

**Opinion of the European Economic and Social Committee on ‘Amended proposal for a Regulation of the European Parliament and of the Council on the European Social Fund Plus (ESF+)’**

(COM(2020) 447 – 2018-206-COD)

(2020/C 429/31)

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(for/against/abstentions)	

## **1. Conclusions and recommendations**

1.1. The European Union's economy, labour market, social welfare and health systems have suffered an unprecedented and profound shock as a result of the COVID-19 pandemic. The pandemic poses numerous and enormous social challenges, such as the worsening of inequalities and the rapid increase in poverty resulting from job loss and a foreseeable increase in social and labour exclusion of vulnerable groups. A Europe that wants to remain competitive in the global economy and to protect, respect and implement the principles of the European Pillar of Social Rights (EPSR) needs to properly align its economic and social policies, especially in times of crisis. In order to meet these challenges, the EU should take appropriate action, not least concerning the Multiannual Financial Framework (MFF), including the European Social Fund Plus (ESF+).

1.2. In the recovery phase, it is important to ensure consistency in the use of the different European funds in order to avoid the fragmentation of interventions at national level. Therefore, the EESC is strongly in favour of allowing the ESF+ operations to be co-financed using the Recovery and Resilience Facility (RRF). Moreover, the use of the ESF+ to fund operations in support of the green and digital transformation should be focused on upskilling and reskilling, complementary to the other European funds under the MFF and to the RRF.

1.3. The ESF+ regulation is not adequately funded to meet the needs of social cohesion policy. Therefore, the EESC is strongly opposed to reducing the overall financial envelope for the ESF+ for the 2021-2027 period. The obligatory reallocation lever from ESF+ and/or ERDF resources to the Just Transition Fund should be abolished. The co-financing rates from the current MFF should be maintained.

1.4. The EESC reiterates its request from the previous opinion for the allocation of 30 % of all resources earmarked for economic, social and territorial cohesion policy to the ESF+ and, in addition, for the allocation of 30 % of existing resources under the ESF+ to social inclusion measures. Since the amended proposal provides for allocating 5 % of resources to tackling child poverty, this request is the absolute minimum needed. At the same time the EESC supports increasing the minimum envelope for inclusion of NEETs to 15 %; the higher NEET rates for women in some EU regions should be taken into account by specific allocation of funding.

1.5. Given the role of the ESF+ in implementing the EPSR, the EESC strongly urges the European Commission (EC) and Member States to consider a more adequate monitoring of the social situation in the European Semester by including a list of agreed indicators able to provide reliable and adequate information on the social developments in the EU. The EESC will prepare its own proposal for such a list in the near future.

1.6. Acknowledging the important role of the social economy, including the providers of social services, in the EU's social dimension and its essential role in times of crisis and recovery, the EESC reiterates the request it made in its previous opinion<sup>(1)</sup> that support for action on the social economy, including non-profit organisations providing support and services to the people, should become a specific stand-alone objective under the ESF+.

1.7. In the case of using the ESF+ to co-finance social services of general interest, the regulation should stipulate that such services must meet the criteria of universal access, high quality and affordability. In connection with the removal of the health strand from the ESF+, it is necessary to better define the target group to which the resources for supporting healthcare — but also long-term care for vulnerable persons — are addressed. Moreover, families and informal carers must be identified as an explicit target group of the ESF+ to ensure they are fully supported to address future shocks.

1.8. To promote European solidarity, which has been severely affected by the current crisis, a substantial increase in the envelope for transnational or cross-country projects, networks or components is needed.

1.9. Even if the ESF+ includes a specific objective targeting the integration of third country citizens, the EESC recommends the introduction of a recital clarifying that there are no restrictions coming from EU regulations on access of refugees, asylum seekers and migrants from third countries to active measures or access to social support when accessing such measures. The EESC also urges Member States to refrain from using restrictions that aggravate the social exclusion of migrants. This also applies to other vulnerable groups, such as ethnic minorities.

1.10. Furthermore, it is more important than ever to fully implement the principle of partnership, involving social partners and other civil society organisations. An essential precondition for achieving this is the proper funding of the capacity building of social partners and other civil society organisations, especially of their networks and federations.

## 2. Introduction

2.1. On 30 May 2018, the EC adopted its proposal for a regulation on the ESF+<sup>(2)</sup> reflecting additional challenges that the EU is facing — shortfalls in skill levels, under-performance in active labour market policy and education systems, challenges arising from new technologies and new forms of work, low labour mobility and social exclusion. On 17 October 2018, the EESC adopted an opinion on that proposal, the main content of which remains valid<sup>(3)</sup>. Responding to the social and economic consequences of the COVID-19 pandemic, on 28 May 2020 the EC adopted an amended proposal for the ESF+<sup>(4)</sup> — the subject of this opinion — drawn up on the EC's request of 28 May and the European Parliament's request of 9 June 2020.

