

Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and of the Council on the European Social Fund and repealing Regulation (EC) No 1081/2006'

COM(2011) 607 final — 2011/0268 (COD)
(2012/C 143/16)

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On 27 October 2011 the Council of the European Union, and on 25 October 2011 the European Parliament, decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a Regulation of the European Parliament and of the Council on the European Social Fund and repealing Regulation (EC) No 1081/2006

COM(2011) 607 final – 2011/0268 (COD).

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 25 January 2012.

At its 478th plenary session, held on 22 and 23 February 2012 (meeting of 22 February), the European Economic and Social Committee adopted the following opinion by 217 votes to 5 with 7 abstentions.

1. Conclusions and recommendations

1.1 The principles of economic, social and territorial cohesion and solidarity are laid down in the Treaties and are two of the main pillars of the policy for integrating the different peoples, citizens and regions in the European Union. As the main European financial instrument for supporting human resources, the ESF will continue to help achieve economic, social and territorial cohesion as set down in Article 162 of the Treaty on the Functioning of the European Union.

1.2 Economic, social and territorial cohesion must remain at the heart of the Europe 2020 strategy. All civil society actors including volunteers are recognised as a key factor in achieving the Europe 2020 strategy objectives, as confirmed by the Council conclusions of 3 October 2011 ⁽¹⁾.

1.3 The EESC considers that, on the basis of Article 10 of the Treaty, the implementation of the priorities funded by the ESF should help to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation and to promote the fulfilment of all the obligations set down in the UN Convention on the Rights of Persons with Disabilities with regard inter alia to education, employment and accessibility.

1.4 The European Social Fund (ESF) should be the preferred instrument for implementing the goals of the Europe 2020 strategy, particularly with regard to employment, education, social inclusion and combating poverty. It must underpin the policies pursued by the Member States under the Integrated Guidelines and National Reform Programmes (NRPs). The EESC believes that the NRPs should include objectives for social inclusion of the most vulnerable population groups, e.g. young people, women, migrants, the long-term unemployed, the elderly, disabled people (with a view to meeting the obligations laid down in the UN Convention on the Rights of Persons with Disabilities) and ethnic minorities, together with targets for the achievement of the headline target set in Europe 2020 to reduce the number of people living in poverty by 20 million by 2020.

1.5 Promoting employment and social inclusion (particularly through employment) – especially among the most vulnerable groups such as young people, women, migrants, the long-term unemployed, old people, people with disabilities and ethnic minorities – is, and should remain, the ESF's priority, in all regions of the EU. In every Member State, at least 40 % of all ESF resources should be earmarked for the thematic objective "promoting employment and supporting labour mobility".

1.6 The EESC endorses the emphasis on social innovation and ways of supporting projects relating to the social economy, social entrepreneurship and social enterprises.

⁽¹⁾ 3114th meeting of the Employment, Social Policy, Health and Consumer Affairs Council, held in Luxembourg on 3 October 2011, point 12.

1.7 Increasing investment in infrastructure, regional competitiveness and business development must be accompanied by measures to create sustainable jobs with measures underpinning sustainable job creation in the areas of labour policy, education and training, social inclusion, and adaptability of workers, enterprises and entrepreneurs, as well as administrative capacity.

1.8 The European Employment Strategy, as well as EU policies on social inclusion, must once again be one of the European Union's key priorities and more funding must be earmarked for creating more and better jobs.

1.9 The EESC considers that the Common Strategic Framework reflects the investment priorities flowing from the objectives of the Europe 2020 strategy, by specifying the opportunities provided by a more open and more accessible labour market, especially for those who have least access to it (e.g. young people, women, migrants, the long-term unemployed, disabled people and ethnic minorities etc.).

1.10 The EESC welcomes the contribution made by the ESF to the other priorities of the Europe 2020 strategy, i.e. research and innovation, accessibility and use of information and communication technologies, enhancing the competitiveness of SMEs, environmental protection, the transition to a low-carbon economy and sustainable use of resources.

