

Opinion of the European Economic and Social Committee on Proposal for a Regulation of the European Parliament and of the Council on the European Social Fund Plus (ESF+)

(COM(2018) 382 final — 2018/0206 (COD))

(2019/C 62/27)

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Referral	European Parliament, 11.6.2018 Council of the European Union, 19.6.2018
Legal basis	Articles 46(d), 149, 153(2)(a), 164, 168(5), 175(3) and 349 TFEU
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	26.9.2018
Adopted at plenary	17.10.2018
Plenary session No	538
Outcome of vote (for/against/abstentions)	183/2/2

1. Conclusions and recommendations

1.1. The EESC welcomes the Commission's proposal for the European Social Fund Plus (ESF+), aiming at improving consistency and synergies among EU instruments, merging some EU funds and simplifying some procedures. While underlining some critical aspects of the proposal, the EESC calls for a swift, responsible and balanced decision on the proposal before the EP elections next year.

1.2. Europe needs a sound mix of economic, investment and social policies to remain competitive in the global economy and to ensure quality employment, quality education and training universally available and accessible, as well as equal access to health services, social inclusion and active participation in society. An EU budget is required that can respond to major challenges such as youth unemployment, the skills mismatch, long-term unemployment, a fast-changing labour market and the impact of new forms of labour on people, challenges which create new social exclusion of marginalised groups, combined with persistently high poverty rates in some countries. Moreover, brand new challenges resulting from digitalisation require innovative approaches to EU funding ⁽¹⁾.

1.3. The EESC is highly critical of the proposal because it provides for a financial cut in EU cohesion policy. With specific reference to the ESF+, there is a 6 % decrease in real terms. Furthermore, the EESC does not agree with the elimination of the minimum share (currently set at 23,1 %) of cohesion policy funding under the ESF+. Bearing in mind that the ESF+ is the main funding instrument for implementing the European Pillar of Social Rights (EPSR), the EESC calls for 30 % of total resources for economic, social and territorial cohesion policies to be allocated to the ESF+, and within the ESF+ for 30 % of resources to be earmarked for social inclusion measures.

1.4. The merging of different funds and programmes under the new ESF+ 'umbrella' should be implemented with care, taking account of any potential increase in their effectiveness and efficiency compared to separate delivery frameworks. The EESC asks the Commission to further simplify the rules of the ESF+ for both managing authorities and beneficiaries, while

⁽¹⁾ See for instance the EESC opinion on the Multiannual Financial Framework post 2020 (OJ C 440, 6.12.2018, p. 106).

ensuring that projects comply with EU values. The enabling condition of active inclusion, under which Member States must have national strategies against poverty and social exclusion in order to qualify for funding under the ESF+, should continue to apply to all Member States during the next MFF funding period.

1.5. The ESF+ should be used in a manner consistent with the Charter of Fundamental Rights, the UN Convention on the Rights of the Child (UNCRC) and the UN Convention on the Rights of Persons with Disabilities (UNCRPD). Compliance with the rules of the European Code of Conduct on Partnership (ECCP) must be considered to be an enabling conditionality, and partnership agreements and operational programmes should be reviewed and be subject to sanctions if they do not fully respect ECCP obligations.

1.6. The European Union should make full use of the experience and capacity of the social partners and other civil society organisations (CSOs) operating at local, national and European level by involving them, alongside service users and according to their different roles, in the tasks of programming, implementing, monitoring and evaluating EU funding. Social partners and the other CSOs are crucial players in the European democratic project. In the ESF+ context, this means that public authorities should facilitate their access to the available resources. The EESC supports the revision of the composition of the ESF+ Committee as described in Article 40(2) of the Regulation, in accordance with Article 6(1)(c) of the Common Provisions Regulation and respecting the principles of the ECCP (European Code of Conduct on Partnership).

1.7. An adequate portion of available resources should be earmarked for projects driven by small local organisations, as well as for re-granting, in order to support the activities of locally active organisations. In-kind contributions should be dealt with on an equal footing with financial contributions.

1.8. Transnationality (or cross-border activities) should usually be part of the operational programmes of all Member States. This is necessary in order to foster a sense of European identity among citizens of different Member States.

1.9. The EESC deems it important to establish a high level of funding for key action fields for the future of Europe and its population. These would include: quality youth employment, gender equality initiatives, inclusion and employment of vulnerable groups, lifelong learning and up-skilling in the context of a fast-changing, digitalised labour market, strengthening public services of general interest, as well as capacity-building of the public administration, of the social partners — with a dedicated approach to strengthening social dialogue and undertaking joint activities — and of other CSOs, including their participation in the fund's management to ensure better governance.

