

Lessons from ESF for ESF+ Workshop Summary Report

RECOMMENDATIONS FOR THE FUNDING PERIOD 2021-2027

ESF and absorption:

Balance simplification and regularity, flexibility and alignment with strategic objectives.

Maintain the purpose of specific programmes and financial instruments.

Empowering local actors and applications from NUTS2 regions to ensure projects tailored to the needs.

Investment in strengthening administrative capacity, while not losing sight of other factors.

ESF and beneficiaries:

Continue with simplification reforms at all levels, paying attention to ESF specificities.

Improve information and guidance for (new, small) beneficiaries.

Strengthen capacity building for Management Authorities, auditors and beneficiaries, especially for new social inclusion and poverty reduction interventions.

Involve all ESF stakeholders (incl. NGOs, CSOs, municipalities) throughout the programme cycle.

ESF and (child) poverty:

Ensure a stronger focus of country-specific recommendations on (child) poverty.

(Child) poverty should be a separate thematic objective and could be decoupled from social inclusion.

Allocate a specific share of ESF+ (on top of 2% for material deprivation) to areas with high child poverty.

Add children to the enabling condition on poverty and social inclusion (national policy frameworks).

Introduce more detailed categories of intervention for children and child poverty.

Apply common output indicator "Number of children below 18 years of age" to ESF+ (shared management part).

Adapt e-Platforms for anti-poverty and social inclusion actions.

Integration of FEAD (material and non-material assistance) into ESF+: role of specific objectives

Develop concepts to combine the different types of assistance for groups of most deprived.

Integration of Youth Employment Initiative into ESF+: role of pre-financing

Financing should taking into account the responsivity of youth unemployment and the financial room for manoeuvre of member states within business cycles.

ESF and institutional capacity building:

Ensure good continuation and coordination of institutional capacity building for public authorities (e.g. public employment services, education, social services) as the related thematic objective 11 under the current ESF has been transferred to the Structural Reform Support Programme.



Introduction

This report gives a summary of the workshop “ESF+: Lessons from ESF for ESF+”¹ held on 29 August 2018 at the request of the Employment and Social Affairs Committee. It complements a number of studies on the ESF produced for the Employment and Social Affairs Committee:

- ◆ [ESF policies as a mitigating factor during the crisis](#)
- ◆ [The European Social Fund: Beneficiaries’ Experience in the current funding period](#)
- ◆ Fighting child poverty: the role of EU funding

Background: From ESF to ESF+

On 30 May 2018, the European Commission published its proposal for a Regulation of the European Parliament and the Council on the **European Social Fund Plus** for the funding period 2012-2017. It replaces the [previous regulation on the ESF](#) adopted in 2013.

Integrating and streamlining EU programmes:

ESF+ integrates five previously separate programmes: a) programmes under shared management by the Commission and Member States: the European Social Fund ([ESF](#)), the Youth Employment Initiative ([YEI](#) to implement the [Youth Guarantee](#)), the Fund for European Aid to the most Deprived ([FEAD](#)) - material assistance + social inclusion measures) - all (EUR 100 billion), b) plus two programmes under direct or indirect management by the Commission: the EU Programme for Employment and Social Innovation ([EaSI](#) = Progress, EURES, Microfinance/social enterprises) and the [Health Programme](#).

Integration means mainly a common roof in terms of general objectives and a stronger commitment to increased coordination, synergies, sustainability and transfer of measures and projects. All strands have the common objective of supporting the European Pillar of Social Rights in order to achieve a more social Europe in the fields of employment, education and training, social inclusion. Horizontal principles applied are gender equality, equal opportunities, non-discrimination and contributing to a smarter, greener, low-carbon Europe. Health has been included to streamline strategic interventions across all areas of social policy.

Specific objectives, eligibility rules and monitoring indicators remain:

Programming under shared management:

- ◆ Appropriate amount of ESF+ resources to support country-specific recommendation
Alignment at the start of the programme and mid-way (programming 2026-27).
- ◆ Thematic concentration
 - 25 % social inclusion,
 - 2 % material support for most deprived (part of ex-FEAD),
 - 10 % for NEET youth in countries with high NEET rates,
 - EUR 400 m for Outermost Regions/Northern Sparsely Populated Areas.
- ◆ Ex-FEAD material assistance for deprived (non-material assistance = under social inclusion)
Chapter (III) and Annex II-> ex-FEAD material assistance, e.g. lighter eligibility and monitoring rules as well as specific monitoring indicators (for the most deprived are covered by the general social inclusion objective).

