

## ESF COMMITTEE

### OPINION ON THE FUTURE OF THE EUROPEAN SOCIAL FUND

#### I. INTRODUCTION

1. As the half-way stage of implementation of the current financial perspectives and the 2007-13 Structural Funds programming period approaches, the Commission will propose its main orientations for the future of the EU financial framework in the forthcoming budget review paper in September 2010 and of the structural funds in the 5<sup>th</sup> Cohesion Report. The latter should be published in November 2010.
2. The European Social Fund Committee (hereinafter “the Committee”) expressed its wish to formulate an Opinion with a view to making a contribution to the future orientations of the European Social Fund (ESF).
3. To that end, it established an ad-hoc expert group to serve as a forum for informal discussions on the future of the ESF and composed of experts nominated by the Member States and the social partners in view of their personal knowledge and expertise on the subject. This Group met 5 times from December 2009 to May 2010 and the results of its discussions underpin the formulation of the present Opinion.
4. The Committee adopted this Opinion in principle at its meeting on 3 June 2010. It is addressed to the European Commission in accordance with the Committee's rules of procedure. It is offered without prejudice to the positions of Member States in Council and without prejudice to the negotiations on the next financial framework.

#### II. EUROPEAN ADDED-VALUE OF THE ESF

5. The Committee considers that the European Social Fund creates a high European added value. It contributes to European Union policy objectives in the fields of employment and social inclusion as expressed in the Treaty, to the European Employment Strategy and to the Open Method of Coordination in the fields of social protection and inclusion. The added value has been demonstrated, first in terms of volume and scope of financial support, notably in Convergence regions, but also in terms of role and process: the ESF is an important tool galvanising policy change and agenda setting, mutual learning, innovation, development of partnerships, strategic and long term planning. However, the Committee recognises that there is a strong need to better present and demonstrate the European added value of the ESF to institutions, stakeholders and citizens.
6. The Committee stresses that the ESF, as a Fund that targets people, has a particularly important role to play in the present economic crisis, which has had a dramatic impact on many people in Europe. The ESF is one of the best instruments the EU has at its disposal to help Europeans improve their

employability and adaptability, contribute to and reap the benefits of future growth in line with the objectives and priorities of the Europe 2020 Strategy.

7. In this context, the Committee considers that the ESF contribution to employment, equal opportunities and social inclusion should be highlighted in the future financial framework.

### **III. THE SCOPE AND PRIORITIES OF THE ESF IN THE LIGHT OF THE EUROPE 2020 STRATEGY**

8. The Committee recommends that the ESF should be fully aligned with the objectives and priorities of Europe 2020. The ESF should underpin - as the EU instrument investing in human capital - the three priorities of the Europe 2020 Strategy: smart growth, sustainable growth and inclusive growth. Employment, training and education, active inclusion and equal opportunities policies are indeed key engines for empowering people by developing their knowledge and skills, promoting a culture of innovation, boosting employment levels (including in the area of green and white jobs), and fostering an inclusive labour market.
9. To ensure close association of the future ESF with the Europe 2020 Strategy, the Committee considers that the ESF priorities should be based on the policy objectives of the Integrated Guidelines, and especially on the Employment Guidelines adopted by the Council with the assent of the European Parliament.
10. In addition, the Committee recommends that the ESF should continue and enhance its support for institutional capacity building and structural reforms, to social partners and to partnership with civil society, in particular with NGOs and associations that work with the most disadvantaged people, as they are vital for good governance of the Europe 2020 Strategy and the achievement of its objectives. Strong institutions are an essential precursor of structural reform and growth. The ESF should capitalise on its proven track record in these areas in order to further bolster public policies and capacity building.
11. The Committee wishes to stress the essential role of the social partners in the proper functioning and the modernisation of inclusive labour markets. In this respect, the ESF should continue and enhance its support to their institutional capacity and their joint activities.
12. The Committee considers that gender equality, anti-discrimination and transnationality should remain key horizontal priorities for the ESF in the next programming period.
13. The Committee recommends that social innovation should be enhanced in the next programming period in employment and active inclusion policies.
14. The Committee supports the idea of developing new and smart financial engineering to blend grants and loans in order to increase the resources available for employment and inclusion policies using the leverage of the ESF.

