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ESF Policies as a Mitigating Factor During the Crisis

Study for the EMPL Committee

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DIRECTORATE-GENERAL FOR INTERNAL POLICIES

POLICY DEPARTMENT A: ECONOMIC AND SCIENTIFIC POLICY

ESF Policies as a Mitigating Factor During the Crisis

STUDY

Abstract

This study evaluates the reactivity of the ESF 2007-2013 in the face of the crisis, including a comparison with the changed modalities for the 2014–2020 funding period. It concludes that the most 'in need' target-groups have been covered by ESF interventions. However, ESF, because of its scope and resources, was not able to reach all potential recipients who suffered from the crisis. Despite these limitations, ESF 2007-2013 should be considered flexible enough to respond to key challenges posed by the economic crisis thanks to the adjustments made to the governing mechanisms during the programming period. Recommendations to Member States and European Commission are also provided.

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AUTHOR(S)

Giancarlo Dente
Amerigo Lombardi
Costanza Pagnini
Silvia Sansonetti

RESPONSIBLE ADMINISTRATOR

Stefan Schulz

EDITORIAL ASSISTANT

Irene Vernacotola

LINGUISTIC VERSIONS

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ABOUT THE EDITOR

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To contact Policy Department A or to subscribe to its newsletter please write to:
Policy Department A: Economic and Scientific Policy
European Parliament
B-1047 Brussels
E-mail: Poldep-Economy-Science@ep.europa.eu

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CONTENTS

LIST OF ABBREVIATIONS

ALMP	Active Labour Market Policies
CON	Convergence
DG EMPL	Directorate General for Employment, Social Affairs and Inclusion
ESF	European social Fund
EU	European Union
EUR	Euro
EU-28	The 28 Member States of the European Union
MS	Member State
NEET	Not in Education, Employment or Training
OP	Operational Programme
RCE	Regional Competitiveness and Employment

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EXECUTIVE SUMMARY

Background

The European Social Fund (ESF) is the European Union's main financial instrument for supporting employment within the Member States (MSs) of the European Union. It is a key tool for the European Cohesion policy that aims to improve social cohesion and economic well-being across the regions of the Union by supporting employment and inclusion policies in MSs. It was created by the Treaty of Rome in 1957[1].

The ESF finances programmes, implemented at both national and regional levels, aim to promote full employment, improve work equality and productivity, and reduce social exclusion and regional employment disparities. The ESF can take several different forms of financial support, such as individual or block grants, loans, interest rate subsidies, and microloans.

A crucial aspect of ESF is partnership between the European Union institutions and MSs authorities at national and regional level, including NGOs, employers and workers' organisations. The EU (European Union) distributes ESF funding to MSs and regions to finance their ESF Operational Programmes (OPs), these programmes are agreed between the European Union institutions and national/regional authorities in MSs where national partners are also involved in the design, implementation and monitoring/evaluation of ESF intervention. Partnership is operated through:

- co-financing at national and regional level (participation for funding varies between 50% and 85% on average); and
- shared management between the European Union institutions and national/regional authorities in MSs.

During the economic crisis, ESF intervention provided mitigating support to assist the European Economic Recovery Plan initiatives in MSs, including the Active Labour Market Policies (ALMPs)[2].

Aim

The overall goal of the present long briefing note is to evaluate the reaction of the ESF 2007-2013 in the face of the crisis, including a comparison with the changed modalities for the 2014–2020 funding period, and provide clear policy recommendations as to the suitability of ESF objectives, bodies, and procedures for reacting to cyclical variations in the labour market.

In addition, this long briefing note focuses on the seven MSs most heavily affected by the crisis to answer the following evaluation questions:

- what is the rate of absorption? How does it compare to the MSs less affected by the crisis? How does it evolve over the funding period?
- Do the implemented ESF projects focus on the problem areas identified? What are the reasons in the case of divergence?
- Have any adjustments been made to ESF projects to take account of the crisis? If so, have any procedural difficulties been encountered in doing so?
- What is the overall effect of the ESF in mitigating the impact of the crisis?

[1] Treaty establishing the European Economic Community articles 123-128. The treaty is available at: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:11957E/TXT

[2] European Commission (2012) 'Evaluation of the reaction of the ESF to the economic and financial crisis'. Available at : http://ec.europa.eu/esf/main.jsp?langId=en&catId=67&newsId=7963

Conclusions

According to available information, the most 'in need' target-groups (people with primary or lower-secondary education, youth, unemployed, employed with lower qualifications or low skills or at-risk of unemployment, older-workers, women, disadvantaged) have been covered by ESF interventions. However, because of the ESF's scope and resources it could not reach every potential recipient who suffered from the crisis.

ESF, in fact, acts as a supply side lever and therefore is only able to play a partial role in mitigating the impact of the crisis. In addition, cuts to public expenditure in MSs reduced the capacity of co-financing ESF interventions; thereby the volume of spending by MSs was reduced.

Despite these limitations, ESF 2007-2013 can be considered flexible enough to respond to key challenges posed by the economic crisis thanks to the adjustments made to the governing mechanisms of the ESF during the programming period. These changes improved the ESF's capacity to support measures that promote access to employment (including business start-up) or job retention through the reallocation of resources.

Throughout the implementation of the 2007-2013 programming period, all actors looked at improving the flexibility of the programme, something that has also become a relevant tool in the current, 2014-2020, programme. This increased flexibility has already been put into practice in the treatment of Greece and the increased rate of initial pre-financing.

Recommendations

In line with the findings from the study, we will outline some recommendations for action at both EU and MS level.

MSs should be encouraged to implement the ESF monitoring system, a key feature of the current programming period, in an improved and more careful manner. This would further improve the capacity of the ESF to promptly respond to the cyclical economic variations.

ESF Managing Authorities in MSs, who are responsible for the implementation of the ESF, should ensure the adequateness of the monitoring system and also guarantee that possible adjustments are in line with the Europe 2020 strategy and the goals set by the European Commission until 2019.

The European Commission should further develop existing guidance on setting up adequate monitoring systems in MSs in order to ensure the reliability of data and the homogeneity of indicators and values in view of cross-country comparison. Furthermore, the European Commission should centrally conduct data quality analysis on a continuous basis, and the results from this analysis should be used to improve the quality of data collected in MSs.

To allow for greater flexibility of the ESF at MS level the European Commission should seek to increase the use of pre-finance and milestone payments by Managing Authorities as it can facilitate the participation of potential ESF beneficiaries, especially smaller and weaker recipients in terms of financial resources. In this regard, the European Commission should raise awareness among Managing Authorities in MSs on the phenomenon of the low participation of weakest ESF beneficiaries in terms of financial resources.

Moreover, the European Commission and MSs should be encouraged to promote greater participation of social partners at both EU level and in MSs in monitoring/evaluation activities of the ESF.

1. INTRODUCTION AND BACKGROUND

KEY FINDINGS

- The ESF finances programmes implemented at both national and regional levels, aimed at promoting full employment, improving work equality and productivity, and reducing social exclusion and regional employment disparities
- For the period 2007–2013, the ESF allocated EUR 76.6 billion adding up to more than 10% of the EU budget, for the purpose of fostering balanced economic and social development.
- ESF was regulated by the following key principles of operation: strategic approach; consistency; concentration; incorporation of the EQUAL principles throughout the adoption of the horizontal thematic priorities (decentralisation and simplification, decentralisation); evaluation.
- ESF priorities for 2007-2013 programming period originally set were: increasing adaptability; enhancing access to employment and the sustainable inclusion in the labour market of job seekers and inactive people; reinforcing social inclusion of disadvantaged people; enhancing human capital; promoting partnerships.
- Under the Convergence objective, the ESF 2007–2013 additionally supported these priorities: expanding and improving investment in human capital; strengthening institutional capacity;
- In addition to the key priorities, the ESF Regulation laid down horizontal thematic issues: good governance and partnership; transnationality and interregional actions; innovation; gender equality and equal opportunities mainstreaming.
- In order to enhance the effectiveness of the ESF in dealing with the economic crisis five key measures were agreed to. The measures were: providing upfront liquidity; more frontloading of investments; flexible funding to boost new projects; lightening administrative burdens; helping small projects.

This long briefing note sums up the results of a study conducted on the existing European Social Fund (ESF) available documentation (evaluations and data) on how the ESF intervention provided support to mitigate the crisis in the seven most heavily affected EU MSs in terms of unemployment rates, youth unemployment and long-term unemployment, as well as poverty rates. The study has relied on a methodology that mixes both quantitative and qualitative evaluation methods, and focused on the existing ESF evaluations for the 2007–2013 at European Union with 28 MSs (EU-28) level and with particular regard to the seven most heavily affected MSs to answer the following evaluation questions:

- what is the rate of absorption? How does it compare to the MSs less affected by the crisis? How does it evolve over the funding period?
- do the implemented ESF projects focus on the problem areas identified? What are the reasons in the case of divergence?
- have any adjustments been made to ESF projects to take account of the crisis? If so, have any procedural difficulties been encountered in doing so?
- what is the overall effect of the ESF in mitigating the impact of the crisis?

More clearly, the overall aim of the long briefing note is to evaluate the reactivity of the ESF in the face of the crisis, including a comparison with the changed modalities for the 2014–2020 funding period, and providing clear policy recommendations as to the suitability of ESF objectives, bodies, and procedures for reacting to cyclical variations in the labour market. The final report indicates avenues for future research.

1.1. The ESF 2007–2013

The ESF finances programmes implemented at both national and regional levels, aimed at promoting full employment, improving work equality and productivity, and reducing social exclusion and regional employment disparities. The ESF can take several different forms of financial support, such as individual or block grants, loans, interest rate subsidies, and microloans. For the period 2007–2013, the ESF allocated EUR 76.6 billion[3] adding up to more than 10% of the EU budget, for the purpose of fostering balanced economic and social development.[4]

The regulatory framework for the ESF 2007–2013 was laid down as follows:

- 'General Regulation', which establishes general provisions and common rules in programming, managing, and controlling the overall cohesion policy[5];
- 'ESF Regulation', establishing the specific framework for ESF intervention[6];
- under the General Regulation, the previous priority objectives of the structural funds (Objective 1, Objective 2, and Objective 3) were replaced by three new key objectives:
    - Convergence objective;
    - Regional Competitiveness and Employment objective;
    - Territorial Cooperation objective.

The ESF financed only the Convergence (CON) objective and the Regional Competitiveness and Employment (RCE) objective[7], as detailed below:

- **Convergence objective**: focused on speeding up the economic convergence of the less-developed regions and on improving conditions for growth and employment. It covered MSs and regions with a GDP per capita less than 75% of the EU average. In addition, temporary and phasing-out support was granted, on a decreasing basis, for regions whose GDP per capita exceeded the 75% threshold referred to above, due solely to the statistical effect of enlargement;
- **Regional Competitiveness and Employment objective**: focused on helping workers and companies, on the basis of the European Employment Strategy (EES), adapt to change, as well as on encouraging social inclusion through employment, and on preventing the emergence of new imbalances.

[3] See European Commission, Directorate-General for Employment, Social Affairs and Inclusion (2014), Promoting inclusive growth, European Social Fund thematic paper, available at: http://ec.europa.eu/esf/BlobServlet?docId=445&langId=en.

[4] European Social Fund Investing in People (2007), available at: http://ec.europa.eu/employment_social/esf/docs/esf_leaflet_en.pdf.

[5] Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1260/1999.

[6] Council Regulation (EC) No. 1081/2006 on the European Social Fund of 5 July 2006 and repealing Regulation (EC) No. 1784/1999.

[7] The ESF does not finance the Territorial Cooperation objective.

It encompassed all regions not covered by the Convergence objective (Regional Competitiveness and Employment Regions). In addition, regions under previous Objective 1 that were no longer eligible under the CON objective due to the economic progress achieved, were eligible for specific 'phasing-in support' on a decreasing basis, with a view to consolidating the process of catching up.

1.2. The ESF 2007–2013 resources

The organisation of ESF 2007–2013 funding is described in Table 1 below.

Table 1: The basic principles of the organisation of ESF 2007–2013 funding

Objective	Eligibility	Share of ESF funding
Convergence	*Convergence regions:* with a GDP per capita of less than 75% of the EU-25 average (in the period 2007–2013) *Phasing-out regions*: with a GDP per head of more than 75% of the EU-25 average but of less than 75% of the EU-15 average (in the period 2007–2013)	The countries and regions eligible under the Convergence objective will receive more than 80% of overall ESF funding. There is a higher ESF contribution – up to 80% of co-funding – for Convergence regions.
Regional Competitiveness and Employment	*Phasing-in regions*: with a GDP per capita of less than 75% of the EU-15 average (in the period 2000–2006) but of more than 75% of the EU-15 average (in the period 2007–2013) *Competitiveness and Employment regions*: applies to all other EU regions.	The ESF co-financing contribution is up to 50%.

Source: FGB own elaboration.

As shown in Table 2, the number of OPs per country ranges from 1 (this is the case in 13 MSs) to 24 (Italy). The total number of OPs to be considered during the evaluation is 118 (117 plus the OP of Croatia), which is a significant challenge in terms of approach, collection of information, analysis, and reporting.

Table 2: Number of OPs per Member State in the ESF 2007–2013

Member States	Number of OPs
Italy	24
Spain	22
Germany	18
United Kingdom, Belgium	6
France	5
Portugal, Greece	4
Czech Republic	3
Slovakia, Romania, Lithuania, Hungary, Finland, Bulgaria, Austria	2
Sweden, Slovenia, Poland, Netherlands, Malta, Luxembourg, Latvia, Ireland, Estonia, Denmark, Cyprus, Croatia	1
Total number of OPs including Croatia	118

Source: FGB calculations, based on information available at http://ec.europa.eu/employment_social/esf/news/index_en.htm.

Table 3 provides a classification of MSs receiving ESF 2007–2013 funding by the relative size of ESF funding.

Table 3: ESF spending 2007–2013 in EU-28

Member State	% of total ESF
Germany	13.68%
Italy	12.01%
Poland	10.27%
Spain	9.63%
France	9.09%
Portugal	8.04%
United Kingdom	7.62%
Greece	4.48%
Czech Republic	3.77%
Hungary	3.71%
Romania	3.50%
Belgium	2.03%
Netherlands	1.69%
Slovakia	1.52%
Bulgaria	1.21%
Sweden	1.21%
Finland	1.17%
Lithuania	1.06%
Austria	1.01%
Slovenia	0.78%
Ireland	0.65%
Latvia	0.60%
Denmark	0.44%
Estonia	0.40%
Croatia	0.16%
Cyprus	0.12%
Malta	0.11%
Luxembourg	0.04%
Tot. EU	**100%**

Source: FGB calculations, based on ESF spending data from the ESF spending database (available at http://ec.europa.eu/esf/main.jsp?catId=574&langId=en)

1.3. The ESF 2007–2013 operational principles

The regulatory framework for the 2007–2013 ESF was regulated by the following key principles of operation:

- **strategic approach:** the ESF is an integral part of the Community Strategic Guidelines on Cohesion, setting out the broader strategy for supporting the Lisbon Agenda for economic growth and more and better jobs through European funding. At MS level, the previous Community Support Framework was replaced by the National Strategic Reference Framework (NSRF), which was the national reference instrument for preparing the OPs and for ensuring that assistance from the European funds was consistent with the Community Strategic Guidelines;
- **consistency:** a stronger link was made between the ESF and the EES and the broader EU priorities in the field of social inclusion, education, training, and equal opportunities. The OPs had to contribute to achieving the wider targets and objectives set at European level;
- **concentration:** the OPs had to increasingly target areas and regions 'most in need', such as deprived urban areas, underdeveloped rural areas, and regions in which the main fishing industry was declining;
- **incorporation of the EQUAL principles*:*** the OPs had to incorporate the key principles of the EQUAL Initiative, such as: the principle of subsidiarity between local, regional, national, and European levels; partnership working and transnational cooperation; the participation of target groups; and stakeholder involvement. In particular, the principles of transnationality, innovation, and gender mainstreaming have become part of the horizontal thematic priorities (see below).

The horizontal thematic priorities include:

- **decentralisation and simplification:** the responsibilities between, on the one hand, MSs, regions, and implementing bodies, and on the other, the European Commission, were decentralised. For example, MSs had exclusive responsibility in setting their own priorities, according to their needs, as well as in managing OPs. In addition, for simplification purposes, each OP dealt with only one of the two objectives (Convergence or Regional Competitiveness and Employment) and received financing from the ESF only.
  Decentralisation was also combined with greater simplification in order to increase efficiency. In the field of financial management, payments were carried out at the level of priorities, rather than measures. Community contributions were calculated on the basis of public expenditure, and the rule for expenditure eligibility was largely national rather than Community-based. In the field of control, increased confidence was placed on the national system when MSs were the principal financial contributors and the European Commission obtained an assurance of the reliability of the system from an independent audit body;
- **evaluation:** the OPs were subjected to an *ex-ante* and *ex-post* evaluation. The mid-term evaluation was replaced with on-going evaluations to be undertaken when the programme follow-up indicated discrepancy with the initial aims and in the case of significant programme reviewing. In terms of ESF operation, the Open Method of Coordination (OMC) provided the means through which Community priorities were interpreted and indeed tailored to reflect national and regional priorities. Although in practice this made actions and interventions pertinent to identified needs, it means

that EU level comparative work could be more challenging: aggregating outputs and outcomes and identifying common themes and messages could be more difficult at the EU level.

1.4. The ESF 2007–2013: the initial intervention design

This paragraph presents both the ESF 2007–2013 intervention design as it was initially conceptualised.

ESF initial priorities

The key task of the ESF is to contribute to the achievement of the Lisbon Strategy. In particular, the ESF promotes initiatives aimed at supporting and improving the implementation of the EES, as incorporated in the Integrated Guidelines for Growth and Jobs. The ESF Regulation provided for the priorities of the ESF 2007–2013 programmes.

Article 3 of the regulation laid down the scope of ESF assistance under the Convergence, and the Regional Competitiveness and Employment objectives. This scope supported the following priorities:

- **increasing adaptability** of workers, enterprises, and entrepreneurs for improving the management of economic change, especially through lifelong learning, increasing investments in human resources, promotion of entrepreneurship, and the implementation of innovative and more productive forms of work;
- **enhancing access to employment and the sustainable inclusion** in the labour market of job seekers and inactive people. Actions should target in particular long-term and youth unemployment, and promote active ageing and longer working lives. Participation in the labour market should be encouraged by modernising labour market institutions (i.e. employment services), implementing active and preventing measures (i.e. tailored training, work–life balance), **improving women's access to the labour market**, and facilitating migrants' social inclusion through work;
- **reinforcing social inclusion of disadvantaged p**eople by integrating them into the market, and combatting discrimination;
- **enhancing human capital** by promoting the education and training reform and better cooperation between higher education institutions, research centres, and enterprises;
- **promoting partnerships**, pacts, and initiatives through networks of relevant stakeholders, such as social partners and NGOs.

Under the Convergence objective, the ESF 2007–2013 additionally supported these priorities:

- **expanding and improving investment in human capital** by reforming the education and training system, increasing participation in education and training activities and promoting post-graduate studies and researcher training;
- **strengthening institutional capacity** as well as public administration and public services efficiency, including social partners and NGOs. Actions should be targeted at improving policy design, monitoring and evaluation, as well as programme delivery.