1.10. Taking into account the growing role of the social economy in the social dimension of the EU, the EESC also considers that support for social economy activities should become a separate, specific objective of the ESF+.

1.11. The EESC welcomes the Commission's proposal to identify new indicators for allocating funding. Nevertheless, the current system is still mainly based on gross domestic product (GDP). Moreover, the EESC considers that the correlation between the ESF+ and the Country Specific Recommendations (CSRs) of the European Semester must be improved. The EESC is concerned that strict conditionalities might be applied. It therefore stresses that this correlation should be negotiated between the national and European authorities, with the full and active involvement of the social partners and other CSOs.

1.12. The social partners and other CSOs should be considered as equal stakeholders in the monitoring committees, with voting rights and the possibility of exercising specific steering functions. Monitoring should also assess the progress of social inclusion measures, rather than being confined to applying a set of quantitative indicators.

1.13. The EESC stresses the importance of keeping the ESF+ within the scope of economic, social and territorial cohesion policy.

1.14. The EESC does not agree with the proposal of a reduction of the European co-funding rate of the ESF+. In any case, such a reduction should not be charged to the promoters of the projects.

2. Introduction: the Commission's proposals for the Multiannual Financial Framework 2021-2027 and the current social situation in the EU

2.1. On 2 May 2018, the European Commission issued a communication on its proposals for the Multiannual Financial Framework 2021-2027; this was followed by the publication of regulations on the MFF and on the European Social Fund Plus on 29-31 May and 1 June 2018, respectively.

2.2. As requested by the European Parliament, the EU budget should be increased to 1,3 % of gross domestic product (GDP) (the proposal represents an increase of 1,08 %) and the own resources system should be reformed to stabilise the financing of new actions and address the new internal challenges. Only an increased budget can enable the EU, even after Brexit, to live up to its commitment to implement the UN Sustainable Development Goals (SDGs) and the EPSR, which sets objectives and principles for a new social and labour policy at European level, to promote quality jobs and equal opportunities, quality education and training — which should be universally available and accessible — in order to respond to the rapid changes in the labour market and to ensure fair working conditions, together with wider social inclusion and protection allowing the active participation of all in society.

2.3. Europe needs to remain competitive in the global economy and ensure high employment and social standards. The EESC calls for a swift, responsible and balanced decision on the MFF and EFS+ proposal to be taken before the European elections.

2.4. The Union is now facing new challenges arising from the need to overcome a long period of economic and social crisis, and it needs to address the impact of a fast-changing labour market and the related new forms of work, shortfalls in skills levels, low labour mobility, under-performance in active labour market policies (ALMP) and education and training systems, as well as 'new' social exclusion of marginalised groups, including Roma and migrants.

2.5. The youth unemployment rate still remains high in the EU. Adding to this is the increased use of non-standard employment contracts, again especially among young people, together with persistently high rates of NEETs (young people who are 'Not in Education, Employment or Training'). The mismatch between skills supply and the needs of employers has been underlined in several EESC opinions. This is why today's challenge is to increase quality employment and make youth employment a priority. In some Member States, however, the unemployment of other groups, such as women, elderly people and migrants, is becoming critical and requires specific solutions.

2.6. The introduction of new technologies, digitalisation and AI is having a major impact on jobs: quality basic education, high-standard and effective training, lifelong learning, up-skilling and re-skilling and matching the changing needs of EU economies with targeted skills and competences will be necessary tools for making the most of the job opportunities of the future and fostering business competitiveness⁽²⁾. Such tools need to be accompanied by a sound mix of economic, investment and social policies for inclusive and sustainable innovation-driven growth.

2.7. Another critical aspect is the level of poverty among citizens: 118 million EU citizens (or 23,7 % of the EU's total population) still live in, or at risk of, poverty and social exclusion⁽³⁾. At the same time in-work poverty remains at high levels in some countries, being accompanied by a significant increase in underemployment⁽⁴⁾.

3. Key aspects of the proposed Regulation on the European Social Fund Plus

3.1. To enhance coherence and synergies between complementary EU instruments, increase flexibility, allow the funds to be more responsive to the challenges, and simplify fund programming and management, the new European Social Fund Plus (ESF+) merges the following funds and programmes of the Multiannual Financial Framework 2014-2020:

— the European Social Fund (ESF) and the Youth Employment Initiative (YEI);

⁽²⁾ See OJ C 237, 6.7.2018, p. 8.

⁽³⁾ European Commission, Joint Employment Report 2017.

