the international financial institutions to re-invest the resources and proceeds, including dividends and reimbursements, in actions as referred to in Article 6(5) for a period of ten years from the starting date of the Programme.
3. In accordance with Article 18(2) of the [Financial Regulation], revenues and payments generated by one financial instrument shall be assigned to that financial instrument. For financial instruments already set up in the previous multiannual financial framework, revenues and payments generated by operations started in the previous period shall be assigned to the financial instrument in the current period.
4. On the expiry of the agreements concluded with the international financial institutions or after the termination of the investment period of the specialised investment vehicle, the proceeds and balance due to the Union shall be paid into the general budget of the Union.
5. The international financial institutions and, where relevant, the fund managers shall conclude written agreements with the public and private bodies referred to in Article 23. Such agreements shall lay down the obligations of the public and private providers to use the resources made available under the Microfinance and Social Entrepreneurship axis in accordance with the objectives set out in Article 22 and to provide information for drafting the annual reports provided for in Article 26.

Article 26 *Implementation reports*

1. The international financial institutions and, where relevant, the fund managers shall send the Commission annual implementation reports setting out the activities granted support and covering their financial implementation and the allocation and accessibility of funding and investment by sector and type of beneficiary, applications accepted or rejected and contracts concluded by the public and private bodies concerned, actions funded and the results, including in terms of social impact, employment creation and sustainability of the businesses support granted.
2. The information provided in these annual implementation reports shall feed into the biennial monitoring reports provided for in Article 13. Such monitoring reports shall include the annual reports provided for in Article 8(2) of Decision No 283/2010/EU.

Article 27 *Evaluation*

1. The final evaluation provided for in Article 14(2) shall include the final evaluation provided for in Article 9 of Decision No 283/2010/EU.

2. The Commission shall carry out a specific final evaluation of the Microfinance and Social Entrepreneurship axis no later than one year after the expiry of the agreements with the international financial institutions.

Article 28
Amendments

Decision No 283/2010/EU is amended as follows:

- (a) In Article 5, paragraph 4 is replaced by the following:

'4. On the expiry of the Facility, the balance due to the Union shall be made available for microfinance and support for social enterprises in accordance with Regulation No XX/201X/.'

- (b) In Article 8, paragraphs 3 and 4 are deleted.

Article 29

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

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

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management method(s) envisaged

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. *Summary of estimated impact on expenditure*
 - 3.2.2. *Estimated impact on operational appropriations*
 - 3.2.3. *Estimated impact on appropriations of an administrative nature*
 - 3.2.4. *Compatibility with the current multiannual financial framework*
 - 3.2.5. *Third-party participation in financing*
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Regulation on a European Union Programme for Social Change and Innovation

1.2. Policy area(s) concerned in the ABM/ABB structure²⁰

Currently: Employment and Social Affairs, Community employment policies/community employment policy instruments: Progress (04 04 01), Eures (04 03 04), EPMF (04 04 15)

Future Multiannual Financial Perspectives: Heading 1 (Social Development agenda)

1.3. Nature of the proposal/initiative

- ☒ The proposal/initiative relates to **a new action**
- ☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action**
- ☐ The proposal/initiative relates to **the extension of an existing action**
- ☐ The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objectives

1.4.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative

The Programme aims to contribute to the implementation of the Europe 2020 Strategy, its headline targets (on poverty, employment and education) and Integrated Guidelines (in particular 7, 8 and 10) by providing financial support for the European Union's objectives in terms of promoting a high level of employment, guaranteeing adequate social protection, fighting against social exclusion and poverty and improving working conditions.

1.4.2. Specific objective(s) and ABM/ABB activity(ies) concerned

Specific objectives:

1. Develop and disseminate high-quality comparative analytical knowledge in order to ensure that Union employment and social policy and working conditions legislation are based on sound evidence and are relevant to needs, challenges and conditions in the individual Member States and other participating countries;
2. Facilitate effective and inclusive information-sharing, mutual learning and dialogue on Union employment and social policy and working conditions legislation at Union, national and

²⁰

ABM: activity-based management; ABB: activity-based budgeting.

international level in order to assist the Member States and the other participating countries in developing their policies and in implementing Union law;

3. Provide policy-makers with financial support to test social and labour market policy reforms, build up the main actors' capacity to design and implement social experimentation, and make the relevant knowledge and expertise accessible;
4. Provide Union and national organisations with financial support to step up their capacity to develop, promote and support the implementation of Union employment and social policy and working conditions legislation.

ABM/ABB activity(ies) concerned:

04 04 01 and 04 01 04 10

Specific objectives:

1. Ensure that job vacancies and applications, and any related information are transparent for the potential applicants and the employers; this shall be achieved through their exchange and dissemination at transnational, interregional and cross-border level using standard interoperability forms;
2. Develop services for the recruitment and placing of workers in employment through the clearance of job vacancies and applications at European level; this shall cover all phases of placement, ranging from pre-recruitment preparation to post-placement assistance with a view to the applicant's successful integration into the labour market; such services shall include targeted mobility schemes to fill vacancies where labour market shortcomings have been identified and/or help particular groups of workers such as young people.

ABM/ABB activity(ies) concerned:

04 03 04 and 04 01 04 04

Specific objectives:

1. Increase access to, and the availability of, microfinance for:
 - (a) persons who have lost or are at risk of losing their jobs, or who have difficulty in entering or re-entering the labour market, persons at risk of social exclusion and vulnerable persons who are in a disadvantaged position with regard to access to the conventional credit market and who wish to start up or develop their own micro-enterprises;
 - (b) micro-enterprises, especially those which employ persons as referred to in point (a);
2. Build up the institutional capacity of microcredit providers;
3. Support the development of social enterprises, in particular by facilitating access to finance.

ABM/ABB activity(ies) concerned:

04 04 15 and 04 01 04 11

Expected result(s) and impact

The programme's ultimate aim is to achieve positive change in the socio-economic situation, such as higher employment, less poverty, more social inclusion and better working conditions. Efforts will focus on contributing to Europe 2020's inclusive growth objective and the related headline targets through high value-added support for the key actions in the flagship initiatives "An Agenda for New Skills and Jobs", "The European Platform against Poverty and Social Exclusion" and "Youth on the Move".

However, the programme will have very limited control over actual changes in the socio-economic situation. Rather, the key purpose and role of the successor instrument is to support the development, coordination and implementation of modern, effective and innovative Union employment and social policy in meeting the aforementioned ultimate aim by:

- supporting the Union policy-making process in the legislative field, in line with the Smart Regulation principles, and in terms of stronger policy-coordination/economic governance;
- focusing on the transnational dimension of Union employment and social policy, the promotion of which calls for concerted action in all Member States;
- supporting collective and mutually reinforcing action by the Member States to consolidate Union cooperation and foster mutual learning and social innovations;
- developing services for the recruitment and placing of workers (in particular young people) in employment through the clearance at European level of vacancies and job applications and thereby promoting workers' geographical mobility;
- facilitating access to finance for entrepreneurs, especially those furthest from the labour market, and for social enterprises.