Programmes under direct / indirect management (EaSI; Health) - Work Programme and budget allocation decided by Commission (Financial Regulation)

Specific chapters setting out objectives and eligibility rules for EaSI (activities: Commission analysis, EU networks, mutual learning, projects, EURES Cross-border partnerships, project grants, microfinance and social enterprises) and for Health (own Annex for Health indicators).

Chapter with common rules (e.g. third countries, forms of funding).

Presentations

ESF absorption: a matter of quality and quantity (László Andor, Corvinus University of Budapest)

László Andor pointed to **continuity**: the challenges facing the ESF+ have been the subject of proposals for many years. He focused firstly on how the ESF has evolved since 2007 by a process of **incremental improvements** with regard to policy alignment (reinforcement of link to the European semester), social inclusion (increased earmarking, up to 25 % of the total ESF+ budget from 20 %), youth (10 % of ESF+ budget in countries having a high NEET rate), financial engineering (from supporting microfinance to social impact financing) and simplification of rules (from simplified cost options, flat rates to increased streamlining by merging funds). These, sometimes hard-won, improvements have sent a clear signal reinforcing the intention behind the European Social Fund and guaranteeing a focus on specific areas.

Often the success of the ESF is measured by its **absorption rate**. However, there are both **quantitative and qualitative aspects** to the absorption rate. An evaluation of the ESF should take into account not just the classic input parameters of numerical absorption rates and regularity (error rate) but also the impact of the ESF on GDP growth and social convergence. In practice, low or fluctuating absorption rates can be caused by various factors: the economic situation of a country, political priorities of the governments and administrative capacity. According to an **absorption typology**, taking into account the administrative capacity of the Member State and the degree of policy alignment with EU goals, Austria has a very high absorption rate because it is strong on both dimensions, the UK with excellent administrative capacity but a lack of policy alignment scores in the medium range and Romania performs worst due to a lack of both. When looking for remedies, **account must be taken of these different categories of countries** and who the client is.

Mr Andor stressed that it is tempting to use **simplification and flexibility** as ready-made solutions for all ESF problems. While he considers these to be important strategies, he pointed to inherent **trade-offs**. Simplification can facilitate and speed up absorption but, if taken too far, there is the risk of creating a laissez-faire system where reduced monitoring and reporting obligations undermine the regularity of the fund and the 2% error target. The possibility of adjusting programmes to changing needs allows for diversity and adaptability but, taken to the extreme, will result in a self-service ESF, with the risk of losing policy alignment and undermining the credibility of Europe 2020 and the European Pillar of Social Rights.

Rather than looking for a one-size-fits-all solution, the emphasis should be on empowering the local level to connect directly with the EU level. For example, sometimes cities might have the best ideas for migrant integration or the NUTS2 level might be best placed to make an application. Capacity building for the social partners, often subject to national political bias, should also be enhanced.

László Andor recommended:

1. maintaining the focus on the purpose of specific programmes and financial instruments within the ESF;
2. investing in administrative capacity, while not losing sight of other factors;
3. fostering ownership (e.g. through higher national co-financing rates);
4. developing a third option of assisted management (between shared and direct management);
5. empowering local level actors whenever possible.

ESF: Beneficiaries' experience in the current funding period (Manuela Samek, Istituto di Ricerca Sociale, Milano)

Manuela Samek presented the results of a study produced for the Employment and Social Affairs Committee. Expanding on the points made by László Andor, she summarised a number of changes made in the 2014-2020 ESF that had been positive from the beneficiaries' point of view:

Stronger commitment to inclusive growth (e.g. the 20% for social inclusion) resulting in new types of actions beyond the traditional training and employment actions, targeting new groups.

Furthermore, programmes on social inclusion brought in new, and often very innovative, beneficiaries (NGOs, CSOs, Municipalities).

Simplified delivery system and greater use of simplified cost options (SCOs)

Capacity building provisions for beneficiaries

Stronger focus on partnership.

According to Ms Samek, a number of familiar problem areas remain however. At the beginning of the project cycle, the beneficiaries lack information about how and when to apply for funds, the rules differ from one fund to the other and across regions within one country, e-platforms are too complex and rigid for applicants as they are designed for traditional training and employment type actions, application deadlines are short and selection procedures are long and opaque. During the implementation phase beneficiaries are once again faced with complex rules and differing interpretations of rules. At the end of the cycle, they have to contend with costly and redundant audit procedures, uncertain eligibility decisions and late payments.