1.11 The EESC welcomes thematic concentration and complementarity with existing financial instruments with a view to achieving a satisfactory and visible impact.

1.12 The EESC endorses the proposal that at least 20 % of all ESF resources be earmarked for "promoting social inclusion and combating poverty", with a view to including those citizens that are most isolated from the labour market.

1.13 The partnership principle, which involves the social and economic partners and organisations representing civil society (including environmental partners, non-governmental organisations and bodies responsible for promoting equal opportunities and non-discrimination), provides an essential guarantee that measures linked to the Structural Funds, particularly the European Social Fund, will work properly.

1.14 The *European code of conduct for implementing the partnership principle* must clarify and define the role of each partner at different levels, as well as clarifying the fact that while social dialogue comes under the exclusive responsibility of the social partners, all the partners recognised by Article 5 of the proposal for a regulation⁽²⁾ laying down common provisions on the funds must be guaranteed access to the different implemen-

tation phases of the funds, including framing and implementation of the operational programmes, and receive sufficient financing to enable them to participate.

1.15 The EESC completely rejects the Commission's proposal to apply Structural Fund financial sanctions and incentives on the basis of compliance with the Stability and Growth Pact.

1.16 The Structural Funds on their own are not enough to cope with the crisis. Europe needs a different type of economic governance which is based on responsible management, focuses on growth and competitiveness, facilitates investment in human resources and promotes justice, cohesion and the principles of solidarity and social integration. The EU's budget has to be reformed in line with these principles.

1.17 The budget allocated to the European Social Fund must at least be maintained at the same level as for the last programming period. The ESF must also support involvement of citizens, civil society and a greater awareness of the common values of Europe.

2. Context: proposals for the EU's multi-annual financial framework and the 2014-2020 cohesion policy

2.1 The new policy framework for the coming decade – the Europe 2020 strategy – was ratified by the European Council on 17 June 2010.

2.2 On 29 June 2011, the Commission presented the proposal for the Europe 2020 strategy budget (*A Budget for Europe 2020*), setting out the EU's new financial perspective for 2014-2020.

2.3 On 6 October 2011, the Commission presented its legislative proposals for the Structural Funds, including the European Social Fund.

2.4 These proposals were submitted to civil society and other stakeholders for extensive consultation, which was completed by the end of 2011. In January 2012, the Commission will publish the last series of proposals on the Common Strategic Framework, which will be submitted to the European Parliament, the Council, the Committee of the Regions and the European Economic and Social Committee.

2.5 On the future of the ESF more particularly, the EESC adopted an opinion on 15 March 2011 on *The future of the European Social Fund after 2013*⁽³⁾. The proposal for a future regulation on the ESF should be examined to determine whether it has taken on board the key points made in the EESC opinion.

⁽²⁾ COM(2011) 615 final.

⁽³⁾ OJ C 132, 3.5.2011, p. 8.

2.6 The economic context: for there to be a proper analysis of the new financial perspective, the general backdrop cannot be ignored, namely the challenges of globalisation, future population and migration patterns, and above all the far-reaching economic crisis, which has radically altered the principles underlying the Europe 2020 strategy. Increasing investment in infrastructure, regional competitiveness and business development, especially SMEs and social enterprises, must therefore be accompanied by measures underpinning sustainable job creation in the areas of labour market policy, education and training, social inclusion, and adaptability of workers, enterprises and entrepreneurs.

2.7 The goals and instruments set out in this strategy, essentially positive in nature, have to be more precisely geared to the new circumstances and adjusted accordingly. To do so, there has to be a regulated, inclusive employment market, providing Europeans – especially those who are most isolated from the labour market (such as young people, women, migrants, long-term unemployed, old people, people with disabilities and ethnic minorities etc.) – with opportunities for stable, high-quality jobs making use of the skills they have acquired.