1.4.3. Indicators of results and impact

A results-based management approach applied to the current Progress programme and annual performance monitoring proved to be successful in demonstrating the programme's achievements as well as in enhancing the Union's accountability. Building on this experience, the new programme has a clear intervention logic (where SMART specific objectives contribute to the achievement of general objectives) and a set of corresponding impact and result indicators. One should bear in mind that the activities related to the Progress axis aim to contribute to the strategic objectives of the Europe 2020 Strategy; as such they do not involve the provision of goods or services; instead Progress-related activities have an indirect impact on the development of EU employment and social policy, knowing that better policy-making will result in better socio-economic outcomes. As the Progress axis is primarily policy-driven, the setting of indicators is problematic; the same applies to the setting of quantitative targets at a more aggregate level (in this case, measurement is primarily based of proxy indicators).

It is therefore very difficult to make Progress' four specific objectives genuinely "measurable" while they are specific, achievable, realistic and time-dependent (by the end of the programme). For instance, mutual learning events cannot be quantified because their number and topics depend on Member States' interest and willingness to host such events and participate in them; equally the volume of knowledge depends on policy development needs. For this reason, it is proposed to use subjective variables, such as satisfaction and knowledge among stakeholders, surveys on the perception of EU's role in employment and social policy, as well as intended and actual use of Progress outputs. For similar reasons, it is not possible to provide specific medium-term targets in all cases. Nevertheless, the approach remains in line with result-based management which provides for effective targets at a level close to the activity as such.

See list of indicators under section 2.1.2.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

The programme will seek to support the Commission, Member States and key stakeholders in designing, coordinating and implementing effective policy reforms which will aim at tackling the following long-term challenges:

- high unemployment rates, especially among the low-skilled, older workers, migrants and people with disabilities;
- an increasingly fragmented labour market, featuring the emergence of more flexible work patterns and other challenges that have an impact on job security and working conditions;
- a shrinking workforce and increasing pressure on social protection systems as a result of demographic change (ageing population);
- an unacceptably high number of people living below the poverty line and in social exclusion.

In the short term, the programme will aim at addressing the following problems/needs:

- a need for EU-wide sound, comparable and accessible evidence, statistics and indicators in order to ensure that employment and social policy and legislation are relevant to needs, challenges and conditions in the individual Member States;
- a need for EU-level mutual learning in order to increase understanding and ownership of EU objectives and policies among policy-makers and stakeholders;
- a need for adequate financial support to policy-makers in order to test, evaluate and scale up innovative solutions;
- limited geographical mobility in Europe and insufficient support for matching job-seekers with job offers;

- poor access to finance and micro-credit for social enterprises and unemployed people, people at risk of losing their jobs and people from disadvantaged groups, for instance young or older people or migrants.

1.5.2. *Added value of EU involvement*

The EU is uniquely placed to provide a European platform for policy exchange and mutual learning in the employment and social area that involves the Member States (including the EEA and candidate countries). Knowledge of the policies carried out in other countries increases the range of options available to policy-makers, triggers innovative policy developments and encourages national reform.

The EU action adds value to action at national level by providing a Europe-wide dimension to the collection and comparing of evidence, the development of statistical tools and methods and of common indicators in order to build up a complete picture of the employment and social situation. Such Europe-wide evidence is a prerequisite for a sound analysis of the key employment and social challenges facing each Member State. It is also essential for monitoring progress towards meeting the Europe 2020 targets and for drafting the country-specific recommendations required under the European Semester.

The need for better application of EU legislation has been recognised as a key priority under the Smart Regulation agenda. Modernising legislation to create a level playing-field and guarantee a common level of EU legal protection for all in the fields of health and safety at work and labour law is best done at EU level. The EU is also in the best position to finance measures to improve compliance with EU rules and to systematically review the application of EU legislation in all Member States.

Developing the capacity of key European-level civil-society networks so they can support and develop the Union's social policy goals is best tackled at EU level.

Thanks to the new programme, in particular EURES axis, the Member States will benefit from greater intra-EU labour market mobility, which could help fill bottleneck or hard-to-fill vacancies and thus bolster economic activity and contribute to economic growth. Greater European labour market mobility is also essential for the completion of an area without internal frontiers and for the strengthening of economic and social cohesion and active European citizenship. The EU institutions, and in particular the Commission, which has the administrative resources, expertise and capability to coordinate a transnational network such as EURES, should therefore support and facilitate action to bolster geographical labour mobility. The Commission can also add value to the EURES network by developing policies to overcome remaining obstacles to free movement, facilitating exchanges of good practice and ensuring mutual learning between EURES network members.

Stepping up the availability of microcredit is best achieved at European level: first, the Commission, in cooperation with the European Investment Fund, can now build on experience with the current European Progress Microfinance Facility and other EU-level initiatives in the field of microfinance. Microfinance institutions in all Member States can now take advantage of this expertise without their national, regional or local authorities needing to use their resources to put similar systems in place.

EU-level action could pave the way for stronger national and regional action in the future, and should therefore encompass capacity development and mobilisation of intermediaries and multipliers in order to create a comprehensive support ecosystem.

In addition, if financial resources are pooled at European level, additional funding is more likely to be attracted from third-party investors such as the European Investment Bank, which, in the case of Progress Microfinance, matched the EU's €100 million contribution. This is also true of an EU-level equity fund for investments in social enterprises, which may be expected to attract more resources from other investors.

1.5.3. *Lessons learned from similar experiences in the past*

The mid-term evaluation of the Progress programme (2007-2013) concludes that its objectives are highly relevant to the Commission's strategic objectives as set out in the Lisbon Strategy and in the Europe 2020 Strategy. The main types of activities (analytical and mutual learning activities, support to main actors) that the programme performs are effective in meeting its objectives. The annual planning, implementation, monitoring cycle and the evaluation of activities are considered generally suitable; however, it is recommended that multiannual planning be developed to set strategic long-term policy objectives alongside annual funding priorities.

An ex-post evaluation of the EURES network (2006-2008) shows that, by comparison with other EU networks, EURES focuses to a significantly greater degree on employment opportunities and is also the only network that seeks to provide specific job-matching services. The EURES Job Mobility Portal is appreciated by jobseekers, job-changers and employers, who see clear benefits in being able to access – or post – vacancy information throughout Europe.

Because the EU only began granting support for microfinance in the second half of 2010, an independent evaluation is yet to be carried out. Judging by feedback from stakeholders (the European Microfinance Network (EMN), which represents the European microfinance sector, the EU-level microfinance instrument meets their expectations. It stimulates the setting-up of national or regional support schemes; realises economies of scale and/or minimises the risk of failure in areas where an individual Member State cannot bring the requisite critical mass to bear; and generates higher leverage than small-scale national schemes.