2.2. The EU's economy, labour market, social welfare and health systems have suffered an unprecedented and profound shock as a result of the COVID-19 pandemic. The direct and indirect effects of the COVID-19 pandemic are having, and will continue to have, a significant and damaging impact on all Member States, causing not only a sizeable short-term fall in GDP, but also — especially in the medium to long term — widening social inequalities and increasing poverty and unemployment, including among young people. The key challenge will be the rapidly increasing poverty resulting from, among other things, job losses and the 'new' social and labour exclusion of vulnerable groups, including persons with disabilities, Roma and migrants.

2.3. On the other hand, the EU is having difficulties managing the longevity challenge, as the numbers of older people dying of COVID-19 in care facilities in several Member States tragically show. There are not only problems faced by the elderly, there are also European fragilities in intergenerational solidarity, which need strong interventions at EU and national level.

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<sup>(1)</sup> OJ C 62, 15.2.2019, p. 165.

<sup>(2)</sup> COM(2018) 382.

<sup>(3)</sup> See footnote 1.

<sup>(4)</sup> COM(2020) 447.

2.4. Further recent and ongoing developments have aggravated the structural challenges arising from economic globalisation, the management of migration flows and the increased security threat, clean energy transition, technological change, ageing labour force and growing mismatches between demand and supply of skills and labour in the same sectors and regions experienced particularly by SMEs. The EU needs to be prepared for the current and future challenges by investing in relevant skills to support green and digital transitions, making growth more inclusive by improving employment and social policies, while taking into account economic and industrial sustainability. The EESC welcomes the support from the ESF+ for the measures necessary to achieve these objectives, as described in the proposal's new recital 14.

2.5. In order to meet these challenges, the EU should take appropriate action, not least by adapting the MFF — including the European Social Fund Plus (ESF+) — to the new boundary conditions.

2.6. Even in times of crisis all stakeholders at the European, national and regional level should follow the rules of good governance and obey the rule of law in planning, implementing and evaluating ESF+ operations. The EC should ensure that applications to the ESF+ submitted by social partners and civil society organisations are assessed fairly on transparent criteria. Furthermore, it is more important than ever to defend and properly implement the principle of partnership, based on the Code of Conduct, involving social partners and other civil society organisations. An essential precondition for achieving this is the proper funding of the capacity building of social partners and other civil society organisations, including of their networks and federations.

2.7. The EESC deeply regrets the option not to proceed with consultations with external stakeholders in this amended version of the regulation. The argument of urgency is not strong enough to justify disrespecting the fundamental principle of stakeholder consultation on changes to such an important regulation. However, the EESC welcomes the information that consultations are taking place with Member States and the European Parliament, which will hopefully lead to significant improvements in some aspects of the proposal.

### **3. The key aspects of the European Commission's amended proposal**

3.1. Increasing thematic concentration requirements for youth employment, given the dangers of an extremely high youth unemployment rate and the growing proportion of young NEETs (not in employment, education or training): Member States with a NEET youth rate (15-29 age group) above the EU average should earmark at least 15 % of their ESF+ resources under shared management (as opposed to 10 % under the original Commission proposal) to targeted actions and structural reforms to support young people.

3.2. Addressing child poverty: the EC proposes including a recital and an article requiring that Member States allocate at least 5 % of the ESF+ resources under shared management to address child poverty.

3.3. Promoting the green and digital transitions in line with the EU Industrial Strategy <sup>(3)</sup>: based on the presumption that a 'new normality' will set in following the COVID-19 pandemic, new models will emerge in European industrial ecosystems, including new local value chains, which will require new skills for new types of jobs.

3.4. Strict adherence to the horizontal principle of gender equality by all Member States: given the fact that the COVID-19 pandemic had a disproportionate socio-economic effect on women.

3.5. The removal of the health strand from the EFS+, while at the same time keeping the provisions calling for synergies and complementarity of actions between the ESF+ and the new EU Health Programme, given the need to closely coordinate the two programmes: linked to the EC proposal to establish a much stronger and stand-alone programme for health <sup>(6)</sup>.

3.6. Ensuring that the legal framework for cohesion policy provides for mechanisms that can be quickly invoked should exceptional circumstances arise in the next decade: the EC proposes temporary measures for the use of the ESF+ in response to exceptional and unusual circumstances, covering derogations to certain rules to facilitate the response to such

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<sup>(3)</sup> COM(2020) 102.

<sup>(6)</sup> COM(2020) 405.

circumstances. This entails, for example, extending the scope of the ESF+ to include support for short-term work schemes which are not combined with active measures and access to healthcare, including for people not in immediate socio-economic difficulties, as well as the possibility to ease thematic concentration requirements.

