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REPORT FROM THE COMMISSION

Report from the Commission on the mid-term evaluation of the European Union Programme for Employment and Social Innovation (EaSI)

{SWD(2019) 182 final}

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European Programme for Employment and Social Innovation mid-term evaluation

1. Background to EaSI

The European Union Programme for Employment and Social Innovation (EaSI)¹ — implemented under direct and indirect management modes — is designed to promote a high level of quality and sustainable employment, guarantee adequate and decent social protection, combat social exclusion and poverty, and improve working conditions in the Member States and in other participating countries (the EFTA/EEA², EU candidate and pre-candidate countries).

The total financial envelope established in the EaSI Regulation for 2014 to 2020 is EUR 919 469,000. The programme has three axes:

- PROGRESS supports policy making and implementation by: producing policy evidence, organising information-sharing and mutual learning activities, creating better conditions for social innovation, and helping to build capacity for EU and national organisations.
- EURES provides information and services for jobseekers and employers and runs targeted mobility schemes to enable people to find work in other parts of the EU.
- Microfinance/Social Entrepreneurship supports access to microcredit for vulnerable persons and micro-enterprises, and institutional capacity building for microcredit providers.

Cross-cutting aims — such as gender equality, non-discrimination, and combating poverty and social exclusion — are supported at every level.

2. Scope of the mid-term evaluation

The mid-term evaluation assessed — under the Article 13(1) of the EaSI Regulation and the Better Regulation Guidelines³ — progress made in achieving the programme's objectives and its continuing relevance, its efficiency and use of resources, its policy coherence in relation to other instruments and its EU added value. EaSI's governance was also examined. The evaluation aimed to recommend adjustments to the way the programme is run in order to improve performance in future implementation and to contribute to preparation for the post-2020 period.

The evaluation covered EaSI activities from January 2014 to December 2016. It covered the programme's full geographical scope and relevant stakeholders — in particular, the EaSI Committee, policy committees, social partners, national authorities and bodies, and key EU civil society organisations.

The research combined six main methods to answer the evaluation questions: analysis of secondary data, an open public consultation, semi-structured interviews, a focus group, case studies and a survey of beneficiaries.

¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0238:0252:EN:PDF>.

² Iceland participates in all three axes, Norway participates only in PROGRESS and EURES, Lichtenstein does not participate in EaSI at all, and Switzerland participates only in EURES and only at its own expense.

³ <https://ec.europa.eu/info/sites/info/files/better-regulation-guidelines.pdf>.

The mid-term evaluation is presented as a staff working document (SWD), based on the outcomes of an external evaluation study⁴ commissioned by the Commission and other sources of evidence — in particular EaSI performance monitoring reports, Annual Management Reports of the European Commission's Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) and other relevant evaluations.

In compliance with Article 13 of the EaSI Regulation, this report summarises the main results of the mid-term evaluation for the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and the public.

3. Main results and lessons learned

The following sections present the conclusions reached on the evaluation's six main themes: relevance, effectiveness, efficiency, coherence, EU added value and programme governance.

The evaluation has however obvious limitations. Few projects were finished in 2016, which limited the data available, while other projects started have not had the time to produce a full set of outputs and impacts. There are also few benchmarks available, as there is no programme comparable to EaSI in terms of scale and coverage. EaSI's performance should thus be seen in the context of its role in the wider support system including EU and national policy initiatives. To overcome/mitigate these limitations, the mid-term evaluation cross-checked multiple sources of evaluative evidence, combined quantitative and qualitative methods and tools, ensured transparency of data sources and systematically checked findings against input from stakeholders.

One important finding of this exercise was that mid-term, as set out in the EaSI Regulation, was too early for the evaluation. Future evaluations should be scheduled to allow more results and wider impacts to emerge and support the analysis.

3.1. Relevance

EaSI's relevance was assessed in relation to its general objectives, the specific objectives for the three axes and the allocation of resources between them.

The evaluation confirmed that EaSI's rationale and its five general objectives are still highly relevant, particularly in the evaluation time-frame context of the aftermath of the financial and economic crisis — with a welcome but slow recovery — and trends likely to impact the EU for years to come. For instance, with a large influx of refugees and immigrants to EU Member States, the number of vulnerable people has drastically increased, making their successful integration one of the highest EU priorities.

Despite the limited data sets available, progress is being made towards delivering on all general and specific EaSI objectives. EaSI helped to increase awareness of EU policy inputs into social inclusion and poverty reduction, to improve perceptions of the cross-border potential for employment, to rapidly test and implement innovative measures, and to increase access to microfinance loans and support for entrepreneurship. EaSI also facilitated policy change through comparative research, exchanges and capacity-building, thereby helping different stakeholders to influence the formulation and implementation of socioeconomic policies in the programme's participating countries.