2.8 A number of improvements must be made to the implementation and practical aspects of accessing ESF funding. These consist above all in reducing red tape before and during implementation of the operational programme by making the procedures for accessing funding more flexible, speeding up the payment system in order to minimise the financial burden for those implementing programmes, and simplifying invoicing and accounting procedures; among other things, there should be wider use of the principle of single rates, within the bounds of realism.

2.9 The EESC considers that the Common Strategic Framework reflects the investment priorities flowing from the objectives of the Europe 2020 strategy, by specifying the opportunities provided by a more open and more accessible labour market, especially for those who have least access to it (e.g. young people, women, migrants, the long-term unemployed, disabled people and ethnic minorities etc.). More use should be made of global grants in order to facilitate access to the funds for small NGOs.

2.10 The European Social Fund (ESF) should be the preferred instrument for implementing the goals of the Europe 2020 strategy, particularly with regard to employment, education, social inclusion and combating poverty. It must underpin the policies pursued by the Member States under the Integrated Guidelines and National Reform Programmes. The EESC believes that the NRPs should include objectives for social inclusion of the most vulnerable population groups, e.g. young people, women, migrants, the long-term unemployed, the elderly, disabled people (with a view to meeting the obligations laid down in the UN Convention on the Rights of Persons with Disabilities) and ethnic minorities, together with targets for the achievement of the headline target set in Europe 2020 to reduce the number of people living in poverty by 20 million by 2020.

2.11 The European Social Fund should support involvement of citizens, civil society and a greater awareness of the common values of Europe.

3. General comments on the proposal for a future regulation on the ESF

3.1 The EU budget has to be consolidated, particularly the chapters pertaining to support for economic growth, social cohesion, innovation (including social innovation) and sustainable development at both national and regional level.

3.2 The EESC feels that, given the Commission's proposal, the overall EU budget will in any case be pruned, despite the possible introduction of the Financial Transaction Tax (FTT) and the boost to the European Social Fund.

3.3 As is already the case in the current programming period, regions will benefit from different degrees of support, determined by their economic development level. However, more than just per capita GDP should be used to measure this development level. Other criteria should also be taken into account, such as unemployment, employment and labour force participation rates, skills levels, poverty rates, welfare and social integration levels and early school-leaving rates.

3.4 As regards the introduction of a new category of regions "in transition", with an average per capita GDP of between 75 % and 90 %, the EESC can accept such a measure provided it does not erode the amount of resources earmarked for the category of most disadvantaged regions. It should be possible for measures to boost employment among the population categories that have least access to the labour market (the long-term unemployed, young people, women, migrants, the elderly, disabled people and ethnic minorities) to be funded separately from measures for the regional categories, given the vulnerability of these groups.

3.5 The Structural Funds are the main instruments for closing the gap between different regions' development levels and different social groups and for helping the most disadvantaged regions catch up; this is part of a strategy aimed at achieving priorities relating to "smart, sustainable and inclusive growth" in Member States, regions and other areas.

3.6 It goes without saying that, given the current economic crisis, the European employment strategy must once again be one of the European Union's key priorities and that more funds must be made available for creating more and better jobs.

3.7 The EESC is of the opinion that the European Social Fund is the best instrument for supporting efforts to implement the EU's social policies, particularly those relating to employment, education and social inclusion and combating poverty, and that it should retain this priority role in the Europe 2020 strategy.

3.8 The ESF should not be limited to implementing the guidelines for employment policies as they are defined at present. Its role in implementing the Social Agenda (*) should likewise be strengthened.

3.9 The ESF must serve both to support the policies of the Member States under the National Reform Programmes and to help achieve other key priorities of the Europe 2020 strategy, such as stepping up investment in research and innovation, improving SME competitiveness, moving to a low-carbon economy and sustainable use of resources.