⁽⁴⁾ Eurostat and EU-SILC data. Here, and on some other points, the document reiterates positions expressed in the EESC information report Follow-up to SOC/537, forwarded to the European Commission after being unanimously adopted by the EESC at its 534th plenary session on 18 and 19 April 2018. This information report often quoted opinion OJ C 173, 31.5.2017, p. 15.

- the Fund for European Aid to the Most Deprived (FEAD);
- the Employment and Social Innovation (EaSI) programme; and
- the programme for the Union's action in the field of health (the Health Programme).

3.2. The total budget allocated for the ESF+ amounts to approximately EUR 101 billion (in current prices) for the 2021-2027 period, of which EUR 100 billion will go to the ESF+ strand under shared management (ex-ESF and ex-FEAD). The financial envelope for the direct management strands of the ESF+ will be EUR 1 174 million in current prices, of which EUR 761 million will be spent on employment and social innovation and EUR 413 million on health. The ESF+ also incorporates the Youth Employment Initiative (YEI), with 10 % of the financial allocation targeting young people aged 15-29. At least 25 % of national ESF+ resources will be earmarked for promoting social inclusion and tackling poverty. Additionally, Member States will have to allocate at least 2 % of their ESF+ resources for measures targeting the most deprived.

3.3. In order to simplify the implementation of the ESF+, reduce the administrative burden on beneficiaries and shift the focus to the achievement of results, several provisions are introduced in the Common Provisions Regulation (CPR). The ESF+ Regulation also provides for measures to tackle material deprivation, thus addressing the stakeholder request to maintain lighter requirements for this type of assistance and to simplify data collection, monitoring and reporting requirements.

4. General remarks on the proposed Regulation

4.1. The EESC welcomes the Commission's proposal for the ESF+, particularly on account of:

- its alignment with the European Pillar of Social Rights;
- its guidelines for quality outcomes through improved indicators;
- the recognition of the need for simplification and increased flexibility;
- the focus on three policy areas: employment, education and social inclusion;
- the introduction of priority 'innovative actions' to support social innovation and social experimentation, which strengthen bottom-up approaches based on partnerships;
- its consistency and compatibility with other funding programmes such as Erasmus⁽⁵⁾ and the European Regional Development Fund (ERDF) under the 'Investing in People' policy chapter of the MFF;
- the fact that it brings individual funds and programmes together under one umbrella in order to improve the fight against poverty, social exclusion, unemployment and underemployment in the European Union.

4.2. The EESC criticises the fact that the proposed overall level of the next MFF is about EUR 1,1 trillion, which in real terms is below the level of the current MFF. Moreover, the EESC is highly critical of the proposed financial cut to EU cohesion policy, which amounts to around 7 % in the Multiannual Financial Framework 2021-2027. With specific reference to the ESF+, the proposal accounts for 27 % of total allocations for cohesion policy. In real terms, this means a 6 % decrease in the ESF+. Furthermore, the EESC does not agree with the elimination of the minimum share (currently set at 23,1 %) of cohesion policy funding under the ESF+. Bearing in mind that the ESF+ is the main funding instrument for implementing the EPSR, the EESC also calls for 30 % of resources for economic, social and territorial cohesion policies to be allocated to the ESF+ and recommends that 30 % of the ESF+ resources be earmarked for social inclusion measures. The EESC does not agree with the proposal for a reduction of the European co-funding rate of the ESF+. In any case, such a reduction should not be charged to the promoters of the projects.

4.3. In this context, the EESC firmly reiterates that funding at both EU and national level needs to:

- address quality-of-life and work-life balance problems;

⁽⁵⁾ EESC opinion on Erasmus (see page 194 of this Official Journal) recommends keeping the title 'Erasmus+'.

- invest in inclusive, high-quality education and training, which should be accessible and affordable for all and oriented to current and future labour market needs;
- tackle unemployment and skills mismatches — particularly long-term and youth unemployment — and underemployment, as well as extending training and fair working conditions to include workers employed in the new (atypical), and in some cases illegal, forms of work;
- tackle demographic challenges and ensure adequate and sustainable social protection over the life cycle for all;
- promote inclusion of and accessibility for people with disabilities;
- develop, test, evaluate and upscale innovative solutions and strengthen bottom-up approaches and social experimentations based on partnerships involving public authorities, the private sector, social partners and the other CSOs;
- promote equal opportunities and combat all forms of discrimination;
- improve the employability and socioeconomic integration of marginalised groups, among them people experiencing homelessness;
- support migrants' integration;
- provide individualised family- and community-based support, enhancing access to affordable, sustainable and high-quality social services, as well as to health and housing services;
- promote joint actions of the social partners;
- support capacity-building for administrations/institutions, the social partners and civil society organisations.