These priorities were, of course, used to inform the common frameworks with a view to analysing the content of the annual implementation reports.

In addition to the key priorities, the ESF Regulation laid down horizontal thematic issues:

- **good governance and partnership***:* the ESF is intended to promote partnership and good governance at any appropriate territorial level, according to the institutional arrangements of each MS. MSs are required to:
  - ensure the involvement of social partners, as well as adequate consultation with and participation of other stakeholders in the preparation, implementation, and monitoring of ESF support;
  - encourage social partners to participate in ESF actions;
  - under the Convergence objective, allocate an appropriate amount of ESF resources to social partners' capacity building, in particular in relation to adaptability of workers and enterprises;
  - encourage adequate participation of NGOs in ESF actions, notably in relation to social inclusion, gender equality, and equal opportunities;
- **transnationality and interregional actions:** special importance was attached to creating interregional programmes by drawing on the success of EQUAL. In the past, the EQUAL Initiative was the ESF vehicle for supporting transnational and innovative actions to foster the EES and the social inclusion process. As an incentive, MSs could benefit from an additional 10% ESF contribution if they planned transnational programmes as a specific priority axis in the OP;
- **innovation:** the ESF 2007–2013 aimed to support the promotion and mainstreaming of innovative activities, such as pilot and experimental initiatives, in the context of partnerships. As under the theme of transnationality, lessons should be drawn from EQUAL successful stories. For each OP, MSs could choose the themes for which innovative actions are funded in the context of partnerships;
- **gender equality and equal opportunities mainstreaming:** the ESF 2007–2013 attached special importance to the gender and equality dimension of its funded programmes. MSs were requested to include in their OPs a description of how gender and equal opportunities are promoted in the preparation, implementation, monitoring, and evaluation of programmes. MSs had also to include a balanced participation of women and men in the management and implementation of OPs.

1.5. The ESF and the economic crisis: reframing the intervention

This paragraph presents how the ESF intervention was reframed to meet the emerging needs related to the economic crisis.

The last financial and economic crisis[8] began with the 'credit crunch' in the financial services sector, and evolved as a sovereign debt crisis. Europe's debt crisis was initially triggered by the crisis in the American banking sector. European banks that had invested heavily in the American mortgage market were hit hard. A problem that started in banks began to increasingly affect governments, as markets worried that some countries could not afford to rescue banks in trouble. Investors began to look more closely at the finances of governments. Governments that got used to borrowing large amounts each year to finance their budgets and that had accumulated massive debts in the process, suddenly found markets less willing to keep lending to them. What started as a banking crisis became a sovereign debt crisis:

8 As reported by the European Commission, Directorate General for Employment, Social Affairs and Inclusion (DG EMPL).

fiscal consolidation and austerity measures have been deployed in response to the crisis in order to reduce public deficits and debt as well as to rescue the banking system. The credit crunch and austerity measures have impacted on investments. These impacts translated onto production, then onto employment and income, and finally onto the wellbeing of many EU citizens.

As reported by the European Commission[9]: for the EU as a whole, the unemployment rate rose from 7.0% in 2008 to 9.6% in 2010, reaching 10.8% in 2013. In two thirds of EU-28 countries, unemployment increased mainly in the period up to 2010 but in those countries that experienced a double recession, unemployment rose substantially after 2011. The impact was strongest (in terms of percentage points) for the young, the low-skilled, and non-EU foreign workers – groups that already faced higher risks of joblessness before the recession. The same report highlights that 'poverty and social exclusion in the EU has almost inevitably worsened during the crisis with little signs of improvement so far. The situation worsened even further in some countries in 2013, notably in countries where it was already high. The main drivers of poverty and social exclusion are seen to be long-term unemployment, labour market segmentation and wage polarisation, but also the weakening of the redistributive impact of tax and benefits systems'.

Policy reactions on the EU side have been on a short-term and on a long-term perspective. Short-term response consisted in the creation of two temporary funds as stabilisation mechanisms for the credit system; the European Financial Stabilisation Mechanism (EFSM) and the European Financial Stability Facility (EFSF), with a total lending capacity of EUR 500 billion. The long-term responses included: i) the establishment of new stronger rules to keep a tighter check on public debt and deficits; and ii) a new impetus to the Europe 2020 strategy for growth and jobs to achieve high levels of employment, productivity, and social cohesion also through a new arrangement of structural funds spending, which was meant to support the implementation of these goals.

The total ESF allocation for the 2007–2013 period amounted to EUR 76.6 billion.[10] 'Overall, the scale and scope of ESF support in response to the crisis was rapid in terms of redirection and mobilisation of funding support, but varied according to the needs and the initial role of the ESF in national labour market policies.'[11]

According to the European Commission's Communication adopted on 3 June 2009[12], following the Employment Summit of 7 May 2009, it was proposed that the EU would make available EUR 19 billion of planned ESF expenditure to support people hit by the economic crisis. The EU also frontloaded funds and co-financing by MSs that had not been necessary for 2009–2010. The EU furthermore accelerated the spending of EUR 19 billion of planned funding to help people stay in employment or move towards new jobs, through upgrading skills, encouraging entrepreneurship, and improving public employment services under the ESF.

[9] European Commission (2014), Employment and Social Developments in Europe 2014, available at: http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7736.

[10] See European Commission, Directorate-General for Employment, Social Affairs and Inclusion (2014), Promoting inclusive growth, European Social Fund thematic paper, available at: http://ec.europa.eu/esf/BlobServlet?docId=445&langId=en.

[11] See European Commission, Directorate-General for Employment, Social Affairs and Inclusion (2014), Promoting inclusive growth, European Social Fund thematic paper, p. 31, available at: http://ec.europa.eu/esf/BlobServlet?docId=445&langId=en.

[12] See: http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=514&furtherNews=yes.

For the period 2009–2010, the European Commission reimbursed MSs' declared expenditure at a rate of 100%. That means there was no need for national co-funding, and such choice could speed up the implementation of new projects.

In February 2009, five key measures were agreed to enhance the effectiveness of the ESF in dealing with the economic crisis. The European Commission's suggestions[13] were focused on labour market policies in Europe, and some were relevant for the ESF. Furthermore, it offered, within the context of the European Economic Recovery Plan (EERP)[14], a number of mechanisms relevant to the ESF regarding the acceleration of spending, providing additional liquidity, and simplification of procedures.

These five measures were:

- **measure 1 – providing upfront liquidity:**

  the EU allowed MSs more time to utilise unused funds from the 2000–2006 programming period, thus increasing the overall amount of funding available by about EUR 7 billion. As this extension measure was time-limited to June 2009, it was expected to provide additional upfront liquidity to fund employment measures;

- **measure 2: more frontloading of investments:**

  the EU Recovery Plan provided for a doubling of pre-financing payments for ESF-funded measures, enabling early access to a further EUR 6.25 billion, in addition to the EUR 18 billion pre-financing already granted in 2007–2008;

- **measure 3: flexible funding to boost new projects:**

  in an acknowledgement of the pressure brought to bear on national budgets by the economic crisis, the EU granted 100% funding to projects (instead of the customary 50–85%) to ensure they can be started, as long as this was balanced by nationally funded operations towards the end of the programming period in 2013;

- **measure 4: lightening administrative burdens:**

  historically, the financial management of structural funds projects has been based on the principle of EUR 1 of grant matched to EUR 1 of documented expenditure. This placed a heavy administrative burden on project beneficiaries that could divert resources and discourage some from applying for funding. In response, the 2007–2013 ESF Regulation introduced the possibility of applying a flat rate for the reimbursement of project overheads. For 2009, the regulation was amended to further reduce the administrative burden on projects. For grants, MSs could apply a flat rate of reimbursement to all project costs, both direct and indirect, by agreeing an appropriate 'standard scale of unit cost' with the project beneficiary;

- **measure 5: helping small projects:**

  to avoid deterring smaller projects, which are often put off by the significant accountancy expertise required to deal with the funding rules of ESF projects, a new system was introduced to allow lump sum grants to be made.

[13] European Commission (2009), A shared commitment for employment, Communication from the Commission, Brussels, COM(2009) 257 final.

[14] European Commission (2009), The European Social Fund: supporting economic recovery, available at: http://ec.europa.eu/employment_social/esf/docs/supporting_en.pdf

This meant that all or part of the costs of a project could be reimbursed on the basis of a predefined agreement on activities and/or results. This simplified the administration of small projects.

MSs had – partly triggered by the European Commission's proposals and partly by the increased effort in national policies to mitigate the crisis – modified the focus, the operations and implementation, and the governance of the ESF to respond to the crisis.[15]

However, not all MSs responded to the changes in financial management offered by the European Commission in the same manner. 'The extension of the disbursement period for 2000–2006 was considered to be particularly important, which partly explains the slow uptake of the ESF in this programming period in some MSs. For other measures related to accelerated spending most MSs were reluctant to use them as they would simply push the problem of national co-financing needs to future years. The EC has proposed a number of simplified methods of cost calculation including flat rates, standard unit costs and lump sums for smaller projects. These were used by those MSs which had the capacity and know-how to implement them quickly. Others have expressed their intention to make use of these instruments in the new programming period.'[16]

1.6. The ESF 2014–2020: the new funding period

Cohesion policy represents the EU's main instrument to contribute to the achievement of Europe 2020 objectives and targets. Taking stock of the strengths and weaknesses as well as of the lessons learned during the 2007–2013 programming period, new rules and legislation governing the reformed EU cohesion policy investment for 2014–2020 have been introduced, aimed at increasing its effectiveness and efficiency and thus taking concrete steps towards the ambitious goals set by Europe 2020.

With the aim of helping in setting a strategic direction for 2014–2020 programming in MSs and their regions, a common strategic framework was issued by the European Commission, serving as an overall framework for national and regional authorities in drafting partnership agreements with the European Commission with a view to meeting Europe's growth and employment targets for 2020. Much of the content of this document has been incorporated in the Common Provision Regulation (CPR)[17], providing for strategic guiding principles and governing cohesion policy instruments.

The CPR lays down the common and general provisions on the European Regional Development Fund (ERDF), the ESF, the Cohesion Fund, and the European Maritime and Fisheries Fund (EMFF) concerning, *inter alia*, the tasks, priority objectives, and organisation of the structural funds and the Cohesion Fund, as well as the financial resources available.

[15] See Metis GmbH in cooperation with wiiw (2012), Evaluation of the reaction of the ESF to the economic and financial crisis, available at: http://ec.europa.eu/social/BlobServlet?docId=7671&langId=en.

[16] See European Commission, Directorate-General for Employment, Social Affairs and Inclusion (2014), Promoting inclusive growth, European Social Fund thematic paper, p. 31, available at: http://ec.europa.eu/esf/BlobServlet?docId=445&langId=en.

[17] Regulation (EU) No. 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No. 1083/2006.

The new regulation focuses on aligning cohesion policy objectives with the Europe 2020 strategy, strengthening the programming process and enhancing results orientation. The key innovative elements introduced by the regulation include the following:

- **ensuring that the cohesion policy is better linked to wider EU economic governance:** programmes will have to be consistent with National Reform Programmes (NRPs) and should address the relevant reforms identified through the country-specific recommendations in the European Semester;
- **thematic concentration:** in order to contribute to the EU strategy for smart, sustainable, and inclusive growth and to the fund-specific missions, the General Regulation **introduces 11 thematic objectives** on which the funds should focus their support. Thematic objectives represent the cornerstone of the CPR as all funds must consider these objectives;
- the CPR also defines **investment priorities** as types of actions defined for a programme and that selected actions must align with. Thus, the specific programmes can be framed in pursuit of one or more of the investment priorities. The list of investment priorities is exhaustive in the sense that any action must fall within one or more defined investment priorities;
- **fixing clear, transparent, measurable aims and targets for accountability and results:** countries and regions are requested to clearly state the objectives they intend to achieve with available resources, as well as to indicate how progress towards these goals will be measured (**performance framework**). This will allow for regular monitoring and debate on how financial resources are used;
- **enhancing coordination and consistency across funds and other EU instruments** such as Horizon 2020 or the Programme for Employment and Social Innovation (EaSI). In particular, with reference to EaSI, MSs shall promote and ensure effective coordination between this programme and the support provided by the European Structural and Investment Funds (ESI Funds) under the employment and social inclusion thematic objectives.

In addition to the above, the CPR lays down important provisions reinforcing the role of the ESF, the EU's main financial instrument enabling the EU to achieve its employment, social, and education Europe 2020 targets. The ESF shall support the design and implementation of policies and actions in connection with its mission, taking account of the already mentioned country-specific recommendations and NRPs, as well as the relevant integrated guidelines and other relevant national strategies and reports.

The main innovative features of the ESF Regulation for 2014–2020 integrating and complementing the CPR's relevant provisions can be grouped under three main overarching themes:

- **A.** **setting targets for thematic and financial concentration;**
- **B.** supporting thematic focus;
- **C.** improved implementation.

A. Setting targets for thematic and financial concentration, includes:

- **minimum guaranteed share of the ESF within the cohesion policy funding**: MSs should concentrate support to ensure sufficient investment is targeted at youth employment, labour mobility, knowledge, social inclusion, and combatting poverty, thus ensuring that the share of the ESF as a percentage of total combined resources for the structural funds and the Cohesion Fund at EU level in MSs is not less than 23.1%;
- **concentration**: according to Article 3, the ESF Regulation concentrates on a limited number of key priorities of the relevant ESF thematic objectives:

  8. promoting sustainable and quality employment and supporting labour mobility, including the sustainable integration in the labour market of young people and in particular those Not in Education, Employment or Training (NEETs);
  9. promoting social inclusion, combatting poverty and any discrimination;
  10. investing in education, training, and vocational training for skills and lifelong learning;
  11. enhancing institutional capacity of public authorities and stakeholders and efficient public administration.

  Support for administrative capacity (Thematic Objective 11) is to be limited to countries with less-developed regions or eligible for the Cohesion Fund. At least 20% of ESF funding is to be allocated to promoting social inclusion and combatting poverty (Thematic Objective 9).

  Furthermore, the ESF 2014–2020 will focus its interventions on a limited number of priorities in order to ensure a sufficiently high critical mass of funding to make a real impact in addressing MSs' key challenges. OPs shall focus on a limited number of investment priorities with a view to: a) more developed regions: 80% of the ESF allocation to each OP must be concentrated on up to five of the investment priorities; b) transitional regions: 70% of the ESF allocation to each OP must be concentrated on up to five of the investment priorities; and c) more less-developed regions: 60% of the ESF allocation to each OP must be concentrated on up to five of the investment priorities.

Table 4: ESF 2014–2020 investment priorities

Thematic objectives supported by the ESF	Specific investment priority
8. Promoting sustainable and quality employment and supporting labour mobility	8.1. Access to employment for jobseekers and inactive people, including local employment initiatives and support for labour mobility
	8.2 Self-employment, entrepreneurship, and business creation
	8.3. Modernisation and strengthening of labour market institutions, including actions to enhance transnational labour mobility
	8.4. Active and healthy ageing
	8.5 Adaptation of workers, enterprises, and entrepreneurs to change
	8.6 Sustainable integration into the labour market of young people aged 15–24, in particular NEETs
9. Promoting social inclusion, and combatting poverty and any discrimination	9.1 Active inclusion: integration of marginalised communities such as the Roma
	9.2. Health
10. Investing in education, training, and vocational training for skills and lifelong learning	10.1. Early school-leaving
	10.2. Higher education
	10.3. Lifelong learning
11. Enhancing institutional capacity of public authorities and stakeholders, as well as efficient public administration	11.1 MSs' administrative efficiency

Source: FGB own elaborations.

B. Supporting thematic focus

- **Emphasis on combatting youth unemployment**: Article 16 of the ESF Regulation provides that the Youth Employment Initiative (YEI) will help young NEETs in regions experiencing youth unemployment rates above 25%. Resources for the YEI shall amount to EUR 3 billion from the specific allocation for the YEI and at least to EUR 3 billion more from ESF targeted investment.
- **Social innovation:** greater support will be provided to social innovation according to Article 8 of the ESF Regulation, i.e. testing and scaling up innovative solutions to address social, employment, and educational needs.

C. Improved implementation

- **Partnership:** the ESF will be implemented in close cooperation between public authorities, social partners, and bodies representing the civil society at national, regional, and local levels throughout the whole programme cycle.
- **Simplification:** the ESF will be at the forefront of innovative managing rules to simplify implementation of projects. The European Commission is helping MSs simplify ESF implementation in order to focus more on the results and make ESF easier and safer for beneficiaries. The ESF Regulation proposes a set of compulsory common output and result indicators, as well as an extension of the use of simplified cost options, by making their use obligatory for smaller operations. These provisions will reduce the administrative burden on beneficiaries and managing authorities, strengthen results orientation of the ESF, and contribute to reducing error rates.
- **Equal opportunities and non-discrimination** are described in Article 8 of the ESF Regulation: promoting equality between women and men and equal opportunities for all without any discrimination will be integrated in all actions and also supported through specific initiatives.

2. THE IMPACT OF THE CRISIS IN THE EU-28 AND THE SELECTION OF THE SEVEN MEMBER STATES

KEY FINDINGS

- EU MSs have experienced the effects of the economic crisis very differently.
- Between 2008 and 2013 the GDP per capita decreased for most MSs (18), remained unchanged in two, and increased in the remaining eight.
- Economic participation, as measured by the activity rate indicator, has been on the increase since 2008 in most MSs, in contrast to the experience in past recessions. The increase in the activity rate since 2008 has mainly been driven by the rising participation of women and older workers.
- In all the EU-28 countries unemployment increased.
- The persistence of unemployment (likelihood to remain unemployed after one year) has increased during the crisis, with 38% of people who became unemployed in 2012 still looking for a job in 2013. In 2013, the number of long-term unemployed (without work for 12 months or longer) almost doubled the rate of 2008.
- Youngest generations have experienced the crisis more traumatically: NEETs in the youngest cohorts have increased in the large majority of EU-28 countries between 2008 and 2013 with very few exceptions. The increase in unemployment among the youngest generations even above 30 p.p. in two MSs.
- Poverty and social exclusion in the EU have worsened during the crisis. The main drivers of poverty and social exclusion are seen to be long-term unemployment, labour market segmentation, and wage polarisation. Overall, material deprivation has increased in 17 MSs since 2008.
- Based on the analysis of the situation in MSs and according to the geographical balance criteria seven MSs have been selected for in-depth analysis in this note: Greece, Cyprus, Ireland, Lithuania, Italy, Spain, and Slovakia

2.1. The impact of the crisis in the EU

The analysis of the impact of the crisis has been conducted considering the most relevant literature presented in the following box.

Box 1: References for the literature analysis on the impact of the economic crisis

F. Bettio, M. Corsi, A. Lyberaki, M. Samek Lodovici, A. Verashchagina (2012), The Impact of the economic Crisis on the Situation of Women and Men and on Gender Equality Policies, available at: http://www.enege.eu/reports.

European Commission (2014), Employment and Social Developments in Europe 2014[18], available at: http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7736.

P. De Grauwe, (2013), The Political Economy of the Euro, Annual Review of Political Science, 16, 9.1–9.18.

W. Eichhorst, N. Rodríguez-Planas, R. Schmidl, K. F. Zimmermann, A Roadmap to Vocational Education and Training Systems around the World, IZA Discussion Paper No. 7110, 2012.

E. Helleiner, (2011), Understanding the 2007-2008 Global Financial Crisis: Lessons for Scholars of International Political Economy, Annual Review of Political Science, 14, 67–87.