1.5.4. *Coherence and possible synergy with other relevant instruments*

The Commission, in cooperation with the Member States, will ensure that activities carried out under the Programme are consistent with, complementary to and do not duplicate other Union action, in particular under the European Social Fund (ESF) and in such areas as social dialogue, justice and fundamental rights, education, vocational training and youth policy, research and innovation, entrepreneurship, health, enlargement and external relations, and general economic policy.

1.6. **Duration and financial impact**

☒ Proposal/initiative of **limited duration**

- ☒ Proposal/initiative in effect from 01/01/2014 to 31/12/2020
- ☒ Financial impact from 2014 to 2020.
- ☐ Proposal/initiative of **unlimited duration**
- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Management mode(s) envisaged

- ☒ **Centralised direct management** by the Commission
- ☐ **Centralised indirect management** with the delegation of implementation tasks to:
 - ☐ executive agencies
 - ☐ bodies set up by the Communities
 - ☐ national public-sector bodies/bodies with public-service mission
 - ☐ persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation
- ☐ **Shared management** with the Member States
- ☐ **Decentralised management** with third countries
- ☒ **Joint management** with international organisations

Centralised direct management mode (Article 53a of the Financial Regulation) applies to all activities carried out under the Progress and EURES axes. Activities carried out under the Microfinance and Social Entrepreneurship axis will be implemented in accordance with Joint management mode (agreements will be signed by the Commission with international financial institutions such as EIB/EIF).

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

2.1.1. Monitoring and evaluation arrangements

The Programme will be monitored on a biennial basis in order both to assess progress towards achievement of its general and specific objectives against clear indicators and to allow for any necessary adjustments of the policy and funding priorities. The monitoring will also provide a means of assessing the way in which gender equality and anti-discrimination issues have been addressed across the programme's activities. Where relevant, indicators should be disaggregated by gender, age and disability.

The Programme will be subject to mid-term and ex-post evaluation. A mid-term evaluation will aim at measuring progress made in meeting the Programme's objectives, determining whether its resources have been used efficiently and assessing its European added value. The mid-term evaluation report should be delivered by the end of 2017 to feed into the preparation of a successor instrument to the Programme. The final evaluation shall, in addition, examine the impact of the Programme. The ex-post evaluation report shall be delivered by the end of 2022 at the latest.

Given the longer lifetime of the Microfinance and Social Entrepreneurship axis (investments will take place until ten years after the start of the instrument), a specific final evaluation will be undertaken for this axis at the latest one year after the end of the agreements concluded between the Commission and the European Investment Fund.

2.1.2. Performance indicators

General objectives

Indicators	Current situation	Long-term targets
Strengthen ownership of the Union objectives in the employment, social and working conditions fields among key Union and national policy-makers, as well as other interested parties in order to bring about concrete and coordinated actions at both Union and Member State level		
Active participation of stakeholders at the EU and Member State levels in debating common challenges and taking concrete action to tackle them	There is no uniform method to measure the level of involvement of stakeholders in policy debate. Recent evaluations ²¹ have revealed that stakeholders' participation varies depending on policy issue and across the Member States. Latest Annual PROGRESS Performance Report suggests a tendency for authorities (EU, national, regional or local) to have closer ties with each other than with social partners and NGOs.	Equally active participation of all relevant stakeholders at the EU level and across all the Member States
Acceptance of the relevant country-specific recommendations	The indicator is based on the Country-specific Recommendations which have been issued in June 2011 for the first time. The Commission assessment of the previous NSRs and content of the previous Country-Specific Integrated Recommendations show that up to three quarters of the Member States have policy or strategies consistent with EU objectives.	All Member States accept the Country-specific Recommendations in the employment, social and working conditions fields (as attested by the strategies and policies reported in the subsequent National Reform Programmes)
Support the development of adequate, accessible and efficient social protection systems and labour markets and facilitate policy reform, by promoting good governance, mutual learning and social innovation		
Incidence of up-take of social innovation results in the design and implementation of active labour market and social protection policies	Supporting social innovation is a new area of intervention. There is a lack of more systematic approach to full use of the social innovation results in active labour market and social protection policies.	Every Member State in its National Reform Programme reports at least one example of planned or actual up-take of available social innovation results in the design and implementation of its active labour market and social protection policies

²¹ Evaluation of the Social OMC, 2011; Study on Stakeholders' Involvement in the Implementation of the Social OMC, 2010.

Awareness of social innovation	As above.	As above.
Modernise Union law in line with the Smart Regulation principles and ensure that Union law on matters relating to working conditions is effectively applied		
Share of: (a) the legislative acquis (directives) comprehensively reviewed (b) resulting number of substantive proposals to revise (abandon, merge) existing or to initiate new legislation	(a) One directive (the Working Time Directive) is currently under review. (b) n/a.	(a) 100 % of directives on matters relating to working conditions are comprehensively reviewed by the end of the programme. (b) Wherever appropriate, the Commission initiates action to amend, clarify or simplify existing legislation or initiate the new one, if justified by an impact assessment, and, where relevant, after consulting EU social partners.
Compliance in the Member States with EU legislation (transposition rate and fragmentation factor)	In 2010, the transposition rate was 98.3% for labour law directives and 100% for health and safety at work directives; the corresponding fragmentation factors were 5% and 0%. Historical analysis indicates that these rates tend to get worse after introduction of new legislation. In the light of possible Commission's action to amend, clarify or simplify the existing or initiate the new legislation, it is important to maintain the high transposition factor and low fragmentation rate.	100% transposition rate, and correspondingly low, 0% fragmentation factor
Active implementation and enforcement	Currently, the presence of active implementation and enforcement is assessed qualitatively (through evaluations and networks of independent experts) and varies by directive and by country.	100% of working conditions-related directives are actively implemented and enforced in almost all Member States (qualitative assessment)
Promote workers' geographical mobility and boost employment opportunities by developing Union labour markets that are open and accessible to all		
Impact of geographic mobility on MS' GDP	There are preliminary attempts to model and assess the impact for specific countries (i.e. UK and Ireland) yet, they do not cover the entire Union. The Employment in Europe report 2008 estimated that mobility flows from the EU-8 have added an extra 0.4% to the Irish GDP and 0.3% to the UK's GDP by 2007.	Impact of geographical mobility on MS's GDP is assessed for the entire Union and is positive. The long-run estimate forecasts an extra 1.7% to GDP in Ireland and 0.6% in the UK by 2015 compared with the pre-enlargement situation.