#### 4. EESC proposals on the amended draft regulation

4.1. A Europe that wants to remain competitive in the global economy and to protect, respect and implement the rights embedded in the EPSR — particularly high quality jobs, good quality education and training, widely accessible and equal access to health and social services, social inclusion and active participation in society of persons with disabilities and other vulnerable groups — needs to properly align its economic and social policies, especially in times of crisis.

4.2. In this connection, the financing of the EU's social dimension needs to be properly addressed through the RRF and the EU's budget for the 2021-2027 financial perspective, including the ESF+. Therefore, the EESC is strongly in favour of allowing the ESF+ to be co-financed using the RRF.

4.3. Moreover, the use of the ESF+ to fund operations in support of the green and digital transformation should be focused on upskilling and reskilling, complementary to the other European funds under the MFF and to the RRF. In the recovery phase, it is important to ensure consistency in the use of the different European funds, in order to avoid the fragmentation of interventions at national level.

4.4. The EESC is strongly opposed to reducing the overall financial envelope for the ESF+ for the 2021-2027 period from the previously planned figure of around EUR 101 billion (at current prices) to the current planned figure of some EUR 97 billion; this reduction is not justified by the removal of the health strand (for which some EUR 413 million had previously been earmarked).

4.5. A significant reduction of the ESF+ could result from Article 21a of the Common Provisions Regulation, which obliges the Member States to reallocate between EUR 1,5 and 3 from the ESF+ and/or the ERDF per EUR 1 from the Just Transition Fund (up to 20 % of the respective fund). Therefore, this obligatory reallocation lever should be removed.

4.6. The proposed reductions in EU co-financing rates are unacceptable and difficult for existing funding structures to cope with. Member States pass on a large part of the co-financing to project promoters. Instead of generating additional national funding, the lower EU co-financing rates put the project-implementing organisations in financial difficulties. The co-financing rates from the current funding period should therefore be maintained.

4.7. Bearing in mind that the ESF+ is the main financial tool for implementing the EPSR, the EESC had — even in its previous opinion <sup>(7)</sup> — called for 30 % of all resources earmarked for economic, social and territorial cohesion policy to be allocated to the ESF+ and, in addition, to allocate 30 % of existing resources under the ESF+ to social inclusion measures.

4.8. Furthermore, the EESC believes that the magnitude of the economic and social challenges faced in the post-COVID-19 social crisis require a guarantee that the ESF+ is used across Europe in a balanced way. The EESC therefore reiterates its disagreement with the elimination of the minimum share (currently set at 23,1 %) of cohesion policy funding. Additional support for outermost regions and sparsely populated areas as well as support for labour mobility is one of the targets of ESF+ and it closely correlates to cohesion policy as well.

4.9. Whereas the amended proposal provides for a 25 % allocation of resources to social inclusion and 5 % to tackling child poverty, the request to allocate 30 % for social inclusion is the absolute minimum needed. In addition, depending on the actual situation in a specific territory, it should be possible to allocate more than 5 % of funds to combat child poverty (as part of the 30 % of funds for social inclusion). In this regard, measures to tackle child poverty should be carried out in accordance with the Commission recommendation 2013/112/EU of 20 February 2013 *Investing in children: breaking the cycle of disadvantage* <sup>(8)</sup>, also taking into account the *Feasibility Study for a Child Guarantee (Final Report)* <sup>(9)</sup>.

<sup>(7)</sup> See footnote 1.

<sup>(8)</sup> OJ L 59, 2.3.2013, p. 5.

<sup>(9)</sup> <https://ec.europa.eu/social/main.jsp?catId=1428&langId=en>

4.10. The EESC supports increasing the minimum envelope for inclusion of NEETs to 15 %. The EESC supports the Commission's action to promote targeted measures to increase the labour market participation of young people, including those with a migrant background. These measures should be aimed at supporting young people's employability with the appropriate skills, ensuring social protection and collective bargaining coverage. In this connection, the Committee draws attention to the significantly higher NEET rates for women in some EU regions, which should be taken into account by allocating correspondingly higher rates of funding specifically for women, supporting innovative measures negotiated at enterprise level, aiming at improving work-life balance.

4.11. The EESC is in favour of thematic concentration, as it ensures that policy priorities at EU level are enforced by Member States. Nevertheless, the EESC calls for combining thematic concentration with some flexibility and autonomy for Member States in the adjustment of programming funds to avoid creating an administrative burden on programme management. Should it, however, lead to any reduction of thematic concentration requirements for social inclusion, the EESC calls for accompanying measures, for example allowing for co-financing rates of up to 100 % for actions related to these specific objectives.