C. Hermann (2014), Crisis, structural reform and the dismantling of the European Social Model(s), in Economic and Industrial Democracy.

International Monetary Fund (2014a), Euro Area policies, IMF Country Report No. 14/198.

International Monetary Fund (2014b), Euro Area policies, IMF Country Report No. 14/199.

S. P. Jenkins, A. Brandolini, J. Micklewright, B. Nolan (2012), The great recession and the distribution of household income.

M. Karamessini, J. Rubery (2013), Women and austerity: the economic crisis and the future for gender equality.

OECD (2014), Economic Survey of the European Union 2014, available at: http://www.oecd.org/eco/surveys/economic-survey-european-union.htm

J. Navicke, O. Rastrigina, H. Sutherland (2014), Nowcasting indicators of poverty risk in the European Union: a microsimulation approach, Social Indicators Research, 119, 101–119.

J. Pontusson, D. Raess (2012), How and (Why) is This Time Different? The Politics of Economic Crisis in Western Europe and the United States, in Annual Review of Political Science, 15, 13–33.

On the basis of the existing literature, the following problem areas have been identified, and they represent the core elements of the analysis:

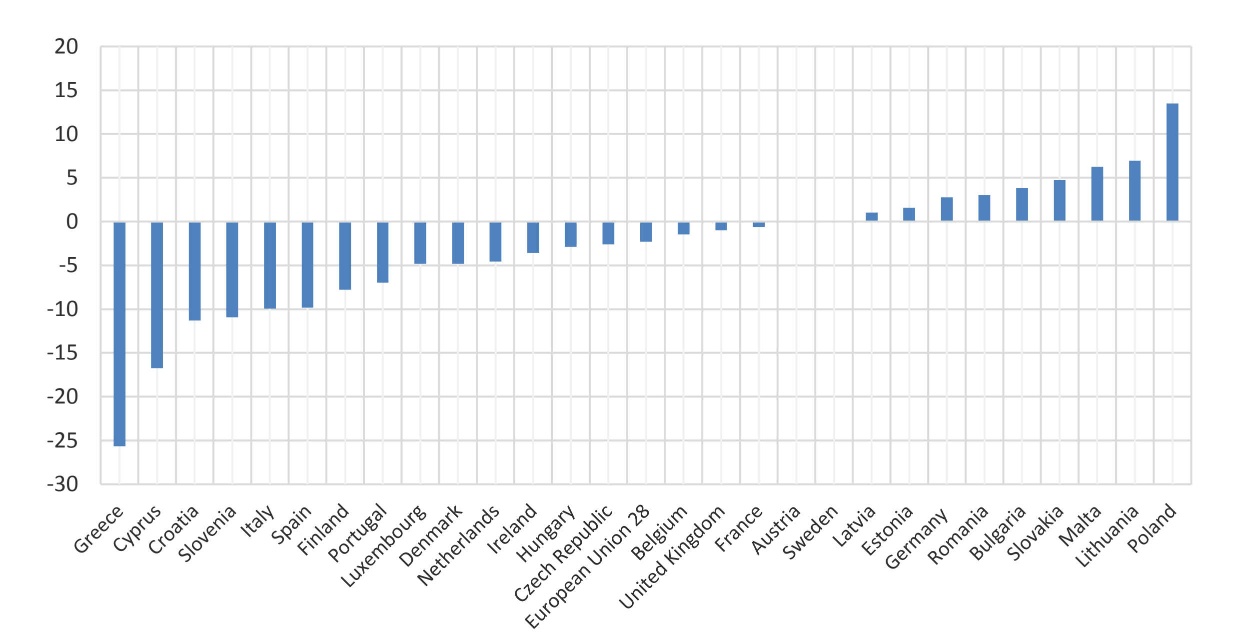
- youth unemployment (and the condition of NEETs);
- long-term unemployment;
- poverty.

EU MSs have experienced the effects of the economic crisis very differently. The majority of EU countries have gone through a double-dip recession (with the second dip reached in 2012), and others have never actually exited the first recessionary episode (Ireland, Greece, Portugal, Italy, Spain, and Croatia); some countries have been on a consistent pathway to employment recovery for some time (such as Estonia, Latvia, and Lithuania), while the majority of countries have experienced a fragile and uncertain recovery. More specifically, between 2008 and 2013 the GDP per capita decreased for most MSs (18), remained unchanged in two (Austria and Sweden), and increased in the remaining eight (Poland, Lithuania, Malta, Slovakia, Bulgaria, Romania, Germany, Estonia, and Latvia). In 2014 the GDP was still below the pre-crisis levels in many countries and this is especially the case for Italy, Spain, Portugal, Greece, Slovenia, and Finland. This is particularly worrying, given the

[18] The study includes an entire chapter named 'The legacy of the crisis: resilience and challenges'. The report considers both the employment and social situation across the EU. Using an in-depth statistical analysis, it highlights how income levels, unemployment, poverty, and inequality across specific groups (including age groups) have seriously worsened in many countries during the crisis.

long-term effects of the comparatively milder recession of the 1990s[19] when employment rates declined and recovered after several years, notably in the Nordic countries.[20]

Figure 1: Change in the GDP per capita growth rate, years 2008–2013



Source: FGB own elaboration on Eurostat data.

Economic participation, as measured by the activity rate indicator, has been on the increase since 2008 in most MSs, in contrast to the experience in past recessions. While the employment rate declined from 65.7% in 2008 to 64.1% in 2013 for the EU as a whole, the activity rate increased from 70.7% in 2008 to 71.9% in 2013. It implies that the drop in the number of jobs mainly translated into a rising number of unemployed and, only to a limited extent, into a rising number of 'discouraged workers'.

The increase in the activity rate since 2008 has mainly been driven by the rising participation of women and older workers. This is due to a number of factors: structural increases in their activity rate due to cohort effects for older workers and to the rising levels of education for women; policy measures designed to encourage increased female and older workers' participation; and the fact that the initial labour market shock did not hit women and older workers as strongly as prime-age males. In addition, men belonging to this age group tend to continue to look for a job when losing their positions rather than leaving the labour market due to discouragement, because they are more likely to enjoy unemployment benefits and services.

As far as women are concerned, they tend to work in sectors (for instance education, health, and social work or, more generally, the public sector) that are less likely to be directly hit by the recession then male-dominated sectors (manufacturing and construction), although they have been more likely to experience difficulties in the case of debt restructuring due to cuts in public services (this is the case of the MSs that experienced the sovereign debt crisis: Cyprus, Greece, Ireland, Italy, Portugal, and Spain). This seems to explain most of the better performance of women's employment during the crisis. This has brought the behaviour of women in the labour market much closer to that of men with a rising share of dual-earner

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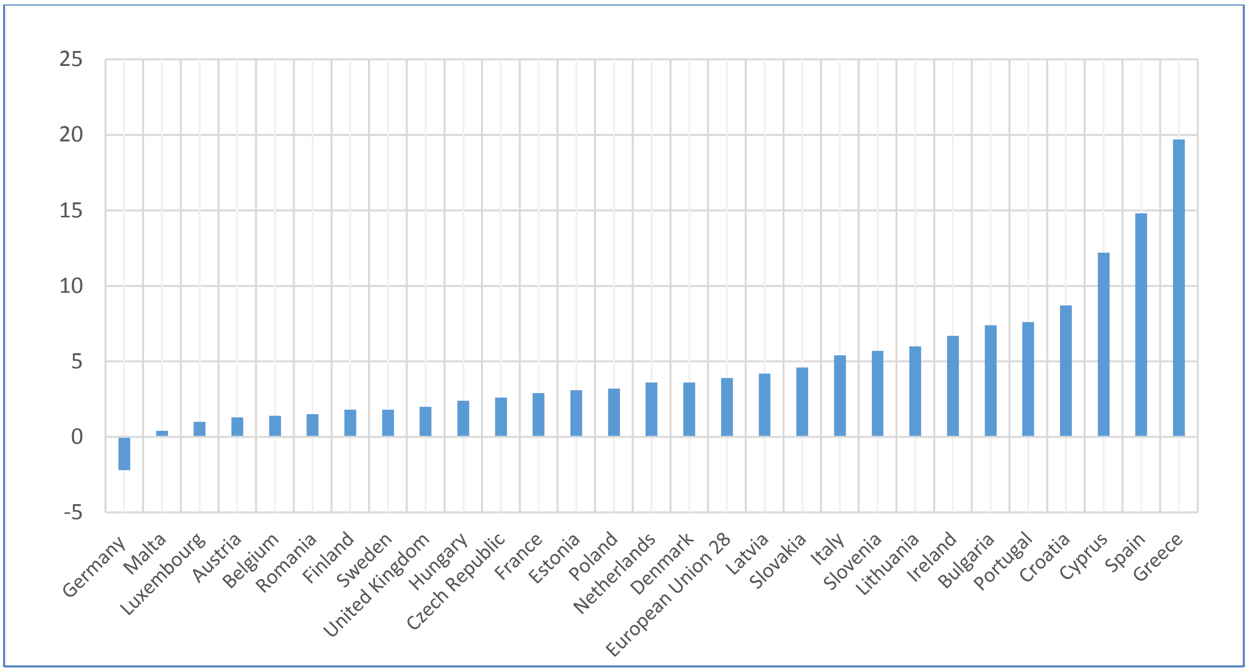
[19] In the 1990s, most EU countries experienced only one year of negative growth, and after five years, the real GDP had increased by 5 to 15%, with the exception of Sweden and Finland, which experienced long and deep recessions.

[20] Social situation monitor (2014), Scarring effects of the crisis, Research note 06/2014.

households. Measures supporting female participation such as flexible working arrangements, the removal of financial disincentives for second earners, the improvement of childcare, and elderly care facilities have also played a role, together with measures to retain older women longer in the labour market. Analysis by age, gender, and education shows that the overall increase in female activity rate is also due to change in the average level of education, and it affects most subgroups of women.

As for the activity rates also for unemployment rates an increasing trend can be noticed. For the EU as a whole, the unemployment rate (unadjusted rate) rose from 7.0% in 2008 to 9.6% in 2010, reaching 10.9% in 2013. Figure 1 shows that in all the EU-28 countries unemployment increased by 3.9 percentage points (p.p.) between 2008 and 2013 with Greece (19.7 p.p.), Spain 14.8 (p.p.), and Cyprus (12.2 p.p.) experiencing the widest increases. Other countries with a relevant increase in unemployment rates (15–74) are: Croatia (8.7 p.p.), Portugal (7.6 p.p.), Bulgaria (7.4 p.p.), Ireland (6.7 p.p.), Lithuania (6.0 p.p.), Slovenia (5.7 p.p.), and Italy (5.4 p.p.). Studies[21] have shown that unemployment rose mainly in the period up to 2010, but that in those countries that experienced a double recession, unemployment rose substantially after 2011. The impact was strongest (in terms of p.p.) for young, low-skilled, and non-EU foreign workers – groups that already faced higher risks of joblessness before the recession.

Figure 2: Change in the unemployment rate 15–74, years 2008–2013



Source: FGB own elaboration on Eurostat data.

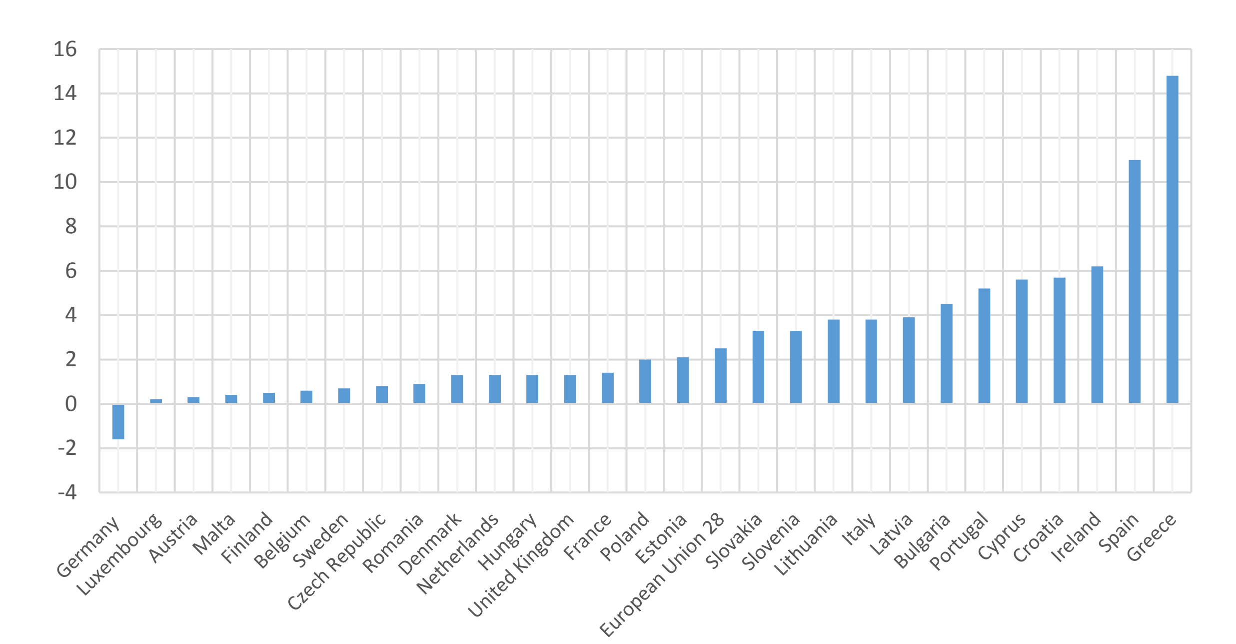
[21] European Commission (2014), Employment and Social Developments in Europe 2014, available at: http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7736.

The persistence of unemployment (likelihood to remain unemployed after one year) has increased during the crisis, with 38% of people who became unemployed in 2012 still looking for a job in 2013, compared to 27% between 2007 and 2008.[22] This persistence rate was much higher for the long-term unemployed (63% between 2012 and 2013, compared to 50% between 2007 and 2008).

In 2013, the number of long-term unemployed (without work for 12 months or longer) almost doubled the rate of 2008. Given the slow pace of economic recovery in most countries, there is thus a serious risk that many long-term unemployed will remain without a job for a long time. Indeed, transition rates for the long-term unemployed into employment worsened between 2007–2008 and 2009–2010 in most MSs, and have stayed low since.

Greece (22.2 p.p.), Slovakia (16.7 p.p.), Croatia (16.3 p.p.), Spain (15.0), Portugal (13.4 p.p.), Bulgaria (10.3 p.p.), Italy (10.0 p.p.), and Ireland (9.6 p.p.) are the countries presenting the widest change in the long-term unemployment rate between 2008 and 2013.

Figure 3: Change in the long-term unemployment rate 15+, years 2008–2013



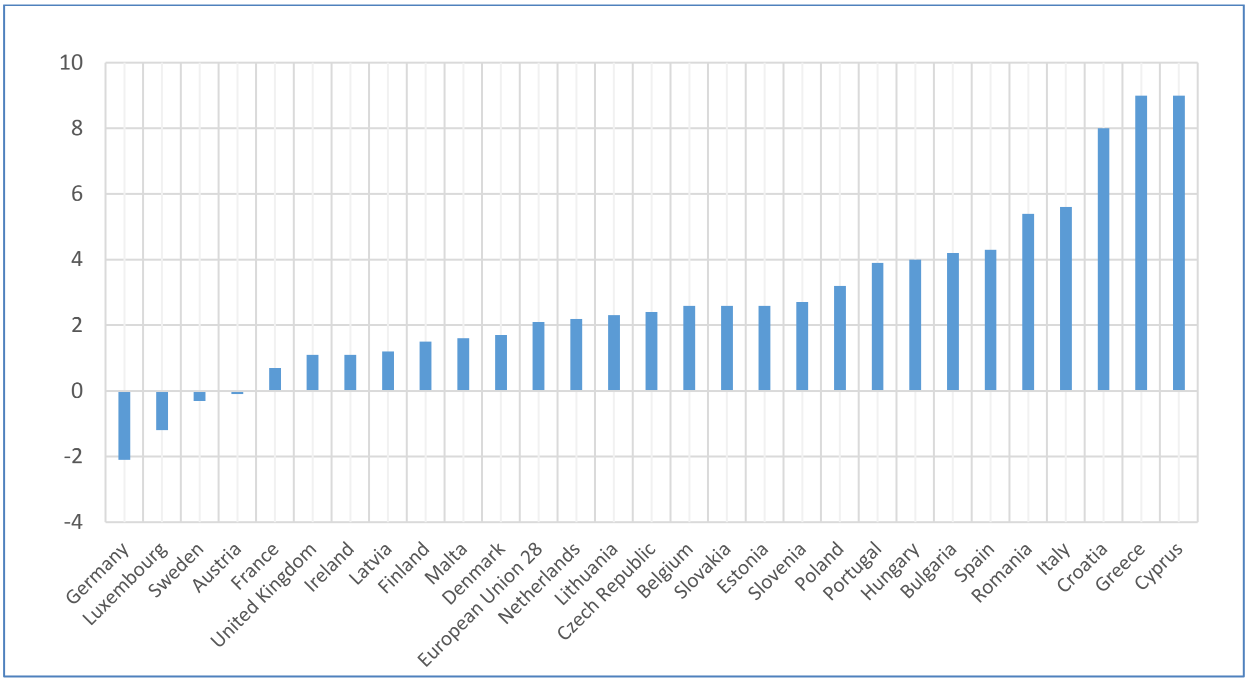
Source: FGB own elaboration on Eurostat data.

It should also be noted that 20% of the long-term unemployed in 2013 have never worked before and are mainly young people. Among them, especially those who have achieved only a low educational level (second ISCED[23] level) are at higher risk of remaining in unemployment for a long term. In any case, NEETs in the youngest cohorts have increased in the large majority of EU-28 countries between 2008 and 2013 with very few exceptions (exceptions being Germany, Luxembourg, and Sweden).

[22] Persistence rate estimated as the ratio between the number of unemployed with a duration of 12–24 months and those unemployed for less than 12 months one year before.

[23] International Standard Classification of Education.