⁴ The external support study carried out by ICF Consulting was coordinated by the Commission's Directorate-General for Employment, Inclusion and Social Affairs, under the direct monitoring and supervision of an Interservice Steering Group (ISSG) comprising other Commission departments.

Still, EaSI's relevance and impacts could be further improved. Analytical tools, dissemination events and innovative projects should focus more on gender issues, youth unemployment, inequalities (income, education, skills) and the fight against social exclusion, putting greater focus on transferability and the possibility of upscaling social innovations.

PROGRESS and Microfinance/Social Entrepreneurship can play an important role in this process by prioritising social inclusion activities and access to finance for vulnerable groups, i.e. people who are at risk of social and financial exclusion. EURES should continue to fund projects targeted at groups with a clear economic need (as is the case with 'Your first EURES job' and cross-border partnerships).

The topics of mutual learning activities — e.g. labour market integration measures for young people, asylum seekers, refugees and long-term unemployed people, future skills needs — closely followed priorities set in the Employment Guidelines and the country-specific recommendations as part of the European Semester cycle of economic coordination⁵. The European Semester was also supported by other EaSI-funded analytical activities, in particular the *Employment and Social Development Report* and the *Labour Force Survey*. In its analytical activities, the programme should prioritise the exchange of good practices between policy-makers across the participating countries through mutual learning, awareness-raising and dissemination activities.

Similarly, disseminating good practices from different countries — including social experimentation — more widely at operational level creates awareness of innovative practices and helps national and local actors to deliver better services and products. So maintaining EU-level networks is crucial to aligning the different policy agendas across different levels of government and the participating countries.

In practice, more flexible resource allocation across the three programme axes (instead of the current minimum indicative percentages set in the EaSI Regulation) would allow more scope for transferring budgets between them when needed. This could particularly help Microfinance/Social Entrepreneurship axis, where spending is demand-driven. Greater flexibility would also boost responsiveness to emerging needs (e.g. new initiatives such as the 'European Solidarity Corps'⁶, 'New start for social dialogue'⁷, 'New skills agenda for Europe'⁸ or the European Labour Authority - ELA⁹).

3.2. Effectiveness

The programme's three axes differ in terms of their effectiveness in generating outcomes and achieving objectives, and in bringing about change. Thus, PROGRESS is most effective in facilitating information-sharing, mutual learning and dialogue, and in developing and disseminating comparative and analytical knowledge. One of EURES' more effective activities has been contributing to the development of a transparent labour market in terms of demand and supply. Evidence on Microfinance/Social Entrepreneurship suggests that EaSI funding has increased the availability of and access to finance across the participating countries.

Financial intermediaries have included vulnerable groups in their activities, but there were important discrepancies between countries. In most cases, even, vulnerable groups do not

⁵ See *Performance monitoring report 2015-2016*.

⁶ https://europa.eu/youth/solidarity_en.

⁷ <http://ec.europa.eu/social/main.jsp?catId=88&langId=en&eventsId=1028>.

⁸ <https://ec.europa.eu/social/main.jsp?catId=1223>

⁹ <https://ec.europa.eu/social/main.jsp?catId=1414&langId=en>

represent the majority of final beneficiaries. They still encounter barriers to accessing finance. Based on the latest annual impact data (September 2016), on average 35 % of micro-borrowers are women, over 40 % are below 30 years old or above 50 years old, close to 20 % are unemployed persons (versus 62 % self-employed/entrepreneur), and 10 % have a migrant background (non-EU). More actions need to focus on vulnerable groups, and therefore explore the possibility of introducing minimum targets for them for the remainder of the EaSI programme. The financial instruments are demand-driven, so it should be possible to implement them with a degree of flexibility to meet market demand. Policy-based incentives for the EIF may be considered when designing future instruments to further promote outreach to vulnerable groups.

The evaluation pinpointed a number of ways of improving effectiveness. PROGRESS, while maintaining its focus on policy themes relevant to and appreciated by stakeholders (employment and working conditions), should improve efforts to deliver social policy experimentation by revising its focus on that and its procedures for evaluating and selecting projects, and by making it easier to scale up such projects. For EURES, a longer implementation period (2 years at a minimum) should be considered, combined with measures for reducing the administrative burden of call for proposals management, to enable stakeholders to properly develop projects, implement them, measure their effectiveness and ensure their sustainability. For Microfinance/Social Entrepreneurship, greater focus on vulnerable groups for the second EaSI implementation period is proposed, e.g. setting a target for the share/number of vulnerable groups in calls for proposals.