Impact of geographical mobility on the reduction of unfilled/bottlenecks job vacancies	There are preliminary attempts to model and assess the impact for specific countries, yet they do not cover the entire Union.	Impact of geographical mobility on the reduction of unfilled/bottleneck job vacancies is assessed for the entire Union and is positive.
Difference in labour market participation and employment rates of mobile workers between the host country and the country of origin	Mobile workers in the sense of intra-EU mobility tend to have higher employment rates than non mobile workers.	Information will be made available from Eurostat's Labour Force Survey and other statistics.
Promote employment and social inclusion by increasing the availability and accessibility of microfinance for vulnerable groups and micro-enterprises, and by increasing access to finance for social enterprises		
Number of businesses created or consolidated that have benefitted from EU support	0	51000 (of which 1000 social enterprises)
Number of jobs created or maintained through the establishment or development of a business	According to an evaluation of the CIP programme, per microloan provided, 1.2 jobs were created.	
Profile of persons (including, where possible, age, gender, minority, disability and employment status) that have created or further developed a business with EU microfinance support	Not available	50% of beneficiaries are unemployed people or from disadvantaged groups

Specific objectives

Indicators	Latest known results	Medium term target
1. Develop and disseminate high-quality comparative analytical knowledge in order to ensure that Union employment and social policy and working conditions legislation are based on sound evidence and are relevant to needs, challenges and conditions in the individual Member States and other participating countries		
Stakeholders satisfaction with and declared use of knowledge generated by the programme	Various stakeholders (Commission, EP, national administrations, implementing bodies, social partners, NGO, etc.) use the knowledge generated by the current Progress programme. Its 2010 Annual Survey indicates that those aware of the generated knowledge (about 50%) find it helpful (around 85% of responding stakeholders) and (plan to) use it.	Extend the scope of stakeholders who are aware of the knowledge generated by the programme (increased awareness of the key outputs: 75% of the responding stakeholders), and keep the high satisfaction rate (85% or more of responding stakeholders)
Share of policy initiatives launched by DG EMPL which are informed by the knowledge generated by the Programme	Not available.	100% of EU employment and social policy initiatives and action on working conditions legislation are informed by the knowledge generated by the Programme
Share of effort ²² dedicated to development of new (previously inexistent) knowledge (ideas, concepts, approaches, models, forward-looking analysis)	There is no exact estimate, but the share of budget allocated to generation of the said type of knowledge is around 10-20%. This share is expected to grow, especially in the light of the emphasis on social innovation.	At least 25% of the budget is dedicated to development of new (previously inexistent) knowledge (ideas, concepts, approaches, models, forward-looking analysis)
2. Facilitate effective and inclusive information-sharing, mutual learning and dialogue on Union employment and social policy and working conditions legislation at Union, national and international level in order to assist the Member States and the other participating countries in developing their policies and in implementing Union law		
The declared gain of better understanding of EU policies and objectives (including, where relevant, gender, non-discrimination and accessibility mainstreaming)	Around 89% of the respondents to 2010 Annual Survey claim to have gained better understanding of EU policy objectives by participating in Progress-funded events.	9 out of 10 stakeholders claim to have gained better understanding of EU policies and objectives by participating in programme-funded events.
The extent to which mutual learning/information	The 2010 follow-up survey reveal that the Progress-funded mutual learning events are highly appreciated for the clarity of discussed	4 out of 5 stakeholders claim that mutual learning/information sharing events are inclusive and

²²

To be measured as the estimated share of budget allocated to generation of the said type of knowledge.

sharing events are inclusive and meet minimum standards for consultation	issues and involvement of the relevant decision-makers (4 out of 5 responding stakeholders express positive opinion), yet slightly less positive what concerns involvement of other stakeholders (social partners, NGOs, etc.).	fully meet all the standards for consultation.
The declared (intended/actual) use of information for policy-making/advocacy by the involved participants but also other decision-makers and stakeholders	Ex-post survey of Progress-funded events in 2010 revealed that around 2/3 of participants intended or actually used the information for policy making or advocacy. The essential challenge (especially in the case of mutual learning events) however is to promote the sharing of acquired information with other relevant decision-makers and stakeholders (i.e., those, who did not participate).	- 3 out of 4 involved participants declare (intended/actual) use of acquired information. - Improved sharing of information with other decision-makers and stakeholders (non-participants)
3. Provide policy-makers with financial support to test social and labour market policy reforms, build up the main actors' capacity to design and implement social experimentation, and make the relevant knowledge and expertise accessible		
The declared (intended/actual) use of information for policy-making/advocacy and or further social experiments by involved participants but also other decision-makers and stakeholders	Supporting social innovation is a new area of intervention, so there is no baseline.	Due to novelty of this type of activity it could be expected that up to 2/3 of involved participants declared intended or actual use of information acquired through social experimentation for policy making/advocacy and or further social experiments.
The presence of adequate conditions (financial resources, accessibility to relevant know-how and expertise) to design and implement social experiments in the field of EU employment and social policy: adequate capacity of the main actors	Supporting social innovation is a new area of intervention, so there is no baseline.	All the key preconditions (financial resources, accessibility to relevant know how and expertise, capacity of the main actors) to design and implement social experiments in the field of EU employment and social policy are assessed (e.g., by evaluation) as sufficient

4. Provide Union and national organisations with financial support to step up their capacity to develop, promote and support the implementation of Union employment and social policy and working conditions legislation		
Strengthened organisations and networks being acknowledged as a useful source of information for the EU and MS policy and decision-makers and other stakeholders	There is no comprehensive baseline for all types of organisations and networks which are planned to be supported under the new programme. Currently (2011), there is only data that up to 9 in 10 of responding stakeholders in general, and some 3 out of 4 responding decision-makers and officials in particular assess the best performing key EU networks and NGOs as a useful source of information.	The most assisted organisations and networks are acknowledged by 3 out of 4 surveyed decision-makers and other stakeholders as a useful source of information to on the EU and Member States' policy
The declared change in capacity ²³ to further develop, promote and support the implementation of EU employment and social policy and legislation by the participants (individuals or organisations, as relevant) involved in the supported capacity strengthening measures	There is no comprehensive baseline for this type of self-assessment by the participants (individuals or organisations, as relevant) involved in the supported capacity strengthening measures. The first results of similar performance measurements introduced by the Progress-funded key EU networks and NGOs indicate positive change, especially what concerns acquiring specific knowledge relevant to policy-making and advocacy, with somewhat less success in improving internal organisation.	3 out of 4 participants involved in the supported capacity strengthening measures declare improved capacity to further develop, promote and support the implementation of EU employment and social policy and legislation

²³ Capacity is understood here as: knowledge relevant to policy making and advocacy; skills and ability to actively and effectively advocate them; (in case of organisation) improved internal organisation (incl. improved strategic planning and performance management).