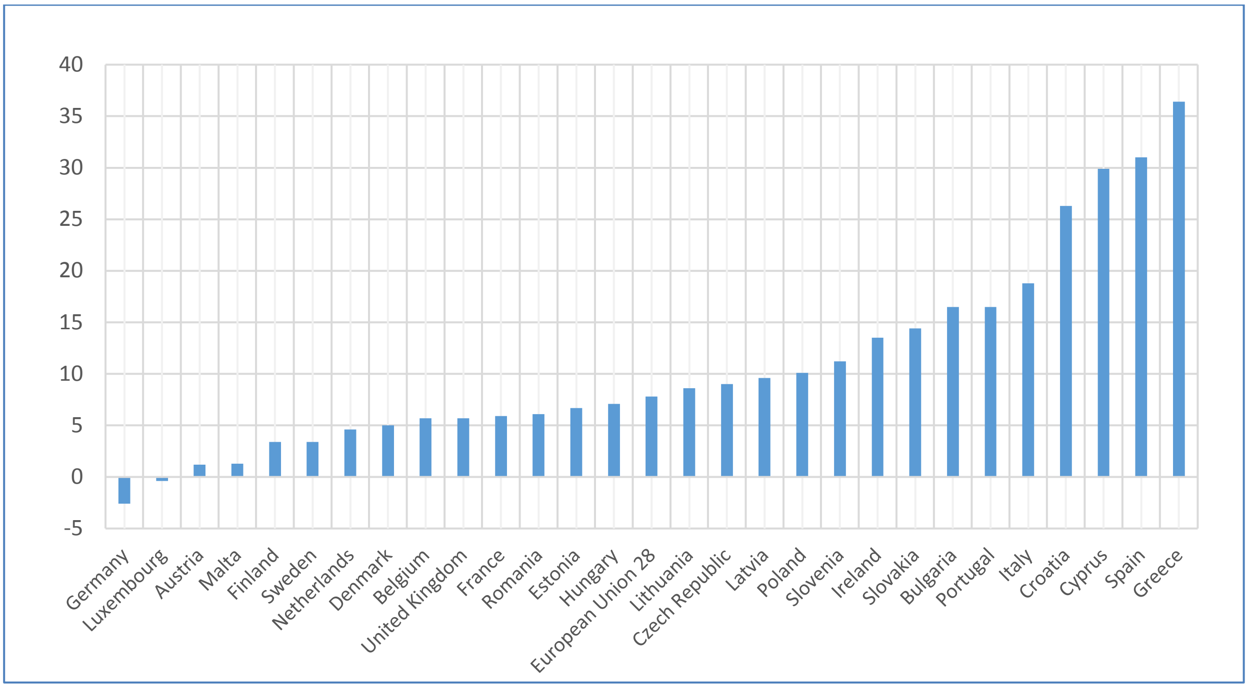
Figure 4: Change in NEET rates 15–24, years 2008–2013



Source: FGB own elaboration on Eurostat data.

More in general, the change in the unemployment rate between 2008 and 2013 is presented in the following graph.

Figure 5: Change in unemployment rates 15–24, years 2008–2013



Source: FGB own elaboration on Eurostat data.

The countries with the highest increase in unemployment among the youngest generations are: Greece (36.4 p.p.), Spain (31 p.p.), Cyprus (29.9 p.p.), Croatia (26.3 p.p.), Italy (18.8 p.p.), Portugal and Bulgaria (16.6 p.p.), Slovakia (14.4 p.p.), and Ireland (13.5 p.p.).

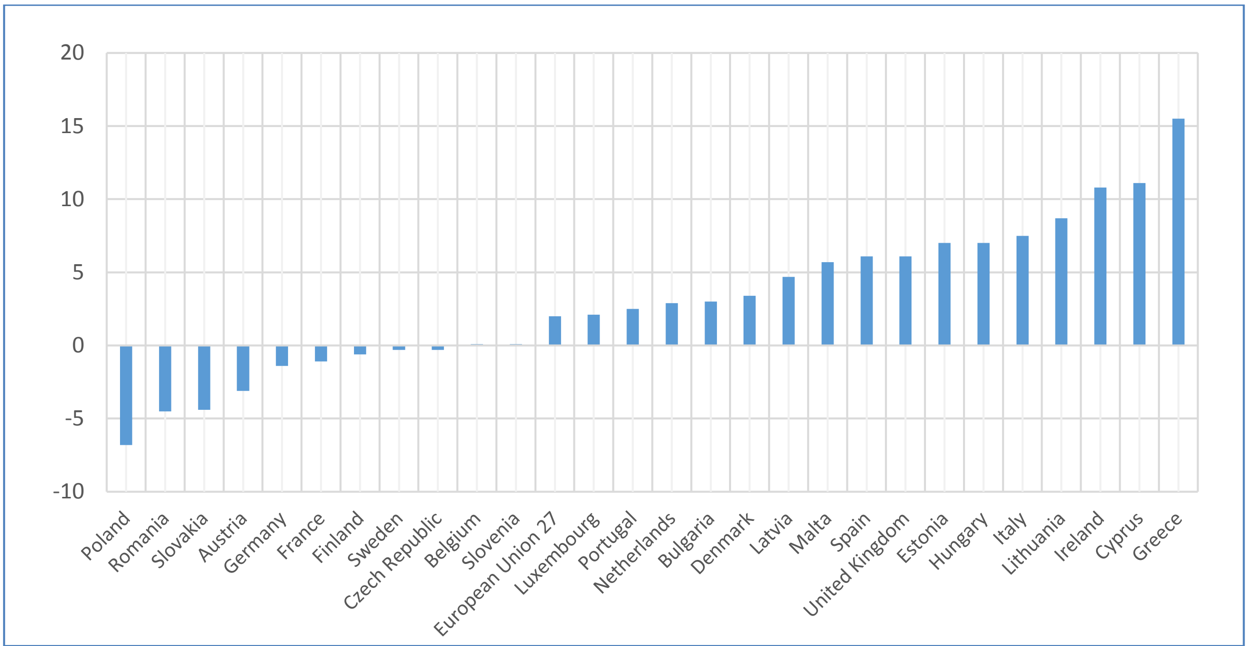
The International Monetary Fund (IMF) has shown that levels of unemployment among youths tend to vary more than total unemployment because the business cycle explains up to 70% of changes in the youth (15–24) unemployment rates in the EURO area. It estimates that an additional p.p. of annual growth could lower the unemployment rate from 0.8 p.p. in Greece and Portugal to 1.9 p.p. in Spain. Another factor explaining the wide variation of the youth unemployment rate across MSs is the very diverse level of participation of young people in the labour market while still being in education (Eichhorst et al., 2012).

Poverty and social exclusion in the EU have almost inevitably worsened during the crisis, with little signs of improvement so far. The situation worsened even further in some countries in 2013, notably in countries where it was already high.

The main drivers of poverty and social exclusion are seen to be long-term unemployment, labour market segmentation, and wage polarisation.

Overall, material deprivation has increased in 17 MSs since 2008. The MSs that have been affected by such an increase are: Greece (15.5 p.p.), Cyprus (11.1 p.p.), Ireland (10.8 p.p.), Lithuania (8.7 p.p.), Italy (7.5 p.p.), Hungary and Estonia (7.0 p.p.), and United Kingdom and Spain (6.1 p.p.).

Figure 6: Change in material deprivation, years 2008–2013



Source: FGB own elaboration on Eurostat data.

2.2. Identification of the seven Member States

Based on the analysis of the situation in MSs and according to the geographical balance criteria that requires that countries from different geographical areas of the EU are considered as well as small and big countries in terms of population magnitude, seven MSs have been selected for in-depth analysis, namely: Greece, Cyprus, Ireland, Lithuania, Italy, Spain, and Slovakia. The reasons for their inclusion are presented below.

Greece, Spain, and Cyprus are the countries that have shown the greatest differences in terms of unemployment, long-term unemployment, youth unemployment, and poverty. Italy, Ireland, and Lithuania have shown relevant increases in terms of material deprivation. At the same time, Italy also shows very high levels of youth unemployment. Slovakia presents high levels of changes for most of the selected indicators and exceptionally for long-term unemployment. This country selection ensures the representativity in terms of both geographical balance (southern, northern, and central countries are included) and population dimensions (small and big countries are equally included).

3. THE ESF POLICIES AS MITIGATING FACTOR DURING THE CRISIS IN THE EUROPEAN UNION[24]

KEY FINDINGS

- MSs adopted different strategies to counterbalance the negative effects of the crisis on the labour market through the ESF, but some common characteristics of implemented actions can be identified: provision of personalised-type of support; promotion of self-employment and entrepreneurship; involvement of different actors/stakeholders
- ESF reached out to the target groups that were most exposed to the negative effects of the crisis (the long-term unemployed, young people, older workers, individuals at risk of poverty and social exclusion), although, naturally, not all could be reached
- A clear and explicit re-programming of ESF in view of mitigating the crisis took place in a number of countries (such as Spain, Greece, Cyprus, Italy, Ireland and Slovenia)
- Actual contribution of the ESF in mitigating the crisis largely depends on specific conditions in every MS, notably: ESF funding scale; ESF interventions targeting; seriousness of crisis effects.
- For future reference, the following lessons should be capitalised: actions directly linked to (sustainable) access to employment should be given the absolute priority; a high and structured level of coordination with non-ESF funded programmes must be constantly sought; a tight synergy with policies and interventions operating on the demand side of the labour market should be defined and put into practice.

The main sources used to draft this section are:

- The three thematic ESF 2007-2013 ex-post evaluations carried out by the European Commission DG EMPL and covering the ESF priority fields of Social inclusion, Human capital and Adaptability and Sustainable integration and access to employment (A2E) [25]
- Evaluation of the reaction of the ESF to the economic and financial crisis, Final Report[26].
- Annual Implementation Reports 2014 and previous AIRs when needed
- The deliverables of the ESF Expert Evaluation Network (2011-2013)[27]

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[24] Recently published data on expenditure, rate of absorption, and participation are presented in Annex A. Data in the present chapter are older.

[25] In particular the following volumes:

- "ESF 2007-2013 Ex-post evaluation: Supporting the integration of disadvantaged groups into the labour market and society -Final Report Volume II- Overview and description of the main features and achievements of the ESF investment across all EU 27 Member States", ICF International for the European Commission, 2016;
- "European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital - Volume II – Overview of ESF human capital investment in the 27 Member States", ICF International for the European Commission, 2015;
- "Ex post evaluation of ESF 2007-2013 Access and Sustainable Integration into Employment (VC/2014/0526) - Final report Volume II – Overview of ESF A2E investment in the 27 Member States", Metis GmbH for the European Commission, 2015.

[26] Available at: ec.europa.eu/social/BlobServlet?docId=7671&langId=en

[27] Including country reports, synthesis reports and inventories

- OPs and amendments/Implementing documents

The present report covers EU-27 MSs; Croatia is not included due to their late joining of the EU.[28]

3.1. Rate of absorption

In this section, the differences in the absorption capacity and the scale of ESF investment in each MS are analysed, with the aim of assessing the role of the ESF to counteract the effects of the crisis. The absorption rates presented are calculated as the share of certified eligible expenditure paid by beneficiaries out of the total allocated budget with regard to three ESF policy fields: Social inclusion (SI), Human capital and Adaptability (HC)[29]and Sustainable integration and access to employment (A2E)[30].

Table 5 analyses the total funding of the ESF for the Social inclusion for 25 MSs,[31] and the relevant absorption rate for 24 MSs, up to December 2013.[32] As can be seen, the overall funding is roughly proportional to the population of the European countries and Southern and Eastern MSs encountered difficulties in implementing the allocated budget, as shown by the implementation absorption rate.

According to the available data, the average absorption rate across MSs is 60%[33]. Looking at the countries individually, we noticed that 13 out of 25 countries have an absorption rate between 50 and 74%, while seven meet or exceed the threshold of 75%. No country with an allocated fund of above 1 billion EUR fell short of the 60% threshold, and among the countries with a predicted budget of above half billion EUR only Romania did not meet the 50% threshold. Southern and Eastern European MSs encountered more difficulties in implementing the allocated budget as shown by their absorption rate.

Table 5: ESF Total Expenditure and absorption rate for Social inclusion 2014—2020

Member State	Total funding Social inclusion (EUR)	Absorption rate Social inclusion
Austria*	280,387,229.00	73%
Belgium*	514,087,158.00	75%
Bulgaria	177,048,697.00	65%
Cyprus	17,551,843.00	NA
Czech Republic	575,367,558.00	56%

[28] Croatia only joined the EU in 2013, at the end of the programming period. It is expected that the ESF ex-post evaluation Synthesis report, to be published shortly, will also cover Croatia.

[29] Since the ex-post evaluation on human capital (European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital) covers both the Human Capital and Adaptability Policy fields, the present report addresses them as a unique policy field.

[30] To date (December 2016) data are available for these specific fields.

[31] No data were available for Denmark and the Netherlands.

[32] No data were available for Cyprus, Denmark, and the Netherlands.

[33] Please notice that for 12 countries estimations have been made to obtain the results in table 5.

Germany**	3,788,192,590.00	75%
Denmark	NA	NA
Estonia***	1,384,013.00	78%
Greece	350,840,346.00	49%
Spain**	731,590,994.00	60%
Finland***	156,896,920.00	80%
France	3,801,971,036.00	66%
Hungary	443,900,000.00	44%
Ireland***	20,870,148.00	69%
Italy	1,167,950,158.00	66%
Lithuania***	58,779,290.00	66%
Luxembourg	4,436,784.00	79%
Latvia	51,591,383.00	93%
Malta***	7,129,080.00	44%
Netherlands	NA	NA
Poland	1,621,754,385.00	64%
Portugal*	901,373,482.00	56%
Romania	644,007,986.00	27%
Sweden***	79,666,693.00	66%
Slovenia	75,115,903.00	63%
Slovakia	204,941,177.00	21%
United Kingdom***	1,219,789,255.00	65%

Source: ESF ex-post evaluation on Social Inclusion
*Includes estimates ** Mostly estimates *** Only estimates

Table 6 presents the values of the ESF funds on Human capital priority for 27 European MSs, and the respective rate of absorption.[34] The correlation between the total funding earmarked for the human capital ESF priority and the size of the population was less pronounced in comparison with Social Inclusion. Moreover, the difference across the national budget was less pronounced: the largest budget for Social inclusion priority (France) was 2700 times the smallest one (Estonia), compared to Human capital where the largest allocation (Italy) was 214 times the smallest one (Luxembourg).

[34] No information on the Irish rate of absorption for ESF investment on human capital was available.

The overall rate of absorption for Human capital priority was 63.8%, slightly higher than the rate for Social inclusion. 21 countries met the 50% absorption threshold, and two were above 75%. No country with an allocated budget of less than 2.5 billion EUR was below the 55% absorption rate.

Table 6: Total Expenditure and absorption rate for Human capital 2014-2020

Member State	Total funding Human Capital (EUR)	Absorption rate Human capital
Austria	422,074,884.00	71%
Belgium	422,074,884.00	50%
Bulgaria	567,765,380.00	48%
Cyprus	73,089,740.00	68%
Czech Republic	2,666,584,519.00	55%
Germany	6,708,368,308.00	63%
Denmark	305,423,088.00	62%
Estonia	271,600,501.00	73%
Greece	1,675,117,747.00	61%
Spain	2,923,162,023.00	65%
Finland	823,244,112.00	73%
France	3,416,948,488.00	53%
Hungary	2,108,913,275.00	37%
Ireland	313,680,000.00	NA
Italy	7,178,575,725.00	60%
Lithuania	588,538,063.00	61%
Luxembourg	33,460,098.00	56%
Latvia	290,715,654.00	88%
Malta	72,395,000.00	52%
Netherlands	811,685,214.00	33%
Poland	6,099,114,942.00	60%
Portugal	6,945,984,255.00	79%
Romania	2,031,101,636.00	38%
Sweden	318,666,773.00	66%
Slovenia	502,090,508.00	71%

Member State	Total funding Human Capital (EUR)	Absorption rate Human capital
Slovakia	629,285,191.00	24%
United Kingdom	3,369,558,630.00	66%

Source: ESF ex-post evaluation on Human Capital and Adaptability

Table 7 shows the results for the Access to employment priority for the 27 MSs.[35] 16 MSs had an absorption rate between 50 and 75%, while five met or exceeded the 75% threshold.

"ESF 2007-2013 Ex-post evaluation: Supporting the integration of disadvantaged groups into the labour market and society - Final Report Volume II- Overview and description of the main features and achievements of the ESF investment across all EU 27 MSs", ICF International for the European Commission, 2016;

"European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital - Volume II – Overview of ESF human capital investment in the 27 MSs", ICF International for the European Commission, 2015;
"Ex post evaluation of ESF 2007-2013 Access and Sustainable Integration into Employment (VC/2014/0526) - Final report Volume II – Overview of ESF A2E investment in the 27 MSs", Metis GmbH for the European Commission, 2015

Table 8 compares the different rates of absorption analysed in the previous tables. Overall, only 5 MSs are below the aggregated 50% rate of absorption[36] (Hungary, Malta, Slovakia, Romania, and the Netherlands). If the threshold is 75% then 19 MSs are below it. The average absorption rate across the three dimensions is 61%, while the median is 64%.

With regards to implementing projects using the ESF budget for the three priorities Human capital, Social inclusion and Access to employment, North-Eastern countries performed particularly well, with Latvia ranking first, followed by Estonia, Austria and Finland. However, on the other side of the spectrum, were a group of Eastern European countries, plus Malta and the Netherlands.

It is difficult to pinpoint a clear cause (or set of causes) for the differences among absorption performances, especially across the different priorities. It has been noted that the highest allocated expenditure can be included under the Human capital priority for Convergence OP, followed by multi objective OPs and Competitiveness OPs.[37] As for the Social inclusion absorption rate, the ex-post evaluation report, notes that the countries most affected by economic crisis faced greater difficulties implementing the actions.[38] Moreover, it highlights that similarities have been observed between absorption rates across Access to employment and human capital priorities.

[35] No data were available for Cyprus.

[36] Calculated as the average of the three rates.

[37] "European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital - Volume II – Overview of ESF human capital investment in the 27 Member States", ICF International for the European Commission, 2015.

[38] "ESF 2007-2013 Ex-post evaluation: Supporting the integration of disadvantaged groups into the labour market and society -Final Report Volume II - Overview and description of the main features and achievements of the ESF investment across all EU 27 Member States", ICF International for the European Commission, 2016.

Table 7: Total Expenditure and absorption rate for Access to Employment 2014 – 2020

Member State	Total Funding Access to Employment (EUR)	Absorption rate Access to Employment
Austria	414,846,009.00	88%
Belgium	824,276,294.00	67%
Bulgaria	728,321,745.00	57%
Cyprus[39]	NA	NA
Czech Republic	799,906,181.00	56%
Germany	3,441,162,429.00	32%
Denmark	184,745,594.00	52%
Estonia	155,718,852.00	87%
Greece	2,058,142,485.00	65%
Spain	7,616,870,994.00	66%
Finland	454,277,974.00	75%
France	2,726,912,762.00	55%
Hungary	897,038,425.00	66%
Ireland	743,377,150.00	69%
Italy	4,897,007,216.00	61%
Lithuania	522,947,421.00	72%
Luxembourg	10,570,956.00	45%
Latvia	315,514,048.00	83%
Malta	36,900,000.00	44%
Netherlands	548,001,643.00	29%
Poland	3,108,064,059.00	80%
Portugal	854,635,044.00	56%
Romania	778,897,763.00	32%
Sweden	929,444,758.00	60%
Slovenia	164,727,857.00	69%

[39] Cyprus did not have a Priority Axis focussed on Access to Employment.