#### **IV. GEOGRAPHICAL AND THEMATIC CONCENTRATION**

15. The Committee considers that the ESF as the only EU fund targeting people should be an instrument open to all Member States and regions, since the fight against unemployment or social exclusion or the need for a skilled and adaptable workforce are not issues for poor countries or regions only. They are neither confined to any particular area of the EU nor directly linked to Member States' development levels expressed in terms of relative wealth. With the ESF, Europe demonstrates its solidarity with citizens in need of support, irrespective of where they live.
16. Nevertheless, the Committee considers that the intensity of ESF support should be differentiated between countries and regions in accordance with their relative socio-economic situation and also taking into account their position vis-à-vis the Europe 2020 targets.
17. The Committee recognises the need to achieve a better thematic concentration of ESF support in order to ensure that interventions have a tangible impact and achieve a critical mass. Thus, a limited number of priorities should be chosen at operational programme level. The number of priorities may vary according to national and regional needs and to the ESF amounts allocated.

#### **V. RELATIONSHIP WITH OTHER STRUCTURAL FUNDS**

18. The Committee considers that the ESF is a policy instrument for labour market, employment policies and social inclusion which contributes to economic, social and territorial cohesion, as stated in the Treaty.
19. The Committee considers that the complementarity with other EU funds, and notably the Structural Funds, should be maintained and where possible strengthened. Complementarity should aim at reinforcing the role of the ESF as a policy instrument in the context of Europe 2020.
20. The Committee believes that there is a need to simplify and streamline the strategic frameworks which ensure the coherence with the EU policy strategy and between the different funds. The Committee stresses that ESF programming should rely on fewer strategic documents. The Integrated Guidelines for the Europe 2020 Strategy and the National Reform Programmes should directly provide the framework for future ESF programmes and ensure thematic concentration.

#### **VI. DELIVERY SYSTEM**

21. The Committee considers that simplification for all the stakeholders in the Fund must be a guiding principle for the new programming period. As a general rule the future ESF should not be more complex or burdensome than national funds with a similar purpose.

22. The Committee believes that the OPs should be more strategic and more focused on outputs and results and less on mere inputs. In order to attain this objective, the Committee recommends that its ad hoc group continue to explore the introduction of output or result-based elements and conditionality for the disbursement of EU contributions to OPs, depending on the type of interventions or objectives.
23. The Committee welcomes the idea of developing a limited set of core indicators for ESF funding. This would enhance the visibility at EU level of the actions supported by the Union and would facilitate aggregation of data. However, the Committee is aware of the potential difficulties, the need to avoid creating an excessive administrative burden for national authorities and final beneficiaries and the usefulness to define at programme level additional specific indicators.
24. With regard to the present situation and the possible introduction of elements of output or result-based conditionality, the Committee stresses that the future delivery system should significantly improve legal certainty for the stakeholders.
25. The Committee calls on a wider application of the proportionality principle and suggests that its ad hoc group continue the discussion on different options to apply this principle.
26. The Committee questions the feasibility of a 2 % materiality rate, given the complexity and the diversity of co-financed actions. At the same time, it accepts that increasing the level of assurance would require the current rates of error to be lowered. As the majority of errors are attributable to unclear, complex rules at the start of the programme, the Committee stresses the need for legal security at the beginning of the next programmes and calls for further simplifications. The existing spending rules, i.e. reimbursement based on incurred costs, lead to unnecessary administrative burdens on the final beneficiaries and on Managing Authorities. The future implementing rules should be more focused on the effectiveness of projects.

## **VII. CONCLUSION**

27. The Committee adopted this Opinion at its meeting of 3 June 2010 and requested the Chairperson to disseminate it widely.
28. The Committee invites the Commission to take this Opinion into account in its proposal for the next ESF Regulation.
29. The Committee invites the ad-hoc group to continue its discussions on the future of the ESF.