5. Ensure that job vacancies and applications, and any related information are transparent for the potential applicants and the employers		
Total number of job vacancies and CVs on EURES Job Mobility Portal, currently the EURES portal hosts more than 1,000,000 job vacancies, and 600,000 CVs	Currently EURES portal hosts more than 1,000,000 job vacancies, and 600,000 CVs	The number of vacancies is expected to grow at a rate of 3% per year.
Number of recruitment/ placements and job offers made through the EURES Job Mobility Portal	Currently estimated at 150.000 placements per year	The services responsible for EURES launched a study on "Evaluating Public Employment Services' performance measurement systems and recommendations on geographical mobility indicators" to indentify indicators for EURES 2020.
6. Develop services for the recruitment and placing of workers in employment through the clearance of job vacancies and applications at European level		
Number of transnational placements facilitated by EURES. Increase the number of placements by 3% per year (currently estimated at 150.000 placements per year)	The Commission has only recently launched the preparatory action for the first targeted mobility scheme "Your first EURES job". According to estimates, it will contribute to the placement of 2000 to 3000 young workers.	See above

7. Increase access to, and the availability of, microfinance		
Number of microloans provided by intermediaries to final beneficiaries with EU support. (50000 microloans provided by the end of the total investment period)	0	50000 microloans provided by the end of the total investment period
Volume of microloans provided in € (a total volume of close to EUR 450 million, resulting from a leverage of 5 times the Union contribution of EUR 87 million)	Not available	A total volume of EUR 500 million, (corresponding to a leverage of 5 x the Union contribution)
Profile of final beneficiaries (age, gender, minority, employment status...) that have received a microloan with EU support. (50% of beneficiaries are unemployed people or from disadvantaged groups)	Not available	50% of beneficiaries are unemployed people or from disadvantaged groups
8. Build up the institutional capacity of microcredit providers		
Number of micro-credit providers supported through funding for capacity building (50 microcredit providers supported by the end of the support period)	Not available	50 microcredit providers supported by the end of the total investment period
Level of institutional capacity in terms of funding, human resources, operational management as well as systems and infrastructure	In 2009, weaknesses in capacity building identified were difficulties to cover start-up and operative costs, underdeveloped systems for performance measurement and analysis, only average capacity levels regarding human resource management and a lack of capacity	Higher capacity of the sector compared to level identified in 2009

(Higher capacity of the sector compared to level identified in 2009)	by non-bank microcredit providers for networking and co-operation ²⁴	
9. Support the development of social enterprises		
Number of social enterprises that have been supported through the initiative (1000 social enterprises supported)	0	900 social enterprises supported by the end of the total investment period
Volume of investment provided to social enterprises (270 million, leading to a leverage of 3 times)	0	270 million, corresponding to a leverage of 3 times the EU contribution

²⁴

Evers and Jung / EMN, EIF Market studies on micro lending in the European Union: *capacity building and policy recommendations*, March 2009. According to the study, institutional capacity encompasses vision and strategy, funding, human resources, operational management and systems and infrastructure.

2.2. Management and control system

2.2.1. Risk(s) identified

Under the Progress, centralised direct management will involve (a) the attribution of numerous contracts and grants for specific activities (relevant also for the EURES axis), (b) the payment of numerous operating grants to non-governmental organisations; (c) cooperation with international organisations (relevant also for the Microfinance and Social Entrepreneurship axis implemented in accordance with Joint Management mode). The main risk will be relating to the capacity of (especially) smaller organisations to effectively control expenditure as well as to ensure the transparency of operations carried out.

2.2.2. Control method(s) envisaged

Given the nature of the Programme, the effective management of the appropriations will be based on a system of cumulative controls that will rest on the internal control standards, the control of the transactions within DG EMPL and the control of transactions in the Member States.

The financial circuit put in place to implement the budget will be based on model 1 (i.e. decentralised at the level of the operational Units with complementary verification by sampling). This organisation respects the principle of the 4 eyes in total accordance with the Financial Regulation.

Transactions will be double-checked: 100% of the transactions by the Financial Verifying Agent (FVA) (1st ex-ante level) and additional ex-ante desk controls by a Complementary Verifying Agent (CVA) (second ex-ante level), whose control target will be to verify 10% to 20% of all transactions representing at least 50% of the budget. Exceptionally, when the Authorising Officer by Sub-Delegation (AOSD) will not have the assurance that the underlying operations are regular, on-the-spot checks will be organised before the final payment. These on-the-spot checks will be carried out by external auditors.

Ex-post audits will also be carried out on-the-spot by external auditors for a sample of transactions. The selection of these transactions will combine a risk assessment and an ad random selection.

In addition, the current accounting cell will process accounting ex-post controls.

As far as the international organisations are concerned, they will be obliged, in their accounting, audit and internal control and procurement procedures, to apply standards which offer guarantees equivalent to internationally accepted standards. In addition, individual agreements concluded with the international organisations for the award of financing shall contain detailed provisions for the implementation of the tasks entrusted to such international organisations. They will also ensure adequate annual ex post publication of beneficiaries of funds deriving from the budget.

2.2.3. *Costs of control*

The costs of controls (covering any activities which are directly or indirectly related to the verification of the rights of the beneficiary/contractor as well as the regularity of the expenditure) have been estimated. The cost data were gathered by interviewing the staff on the full time equivalents spent on controls.

Result of the calculation per calendar year:

Ex-ante desk and on-the-spot checks: 5.616.200€ (0.6% of the funds – 958.19M€)

Ex-post on-the-spot checks: 531.000€ (0.05% of the funds – 958.19M€)

Total cost of controls per calendar year: 6.147.200€ (0.64% of the funds – 958.19M€)

2.2.4. *Benefits of control*

The yearly cost of the suggested level of controls represents approximately 5% of the yearly budget of the operational expenditure (in commitments – i.e. 6.147.200€/123.627.000€ for the first year as indicated in table 3.2.1). This is justified by the high amount of transactions to be controlled (see outputs under section 3.2.2). Indeed, in the area of employment and social affairs, direct management and joint management involve the attribution of numerous contracts and subsidies for actions, and the payment of numerous operating grants to non-governmental organisations, associations and trade unions. The risk related to these activities concerns capacity of (especially) smaller organisations to effectively control expenditure.

Last year, CVAs controlled 21.8% of all transactions, which represented 84.6% of the total budget (59.4% for expenditure under direct management). Consequently, the number of errors detected decreased from 95 in 2009 to 67 in 2010, representing an error rate of 8.6% on the number of financial transactions. The majority of the errors were formal in nature and had no impact in terms of assurance on the legality and regularity of the transactions concerned.

External auditors controlled 20.78% of the budget on-the-spot in 2010. The level of error was under the materiality level (1.08%).

2.2.5. *Expected level of risk of non-compliance with applicable rules*

The past error rate for the ex-ante controls of the transactions reached 8.6% of the total number of financial transactions in 2010. As stated in last year DG EMPL's annual activity report, none of the detected errors had an impact on the level of assurance on the legality and regularity of the transactions concerned.