3.10 In the current exceptional circumstances, the ESF must also exceptionally focus on combating the economic crisis and protecting workers and the most disadvantaged members of society from the effects of this crisis, and on prevention measures once the crisis is over, including measures enabling people to build up and maintain a sense of security. In concrete terms, it should provide support – which we hope will only need to be temporary – for the long-term unemployed, those who are most isolated from the labour market, young people, women, migrants, old people, people with disabilities and ethnic minorities etc.

3.11 In order to do so, the EESC considers that the European Globalisation Adjustment Fund (EGF) should complement the ESF and even perhaps be incorporated into it at a later stage, so as to place more emphasis on unemployment and so that the EGF can be used more easily. It is also vital to ensure consistency between the principles underlying the two funds, above all as regards partnership and, in particular, social partner involvement.

3.12 The EESC suggests that the European Globalisation Adjustment Fund could draw on the expertise of the European Social Fund in social affairs to achieve complementarity and consistency. Since the expertise is available for ESF applications to be assessed fairly quickly, approval by the budgetary authorities would be a formality following a positive assessment from the ESF.

3.13 The EESC is not in favour of including farmers in the scope of the European Globalisation Adjustment Fund by allocating the bulk of funding, or even its management, to the farming sector. The CAP and the new reserve for crises in farming must enable the agricultural sector to be supported more effectively. The EESC would also like an assurance that ESF Technical Assistance funds will continue to be available and accessible by Civil Society (we note that TA is not specifically mentioned in the ESF regulation).

3.14 The EESC feels that the partnership principle has a key role to play here, ensuring that EU Structural Fund measures

work properly. Regulations on the Structural Funds must clearly define the partnership principle instead of simply referring to "current national rules and practices", while clearly setting out the role of each partner at regional and local level. The EESC recommends a specific recognition of civil society (as highlighted in Europe 2020) in delivering social inclusion and anti-poverty projects.

4. Specific comments and proposals regarding individual chapters

4.1 General provisions

4.1.1 The EESC supports the approach focusing on four thematic objectives, translated as intervention categories or "investment priorities":

- promoting employment and supporting labour mobility;
- investing in education, skills and lifelong learning;
- promoting social inclusion and combating poverty; and
- enhancing institutional capacity and efficient public administration.

4.1.2 In every Member State, at least 40 % of all ESF resources should be earmarked for the thematic objective "promoting employment and supporting labour mobility". The EESC endorses the proposal that at least 20 % of all ESF resources be earmarked for "promoting social inclusion and combating poverty", so as to promote social inclusion through employment and training, especially of the most vulnerable population groups (young people, women, migrants, the elderly, disabled people and ethnic minorities etc.), particularly with a view to the goal of reducing the number of people in poverty by at least 20 million by 2020.

4.1.3 The promotion of employment, social inclusion and education is – and must remain – the ESF's main priority in the context of the Europe 2020 strategy.

4.1.4 The ESF must support territorial employment pacts and local employment initiatives, social inclusion and education, and market stimulation through the creation of new businesses, especially SMEs and social enterprises, as well as promotion of digital inclusion, culture and creativity as factors that can improve people's employability, as well as civil society involvement in decision-making, support for civil society and a greater awareness of common European values.

4.1.5 The EESC endorses the emphasis on social innovation and ways of supporting projects relating to the social economy, social entrepreneurship and social enterprise.

(*) *Renewed social agenda: Opportunities, access and solidarity in 21st century Europe* (COM(2008) 412 final).

4.1.6 The Committee welcomes the support provided by the ESF for transnational cooperation as a means of promoting mutual learning and thus increasing the effectiveness of policies supported through the fund.

4.2 *Specific provisions for programming and implementation – the partnership principle*

4.2.1 The EESC feels that the partnership principle has a key role to play here, ensuring that EU Structural Fund measures work properly.

4.2.2 Regulations on the Structural Funds must clearly define the partnership principle instead of simply referring to "current national rules and practices", while clearly setting out the role of each partner at regional and local level; the funding necessary to achieve this should be provided.