Member State	Total Funding Access to Employment (EUR)	Absorption rate Access to Employment
Slovakia	791,398,563.00	58%
United Kingdom	5,277,886,439.00	63%

Source: ESF ex-post evaluation on Access to employment

Table 8: Comparison across absorption rates in Social Inclusion, Human Capital, and Access to Employment ESF priorities, 2014 – 2020

Member State	Absorption rate Social Inclusion	Absorption rate Human Capital	Absorption rate Access to Employment
Austria	73%	71%	88%
Belgium	75%	50%	67%
Bulgaria	65%	48%	57%
Cyprus	NA	68%	NA
Czech Republic	56%	55%	56%
Germany	75%	63%	32%
Denmark	NA	62%	52%
Estonia	78%	73%	87%
Greece	49%	61%	65%
Spain	60%	65%	66%
Finland	80%	73%	75%
France	66%	53%	55%
Hungary	44%	37%	66%
Ireland	69%	NA	69%
Italy	66%	60%	61%
Lithuania	66%	61%	72%
Luxembourg	79%	56%	45%
Latvia	93%	88%	83%
Malta	44%	52%	44%
Netherlands	NA	33%	29%
Poland	64%	60%	80%

Member State	Absorption rate Social Inclusion	Absorption rate Human Capital	Absorption rate Access to Employment
Portugal	56%	79%	56%
Romania	27%	38%	32%
Sweden	66%	66%	60%
Slovenia	63%	71%	69%
Slovakia	21%	24%	58%
United Kingdom	65%	66%	63%

Source: ESF ex-post thematic evaluations

3.2. ESF and problem areas identified to mitigate the impact of the crisis

This section builds on the most recent and robust evaluation evidence available and provides an overview of the ESF implementation patterns in relation to the impact of the economic crisis. Here we will discuss the types of actions implemented, the target groups prioritised and the actors involved in the management process. As well as this, the degree of integration of the ESF with other funds is investigated.

3.2.1. Types of actions implemented to mitigate the impact of the crisis

The action used to mitigate the negative employment effects of the economic crisis varied across MSs. The type of action chosen was done so according to their individual ESF Priority (policy fields), however there were some visible common patterns. Additionally, not all priorities would have had the same impact on each countries respective issues: *Access to Employment* (for unemployed), *Adaptability* (mainly for employed, also at risk of unemployment) and *Social Inclusion* (for marginalised, vulnerable and at-risk-of-exclusion people) are the ESF Priorities which have been more directly designed and implemented with the explicit aim of contrasting crisis effects; while the other relevant ESF Priority (*Enhancing Human Capital*) implemented actions with an indirect link to crisis mitigation (also because of its targeting to population largely in the education or VET systems). The potential impact of the other two priorities (*Capacity building* and *Promoting partnerships*) was far less important in achieving that aim.

Therefore, a **keyword** for this point is the different contribution to mitigating crisis effects by each different ESF Priority.

Following this line, the types of actions more widely implemented under each Priority are the following:

- **Access to Employment** (the Priority more directly oriented to crisis effects mitigation): vocational and occupational training (in all MSs included in published cross national evaluation[40]), employment support services (guidance, counselling, ...:

[40] The following:

- "ESF 2007-2013 Ex-post evaluation: Supporting the integration of disadvantaged groups into the labour market and society -Final Report Volume II- Overview and description of the main features and e.g. in Bulgaria, Czech Republic, France, Germany, Hungary, Ireland, Italy, Latvia, Poland, Romania, Spain, Sweden, United Kingdom), hiring and employment incentives (for companies/employers: Hungary, Italy), work-experiences (Belgium, Cyprus, Italy), childcare facilities for supporting labour market participation (Spain); subsidised working schemes (Greece, Latvia); self-employment and start-ups support services and funding (Belgium, Czech Republic, Denmark, Ireland, Italy, Latvia, Malta, Portugal); employment services qualification (Greece); active employment measures (Czech Republic, Estonia, France, Greece, Luxembourg, Portugal, Romania, United Kingdom, Slovakia, Slovenia, The Netherlands);

- **Social Inclusion** (quite relevant in targeting populations which are at risk of labour market exclusion in *ordinary* situations and whose marginality further increased as a consequence of crisis): vocational and occupational training and re-training (Austria, Finland, Hungary, Italy, Lithuania, Malta, Portugal, Romania, Slovenia, Spain, United Kingdom), hiring and employment incentives (for companies/employers: Belgium, Cyprus, Finland, Italy, Poland, Spain), support to social economy/Third Sector entities (Romania); children and relatives care services (for supporting labour market participation: Bulgaria, Slovenia); employment support services and measures (Belgium, Czech Republic, Denmark, France, Germany, Hungary, Latvia, Malta, Slovakia);
- **Human Capital** (with an indirect link to mitigating crisis effects): education (at different levels: basic, Tertiary, 'second chance', …: Cyprus, Greece, Ireland, Poland, Portugal, Romania, Slovenia, Spain), training (general and vocational; long and short duration interventions: Austria, Belgium, Czech Republic, Estonia, Finland, Germany, Hungary, Italy, Lithuania, Malta, Poland, Portugal, Slovakia, Slovenia, Spain, The Netherlands), support to education/training participation (services and funding: Greece, Italy, Portugal); dual-schemes learning (typically, apprenticeship: Austria, Cyprus, Germany, Portugal); school-work transition schemes (e.g. through internships: Bulgaria, Greece, Romania); guidance, counselling and information services (Finland). Actions more linked to adaptability primarily aimed towards keeping recipients in employment: vocational training for developing specific skills and competences (and, quite frequently, for gaining formal qualifications through apprenticeships: Austria, Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Italy, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Spain, Sweden, The Netherlands, United Kingdom); support, through services and funding, for self-employment or for companies start-ups (Denmark, Finland, France, Greece, Italy, Lithuania, Slovenia, Spain); innovation, reorganisation, management qualification plans for companies (Cyprus, Denmark, Estonia, Finland, Luxembourg, Poland, Portugal, Spain).

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achievements of the ESF investment across all EU 27 Member States", ICF International for the European Commission, 2016;

- "European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital - Volume II – Overview of ESF human capital investment in the 27 Member States", ICF International for the European Commission, 2015;
- "Ex post evaluation of ESF 2007-2013 Access and Sustainable Integration into Employment (VC/2014/0526) - Final report Volume II – Overview of ESF A2E investment in the 27 Member States", Metis GmbH for the European Commission, 2015.

Some common methodological issues characterised the actions aimed at mitigating the crisis effects:

- Actions were mostly individualised or at least personalised (less for training and more for other types of actions);
- Different types of actions were generally combined together in employment-oriented pathways or active labour market schemes;
- Active labour market schemes were integrated with passive measures;
- Self-employment and/or companies/start-ups were strongly supported;
- Equal opportunities between men and women was a diffused (at least declared) criterion guiding the different actions;
- Action implementation was frequently based on integrated and local plans/programs involving networks of different actors.
- These distinctive features may be used as keywords for this point as well.

3.2.2. Target groups prioritised to mitigate the impact of the crisis

Relevant target-groups that were considered by the ESF interventions to mitigate the impact of the crisis were similar across priorities and type of actions across MSs:

- for **Access to Employment,** the target groups included the unemployed (both those who lost their jobs and those who were in search of first employment) with a specific attention to the long-term unemployed, youths and adults;
- for **Social Inclusion,** the target groups included unemployed, underprivileged, vulnerable and disadvantaged groups in general (mainly: people with disability, people belonging to minorities, former addicted, former convicted, ...); youths and adults; and
- for **Human Capital,** the target groups included students (both regular and at-risk-of-school-leaving); teachers and trainers; schools administrative and managerial staff; company managers and employees, but mainly employees). For Adaptability, the target groups included the employed (employees and managers, but mainly employees) and those on apprenticeship schemes.

As for gender prioritisation, the Adaptability Priority is the one in which women are most frequently under-represented, while Social Inclusion presents very different gender compositions across the EU-27 MSs.

In general, the most '*in need'* target-groups seem to have been involved in ESF interventions under each Priority across all MSs. They are: people with primary or lower-secondary education (Isced 1-2); young people (who became a priority as a consequence of the economic crisis); the unemployed; the employed with lower qualifications or low skills or at-risk of unemployment; older-workers; or the disadvantaged.

At the same time it must be highlighted that:

- the share of the potential recipients belonging to the most 'in need' groups that have been involved in ESF interventions is lower than expected. This is particularly the case for the most vulnerable and marginal groups whose employment opportunities were further reduced by the economic crisis;
- less needy individuals who presented a better employability have been involved in ESF interventions (but evaluation evidences on this point only exist for few MSs where ad-hoc evaluations have been conducted: Austria, Ireland, Italy, Portugal); and
- differences in the implementation performance across different priorities emerged between rural and urban areas showing better performances in urban areas (e.g. Poland where the result clearly emerged from evaluations).

Furthermore, other differences emerged within urban areas according to the degree of deprivation with rich areas performing better (e.g. France, where evaluations pointed to this result).

With this in mind, in summary, as well as covering the correct target groups, the ESF also managed to provide some help to less 'in need' groups – typically, in this case, a partial quantitative coverage of the potential recipients was achieved.

3.2.3. Actors involved in ESF management and implementation

Regarding the actors involved in the implementation of the interventions related to mitigating the effects of the crisis, a distinction between two different complementary levels has to be made:

- strategic level; and
- operational level.

At strategic level, the actors involved in ESF management and implementation are usually: Managing Authorities, local institutions or Social Partners. A distinctive feature, with respect to the crisis is a more in-depth and continuous involvement, but to both differing degrees and extent across EU MSs of Social Partners in designing and shaping the implementation of actions belonging to the Priorities of a better fit to the aim of countering the effects of the crisis (for instance Adaptability and Access to Employment).

At operational level, actors responsible for implementation differed according to the ESF Priorities. In detail, but again, trying to simplify as much as possible, the most relevant actors by each priority were the following:

- **Access to Employment**: training providers, public employment services, temporary work agencies;
- **Social Inclusion**: Third Sector organisations, training institutions or providers, public employment services (frequently operating through local networks);
- **Human Capital**: schools, universities, training institutions and providers, companies.

On this point, the **conclusion** could be the following: the ESF (especially in an economic crisis context) called for a multilevel and multi-actors management and implementation system; this system was suitable for dealing with complex issues (like ESF use for crisis effects mitigation) but required complex governance mechanisms.

3.2.4. Degree of ESF integration with other funding

ESF integration with other funding (mainly national) is largely diffused, both in terms of programming processes and synergic use, generally to increase the amount of available funding (what is called *Volume Effect* in *Community Added Value*). The integration is explicitly indicated also in relation to the so-called *future sustainability* of ESF interventions that is the possibility of their continuation beyond the conclusion of the ESF programming period. In fact, the future sustainability is explicitly assured by the use of funding other than ESF. For some MSs (e.g. Austria, Denmark, Finland), the existence of other funds beyond the ESF is the main reason for a limited ESF allocation. (and therefore the ESF plays a much limited role in mitigating the effects of the crisis); for other MSs, the integration supported a very finalised and targeted use of ESF (e.g. towards specific populations or innovative projects or practices: Belgium, Denmark, Hungary, Ireland, Malta, Romania); finally, ESF integration with other funding is sometimes indicated as the main reason for the difficulty to identify and isolate ESF contributions to crisis effects mitigation (e.g. Austria, Ireland).

In detail, the ESF integration with other funding is explicitly mentioned by: Ireland, where the ESF was used to support the recurrent expenditure on very specific elements; Poland, where the ESF provided additional funds to mainstream policies; France and Germany, where the ESF provided supplementary finances to related policy fields; Italy and Belgium, where the ESF was used to strengthen a number of existing interventions; Austria, Denmark, Finland and Hungary (but only for some programmes); Cyprus, The Netherlands, and Sweden, where the ESF added value to priorities that the MS is traditionally funding; and also for Luxembourg and Malta. For all these MSs the integration was generally dependent on ESF activities and funding of the MS's policies and strategies. In MSs where very limited or no integration is found, ESF has been used mainly either to develop pilot or innovative interventions (Austria, Denmark, Ireland) or to support very relevant system adaptation (Greece, Czech Republic).

3.3. ESF 2007-2013 adjustments during implementation

Changes in the ESF design and implementation in order to tackle the effects of the crisis were made according to the art. 33 of the Regulation 1083/2006[41]. The central dimension here is "coherence", the extent to which the economic crisis led a change of focus of priorities in the way the ESF was coherent with the EU MSs' labour market needs.

Very little evidence about this point can be highlighted *explicitly*. This can be seen:

- in Greece and Spain, where new policy tools have been implemented and targets have shifted to employment maintenance rather than new employment,
- in Cyprus, Italy, Ireland and Slovenia, where 'indispensable modifications' are mentioned.

On the contrary, *'no changes'* are explicitly indicated for Germany with the exception of the *QualiKug* national Programme, which was increased massively in order to support short-time working schemes of the national PES.

3.4. Overall effect of the ESF in mitigating the impact of the crisis

The achievements of the ESF in MSs in relation to different target groups and types of intervention are summarised below and an assessment of the adequateness of the ESF response to the challenges posed by the crisis is formulated.

With regards to the effects of the ESF in relation to the mitigation of the economic crisis are concerned, two caveats have to be considered:

- ESF intervention is mainly a (labour) supply side lever, and therefore, is potentially able to only partially contrast the impact of the crisis; and
- the ESF's contribution to mitigating the impact of the crisis largely depended on specific conditions in every MS. The peculiar combination of several influencing factors was in fact extremely important in determining the magnitude of the crisis relief that the ESF could provide, among these factors the most relevant are: the ESF funding scale; ESF interventions targeting; seriousness of crisis effects; integration, with respect to different ESF policy areas, between ESF and national complementary funding and policy.

As a consequence, the analysis relies on the distinction between:

- an individual level mitigation effect (that is the effect that involves individuals directly participating to the ESF funded interventions); and
- a system level mitigation effect specific in each MS, i.e.: the mitigation effect the ESF could produce at MS level giving the specific conditions in each of them.

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41 Consolidated version available at : http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02006R1083-20140101

Needless to say, there is a greater body of evidence for individual level in the existing documentation than system/MS level, and therefore it is possible to conclude that much more is known about individual level mitigation effects than on the system/MS level effects.

Starting from the individual level (that is direct ESF intervention recipients), a list of the different types of crisis mitigation effects emerging from the ESF ex-post thematic evaluations is presented below. The types of effects are listed according to their relevance (relevance is measured in terms of the number of MSs in which every effect emerged):

- **Entering employment** also through self-employment and business start-ups, if unemployed by 1-3 months after leaving the intervention: Ireland; Poland; United Kingdom; France through Local Inclusion and Employment Plans; Spain with differences among Regions/Autt. Communities; Germany (through business start-ups and public works schemes for unemployed; Italy; Greece, Bulgaria; Belgium, Czech Republic, Denmark, Austria, Estonia; Finland; Hungary, Latvia, Lithuania employment subsidies and professional skills development, Sweden, Portugal, Luxembourg;
- **Sustaining employment**: United Kingdom, Italy, Belgium, Austria with relevant regional differences, Estonia, Finland, Latvia, Lithuania, Slovenia, The Netherlands, Cyprus, Malta;
- **Developing occupational skills/competences** (for employed): Poland, United Kingdom, France, Denmark, Portugal;
- **Strengthening companies' competitiveness** (through employees' training but also through services, networking, support to innovation): Poland, Greece, Estonia, Portugal;
- **Maintaining employment (for employed)**: Czech Republic, Austria, Slovenia;
- **Developing general skills**: Portugal;
- **Gaining a qualification upon leaving**: United Kingdom, France;
- **Gaining/increasing income** Ireland;
- **Reducing the probability of subsequent unemployment** Ireland;
- **Upgrading employment** Spain.

In summary, the individual level ESF mitigating effect was according to existing evaluations visible and widespread although quite variable in term of size and very much related to the context. The two main forms the ESF mitigation effect assumed (at individual level) were the:

- entering and, although in a lesser extent, the sustaining of an employment (for unemployed); and
- developing occupational skills and competences (for the employed).

It may be said that they are quite *traditional* and well-known ESF issues but the fact that a) they emerged during a crisis period (also very hard for some MSs) and b) they are *evidence-based* give them a sort of unconventional importance. For this reason, as well as that the two above cited forms are coherent with the types of interventions carried out: *the most common crisis mitigation ESF effects (entering employment and developing occupational skills and competences) were quite traditional but they rightly fitted unemployed or employed individual needs*.

As far as the system level (MS level ESF mitigation effect), very few clear and precise indications can be gathered from the available documentation making explicit reference to the single MSs, the ESF effect in mitigating crisis impact may be classified in 4 groups:

- **Marginal effect**. This group includes: Ireland (ESF was used to implement very specific and niche activities); Greece (the ESF effectiveness has been hampered by the impact of the economic crisis); Denmark (the overall impact of the ESF is not so strong); Austria (very limited), Finland hard to measure given the low share of ESF in

the total ALMPs in the country); Hungary (employment during the crisis was mainly tackled through national funded programs);
- **Medium effect**. This group includes: Italy (where the economic crisis widened the range and the number of ESF interventions potential recipients but had a negative effect on traditionally vulnerable groups; Spain (where the ESF influenced the capacity to improve regional public services alleviating the effects of the severe crisis); Belgium; Czech Republic; Romania (crisis did not affect Romania like other EU MSs: ESF intervention, accompanied by national resources, helped job creation and participation in training activities); Portugal ("ESF funded interventions had a clear concrete socio-economic impact); The Netherlands (impact in combating youth unemployment); Luxembourg (helped job creation and participation in life-long learning training activities especially for youth"); Malta contributed to job creation and participation in life-long learning);
- **Relevant effect.** This group includes: Poland (ESF provided additional funds to mainstream policies; in addition to national resources); France (ESF had a positive impact for young people and for women); Bulgaria effects … on employment and human resources development); Estonia (ESF improved country competitiveness); Latvia; Cyprus);
- **Unclear/uncertain effect**. This last group includes: United Kingdom, Germany, Slovakia, Lithuania; Sweden (no sound evidences); Slovenia (poor evidence).

Summarising the results for the different groups:

- The ESF marginal effect appears to be mainly caused by 3 factors of different relevance in each MS: 1) the seriousness of crisis in the MS, also considering the baseline situation in 2007 (the higher, the lower the ESF contribution); 2) the low amount (%) of funding dedicated to ESF in relation to other nationally funded policies; 3) the very precise and focused targeting of ESF;
- The ESF unclear/uncertain effect is largely due to the absence of evidence in the available documentation or to the presence of non-homogeneous evaluation results for different programs/interventions;
- The *ESF medium effect* group is made up of MSs where ESF evaluation evidences do clearly show both positive ESF effects but also a very general description of these effects or the existence of areas (target-populations, types of actions, territories, …) where the effects were less positive.

It may be concluded that at system/MS level, ESF contributed to mitigate the crisis effects (in fact, MSs with relevant or medium ESF effect outnumber the others). But this statement should also consider (at least) the magnitude of the ESF funding in each MS, the economic relevance of the MS within the EU and the soundness as well as the coverage of the evaluations considered for each MS. When these elements are considered, the overall picture at MS level is less positive, as it could appear from the mere counting of MSs. For this reason, a **conclusion** for this point could be: ESF for sure contributed at system/MS level in mitigating crisis effects (although not equally in all MS) but more as a consequence of its mitigation at individual level than as a clear policy (and evaluations) outcome.

Finally, it is not easy, on the basis of the evidence available, to infer how the effectiveness of activities funded by ESF be improved (in the new programming period implementation). In fact, the first point is that we should hold much more and more detailed information(that is having sounder evidences) about ESF effectiveness that is about ESF net effects (not only on crisis mitigation but also on meso and macro effects in general). Another point is the focus of ESF's effectiveness which is different if the recipients' employment in general is assumed as its main measure or that the ESF's contribution to the crisis helps to mitigate its effects.

Keeping the question as broad as possible, three indications may be proposed here:

- actions directly linked to employment entering and/or keeping (maintaining) must be given the absolute priority;
- a high and structured level of integration (or, at least, coordination) with non-ESF funded programmes and interventions must be designed, developed and implemented; and
- a tight synergy with policies, programmes and interventions operating on labour demand side (which however have to exist) must be defined and put into practice.