The past error rate for the on-the-spot audits under direct management was 1.08%. This level of error was considered acceptable, as it was under the materiality level of 2%.

The proposed changes for the programme will not affect the way the appropriations are currently managed. The existing control system proved to be able to prevent and/or to detect errors and/or irregularities, and in case of errors or irregularities, to correct them. Therefore, historical error rates are expected to remain at the same levels.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportional and deterrent penalties, in accordance with Article 325 of the Treaty on the Functioning of the European Union, Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests²⁵ and Article 53(a) of the Financial Regulation.

The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds. OLAF shall be authorised to carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996²⁶ with a view to establishing that there has been fraud, corruption or any other illegal activity in connection with a grant agreement or decision or a contract concerning Union funding.

Without prejudice to the previous sub-paragraphs, decisions, agreements and contracts resulting from the implementation of this Regulation shall expressly entitle the Commission, including OLAF, and the Court of Auditors to conduct such audits, on-the-spot checks and inspections.

²⁵ OJ L 312, 23.12.1995, p. 1.

²⁶ OJ L 292, 15.11.1996, p. 2.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing expenditure budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Description.....]	DA/NDA (²⁷)	from EFTA ²⁸ countries	from candidate countries ²⁹	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
1a	04 03 04 XX Eures - –dépenses opérationnelles	DA	YES	YES	NO	NO
1a	04 04 01 XX Progress - –dépenses opérationnelles	DA	YES	YES	NO	NO
1a	04 04 15 XX EPMF - –dépenses opérationnelles	DA	NO	NO	NO	NO
1a	04 01 04 04 EURES (services européens de l'emploi) Dépenses pour la gestion administrative	NDA	YES	NO	NO	NO
1a	04 01 04 10 Programme Progress Dépenses pour la gestion administrative	NDA	YES	YES	NO	NO
1a	04 01 04 11 Instrument européen de microfinancement — Dépenses pour la gestion administrative	NDA	NO	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading.....]	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation

²⁷ DA= differentiated appropriations / DNA= non-differentiated appropriations.

²⁸ EFTA: European Free Trade Association.

²⁹ Candidate countries and, where applicable, potential candidate.

1	[XX.YY.YY.YY] European Programme for social change and innovation – Progress axis – dépenses opérationnelles	DA	YES	YES	NO	NO
1	[XX.YY.YY.YY] European Programme for social change and innovation - Eures axis – dépenses opérationnelles	DA	YES	NO	NO	NO
1	[XX.YY.YY.YY] European Programme for social change and innovation - Microfinance and social entrepreneurship axis – dépenses opérationnelles	DA	YES	YES	NO	NO
1a	[XX.YY.YY.YY] European Programme for social change and innovation- Progress Axis Dépenses pour la gestion administrative	NDA	YES	YES	NO	NO
1a	[XX.YY.YY.YY] European Programme for social change and innovation -EURES axis Dépenses pour la gestion administrative	NDA	YES	NO	NO	NO
1a	[XX.YY.YY.YY] European Programme for social change and innovation- Microfinance and social entrepreneurship axis — Dépenses pour la gestion administrative	NDA	YES	YES	NO	NO

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to 3 decimal places)

Heading of multiannual financial framework:	Number	HEADING 1: Smart and Inclusive Growth
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DG: <EMPL>			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
• Operational appropriations													
Progress axis	Commitments	(1)	74.176	75.858	77.413	78.618	80.297	82.098	85.694				554.154
	Payments	(2)	23.617	46.581	50.306	70.130	68.425	69.129	71.773	61.677	52.866	39.650	554.154
Eures axis	Commitments	(1a)	18.544	18.964	19.353	19.654	20.075	20.524	21.424				138.538
	Payments	(2a)	14.703	15.033	15.333	15.573	15.903	16.209	16.984	14.400	14.400		138.538
Microfinance axis	Commitments	(1a)	24.726	25.286	25.804	26.206	26.766	27.366	28.564				184.718
	Payments	(2a)	24.726	25.286	25.804	26.206	26.766	27.366	28.564				184.718
Reserve			6.181	6.322	6.451	6.551	6.692	6.842	7.141				46.180
TOTAL appropriations for DG <EMPL>	Commitments	=1+1a +3	123.627	126.430	129.021	131.029	133.831	136.829	142.823				923.590
	Payments	=2+2a +3	69.227	93.222	97.894	118.460	117.786	119.546	124.462	76.077	67.266	39.650	923.590

• TOTAL operational appropriations	Commitments	(4)	123.627	126.430	129.021	131.029	133.831	136.829	142.823				923.590
	Payments	(5)	69.227	93.222	97.894	118.460	117.786	119.546	124.462	76.077	67.266	39.650	923.590
• TOTAL appropriations of an administrative nature financed from the envelop of specific programs		(6)	4.400	4.600	5.000	5.000	5.200	5.200	5.200				34.600
TOTAL appropriations under HEADING 1 of the multiannual financial framework	Commitments	=4+ 6	128.027	131.030	134.021	136.029	139.030	142.029	148.024				958.190
	Payments	=5+ 6	73.627	97.822	102.894	123.460	122.986	124.746	129.662	76.077	67.266	39.650	958.190

If more than one heading is affected by the proposal / initiative:

• TOTAL operational appropriations	Commitments	(4)											
	Payments	(5)											
• TOTAL appropriations of an administrative nature financed from the envelop of specific programs		(6)											
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6											
	Payments	=5+ 6											

Heading of multiannual financial framework:	5	‘ Administrative expenditure ‘
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EUR million (to 3 decimal places)

		2014	2015	2016	2017	2018	2019	2020	TOTAL
		DG: <EMPL.>							
• Human resources		14.6	14.6	14.6	14.6	14.6	14.6	14.6	102.2
• Other administrative expenditure		1.42	1.42	1.42	1.42	1.42	1.42	1.42	9.94
TOTAL DG <EMPL.>	Appropriations	16.02	16.02	16.02	16.02	16.02	16.02	16.02	112.14

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	16.02	16.02	16.02	16.02	16.02	16.02	16.02	112.14
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EUR million (to 3 decimal places)

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	144.047	147.05	150.041	152.049	155.05	158.049	164.044				1,070.33
	Payments	89.647	133.844	118.91	139.483	139.007	140.767	145.679	76.077	67.266	39.650	1,070.33

3.2.2. Estimated impact on operational appropriations

- ☐ The proposal/initiative does not require the use of operational appropriations
- ☒ The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to 3 decimal places)