4.4. As the EU Structural Funds are key drivers of a more competitive, cohesive, resilient and social Europe, Member States have a particular responsibility to invest ESF+ funding in social services being provided by public entities, social economy entities, and other non-profit organisations.

4.5. The merging of different funds and programmes under the new ESF+ 'umbrella' should be implemented with care, taking account of any potential increase in their effectiveness and efficiency compared to separate delivery frameworks ⁽⁶⁾.

4.6. The Commission proposes merging the Youth Employment Initiative (YEI) with the ESF+ in order to ensure the consistency and efficiency of actions focused on young people. The proposal is aimed at strengthening employment policies in the Member States. The procedures to access YEI funding should be simplified and guarantee a clear allocation of resources. Failing this, it could be more useful to leave the YEI as a separate financial initiative. Additionally, steps need to be taken to ensure that the calculations requiring Member States to use at least 10 % of the ESF+ budget for YEI are effective and reasonable. The risk of the YEI becoming marginalised and the allocated budget shrinking in 2021-2027 is to be avoided ⁽⁷⁾.

4.7. It is also important to recognise that the social partners and — on an equal footing — other civil society organisations are crucial players in the European democratic project. Hence public authorities have to facilitate their access to the available resources.

4.8. The European Union should make full use of the experience and capacity of the social partners and other CSOs operating at local, national and European level by involving them, according to their different roles, alongside service users, in programming, implementing, monitoring and evaluating EU funding ⁽⁸⁾. To this end, it will be necessary to make clear reference to the European Code of Conduct on Partnership. Compliance with this code must be considered as an enabling condition. The social partners and other CSOs should — once they have received adequate support — develop appropriate

⁽⁶⁾ See the study on monitoring, final report, CONTRACT NO VC/2017/0131, Implementing Framework Contract No VC/2013/0017, p. 50.

⁽⁷⁾ See the analysis of the European Youth Forum at: https://www.youthforum.org/sites/default/files/2018-07/_ESF%2B%20data%20analysis_website.pdf

⁽⁸⁾ See OJ C 173, 31.5.2017, p. 15.

evaluation tools and, where possible, make use of the expertise of direct beneficiaries ⁽⁹⁾. This can only be accomplished when bureaucratic burdens are reduced and funding rules to support the social partners and other CSOs simplified.

4.9. An adequate part of available resources should be earmarked for projects driven by small local organisations, as well as for re-granting. This would make it possible to support locally active organisations and self-help groups and would also avoid or mitigate the deterrent effect of excessive co-funding red tape facing CSOs. In-kind contributions should be dealt with on the same footing as financial contributions.

4.10. It should be noted that, in most cases, financial instruments such as loans, guarantees or equity do not provide adequate financing for social projects. Grants should therefore be chosen as the main implementation mechanism, unless other financial tools are more effective.

4.11. The EESC asks the European Commission to further simplify the rules of the ESF+ for both managing authorities and beneficiaries. However, the Commission and managing authorities should take specific measures to ensure that simplification would not expose to financial risks the CSOs working for and with people affected by poverty and social exclusion. Such risks are particularly associated with the extensive requirements for personal data collection.

4.12. Any simplification of the funds' rules should not result in removing mechanisms (e.g. the enabling conditions) that are in place to ensure that projects financed by EU funds comply with EU values, in particular the obligation to respect human rights. The enabling condition concerning active inclusion, whereby Member States must have national strategies against poverty and social exclusion in order to qualify for ESF+ funding, should continue to apply to all Member States during the next MFF funding period.

4.13. As the ESF+ is a European fund, transnationality (or cross-border activities) should usually be part of the operational programmes of all Member States. This is necessary in order 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 far more visible. In order to help implement cross-border projects, good practice and successful formats from the current funding period (2014-2020) should be continued and shared among Member States.

5. Specific remarks and requirements regarding the proposed Regulation

5.1. The EESC deems it to be important to establish specific objectives ⁽¹⁰⁾ for the ESF+ with a high level of funding for key action fields for the future of Europe and of its population, such as:

- quality youth employment;
- gender equality initiatives;
- inclusion and employment of vulnerable groups, such as people with disabilities and migrants;
- access to lifelong learning in the context of a fast-changing, digitalised labour market;
- strengthening public services of general interest, as they contribute to better quality of life and a better work-life balance;
- capacity-building for public administrations, the social partners and other CSOs to ensure better governance, including in the fund's management.

⁽⁹⁾ Idem and 'Follow-up to SOC/537'.

⁽¹⁰⁾ See Articles 3 and 4 of the proposed Regulation.