4. THE IMPACT OF THE CRISIS IN THE SEVEN MEMBER STATES

KEY FINDINGS

- In this section, common elements and divergences in the patterns of the crisis among the seven selected MSs are identified.
- Among the seven selected MSs Greece is the one that have suffered the higher loss in terms of GDP per capita during the 2008 and 2013-time span but In all selected MSs the crisis has impacted the labour market trends concerning participation, employment and unemployment although with differentiated results.
- Labour market participation measured by the activity rate has increased in all the selected MSs with the only exception of Cyprus where after an initial small reduction it promptly recovered. Employment rates diminished and total unemployment has increased in all seven selected MSs. Similarly, to unemployment also long term unemployment as a percentage of active population increased in all seven selected MSs.
- Young generations in the seven selected MSs have suffered from the crisis: an increase in the share of young people (15-24) NEETs resulted in all seven selected MSs as well as a notable increase in the unemployment rates for the same age group.
- The worrying situation in the labour market had a strong impact on the living conditions of the population as material deprivation increased in all selected MSs.

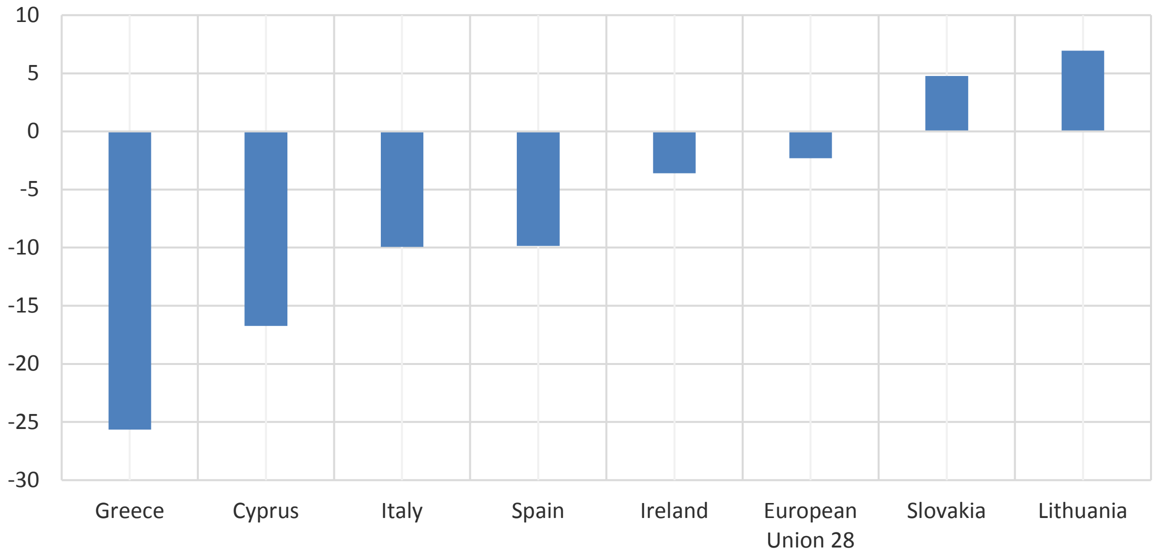
4.1. Introduction

This section presents the comparative analysis of the situation in the seven selected MSs during the crisis (years 2008-2013) in the attempt to identify common elements and divergences in the patterns of the crisis among the seven selected MSs. The patterns of the crisis and the impact are analysed with reference to the data presented for each of the seven MSs in the seven country fiches in Annex B. The major sources used for this section are Eurostat data and the information collected during the interviews with geographical desk officers at the General Direction for Employment Social Affairs and Inclusion of the European Commission.

4.2. The impact of the crisis

Among the seven selected MSs, Greece suffered the highest loss in terms of GDP per capita during the 2008 and 2013-time span. The country's GDP per capita decreased by 25.7 p.p. during the indicated timespan. Cyprus is second, but by a distance, as the decrease amounted to 16.7 p.p.. Italy and Spain follow with a decrease of 9.9 p.p. and 9.8 p.p. respectively. The final MS among the selected seven looked at a GDP per capita decrease is Ireland with 3.6 p.p., while Slovakia and Lithuania benefitted from an increase of 4.8% and 6.9% respectively (for both higher than the average variation recorded in the whole EU-28) as they both promptly recovered from the first impact of the crisis: they both faced the highest drop of the GDP in 2009 in respect of the previous year but they were both already on the recovery path in 2010.

Figure 7: Change in the GDP per capita growth rate, years 2008–2013



Source: FGB own elaboration on Eurostat data.

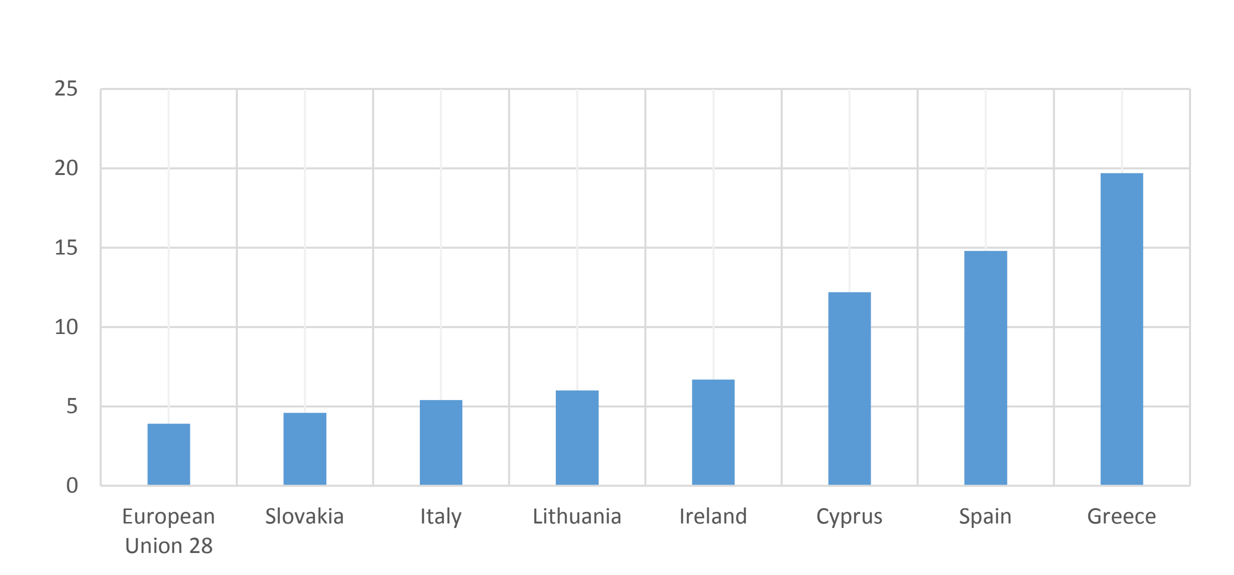
In all selected MSs, the crisis has impacted the labour market trends concerning participation, employment and unemployment although with differentiated results.

Labour market participation, measured by the activity rate, has increased in all the selected MSs with the only exception of Cyprus where after an initial small reduction it promptly recovered and remained substantially unchanged on the end of the identified period (2008-2013). Gender disaggregation for the activity rate reveals that in all selected MSs a decreasing common trend for men emerges with only two exceptions Lithuania and Slovakia where men's participation increased during the identified period. The negative trend for men's rate coupled with a continuous positive trend for women's activity rate in Greece, Spain, Italy and Cyprus. In Ireland, women's participation decreased at first, and then increased but without recovering the total loss. In Lithuania and Slovakia, the increase in men's participation coupled with the increase in women's participation.

As for employment rates, a reduction was recorded in all seven selected MSs: stronger in Ireland, Greece and Spain (more than 8.0 p.p.) and lighter in Italy, Lithuania and Cyprus (about 3.0 p.p.) in Cyprus the reduction was of a medium magnitude (about 6.0 p.p.). Gender disaggregation reveals that both men's and women's rate decreased in all the selected MSs with the only exception of Italian women: among them employment has firstly decreased slightly (about 1.0 p.p. between 2008 and 2010) and then recovered (by 1 p.p. in the following two years) with a new minor loss (0.5 p.p.) in 2013. The Italian case is also interesting in terms of age disaggregation. This is the only MS where despite a generalised decrease in employment the older generations of workers have even increased their employment rate by 6.0 p.p. and this was true for all women and men of that age group.

In all selected MSs, total unemployment has increased over 2008-2013 more than the EU-28 average. The largest increase was recorded in Greece (19.7 p.p.), Spain (14.8 p.p.) and, Cyprus (12.2 p.p.). More limited increases where shown in Ireland (6.7 p.p.), Lithuania (6.0 p.p.), Italy (5.4 p.p.), Slovakia (4.6 p.p.).

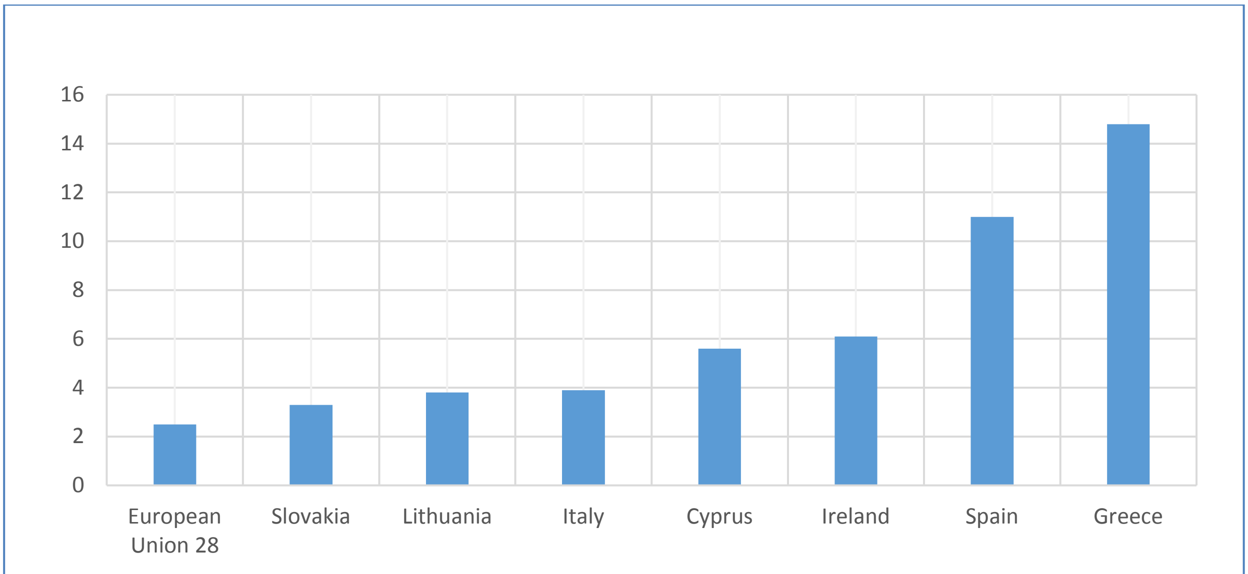
Figure 8: Change in the unemployment rate 15–74, years 2008–2013



Source: FGB own elaboration on Eurostat data.

Long term unemployment as a percentage of active population, increased in all selected MSs as well. The increase was higher than the EU-28 average in all of them but the magnitude differed. Only in Greece and Spain it was higher than 10.0 p.p. while in Ireland and Cyprus was between 5.0 p.p. and 6 p.p.. In Italy, Lithuania and Slovakia the change was between 3.0 p.p. and 4.0 p.p..

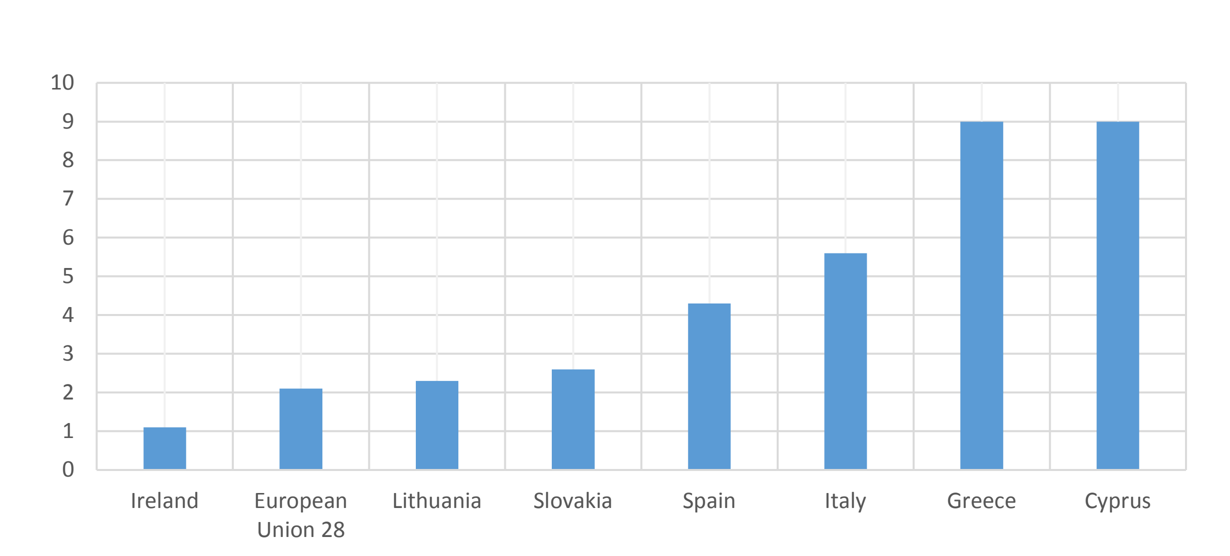
Figure 9: Change in the long-term unemployment rate 15+, years 2008–2013



Source: FGB own elaboration on Eurostat data.

The share of young people (15-24) NEETs increased in all seven selected MSs and the highest variations are recorded in Cyprus and Greece (9.0 p.p.). Italy (5.6 p.p.) and Spain (4.3 p.p.) recorded more limited increases, while Lithuania (2.3 p.p.) was very close to the EU-28 average (2.1 p.p.) and in Ireland the increase was below the EU-28 average.

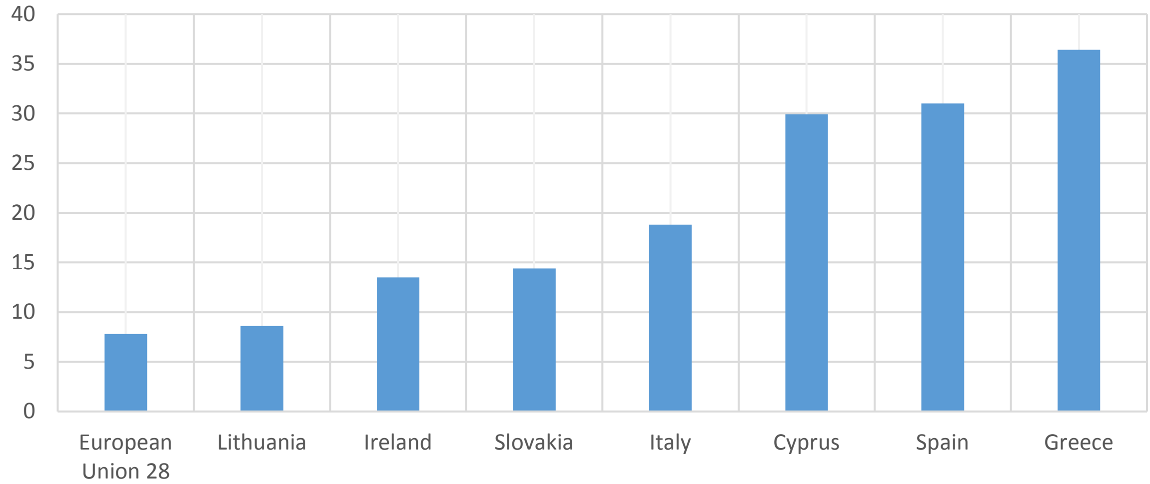
Figure 10: Change in NEET rates 15–24, years 2008–2013



Source: FGB own elaboration on Eurostat data.

The change in the number of young people (15-24) NEETs between 2008 and 2013 can be considered, together with the change in the unemployment rates for youth, (15-24) in the same period. Greece, Spain and Cyprus scored a very relevant increase (above 30.0 p.p.). Ireland, Slovakia and Italy showed a more limited but still very relevant increase (between 10.0 p.p. and 20.0 p.p.). Only Lithuania showed a lower value (8.6 p.p.) closer to the EU-28 average (7.8 p.p.). These results point to a very relevant fact in MSs most affected by the crisis the youngest generations paid a high price to the crisis in terms of employment opportunities.

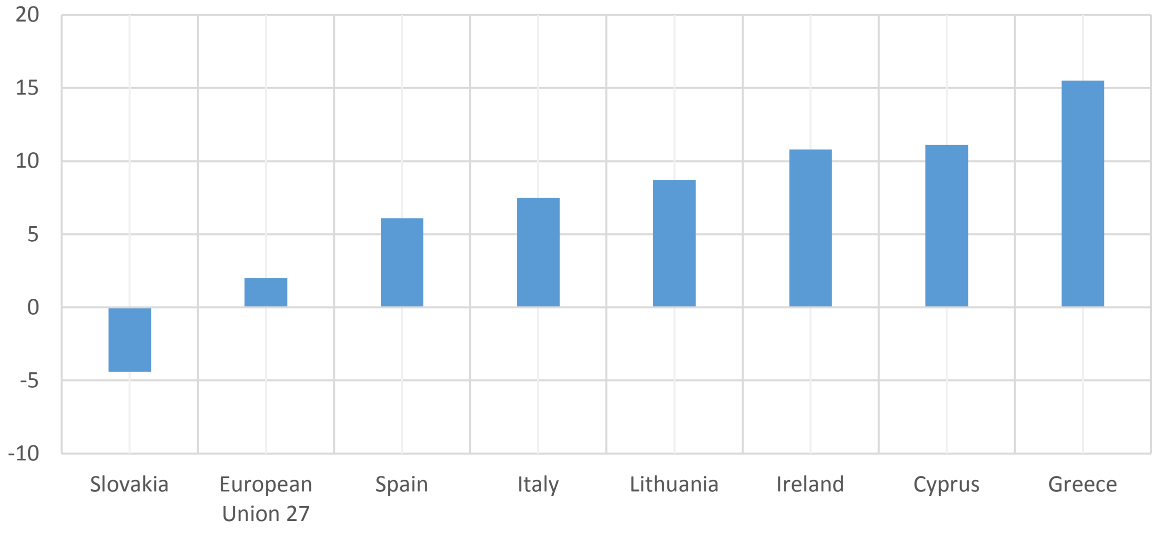
Figure 11: Change in unemployment rates 15–24, years 2008–2013



Source: FGB own elaboration on Eurostat data.

In all selected MSs material deprivation increased (see the following figure). A very relevant variation can be highlighted for Greece (more than 15.0 p.p.), Cyprus (11.1 p.p.), Ireland (10.8 p.p.). In Lithuania, Italy and Spain a still relevant but more limited change was recorded (6.0-9.0 p.p.). Slovakia was the only MS among the selected ones where material deprivation decreased over the times of the crisis. Despite the fact that employment in Slovakia did not return to the pre-crisis levels, severe poverty did not increase in the country but even decreased.