Indicate objectives and outputs ↓			Year 2014		Year 2015		Year 2016		Year 2017		Year 2018		Year 2019		Year 2020	TOTAL		
	OUTPUTS																	
	Type of output 30	Average cost of the ouput	Number of ouputs	Cost	Number of ouputs	Cost	Number of ouputs	Cost	Number of ouputs	Cost	Number of ouputs	Cost	Number of ouputs	Cost	Number of ouputs	Cost	Total number of ouputs	Total cost
SPECIFIC OBJECTIVE No 1: Develop and disseminate high-quality comparative analytical knowledge in order to ensure that Union employment and social policy and working conditions legislation are based on sound evidence and are relevant to needs, challenges and conditions in the individual Member States and other participating countries																		
Monitoring and assessment of implementation and impact of EU legislation and policy in the employment, working conditions and social policy areas, including through relevant expert networks	Data warehouse, country & legal expert network	0,20	14	2,698	14	2,708	14	2,718	14	2,968	14	2,739	14	3,049	14	3,191	98	20,071
Research and analysis relating to employment, working conditions and social	(Prospective) studies, coop. with intern. org.	0,34	14	4,338	14	4,67	14	4,495	14	4,842	14	4,749	14	5,267	14	5,585	98	33,946

³⁰ Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

policy areas in order to inform and shape policy agenda at EU and international level, including through cooperation with international organisations																		
Development and dissemination of common methodologies, indicators and benchmarks relating to employment and social policy	European Mobility Lab. Cooperation with CEDEFOP, new indicators, joint projects with JRC	0,79	5	3,87	5	3,886	5	3,691	5	3,918	5	3,936	5	4,102	5	4,4	35	27,803

Collection, development and dissemination of data and statistics, in particular in collaboration with ESTAT, surveys	European Standard Classification of occupations (ESCO), European Vacancy Monitor, Eurobarometers, special modules of LFS, LMP database	0,5	10	7,112	10	7,115	10	6,94	10	7,187	10	7,124	10	7,262	10	7,301	70	50,041
Impact assessments (IA) and evaluations aiming to inform the Commission policy-making processes, including evaluations of the programme	Reports, preparatory studies for impact assessment	0,32	6	1,747	5	1,549	7	2,847	5	1,785	7	2,915	5	1,946	7	2,376	42	15,165
Annual monitoring of the programme	Annual monitoring reports	0,3	0	0	1	0,3	0	0	1	0,3	0		1	0,3	0	0	3	0,9
Sub-total for specific objective N°1			49	19,765	49	20,228	50	20,691	49	21	50	21,463	49	21,926	50	22,853	346	147,926

SPECIFIC OBJECTIVE No 2: Facilitate effective and inclusive information-sharing, mutual learning and dialogue on Union employment and social policy and working conditions legislation at Union, national and international level in order to assist the Member States and the other participating countries in developing their policies and in implementing Union law																		
Peer reviews, mutual learning & exchange of good practices in related policy areas	PES to PES dialogue, peer reviews, mutual learning seminars	0,19	30	5,71	29	5,545	31	6,062	31	6,1	31	6,076	31	6,093	32	6,471	215	42,057
Development and maintenance of information systems in order to exchange and disseminate information on EU policy and legislation in related areas	Joint projects with OECD, ILO, World Bank, EUROMOD; EU Skills Panorama, Web-tool of Evaluated Employment Services Practices	0,93	6	5,15	6	5,343	6	5,248	6	5,514	6	5,713	6	6,114	6	6,143	42	39,225
Training and mutual learning targeted at legal and policy practitioners	Seminars	0,1	8	0,8	8	0,8	8	0,8	8	0,8	8	0,8	8	0,8	8	0,8	56	5,6

Information and communication campaigns at EU and national level	Events, audiovisual & promotional material	0,49	4	1,9	4	1,914	4	1,928	4	1,943	4	2,069	4	1,973	4	1,988	28	13,715
Exchange of personnel between national administrations	Exchange of Inspectors SLIC, visits, reports	0,06	16	0,9	0,06	0,9	0,06	0,9	0,06	0,9	0,06	0,9	0,06	0,9	0,06	0,9	112	6,3
Funding of European-level observatories	European Employment Observatory	0,29	5	1,32	5	1,344	5	1,368	5	1,393	5	1,419	5	1,445	5	1,471	35	9,76
Guides, reports and educational material	Good practice guides and other educational publications	0,16	5	0,8	5	0,8	5	0,8	5	0,8	5	0,8	5	0,8	5	0,8	35	5,6
Networking activities among specialised bodies at European level	Heads of Public Employment Services Network, other meetings	0,23	6	1,39	6	1,39	6	1,39	6	1,39	6	1,39	6	1,39	6	1,39	42	9,73

International conferences to promote the external dimension of the employment and social policy	International conferences	0,7	14	0,9	14	0,912	14	0,924	14	0,937	14	0,949	14	0,962	14	1,336	98	6,92
Conferences, seminars, round tables, etc. on EU law and policy issues in the employment, working conditions and social policy areas	European-level events, Presidency conferences, seminars to support OMC	0,16	18	2,906	19	3,24	20	3,041	20	3,082	21	3,216	22	3,447	23	3,85	143	
Valorisation and dissemination of the Programme results	Publications, IT tool	0,17	3	0,45	3	0,5	4	0,57	3	0,56	3	0,55	3	0,54	3	0,48	22	3,65
Sub-total for specific objective N°2			115	22,226	115	22,688	119	23,031	118	23,419	119	23,882	120	24,464	122	25,629	828	165,339

SPECIFIC OBJECTIVE No 3: Provide policy-makers with financial support to test social and labour market policy reforms, build up the main actors' capacity to design and implement social experimentation, and make the relevant knowledge and expertise accessible																		
Financial support for social experimentation projects	Grants	1,17	9	9,8	9	9,8	9	10,7	9	11,2	10	11,7	10	12	10	12,2	66	77,4
Capacity building activities	Research, methodological developments, analysis, training activities including through experts networks, community of practice, digital platforms	0,14	10	1,65	12	1,8	10	1,3	10	1,4	10	1,2	8	0,986	8	1,098	68	9,434
Awareness raising activities	Conferences, workshops, peer reviews, & exchange of good practices, communication	0,15	10	1,609	12	1,765	14	1,671	10	1,275	10	1,281	10	1,5	10	1,8	76	10,901

Sub-total for specific objective N°3	29	13,059	33	13,365	33	13,671	29	13,875	30	14,181	28	14,486	28	15,098	210	97,735
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SPECIFIC OBJECTIVE No 4: Provide Union and national organisations with financial support to step up their capacity to develop, promote and support the implementation of Union employment and social policy and working conditions legislation																		
Support to key EU-level networks whose activities are linked to the implementation of the programme's objectives (Framework partnership agreements)	Grants (running costs of networks)	0,71	14	9	14	9,3	14	9,5	14	9,8	14	10	14	10,249	14	11	98	68,849
Support to public authorities, civil society organisations and other relevant actors (ex. employment services) following publication of calls for proposals	Grants for projects	0,6	16	8,927	16	9,051	16	9,276	16	9,249	16	9,472	16	9,645	16	9,775	112	65,395