3.3. Efficiency

The evaluation provides insights into the match between available means and the programme's objectives. While the financial means available were sufficient to implement PROGRESS and EURES activities, the budget for the Microfinance window of the third axis was too low. The high uptake of the EaSI guarantee instrument, part of Microfinance/Social Entrepreneurship axis, put pressure on its budget and resulted in full utilisation of the Microfinance budget. As Social Entrepreneurship window usually requires much larger loans than Microfinance window, there were fewer loans provided. This had an impact on the number of contracts signed¹⁰.

The third axis insufficient budget for the first implementation period was remedied in the meantime by enabling a frontloading of the EaSI budget earmarked for the later years 2017-2020 and making it available sooner in order to meet the high market demand. This frontloading was made possible by means of a guarantee under the European Fund for Strategic Investments (EFSI¹¹). Indeed, in response to the strong demand for the EaSI guarantee instrument, the Microfinance/Social Entrepreneurship axis has received in December 2017 a EUR 100m top-up from EFSI. This will lead to an increase in the overall volume of actions for the EaSI guarantee instrument and allow the EIF to implement a significant extra number of operations.

¹⁰ While 2014 was spent negotiating the new funding instruments with the European Investment Fund (EIF), by September 2016, 33 contracts had been signed with microfinance intermediaries for EUR 50.3 million, which resulted in 13,021 microloans for a total of EUR 152.288 million. A leverage factor of 3 times the initial funding was achieved. In addition to supporting the microcredit sector, in 2015-2016 EaSI also released the first funding for social enterprises and the first 7 contracts with financial intermediaries were signed, for EUR 9 million.

¹¹EFSI is an initiative launched jointly by the EIB Group - [European Investment Bank \(EIB\)](http://www.eib.org) and EIF - the European Commission to help overcome the current investment gap in the EU by mobilizing private financing for strategic investments. [http://www.eif.org/what we do/efsi/index.htm](http://www.eif.org/what_we_do/efsi/index.htm)

The efficiency of PROGRESS could be further improved by introducing changes and reducing the administrative burden in the project award and implementation stages. Moreover, it is not always clear to applicants whether co-financing should be in labour costs or in actual cash value. This should be clarified in the calls' terms of reference.

Regarding EURES, larger amounts were committed to the allocation for transparency of job vacancies than originally planned, in order to introduce new IT; however, the development and delivery of services remained relatively stable.

Overall, while the overall budget of the programme is sufficient, more flexible reallocation between the three axes should be enabled in order to minimise discrepancies between planned and actual commitments, and ensure optimal transfer of budgets between the three where needed.

3.4. Coherence

The overall perception of programme coherence gained through the evaluation is that the three predecessor programmes were merged under the EaSI umbrella in response to a simplification exercise. However, the evaluation concludes that despite efforts to build synergies between the three axes they continue to operate quite independently. All programme activities should have a stronger focus on the potential benefits of a coherent programme structure, promoting interdisciplinary solutions to multiple challenges.

Regarding consistency with other EU programmes, EaSI is most strongly consistent with the ESF. PROGRESS and other EU programmes such as the ESF, Erasmus+, Horizon 2020 and COSME complement each other in terms of specific objectives, activities and beneficiaries. Complementarity between EURES and the European Territorial Cooperation programme (Interreg) was also found. Microfinance/Social Entrepreneurship also appears to be consistent with other microfinance instruments at EU level. They support either SMEs (like the COSME financial guarantee) or companies up to large caps (InnovFin), where EaSI supports only microenterprises or social enterprises. They also offer larger financing amounts (InnovFin and COSME), and greater variety in terms of financial products (like the InnovFin programme). They focus only on specific groups of beneficiaries in certain countries, while Microfinance/Social Entrepreneurship addresses all participating countries.

However, despite the complementarities between EaSI and other EU instruments, further coherence is hampered by the variety of intervention logic and rules governing the funds. The co-existence of different rulebooks (the Financial Regulation for financial instruments, and the Common Provisions Regulations for structural funds) makes it challenging to tap into complementarities between different funds. Specific mechanisms have to be put in place in order to facilitate synergies between different EU funds, for instance enabling the social experimentation tested under EaSI to be scaled up or multiplied with ESF funding. Streamlining the rules could help to maximise the potential of such complementarities and synergies.