5.2. Taking into account the growing role of the social economy in the social dimension of the EU, the EESC also considers that support for social economy activities should be made a separate objective of the ESF+ ⁽¹¹⁾. The measures envisaged should focus on the whole social economy in all its diversity across the Member States. The Commission is invited to work with the Member States to promote a favourable ecosystem for the social economy.

5.3. The EESC welcomes the Commission's proposal to identify new indicators for allocating funding for issues such as youth unemployment, low education levels, climate change and the hosting/integration of migrants, so as to better reflect the social and economic situation of European regions and territories and align them with the Social Scoreboard of the EPSR. Nevertheless, the current system for allocating funds is still mainly based on GDP ⁽¹²⁾.

5.4. The EESC considers that the correlation between the ESF+ and the Country Specific Recommendations (CSRs) of the European Semester is of great importance. At the same time, the EESC is concerned that strict conditionalities might be applied. It therefore stresses that this correlation should be negotiated between the national and European authorities with the full and active involvement of the social partners and other CSOs ⁽¹³⁾, since it is important to guarantee a medium-term as well as a long-term strategy.

5.5. The EESC stresses the importance of maintaining the ESF+ within the scope of economic, social and territorial cohesion policy, given the strong complementarities between growth, employment objectives and social inclusion. The added value of the ESF+ compared to Member State action is linked to territorial needs and to integration with other Structural Funds in order to carry out consistent and comprehensive initiatives at local level. In this framework, the regional/local dimension is crucial for programming and implementing tailored measures.

5.6. The EESC welcomes the obligation on Member States regarding adequate participation of the social partners and other CSOs in the delivery of policies supported by the ESF+ and allocation of an appropriate amount of ESF+ resources for capacity-building and joint actions. This should include a dedicated approach to capacity-building for the social partners, in line with the 2016 quadripartite statement on the new start for social dialogue, and ensuring that the managing authorities allocate resources according to needs, in the form of training, networking measures and strengthening of social dialogue and activities jointly undertaken by the social partners ⁽¹⁴⁾.

5.7. With a view to encouraging the adequate participation of the other CSOs in action supported by the ESF+, particularly in the areas of social inclusion, gender equality and equal opportunities, the managing authorities must ensure the allocation of an appropriate amount of ESF+ resources to capacity-building for these organisations.

5.8. Member States should make full use of Article 17 of the European Code of Conduct on Partnership (ECCP). Since partnership agreements and operational programmes are the result of negotiations between the Commission and the national authorities, the Commission could be more demanding when approving these agreements and should require that they be reviewed if they do not fully respect the obligations arising from the partnership principle ⁽¹⁵⁾. Moreover, for the new period 2021-2027, the ECCP should be revised and the role of the social partners and other CSOs should be clearly defined. The EESC supports the revision of the composition of the ESF+ Committee as described in Article 40(2) of the Regulation, in accordance with Article 6(1)(c) of the Common Provisions Regulation and respecting the principles of the ECCP (European Code of Conduct on Partnership). Article 40(2) should therefore state that each Member State shall appoint to the ESF+ Committee one government representative, one representative of the workers' organisations, one representative of the employers' organisations and one representative of civil society.

5.9. The Commission should provide clarification of the minimum requirements with which the Member States' authorities will have to comply when implementing partnerships, including sanctions in the event of inadequate implementation. Any failure by the Member States to comply with the ECCP should be penalised through different measures, culminating in the suspension of payments in serious cases of non-compliance, as provided for in the European Structural and Investment Funds ⁽¹⁶⁾.

⁽¹¹⁾ See Article 4 of the proposed Regulation.

⁽¹²⁾ See Article 4 of the proposed Regulation.

⁽¹³⁾ See Article 7 of the proposed Regulation.

⁽¹⁴⁾ See Article 8 of the proposed Regulation.

⁽¹⁵⁾ See Article 4 of the proposed Regulation.

⁽¹⁶⁾ See Article 34 of the proposed Regulation.

5.10. Monitoring committees should operate in a more transparent and meaningful way and should also exercise specific steering functions. The social partners and CSOs should be considered as equal stakeholders and therefore be mandatory members of the monitoring committees and have the right to vote. Monitoring should also ensure that all funds are used in a manner that is consistent with the Charter of Fundamental Rights and international human rights standards, including the UNCRC and the UNCRPD, ratified by the EU and 27 of its Member States. Moreover, monitoring should also assess the progress of social inclusion measures, rather than being confined to applying a set of quantitative indicators ⁽¹⁷⁾.

Brussels, 17 October 2018.

The President
of the European Economic and Social Committee
Luca JAHIER

⁽¹⁷⁾ See Articles 38 and 39 of the proposed Regulation.