Capacity building of microcredit providers	Exchanges of good practices , training, consultancy and rating	0,06	20	1,2	20	1,224	20	1,248	20	1,273	20	1,299	20	1,325	20	1,341	140	8,91
Sub-total for specific objective N°4			50	19,127	50	19,575	50	20,024	50	20,322	50	20,771	50	21,219	50	22,116	350	143,154

SPECIFIC OBJECTIVE No 5: Ensure that job vacancies and applications, and any related information are transparent for the potential applicants and the employers																		
Development of the EURES Website and Help-desk and the Job Mobility Portals.	CV and vacancy database of the job mobility portal	1,5	4	6,000	4	6,000	4	6,000	4	6,000	4	6,000	4	6,000	4	6,000	28	42
Support of Employment services with a view to the development of European labour markets open and accessible to all through: training & networking of EURES, information and communication activities and organisation of the Job Days	Trainings, Coordination meetings, Training Working group meetings, Working party meetings, Communication campaigns, contribution to the organisation of job fairs	1,4	3	3,019	3	3,439	3	3,829	3	4,129	3	4,549	3	4,999	3	5,899	21	29,863
Sub-total for specific objective N°5			7	9,019	7	9,439	7	9,829	7	10,129	7	10,549	7	10,999	7	11,899	49	71,863
SPECIFIC OBJECTIVE No 6: Develop services for the recruitment and placing of workers in employment through the clearance of job vacancies and applications at European level																		

Placing of workers in employment through the clearance of vacancies and applications for employment at European level, including actions to place young people into employment	Number of young workers placed in EU Member States other than their country of residence	3175	3000	9,525	3000	9,525	3000	9,525	3000	9,525	3000	9,525	3000	9,525	3000	9,525	21000	66,675
Sub-total for specific objective N°6																		66,675
SPECIFIC OBJECTIVE No 7 Increase access to, and the availability of, microfinance																		
Microloans	Volume of microloans provided (M€)	0,002	5657	11,314	5837	11,674	5972	11,944	6015	12,030	6074	12,148	6134	12,268	6269	12,538	41958	83,916
Sub-total for specific objective N°7																		83,916
SPECIFIC OBJECTIVE No 8: Build up the institutional capacity of microcredit providers																		
Funding for building up capacities through grants, loans and equity	No of microcredit providers supported	0,203	4	0,812	5	1,015	5	1,015	6	1,218	7	1,421	7	1,421	8	1,62	42	8,522

Sub-total for specific objective N°8																	8,522	
SPECIFIC OBJECTIVE No 9: Support the development of social enterprises																		
Loans, equity for social enterprises	No of social enterprises that obtained loans / equity	0,12	105	12,600	105	12,600	107	12,840	108	12,960	110	13,200	114	13,680	120	14,400	769	92,28
Sub-total for specific objective N°9																	92,28	
TOTAL COST (operational appropriations, without allocation of the 5% reserve)				97,682		99,881		101,879		103,478		105,677		108,062		112,825		877,41

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- ☐ The proposal/initiative does not require the use of administrative appropriations
- ☒ The proposal/initiative requires the use of administrative appropriations, as explained below:

EUR million (to 3 decimal places)

	2014	2015	2016	2017	2018	2019	2020	TOTAL
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HEADING 5 of the multiannual financial framework								
Human resources	14.6	14.6	14.6	14.6	14.6	14.6	14.6	102,2
Other administrative expenditure	1.42	1.42	1.42	1.42	1.42	1.42	1.42	9.94
Subtotal HEADING 5 of the multiannual financial framework	16.02	16.02	16.02	16.02	16.02	16.02	16.02	112.14

Outside HEADING 5³¹ of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature	3.567	3.567	3.567	3.567	3.567	3.567	3.567	24.969
Subtotal outside HEADING 5 of the multiannual financial framework	3.567	3.567	3.567	3.567	3.567	3.567	3.567	24.969

TOTAL	19.587	19.587	19.587	19.587	19.587	19.587	19.587	137.109.
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³¹ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

3.2.3.2. Estimated requirements of human resources

- ☐ The proposal/initiative does not require the use of human resources
- ☒ The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units without decimal place

	2014	2015	2016	2017	2018	2019	2020
• Establishment plan posts (officials and temporary agents)							
04 01 01 01 (Headquarters and Commission's Representation Offices)	109	109	109	109	109	109	109
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
• External personnel (in Full Time Equivalent unit: FTE)³²							
04 01 02 01 (CA, INT, SNE from the 'global envelope')	11	11	11	11	11	11	11
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)							
XX 01 04 yy³³	- at Headquarters ³⁴						
	- in delegations						
XX 01 05 02 (CA, INT, SNE - Indirect research)							
10 01 05 02 (CA, INT, SNE - Direct research)							
Other budget lines (specify)							
TOTAL	120	120	120	120	120	120	120

XX is the policy area or budget title concerned.

The needs for human and administrative resources shall be covered within the allocation already granted for managing this action and/or redeployed within the DG, complemented as the case may be by any additional allocation that might be granted to the managing DG in the framework of the annual allocation procedure in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary agents	
External personnel	

³² CA= contract agent; INT= agency staff ("Intérimaire"); JED= "jeune expert en délégation" (young experts in delegations); LA= local agent; SNE= seconded national expert.

³³ Under the ceiling for external personnel from operational appropriations (former 'BA' lines).

³⁴ Essentially, for Structural Funds, European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF).

3.2.4. *Compatibility with the current multiannual financial framework*

- ☒ Proposal/initiative is compatible with the current multiannual financial framework.
- ☐ Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- ☐ Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework³⁵.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties
- ~~The proposal/initiative provides for the co-financing estimated below:~~

Appropriations in EUR million (to 3 decimal places)

	Year N	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
<i>Specify the co-financing body</i>								
TOTAL appropriations cofinanced								

³⁵ See points 19 and 24 of the Interinstitutional Agreement.

3.3. Estimated impact on revenue

- ☒ Proposal/initiative has no financial impact on revenue.
- ☐ Proposal/initiative has the following financial impact:
 - ☐ on own resources
 - ☐ on miscellaneous revenue

EUR million (to 3 decimal places)

Budget revenue line:	Appropriations available for the ongoing budget exercise	Impact of the proposal/initiative ³⁶						
		Year N	Year N+1	Year N+2	Year N+3	... insert as many columns as necessary in order to reflect the duration of the impact (see point 1.6)		
Article								

For miscellaneous assigned revenue, specify the budget expenditure line(s) affected.

-

Specify the method for calculating the impact on revenue.

-

³⁶ As regards traditional own resources (customs duties and sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% for collection costs.