4.12. Given that the ESF+ is geared towards implementing the EPSR, the ESF+ regulation should take account of plans for implementing the EPSR at EU and national level — as core guidance documents with which the partnership agreements and operational programmes should be aligned — and these plans should be monitored as part of the European Semester. The EESC therefore strongly urges the EC and Member States to consider more adequate monitoring of the social situation in the European Semester by including a list of agreed indicators able to provide reliable and adequate information on the social developments in the EU. The EESC has already given its opinion <sup>(10)</sup> on this topic, asking for new social indicators in the European Semester process to monitor the implementation of the EPSR and for social country specific recommendations, and will prepare its own proposal for such a list in the near future. To this end, the EC should draw up rules and procedures to verify the correlation between, on the one hand, draft national documents programming ESF+ expenditure for the 2021-2027 period and, on the other, the principles of the EPSR (the policy framework for the labour market, education and training which are primarily laid down in Chapters I and II, whereas the framework for combating poverty and social exclusion should be laid down in Chapter III).

4.13. The ESF+ does not adequately address issues that are part of the transition period we are living in, such as the need to consider, using social dialogue and in collective bargaining, adopting strategies for reduction of working hours without pay reduction, a better reconciliation of professional and family life, the promotion of voluntary part-time work, new forms of employment, especially in the silver, circular and social economies and, more generally, a redistribution of work that allows everyone to work while living a meaningful and healthy life. The ESF+ should support social partners and other civil society organisations in the development of those strategies, as well as in the dissemination of good practice, while promoting actions aiming at the implementation thereof by Member States. Another area in which the ESF+ could be proactive and innovative is support for socially useful work.

4.14. In the case of using ESF+ to co-finance social services of general interest, the regulation should stipulate that such services must meet the principles of solidarity and transparency as well as the criteria of universal access, high quality and affordability, according to the standards set out in the Voluntary European Quality Framework for Social Services <sup>(11)</sup>.

4.15. In connection with the removal of the health strand from the ESF+, it is necessary to better define the target group to which the resources for supporting healthcare access for vulnerable persons are addressed, spelling out that this specifically concerns homeless people, irregular immigrants and others without health insurance as well as persons with disabilities and the elderly experiencing vulnerability. Moreover, it is necessary to clarify that the ESF+ also includes in its scope long-term care for vulnerable groups, taking into account that, after the pandemic, several Member States will likely face the need to rethink, reorganise and/or develop their long-term care services.

4.16. Family carers (mostly women) are already providing 80 % of long-term care in Europe, and as an effect of COVID-19 from one day to the next became the sole supporters of their family members. Reconciling work and family life became completely impossible, and they had to provide care and rehabilitation for which many had no training and without a moment of respite throughout the lockdown. Families and informal carers must therefore be identified as an explicit target group of the ESF+.

<sup>(10)</sup> OJ C 14, 15.1.2020, p. 1.

<sup>(11)</sup> SPC/2010/10/8 final <https://ec.europa.eu/social/BlobServlet?docId=6140&langId=en>

4.17. Acknowledging the important role of the social economy, including the providers of social services, in the EU's social dimension and its essential role in times of crisis and recovery, the EESC reiterates the request for supporting actions on the social economy as a specific stand-alone objective under the ESF+. The social economy creates high quality jobs and promotes social inclusion, not least by providing social, health and educational services of general interest while at the same time contributing to the development of participatory democracy and civil society. Moreover, the social economy sector as well as non-profit organisations providing support and services to the people have shown great resilience and contribution to mitigating the effects of the COVID crisis. This should lead to a strengthening of existing social non-profit actors and boost investment in new ones, in a spirit of ensuring not only economic growth but also the common good and well-being.

4.18. The extensive collection of data, especially personal data, has caused major problems in project implementation. Participants in ESF projects are often not considered for funding purposes if they do not submit their complete data. Despite efforts to simplify the ESF, the European Commission has not amended its proposal on indicators in Annexes I and II of the ESF+ Regulation. The EESC therefore recommends refraining from collecting irrelevant data and adapting the required indicators to the specific programme. The number of indicators should be further reduced.

4.19. Several countries introduced some kind of restrictions on refugees, asylum seekers and other migrants from third countries either to access active measures or to access social support. Therefore, even if the ESF+ includes a specific objective targeting the integration of third country citizens, the EESC urges the EC to include a new recital clarifying that no restrictions of access to active measures or social support when accessing such measures come from EU regulations, though Member States may limit this access through their national regulations. The EESC also urges Member States to refrain from using restrictions that aggravate the social exclusion of migrants.

4.20. Given the need to promote European solidarity, which has been severely affected by the current crisis, the EESC also calls for a substantial increase in the envelope for transnational projects, networks and components. This is necessary in order to build cross-country mutual support networks, but also to foster a sense of European identity among citizens of different Member States and make the financial support offered by the EU to its citizens more visible. Co-funding requirements for these transnational networks and projects must be more flexible given the negative impact of COVID-19 on transnational working and financial sustainability.

Brussels, 18 September 2020.

*The President  
of the European Economic and Social Committee*  
Luca JAHIER

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