A web survey demonstrated that management authorities and other stakeholders appreciate efforts by the Commission to further develop simplified cost options during the current funding period in form of delegated acts. There are also examples of good practice in some countries that try to tackle the difficulties beneficiaries experience, e.g. information sessions and contact points in the application and implementation phases, thematic groups with beneficiaries for drafting ESF manuals and guides, task forces to provide support, technical assistance services and guidelines on eligibility rules and fixed durations for contracting authorities to complete management procedures.

For the ESF+, Ms Samek recommended:

1. Continuing the reforms that have previously proven to be beneficial (e.g. stronger ESF commitment to inclusive growth, simpler structures, fewer and clearer rules, more use of simplified procedures and cost options, reducing redundant monitoring and data collection requirements and stronger partnerships).
2. Increasing the focus on capacity building such as mutual learning actions for Management Authorities, auditors and beneficiaries.
3. Finally, a stronger involvement of (new) ESF stakeholders in the entire policy cycle and in the monitoring committees would be helpful as they can provide valuable insights in terms of effective intervention strategies and actions, appropriate simplification options and smooth implementation.

The role of ESF and FEAD to fight child poverty (Haroldas Brožaitis, PPMI)

Presenting results from a study for the EMPL Committee, Mr Brožaitis set out that monetary poverty of parents is a main driver of child poverty which has many dimensions: nutrition, housing, clothing, healthcare, social protection, education, information and leisure time. There is evidence that children living in poverty are likely to experience monetary poverty as adults. Child poverty in the EU remains high: 25 million children (26.4 %) were living at risk of poverty and social exclusion in 2016, nearly one in ten children lives in a severely materially deprived household (>20 % in Bulgaria, Romania, Greece and Hungary).

While there exists a broad consensus at EU level that comprehensive policies targeting children and parents are needed to break the vicious circle of poverty, there is a weak specific focus on child poverty problems in the European semester agenda (country-specific recommendations) and in national strategic frameworks.

As regards the role of EU funds, except for FEAD (Fund for European Aid for the most Deprived), the design of funds in terms of objectives, targets and ex-ante conditionalities does not specifically address children at risk of poverty and social exclusion, nor materially deprived children.

A look at Member States' programmes shows, however, that they invest in areas relevant to tackle child poverty through material and other types of assistance. The FEAD provided food assistance to 11 m children between 2014 and 2016, 300 000 children received material assistance (e.g. school material, hygiene items) and a small number benefited from targeted social inclusion assistance measures for the most deprived, such as help to increase participation in early education and social care or leisure-time offers. FEAD material and social inclusion measures had positive effects.

Under the ESF (poor) children benefit directly from interventions such as access to quality childcare including in rural areas (e.g. in Poland), or access to quality services (e.g. social services in a number of countries, integrated services in Ireland and Germany) and socio-economic integration of marginalised communities such as the Roma. One recurring characteristic of the effective ESF interventions analysed was their focus: either on clearly designated geographical areas where child poverty problems were most acute (examples mentioned above); or on a specific target group. An example of the latter is Bulgaria which carried out a successful project to de-institutionalise children. Projects have a greater impact if they are embedded in a national anti-poverty policy framework focusing on child poverty.

Mr Brožaitis concluded that child poverty is not visible enough, neither as problem nor in policy responses within the European semester or in strategic (specific) objectives. To ensure a more targeted use of EU funds to fight child poverty, he set out a number of recommendations for the design of the ESF+:

1. Ensure that the 'enabling condition' which requires Member States to develop a national strategic policy framework for social inclusion and poverty reduction has a particular focus on child poverty with an evidence-based diagnosis designating the geographical areas with the highest rates of child poverty as well as limitations in their access to essential services;
2. Regions facing a high rate of child poverty as well as limited access to services should have a specific objective and allocate a specific share of ESF+ (and possible ERDF) resources for service provision targeted directly at children (on top of the 2 % thematic concentration for material support to deprived - ex FEAD), focused on or possibly limited to such designated geographical areas;
3. more detailed categories of fields of intervention should be introduced targeting children and child poverty;
4. the output indicator "number of children below 18 years of age" should be expanded to the whole of ESF+ shared management (currently restricted to material support to deprived).

Lessons from the ESF Transnational Platform (Valentina Caimi, AEIDL)²

Based upon her experience of mutual exchange among managing authorities, Ms Caimi as discussant confirmed the relevance of the recommendations made with regard to simplifying access for (new) beneficiaries and establishing the fight against (child) poverty as an objective.