Figure 12: Change in material deprivation, years 2008–2013



Source: FGB own elaboration on Eurostat data.

5. THE ESF POLICIES AS MITIGATING FACTOR DURING THE CRISIS IN THE SEVEN SELECTED MEMBER STATES[42]

KEY FINDINGS

- The ESF, in the seven selected MSs (Cyprus, Greece, Spain, Ireland, Italy, Lithuania, Slovakia), was able to provide instruments to mitigate the crisis. According to available information the ESF managed to reach the target groups most severely affected by the crisis: the unemployed, the inactive, youth, women and, migrants.
- With regard to results in terms of employment or of enhanced employability, indications have been drawn by the evaluation studies that focus on a series of selected interventions. In the attempt to provide an overall assessment of the effect of the ESF, it can be stated that his impact was limited either by the gravity and seriousness of the crisis itself or by the scale of funding.
- Where the ESF had positive impact in mitigating the crisis at the systemic level, this result was achieved by means of single interventions addressed to the different target groups and not as the result of a national general "mitigation strategy".

This section is focussed on the seven selected MSs (Cyprus, Greece, Spain, Ireland, Italy, Lithuania, Slovakia).

The main sources used to draft this section are relevant EU-wide thematic evaluations:

- "ESF 2007-2013 Ex-post evaluation: Supporting the integration of disadvantaged groups into the labour market and society -Final Report Volume II- Overview and description of the main features and achievements of the ESF investment across all EU 27 MSs", ICF International for the European Commission, 2016;
- "ESF 2007-2013 Ex-post evaluation: Supporting the integration of disadvantaged groups into the labour market and society -Final Report Volume III- Analysis of in-depth countries", ICF International for the European Commission, 2016;
- "European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital - Volume II – Overview of ESF human capital investment in the 27 MSs", ICF International for the European Commission, 2015;
- "European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital - Volume III – Analysis of in-depth countries, ICF International for the European Commission, 2015;
- "Ex post evaluation of ESF 2007-2013 Access and Sustainable Integration into Employment (VC/2014/0526) - Final report Volume II – Overview of ESF A2E investment in the 27 MSs", Metis GmbH for the European Commission, 2015;
- "Ex post evaluation of ESF 2007-2013 Access and Sustainable Integration into Employment (VC/2014/0526) - Volume III – Horizontal Analysis", Metis GmbH for the European Commission, 2015.

[42] Recently published data on expenditure, rate of absorption, and participation are presented in Annex A. Data in the present chapter are older.

Other sources were:

- Evaluation of the reaction of the ESF to the economic and financial crisis, Final Report[43].
- Annual Implementation Reports 2014 and previous AIRs when needed
- The deliverables of the ESF Expert Evaluation Network (2011-2013)[44]
- OPs and amendments/Implementing documents.

5.1. Rate of absorption

This section will compare the use of ESF resources in relation to the problem areas selected and the reasons behind such performances in 7 MSs (Cyprus, Greece, Ireland, Italy, Lithuania, Spain, and Slovakia).

Both published ex-post available thematic evaluations[45] and the content of interviews conducted with the geographical desks of the European Commission, DG EMPL, for drafting the present study are the data sources on the rates of absorption. Because the interviews were conducted in 2016, the absorption rates reported are substantially higher than the current information available in the public documentation (December 2013). A brief overview of the size of the estimated overall budget will be also included at the end of each section to have a clearer overview.

The official ex-post evaluations and comparative analysis of the seven selected MSs shows different implementation rates according to ESF priorities (access to employment, social inclusion, human capital). The following paragraphs will break down the information available from each country.

Cyprus

According to data from the ex-post evaluation documents, Cyprus has an absorption rate of 68% for the human capital policy field, the only one for which Cypriot data is available.

According to the Cypriot geographical desk at the European Commission, the absorption rate trend was slow at the beginning of the programming period, but accelerated during the seven-year programme. An improvement was also noted in comparison to the previous programming period 2000-2006. The absorption rate recorded by the Cypriot geographical desk officer at the European Commission was over 95%.

With the 26th largest population in the European Union, Cyprus had the 22nd largest allocated budget for Social Inclusion and the 25th largest budget for Human capital. Cyprus did not have a Priority Axis dedicated to access to employment.

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43 Available at: *ec.europa.eu/social/BlobServlet?docId=7671&langId=en*

44 Including country reports, synthesis reports and inventories.

45 Three main sources, one for each ESF policy field:

- "ESF 2007-2013 Ex-post evaluation: Supporting the integration of disadvantaged groups into the labour market and society -Final Report Volume II- Overview and description of the main features and achievements of the ESF investment across all EU 27 Member States", ICF International for the European Commission, 2016;

- "European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital - Volume II – Overview of ESF human capital investment in the 27 Member States", ICF International for the European Commission, 2015;

- "Ex post evaluation of ESF 2007-2013 Access and Sustainable Integration into Employment (VC/2014/0526) - Final report Volume II – Overview of ESF A2E investment in the 27 Member States", Metis GmbH for the European Commission, 2015.

Greece

The absorption rate for Greece was 49% for the social inclusion policy field, 61% for human capital, and 65% for the access to employment policy field (data from ESF ex post evaluation reports).

However, the geographical desk officer at the European Commission for Greece, during the interview for the present study, indicated that the absorption rate had reached 100%. The difference between the rates recorded in official ex-post evaluation reports and the rate indicated by the geographical desk officer can be explained by the subsequent recovery after a slow start after initial implementation. This trend is also visible in the country during the last programming period (2000-2006).

With the 10th largest EU population, Greece has the 12th highest allocated budget for social inclusion, the 11th highest for human capital, and the 12th highest for the access to employment priority.

Spain

Spain has an absorption rate of 60% for the social inclusion priority and 65% for both the human capital and 66% for the access to employment priorities. According to an interview, conducted by FGB with the geographical desk-officer for Spain at the European Commission, the estimated national absorption rate in December 2015 was 90%, a figure that is in line with the EU average.

With more than 46 million inhabitants, Spain has the fifth largest population of all EU MSs, while it receives the largest budget for access to employment priority and the seventh largest for both social inclusion and human capital priorities.

Italy

Italy has an absorption rate of 66% for the social inclusion priority, 61% for the access to employment priority and 60% for the human capital priority.

Italy has the fourth largest population of EU MSs, and received the largest budget for the Human capital priority, the third largest budget for access to employment priority and the fourth largest for social inclusion priority. Overall, its budget was the second highest amongst MSs, behind Germany's.[46]

Ireland

For social inclusion, Ireland has an absorption rate of 69% for the access to employment priority, a rate of 71% or the social inclusion priority and 69% for the access to employment priority. No data was available for the ESF Human capital priority during the preparation of this study.

With regards to the information shared by the geographical desk at the European Commission, Ireland's good performance for the funding for access to employment was due to a more vigorous emphasis on employment interventions during the peak crisis period. The overall absorption rate indicated by the geographical desk for Ireland is 81.5%.

Ireland has the 20th largest population amongst EU MSs, the 21st highest budget for Social Inclusion and Human capital ESF priorities, and the 7th highest for access to employment.

Lithuania

The rate of absorption in Lithuania was 66% for the social inclusion priority, 61% for the human capital priority and 72% for the access to employment priority.

The Lithuanian geographical desk reported a rate of absorption of 101%, a figure which emerged during an examination meeting held before February 2016. The country is one of

[46] Information on the absorption rate was not provided by the DG EMPL geographical desk for Italy.

the MSs where the ESF OPs is at full capacity and all the resources are being used. A final implementation report should be submitted in 2017.

With a population of 2.9 million, Lithuania has the 22nd highest of all EU MSs, it also has the 19th highest for social inclusion priority, the 22nd highest for human capital priority and the 6th highest for access to employment priority.

Slovakia

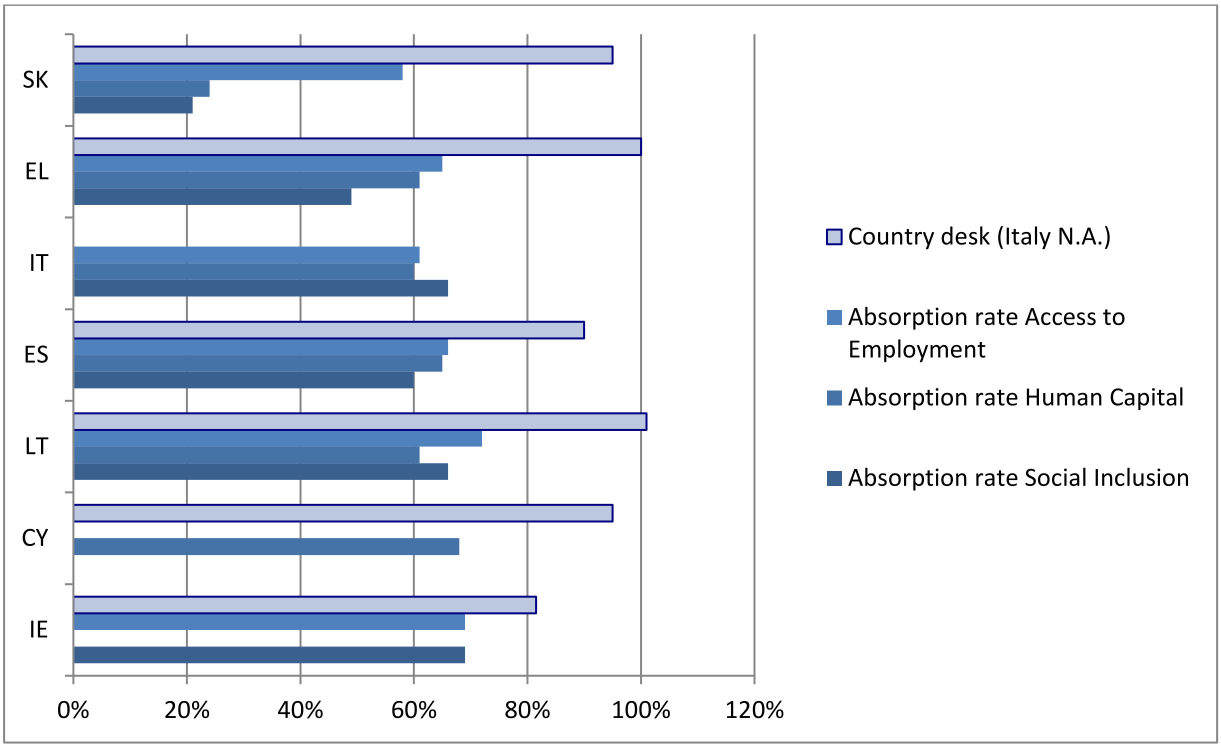
Slovakia has a 58% implementation rate for the access to employment priority, a 24% implementation rate for the human capital priority, and a 21% implementation rate for the social inclusion priority.

According to the interviews conducted with the geographical desk officer at the European Commission for Slovakia, the country's absorption rates reached 95% in February 2016.[47] The use of the funds was lower at the beginning of the programming period, when Slovakia had a greater risk of losing of the preventive allocation through the so-called automatic de-commitment mechanism, before recovering.

With 5.4 million inhabitants, Slovakia has the 19th largest population of all EU countries, and its preventive budget for the social inclusion, human capital, and access to employment priorities is the 16th highest.

The figure below summarises the information for the seven selected MSs, sorted from lowest average absorption rate to highest, according to the aggregated information from the three ESF ex-post evaluation documents. The chart also includes the figure given in the FGB interviews with each country's respective geo-desk officer.

Figure 13: Absorption rate per policy field in 2013 and absorption rate reported by DG EMPL geographic desk-officers in 2016



Source: Interviews with DG EMPL geographic desk-officers.

47 The Geographical desk cited as source the Slovakian certifying authority.

5.2. ESF and problem areas identified

This section compares the differences among MSs in terms of policy priorities, actions and target groups covered in relation to the key challenges posed by the economic crisis. The information is presented by policy field (access to employment, human capital and social inclusion) and by MS. The section builds on the evaluation evidence available and capitalises on the information collected through FGB interviews with the geographical desk officers at the European Commission DG EMPL.

The actions and target groups of each policy field are outlined below.

Access to Employment[48]:

In **Greece**, the focus was originally placed on promoting employment, lifelong learning and social inclusion and the OP "Human Resources Development" planned interventions for youth, women, long-term unemployed and persons at risk of exclusion. Despite extensive alterations to the ESF programme, the main objectives of the OP Human Resources Development remain the same. It was also strengthened to tackle the effects of the economic crisis. The OP National contingency reserve was aimed at supporting human resources affected by unforeseen local or sectoral crises linked to economic and social restructuring.

In **Spain**, access to employment measures were mainly directed towards: strengthening labour market institutions, easing the access to employment and increasing participation of migrants and women in employment (i.e. by facilitating access to childcare and care for dependent persons). In both national and regional programmes, it particularly focused on the design, delivery and monitoring of labour market policies, while regional programmes focused on actions in the following fields: labour market guidance, training courses, work experiences, incentives for hiring of disadvantage groups, self-employment promotion.

In **Ireland**, ESF investments are focused on promoting the acquisition of skills and qualifications by the unemployed, with the aim of enhancing their employability and reducing inequality in the labour market (with women and vulnerable migrants being a major target).

All these measures address the country's traditionally disadvantaged target groups in the labour market (young people, women, low-skilled, migrants, workers employed in companies in economic difficulty, workers with precarious contracts, irregular workers).

In **Italy**, the ESF has also primarily focused on labour market issues and the long-term problems caused by the economic crisis, whose effects started to be felt at the beginning of the programming period in 2009. The ESF focused on the following areas:

- a wide range of ALMPs such as training, employment incentives, work experiences, personalised support, self-employment and entrepreneurship schemes. These measures were also integrated in complex interventions and, as explained in the following paragraph, from 2009 onwards, combined with passive labour market measures;
- measures aimed at reducing gender gaps and segregation in the labour market (including work-life balance measures), promoting migrant labour market inclusion and promoting the retention of older workers in employment; and
- system actions – implemented both at national and regional level - aimed at strengthening labour market services.

[48] "Ex post evaluation of ESF 2007-2013 Access and Sustainable Integration into Employment (VC/2014/0526) - Final report Volume II – Overview of ESF A2E investment in the 27 Member States", Metis GmbH for the European Commission, 2015.

In **Lithuania** the ESF focused on increasing the quality of employment and social inclusion and activities were aimed at promoting employment and labour market participation. Target groups were: elderly persons, Roma, women, persons with disabilities, unemployed and employed, former detainees, persons dependable on drugs, or other substances.

In **Slovakia** the ESF main objective was tackling unemployment – particularly long-term unemployment since approximately 25% of the unemployed were long-term unemployed – and other disadvantaged categories, such as young people and individuals with low education.

Human Capital[49]:

Primarily job opportunities and internships (implemented in all MSs but Cyprus and Slovakia) and work-based learning (in all seven selected MSs but Lithuania) were used to lessen the effects of the crisis. Whereas, interventions related to restructuring were implemented in Spain and Italy only.

According to the target groups of all seven selected MSs, the all covered the unemployed in their OPs, while Lithuania's main focus was on the employed group. All countries apart from Cyprus and Lithuania addressed Human Capital investments for young unemployed, vulnerable groups, the low skilled, disabled and minorities. In Ireland, there was a strong focus on increased access for the participation of disadvantaged groups and of those with low or no skills.

Social Inclusion[50]:

Primarily, the actions covered by the ESF social inclusion priority in the seven selected MSs are aimed at overcoming existing barriers to access the labour market. In Italy, Greece, Spain and Ireland these actions were intended as personalised support (i.e. group mentoring or one to one guidance to support labour market integration). More specifically, in Italy and Ireland individualised forms of learning aimed at providing basic skills or personalised training opportunities to engage/re-engage with learning and training outside mainstream forms of learning were provided. In Lithuania, the focus was placed on activities to address discrimination for people at social risks e.g. for disabled individuals, individuals with substance abuse issues etc.

As well as training and skills development (core and vocational) measures, support of labour market integration was also covered with the aim of meeting the needs of individuals with different disadvantages (in all MSs). Lithuania also provided support for job searching or re-integration into the labour market.

As for system measures, some MSs envisaged actions to improve systems, institutions or cultural contexts with the view to promote social inclusion. Cyprus and Greece have invested in the expansion and upgrading of the labour market institutions, while Spain and Lithuania addressed discrimination and increasing equal opportunities.

According to the information presented above and by the interviews with the geographic desk officers at the European Commission DG EMPL, it can be stated that in the seven selected MSs the ESF focused on the most problematic areas, particularly in Greece, Italy and Spain where the actions of the OPs were in line with the key challenges already in their original

[49] "European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital - Volume II – Overview of ESF human capital investment in the 27 Member States", ICF International for the European Commission, 2015.

[50] ESF 2007-2013 Ex-post evaluation: Supporting the integration of disadvantaged groups into the labour market and society -Final Report Volume II- Overview and description of the main features and achievements of the ESF investment across all EU 27 Member States", ICF International for the European Commission, 2016.

design and the programming. In these MSs, interventions have subsequently been fine-tuned to increase the focus on the social conditions exacerbated by the crisis. Other MSs (e.g. Ireland and Cyprus) carried out substantial amendments towards measures aimed to address the unemployment peak. In Lithuania and Slovakia, measures designed at the beginning of the programming period were designed to respond to the key challenges during the crisis and were not subjected to changes, apart from the allocations for interventions being increased.

5.3. Adjustments to ESF implementation

As stated in section 4.3, very little evidence about this point can be highlighted explicitly. However, through the publicly available evaluation studies[51] and interviews with the European Commission DG EMPL geographic desk officers, some indications on the adjustments to ESF funds can be extracted. This section will start by presenting the major adjustments that have occurred in MSs it will then analyse these results by grouping them to present an overview of the approaches used.

In **Cyprus,** the changing economic and social context led to the modification of the OP in 2013. The changes concerned the OP strategic objectives and the fund re-allocation.

In the aftermath of the economic crisis in **Greece,** the target of the ESF implementation shifted from creating jobs to maintaining employment. The main adjustment to the programme was the creation of the “National Contingency Reserve”, an instrument that was designed to rapidly respond to crises. However, the Reserve’s effect was limited as it was only implemented in 2011 and therefore could not be as prompt and effective as intended. The objective of the programme was to increase the opportunities for employment and adaptability of the human resources. In addition, it aimed to offer incentives to create the ideal conditions to maintain and strengthen social cohesion, and the retention of the local population in the affected areas.

The OP Human Resources Development, originally emphasised the long-term ESF objectives such as skills development, active ageing, etc. Following the devastating effects of the crisis, the following policy instruments were introduced:

- incentives of free (or partially free) social security contributions in exchange for employers not dismissing personnel; and
- public work schemes (different to short time works such as in Germany).

In 2010, the Commission introduced a package to simplify the ESF and switch from real cost expenditure to a simplified cost option like standard unit cost or flat rate. This was used by Greece and facilitated expenditure. Additionally, the possibility of advanced payments was increased.

[51] Three main sources, one for each ESF policy field:

- “ESF 2007-2013 Ex-post evaluation: Supporting the integration of disadvantaged groups into the labour market and society -Final Report Volume II- Overview and description of the main features and achievements of the ESF investment across all EU 27 Member States”, ICF International for the European Commission, 2016;

- “European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital - Volume II – Overview of ESF human capital investment in the 27 Member States”, ICF International for the European Commission, 2015;

- “Ex post evaluation of ESF 2007-2013 Access and Sustainable Integration into Employment (VC/2014/0526) - Final Report Volume II – Overview of ESF A2E investment in the 27 Member States”, Metis GmbH for the European Commission, 2015.