At national level, no significant overlap between EaSI's objectives and those of national instruments/programmes was found. The stakeholder consultation, in particular, highlighted the consensus on the importance of maintaining each type of instrument at EU level, even if minor overlaps between the instruments at EU and national level were observed. These overlaps could be overcome by further strengthening national, regional and local stakeholders' involvement in EaSI activities and by providing them with tools, transferable/comparative knowledge and relevant support for the design and implementation of interventions addressing social issues.

3.5. EU added value

EaSI produced demonstrable EU added value in terms of scope and scale, compared to national and regional support. Should EaSI be discontinued, this would have repercussions in many sectors. It would be unlikely that other national or regional funding schemes would be able to support policy experimentation across different participating countries and EU-level NGO networks as EaSI currently does. EaSI is also the most suitable vehicle for EU-wide deliverables such as comparative databases, studies and mutual learning activities that are not top priority at other governance levels.

Furthermore, there are no other EU resources available which are specifically designed for cross-border partnerships, although the ERDF's Interreg Programmes can support employment policies in cross-border regions if programmed by the Member States concerned. Support for the social investment market would probably also slow down without funding from EaSI, leading to less social business across the EU and fewer employment opportunities in these sectors. EU support serves as a powerful signal to drive change at national level and helps to transfer expertise and know-how between countries.

The work carried out under the EaSI programme extends beyond the management of the financial instruments: it drives a variety of measures to develop an ecosystem for social finance markets. Examples include grants to develop both the supply and demand side of social finance, but also non-financial initiatives such as the *Code of Good Conduct for microcredit provision*, which helps to raise standards in the microfinance sector. This is in line with one of the Commission's goals: that of increasing the use of financial instruments to attract private finance and encourage new systemic developments in social finance markets.

Continuous efforts are, however, necessary — mainly in terms of communication on EaSI activities and dissemination of its results. Stakeholders are eager to receive further information and feel that through better dissemination they could gain great benefits, particularly in terms of access to finance, results, country-specific examples and good practices, updated websites and databases, a wider range of languages for communication, and content that is more accessible to a broad audience.

3.6. EaSI governance

EaSI is coordinated by a unit within the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission that is responsible for formulating the scope and funding of the programme, and for monitoring and evaluating its progress. The unit is assisted in this task by coordinators from the Directorate-General's operational units and by the EaSI Committee, which consists of one representative from each participating country.

The evaluation examined the role of the EaSI committee, in particular, and concluded that the stakeholders' roles and responsibilities need to be improved, as well as their engagement and communication. The Committee members felt there was a need for more authority in decision-making and more ownership of the allocation of funds and the programming/topics of the calls for proposals¹².

The evaluation also found that thematic working groups would be useful to deepen EaSI Committee members' knowledge of technical matters. The occasional use of expert guidance is also viewed as potentially useful for certain topics. The evaluation also pointed out that the Committee members do not have enough information on projects selected and implemented in

¹²The role of the committee must comply with the treaties, the Financial Regulation rules for spending programmes and the comitology legal framework.

their countries, or on projects rejected following the evaluation procedure. More feedback on rejected applications should be given to candidates to help them improve their applications. More information needs to be shared with the Committee in good time, so that it can be easily passed to organisations that may be interested in responding to calls for proposals.

Similarly, more cooperation with other committees to exchange information and more regular discussions between the EaSI Committee and the Commission are seen as necessary.

4. General conclusion

The mid-term evaluation highlighted a number of ways to improve EaSI's implementation before the end of the current Multiannual Financial Framework (MFF), especially through enhanced internal budgetary flexibility, targeting groups in need of specific support, simplifying procedures, improving internal coherence and linking EaSI with other funds. In particular, improved streamlining of funding could have a tangible impact on EaSI's relevance, efficiency, coherence, and effectiveness and EU value added. This could be done in 2017-2020, through appropriate linkages or new mechanisms linking the different EU funds.

After 2020, an 'umbrella fund' called European Social Fund Plus (ESF+) gathering together all funds managed by DG Employment, Social Affairs and Inclusion — including EaSI¹³ — will provide one easy-to-use interface with beneficiaries, reduce fragmentation and enhance synergies between funds, thus creating the conditions for more effective policy implementation and EU value added.

¹³ The mid-term evaluation highlighted the need to improve the programme's internal and coherence. Under the ESF+, a better adequacy between the objectives of the EaSI strand and its funding will be achieved. If the objectives and types of actions funded under the current PROGRESS axis will remain unchanged, the financial instruments implemented under the current EaSI' third axis will be transferred to InvestEU programme that will bring together the multitude of EU financial instruments currently available to support investment in the EU and the activities related to the EURES mobility portal will be transferred to the European Labour Authority (ELA). The directly managed activities (non-lending activities and support to job mobility) will be kept under the ESF+/EaSI strand.