For the next programming period she recommended: a stronger **focus on partnerships in the ESF** as these facilitate learning processes and can identify and implement innovative approaches, thus resulting in improved programming and implementation of funds, as well as policy reforms. She gave examples of effective partnerships from the current period (e.g. partnership in Belgium - Flanders to prepare and then assess the Operational Programme (OP), to consult stakeholders before calls for projects are launched and to promote partnerships at project level; Bulgaria - partnership including NGOs specialised in children's rights, bringing together expertise to develop a programme for de-institutionalisation and a shift from institutional/residential care to family and community-based services). For the future, she recommended **dedicated capacity building** and **mutual learning for partnerships** as well as some adjustments to the existing European Code of Conduct on Partnerships for the next funding period to explain how the principles enshrined in it should be implemented in practice.

With a view to child poverty and the **fight against poverty and social exclusion** from a more general perspective, Ms Caimi welcomed the fact that 'children' are mentioned under the specific objective of the ESF+ regulation (*'promoting social integration of people at risk of poverty and social inclusion including the most deprived and children'*). However, to promote social inclusion in a broader sense, **more differentiated objectives** are required: first, to delink social inclusion from employment to better cover persons who do not work or cannot work (e.g. children, the elderly or disabled people) and second, to decouple poverty from social inclusion. Hitherto, in the current programming period, most ESF measures under the objective 'social inclusion' in the Member States were employment-oriented. In the future, national strategies to fight against poverty should also include measures to promote social inclusion as an enabling condition in all Member States.

Finally, Ms Caimi warned that a **change in the thematic objectives** of the proposed Regulation for ESF+ **needs further consideration**. The current thematic objective No 11 *'enhancing institutional capacity of public authorities and stakeholder and efficient public administration'* is no longer included. It will be transferred to the **Structural Reform Support Programme** which has a broader scope. In order to ensure proper implementation of many of the objectives set out in the new regulation (e.g. modernizing labour market institutions and services, improving education and training systems, enhancing access to social services, healthcare), the Commission and the Member States will need to ensure consistency and good coordination between the ESF+ and the Structural Reform Support Programme.

Points from discussion

Youth Employment Initiative as part of ESF+: reduced co-financing and no pre-financing

Pre-financing rates had been [increased in 2013](#) to accelerate the implementation of the Youth Employment Initiative as Member States were experiencing difficulties to quickly absorb the budget frontloaded to two years.

In general, financing of measures for young people **should be linked to the macroeconomic** situation as youth unemployment is extremely responsive to the business cycle. Youth unemployment goes up fast when the economy goes down and, at same time, Member States experience greater financial constraints.

The crucial question is not whether or not the YEI is integrated into the ESF but whether there is awareness of this cycle and of the fact that Member States have less fiscal manoeuvre precisely when the need for EU financial intervention is greatest.

FEAD as part of ESF+: loss of specific objectives (material/non-material assistance)?

Merging FEAD with ESF has advantages. At the same time, there is clearly a **need for new types of action targeting the most deprived, combining different kinds of support** – e.g. housing, food but also training for labour market integration. However, the funds are different so it will require some effort to ensure that packages of combined support are successful. One of the best ways to reach out and integrate these services is to promote the territorial approach, e.g. identifying specific areas with acute child poverty problems and then investing funding in a coordinated way.

Furthermore, there is a need to strengthen prevention, for example to avoid homelessness. Specific allocations to tackle material deprivation are good but prevention is the only way to empower people and bring about lasting change. It is also less costly to do prevention rather than deal with a situation that has escalated.

Strong EU intervention in the form of both policy guidance and financial assistance is often needed to get the Member States to take responsibility and tackle the problem (e.g. Roma integration in Central and Eastern Europe).

¹ [Workshop presentations](#)

² - ESF Transnational Platform Technical dossier, [Review of the European Code of Conduct on Partnership \(ECCP\)](#), Thematic Network on Partnership, June 2018

- ESF Transnational Platform, Policy paper, [Social inclusion indicators for ESF investments – Areas for development in addressing the 20% social inclusion target in ESF](#), April 2018

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Manuscript completed: September 2018; Date of publication: October 2018

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This document is available on the internet at: www.europarl.europa.eu/supporting-analyses

IP/A/EMPL/2018-26

Print ISBN 978-92-846-3883-3 | doi:10.2861/969742 | QA-06-18-121-EN-C

PDF ISBN 978-92-846-3884-0 | doi:10.2861/447798 | QA-06-18-121-EN-N