4.2.3 The European code of conduct for implementing the partnership principle must clarify and define the role of each partner at different levels, as well as clarifying the fact that while social dialogue comes under the exclusive responsibility of the social partners, all the partners recognised by Article 5 of the proposal for a regulation laying down common provisions on the funds ⁽⁵⁾ must be guaranteed access to the different implementation phases of the funds, including framing and implementation of the operational programmes, and receive sufficient financing to enable them to participate.

4.2.4 The partners must have access to Technical Assistance Funds from the outset so that they can be strategically involved in the design, implementation and monitoring of the Structural Funds Programmes. TA is also essential to guarantee representation in the Monitoring Committees which devise and carry out operational programmes at all levels and to guarantee that technical support is available to potential project promoters.

4.2.5 The current way of consulting the social partners together with the Member States, within the ESF Committee, could provide a good example of an approach to extend to all funds. The EESC recommends including, within the same platform, mechanisms for the participation of all the partners recognised by Article 5 of the regulation laying down general provisions on the funds.

4.2.6 Support for the involvement of social partners and other stakeholders (especially NGOs) in ESF-supported measures must not be restricted to the poorest regions and/or those covered by the Cohesion Fund, but – quite the opposite – must be extended to all Member States and regions in the EU.

4.2.7 The EESC is of the opinion that 2 % of all ESF resources must be earmarked for supporting the social partners' involvement in ESF-supported measures, along with 2 % for the involvement of the other partners recognised by Article 5 of the Regulation laying down general provisions on the Funds.

4.3 *Specific provisions on procedures, performance and "conditionalities"*

4.3.1 The EESC agrees with the view that the funds should be better coordinated and that their evaluation, their performance and the results they secure should be improved.

4.3.2 The EESC also supports any measures designed to limit and refocus the Structural Funds' priorities, cut back red tape and administrative costs and speed up the pace of spending and payments.

4.3.3 Performance indicators therefore have to be defined, but it is also important that there be both quantitative and qualitative criteria. This includes evaluating results in terms of the efficiency of measures carried out and the quality of jobs created and by listing positive measures taken to secure social integration.

4.3.4 The EESC would nevertheless express serious misgivings about the approach linking the granting of funds to results, across the board. In employment policy and, more generally, social policy, results are harder to measure and less obvious than in, say, transport policy. This is particularly the case if these are reduced exclusively to hard economic outcomes such as jobs; instead appropriate outcomes for the hardest to help, such as distance travelled, and soft outcomes including volunteering, should be encouraged. Moreover, if the granting of funds is linked to results, those who are furthest away from the employment market, and therefore the least likely to obtain "positive" results in the short term, risk obtaining only limited access to such funds, or none at all. Therefore, and in order to effectively assess the results obtained by the programmes co-financed by the ESF, it is essential that the ESF regulation propose "Common output and result indicators concerning participants" that adequately reflect these performance difficulties and complexities.

4.3.5 The ESF regulation should include – as common output indicators for entities – the number of projects developed in partnership and – as common longer-term result indicators on participants – the participants that have reduced their level of social dependence.

4.3.6 Conditions governing the use of European funds should certainly focus on selected, relevant objectives, but should not penalise the weakest Member State, and they should be geared to supporting economic and employment growth, as well as social cohesion.

4.3.7 The EESC completely rejects the Commission's proposal to apply Structural Fund financial sanctions and incentives on the basis of compliance with the Stability and Growth Pact. Such sanctions would penalise those Member States, regions and districts which are already weak.

⁽⁵⁾ COM(2011) 615 final.

4.3.8 Moreover, European solidarity is not yet sufficiently developed and would be undermined by a lack of compliance with macroeconomic commitments. This would mean that the most vulnerable social groups and people in the European Union would end up poorer, which would run counter to the basic principles of both economic and social policy and territorial cohesion policy, as reiterated in the Treaty of Lisbon.

Brussels, 22 February 2012.

The President
of the European Economic and Social Committee
Staffan NILSSON