Spain prioritised actions aimed to target the most affected groups or territories. Both the budget distribution and the types of interventions were adjusted to better redirect the efforts towards the most urgent needs. Several OPs were amended to account for the new challenges and new target groups: for example, funds were re-allocated in response to the Initiative Youth Action Teams. In addition, as a result of the crisis, there was a recalculation of the target values was operated, taking into account the variation of the budget allocation.

In **Ireland**, on the onset of the crisis, the ESF was reshaped towards tackling unemployment, encouraging activation of both unemployed and inactive through training, education or other active labour market programmes. The ESF OP was refocused towards the unemployment crisis at the expense of previous priorities. Public budget cuts forced the cancelations of previously planned interventions, resulting in cuts to gender equality training, training for people with disability and in-company training. As emerged in the interview with the geographical desk officer for Ireland at the European Commission DG EMPL, in 2009 the co-financing rates were reviewed and, the reduction in the national co-financing has been estimated at EUR 440 Million. In addition, in 2009 and 2011 there were re-allocations to the Priority Axes of the Human Capital Investment OP: the most significant change was the re-allotment of resources from disability training and in-company training to training and activation for the unemployed.

After the economic and social crisis hit Europe, **Italy** was asked by the EU institutions to to increase efforts of addressing youth unemployment[52], to enhance the level of social protection and to strengthen the link between active and passive labour market policies. With these aims in mind, there were two main notable changes in the attempts to counter the crisis:

- a greater emphasis placed on intervening to help the most crisis-affected target groups by increasing the funds – by EUR 20 Million - of the Priority Axis embodying the *Active Labour Policy Plan.*
- the increase and efficient cooperation between the Region, National Institute for Social Security, Provinces, Social Partners, Regional Agency for Labour, VET. An agreement was signed in 2009 and renewed in 2011 between the State and the Conference of the Regions and Autonomous Provinces which ensured the national funds would cover the expenditure of Shock Absorbers in derogation, would cover workers normally excluded from the protection system and the regional ESF OPs would cover ALMPs. Finally, the earthquake in Emilia Romagna led to re-allocation of funds among regional OPs (approximately EUR 50 million).

In **Lithuania**, as also emerged from the interview with the country's geographical desk officer at the European Commission DG EMPL, their changes were largely focused on re-launching or re-focusing certain youth employment projects and aimed at job retention for people at risk of unemployment. Before the crisis, investments on ALMPs aimed to promote employment among adult and young people and after; the crisis ESF policies instead focused on people at risk of unemployment due to their company's financial struggles.

In **Slovakia,** the OP design allowed for the adoption of policy tools aimed to respond to the crisis. The focus shifted on the unemployed, especially on youth and elderly.

It can be stated that in the seven selected MSs, adjustments were made to ESF implementation in terms of financing, content and scope of the activities.

[52] Country Specific Recommendations to Italy, available at: http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/2011/index_it.htm

The approaches followed in the seven MSs have been clustered in three main groups – adjustments occurred in the ESF implementation, mobilisation of funds (intended as options provided by the EC in terms of fund mobilisation and the provision of upfront liquidity) and increased links with passive labour market policies

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Table 9: Adjustments to ESF implementation

Member State	Adjustments of the ESF implementation				Mobilisation of funds	Increased link with passive measures
	Reallocation of funds, and changes in national contribution	Explicit changes between priority axes	Introduction of new measures	Changes or major focus in target groups		
Cyprus	X					
Greece	X		X	X	X	
Spain	X	X		X	X	
Ireland	X				X	
Italy	X		X			X
Lithuania	X		X	X		
Slovakia	X			X		

As reported in the table above, the most used approaches are: the re-allocation of funds, the changes in national contributions, the increase of the focus on the groups most severely hit by the crisis (if these groups were not previously considered as targets they were included in the aftermath of the crisis), the introduction of new measures or policy tools. The mobilisation of funds, was also sought in three countries (Greece, Spain, Ireland) while the ESF was used to support the active measures connected to passive measures only in Italy.

5.4. Overall effect of the ESF in mitigating the impact of the crisis in the seven selected Member States

Consistently with the EU 27 analysis, the objective of this section is to assess to what extent the response to the challenges posed by the crisis was adequate in the seven selected MSs.

The analysis relies on the distinction between:

- the individual level mitigation effect (that is the effect that involves individual directly participating the ESF funded interventions);
- a system (=MSs) level mitigation effect, namely the mitigation effect produced by the ESF at MS level).

As for the EU 27 analysis, very few clear and precise indications can be gathered from the documentation publicly available[53]. In spite of this, an attempt has been made to make aggregations at the MS level and comparisons between MSs.

53 Three main sources, one for each ESF policy field:

- "ESF 2007-2013 Ex-post evaluation: Supporting the integration of disadvantaged groups into the labour market and society -Final Report Volume II- Overview and description of the main features and

Starting from the individual level the present section attempts to identify, on the basis of the evidence deriving from existing evaluations on the three policy fields, mitigation effects. Emerging results are presented by policy field and MSs.

At the individual level two forms of mitigation effects are assumed:

- The ability of ESF to reach the groups most severely affected by the negative effects of the economic crisis;
- The ability of ESF to provide access to employment or opportunities to enhance employability.

5.4.1. Groups reached by the ESF intervention during the crisis

Considering the number and the characteristics of participants as well as their distribution along specific target groups and priority axes relevant for the three policy fields, available information point to the following results.

Access to Employment

In terms of employment status, unemployed individuals represent almost 90% of entering participants in Spain, more than 70% in Greece and Slovakia, around 50% in Italy and Lithuania and more than 30% in Ireland.[54]

In terms of involvement of women, Ireland reports a low participation of women (less than 30% of total entries), Slovakia and Italy record a female participation between 40% and 50%, Lithuania higher than 50%, while Greece and Spain report a female participation higher than 60%. Concerning the relative share of young people (15-24) on total participants, this is below 10% in Greece, lower than 20% in Lithuania, between 20% and 30% in Spain, Ireland and Slovakia, and higher than 30% in Italy.

Human Capital

The unemployed represented less than 10% of entering participants in the countries analysed. Regarding inactive people, in Greece they represented almost the 80% while in Italy and Lithuania the were almost the 60% of participants, around the 40% in Spain and Slovakia and less than 5% in Cyprus.

The highest involvement among women was recorded in Lithuania and Slovakia (almost 70%) while in Italy, Greece and Cyprus female participation was between 50% and 60%. In Spain, it was lower than 50%. Young people represented around 30% in Greece, Italy and Lithuania, more than 40% in Spain and less than 10% in Cyprus.[55]

Social Inclusion

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achievements of the ESF investment across all EU 27 Member States", ICF International for the European Commission, 2016;

- "European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital - Volume II – Overview of ESF human capital investment in the 27 Member States", ICF International for the European Commission, 2015;
- "Ex post evaluation of ESF 2007-2013 Access and Sustainable Integration into Employment (VC/2014/0526) - Final report Volume II – Overview of ESF A2E investment in the 27 Member States", Metis GmbH for the European Commission, 2015.

[54] Cyprus did not have any Priority Axis directly related to Access to Employment.

[55] Data on Ireland are missing in the series of data concerning output indicators in the report "European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital, Volume II – Overview of ESF human capital investment in the 27 Member States".

By looking at the employment status, in Italy and Slovakia almost all entering participants (more than 90%) were inactive, unemployed or long-term unemployed. In Italy, the inactive were the dominant group while in Spain they were more than the 80%. In Greece, all entering participants were employed.

In Spain women represented around 50% of entering participants, in Italy more than 40%, in Greece less than 40%. With regard to youth (15-24) participation was higher in Italy (around 40%) and lower in Greece, Spain and Slovakia (less than 20%).[56]

5.4.2. Results of ESF intervention in terms of employment and employability

In **Cyprus,** the OP had limited resources to face all development needs aggravated by the crisis. However, the ESF managed to reach new target groups like disadvantaged students and to act intensively on their literacy improvement and to alleviate the socio-economic problems.

In **Greece**, the available evidence suggests that self-employment promotion measures had a positive impact on mitigating the effect of the crisis. The start-up programmes proved to be effective: the large majority (more than 85% for programmes specifically addressed to youth and 98% for programmes addressed to women) of business launched in 2008 were still active in 2014 and most of employers hired at least one more person. In this regard, criticalities were identified in the need for improvement of technical support and for enhancing the link between entrepreneurship and both secondary and tertiary education curricula.

The measures that were aimed to increase female participation into employment were mainly subsidies for care facilities tailored to retain women in employment (estimated at 60% of participants). The intervention targeting disadvantaged people had diverse effects: while the analysed interventions addressed to older workers had only modest success, the ones targeting other vulnerable groups (long-term unemployed, disabled, migrants) seemed to achieve positive effects on participants. The effects of employment subsidies were limited because of the general economic situation and because local authorities had to cut back on personnel.

In Spain training interventions results, in terms of improvement of employability level, were considered very positive and employment incentives proved to be effective in easing the access of vulnerable groups into employment. The interventions aimed at promoting women in employment showed a good degree of success in increasing women participation in employment while the ones aimed at the integration into employment of disadvantaged groups reported positive outcomes, although the crisis had limited the effects in terms of placement (i.e. programmes for migrants in Andalusia).

In **Ireland,** there are no evidences on the role of ESF in terms of placement. However, the ESF could support further educations and niche activities within higher education. While its footprint has been modest in terms of resources it has been used in areas of strategic importance such as in supporting students and disabled.

In **Italy,** with regard to measures envisaging personalised support for individuals, there are indications that mixed approach such as the *"Dote model"* (Employment Endowment) implemented in the Lombardy Region, which provides the opportunity to use a combination of services, can be successful as an accelerator for never-employed youth. For the anti-crisis

[56] According to the report « ESF 2007-2013 Ex-post evaluation: Supporting the integration of disadvantaged groups into the labour market and society, Volume II », data referred to Cyprus were not broken down by type of participants. Data on Lithuania and Ireland are not available since there were no Priority Axes directly relevant for Social Inclusion, although relevant activities were carried out in other Priority Axes.

measures, available information on effects show that the gross employment rate was minimal (0,41% of participants). Indications on the effectiveness of employment subsidies suggest that higher the quality of services offered within the interventions higher the overall capacity to resist to crisis of the local productive system. As for the support to PES and labour market institutions, the measures analysed aimed at changing the mind-set of the staff of Public Employment Services and at improving their quality standards. Interventions in the field of Human capital seem to obtain positive results in terms of placement (i.e. back to the future implemented in the Apulia Region).

In **Lithuania,** there is no much evidence in terms of results at the individual level. However, there are indications that very positive results were obtained in terms of placement of participants in measures promoting access to employment.

In **Slovakia** programmes aimed to provide personalised support to individuals obtained a remarkable result: a large share of participants (around 1/3) were placed successfully.

5.4.3. Impact at the system level

As mentioned before, very few clear and precise indications can be gathered from the available documentation. However, an attempt was made to classify MSs in 4 groups, according to the magnitude of the effects produced by ESF.

Marginal effects: In Greece and Ireland the ESF is considered to have only marginal effects since in Greece the effectiveness of the interventions was limited by the seriousness of crisis. Although some ALMPs, such as self-employment measures had positive effects, the provision of job and training opportunities, especially for the most disadvantaged, was a challenge difficult to take up. In Ireland, ESF was used to support very specific initiatives that eventually had a low impact at the system level.

Medium effect: In Italy, despite the difficulties provided by the crisis ESF was useful since it allowed to offer ALMPs to a larger number of recipients. In Spain, the ESF influenced the capacity to improve regional public services alleviating the effects of the severe crisis.

Relevant effect. In Cyprus, the design of the OP and the OP re-programming significantly contributed to the overall treatment of the basic socio-economic problems of Cyprus by providing extensive opportunities of training and employability, although not direct considerable effects are seen in the creation of jobs.

Unclear/uncertain effect. In Lithuania, there is a lack of updated evidence in order to gauge the systemic effects of ESF. However, it must be stressed that before the crisis the ESF was financing 20% of the ALMPs implemented in the country and this rate reached 80% in 2009-2013. In Slovakia, it is also difficult to estimate ESF investment impacts although existing evaluations suggest that without ESF the effects of crises would had been worse.

Concluding, the ESF in the seven countries was able to provide instruments to mitigate the crisis. According to available information the ESF managed to reach the target groups most severely affected by the crisis: the unemployed, the inactive, youth, women and, migrants. With all necessary caution, it can be stated that unemployed individuals were the major target of the policies more directly directed towards providing access to employment where the effects were more pronounced (Italy, Greece and Spain). At the same time the group of inactive was covered intensively by providing opportunities to boost their competences as a way to re-activate them towards labour market participation.

With regard to results in terms of employment or of enhanced employability, indications have been drawn by the evaluation studies that focus on a series of selected interventions. Therefore, these indications must be taken very cautiously since the analysis is only partial. This said, it emerges that self-employment and start-up supports, were overall effective in creating sustainable business and new jobs, incentives and subsidies to provide employment or training opportunities had different results depending on the capacity of companies and organisations to provide such opportunities.

In an attempt to provide an overall assessment of the effect of the ESF, it can be stated that its impact was limited either by the gravity and seriousness of the crisis itself (Greece, Ireland, Italy) or by the scale of the funding (Ireland). In some countries, the overall effect of the ESF in mitigating the crisis cannot be assessed on the basis of existing evidence, (Lithuania and Slovakia) however what can be observed is that the ESF was exploited to support the provision of ALMPs (especially entrepreneurial support) and as a facilitation tool while national recovery policies were implemented. Even where the ESF had a positive impact in mitigating the crisis at the systemic level, this result was achieved by means of single interventions addressed to the different target groups and not as the result of a national general “mitigation strategy”.

6. ESF 2014-2020 AND ESF 2007-2013: COMPARING THEIR MODALITIES IN VIEW OF CYCLICAL VARIATIONS IN THE LABOUR MARKET

KEY FINDINGS

- During the last years of the previous programming period, the contribution of the ESF in fighting the crisis has been enhanced. In comparison to the programming period 2007-2013, the regulations for the programming period 2014-2020, have introduced new modalities and measures in order to better respond to the employment situation in the MSs.
- With regard to the need to reinforce the role of the ESF, in supporting ALMPs and social inclusion measures, significant changes in respective regulations for the 2014-2020 have been introduced, they concern: the minimum guaranteed share of the ESF allocation; the initiative for combating youth employment (YEI); the ESF support to objectives and priorities in line with Europe 2020 targets; the emphasis to 'results achievement' and efficiency; the establishment of a direct link between Cohesion policy and the European semester; the simplification in the ESF management.
- Managing Authorities may decide, if necessary, to focus on a specific group or on specific interventions and there are not be major procedural difficulties in amending the OPs, as long as these are justified.

This section is based upon the analysis of the Structural Funds' regulations for both programming periods[57] and on the interviews with Geographic-desk officers at the European Commission.

In comparison to the programming period 2007-2013, the regulations for the programming period 2014-2020, have introduced new modalities and measures in order to better respond to the employment situation in the MSs. During the last years of the previous programming period, the contribution of the ESF in fighting the crisis has been enhanced. As seen in section 5, MSs, partially triggered by the European Commission, have modified their ESF allocation, its focus and its governance.

Taking into account these experiences and considering the need to reinforce the role of the ESF, in supporting ALMPs and social inclusion measures, the Commission included significant changes in respective regulations for the 2014-2020 programming period. These changes were later adopted by the Parliament and the Council and they concern:

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[57] The following :

- Council Regulation (EC) No 1083/2006 of 11 July 2006, consolidated version available at : http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02006R1083-20140101
- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013, consolidated version available at : http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02013R1303-20151016
- Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013, consolidated version available at : http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02013R1304-20150522

A. The minimum guaranteed share of the ESF allocation;
B. The initiative for combating youth employment (YEI);
C. The ESF support to objectives and priorities in line with Europe 2020 targets;
D. The emphasis to 'results achievement' and efficiency;
E. The establishment of a direct link between Cohesion policy and the European semester;
F. The simplification in the ESF management;

In more detail:

A. The minimum guaranteed share of the ESF allocation;

The minimum share of ESF within the Cohesion policy funding has been introduced for the first time, with the aim of putting an end to the gradual decrease of the ESF share in the past programming periods. For 2014-2020 the minimum share has been set for the whole European Union at 24.8% of the European Structural and Investment funds budget. This means that more than 80 billion EUR should be invested in human resources development. A minimum share to be allotted in each MS was set according to the allocations for the same aim during the previous programming period (2007-2013), and to the existing issues in the employment situation in each MS. Some MSs decided to allocate additional funds of ESF beyond the minimum share set in the regulation. It is the case for Greece, Spain, Italy, Ireland, Hungary, Portugal, Sweden and Slovenia.

B. The initiative for combating youth employment (YEI);

The Youth Employment Initiative (YEI) has been set up to ensure that all young people aged up to 25 receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed by financing measures that provide direct support to young people NEETs.

YEI resources include 3.2 billion EUR from a specific EU budget line dedicated to youth employment, and at least 3.2 billion EUR from the ESF national allocations.

YEI provides financial support to the MSs worst hit by youth unemployment as it is allocated to the regions that had youth unemployment rates higher than 25 % in 2012, and for MSs where the rate has increased by more than 30 % in 2012[58]. The YEI is aimed at reinforcing and accelerating the measures outlined in the Youth Employment Package.

The YEI is complementary to other actions undertaken at national level, including those with the ESF and the EGF support[59].

58 European Parliamentary Service (17/06/2014) : Youth Employment Initiayive at a glance. Available at : http://www.europarl.europa.eu/RegData/bibliotheque/briefing/2014/140825/LDM_BRI(2014)140825_REV1_EN.pdf

59 Available at: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0855:0864:EN:PDF .

C. The ESF support to objectives and priorities in line with Europe 2020 targets:
The ESF will strongly focus its interventions on a limited number of investment priorities relevant to the four thematic objectives connected to "Europe 2020", in order to ensure a real impact of the EU support[60]. The four thematic objectives are:

- Promoting sustainable and quality employment and supporting labour mobility
- Promoting social inclusion, combating poverty and any discrimination
- Investing in education, training and vocational training for skills and lifelong learning
- Enhancing institutional capacity of public authorities and stakeholders and efficient public administration.

D. an emphasis to results achievement and efficiency:
The result orientation of the European Structural and Investment Funds, including ESF is based on three pillars: a clear articulation of the objectives of the programmes with a strong intervention logic (the result orientation of programmes), the definition of ex-ante conditionalities to ensure that the necessary prerequisites are in place for the effective and efficient use of EU support, and the establishment of clear and measurable milestones and targets to ensure progress is made as planned, the performance framework. The performance framework consists of selected financial and physical indicators as well as key implementation steps for each priority. Good performances in the implementation of programmes are rewarded through the allocation of a performance reserve.

E. The direct link between the cohesion policy and the European semester:
Cohesion Policy is now more closely integrated with the new European economic governance becoming more and more the investment pillar of the new European Semester policy framework. It is closely linked to processes of structural reform and targeting of investment linked to the Annual Growth Survey and National Reform Programmes[61].

F. The simplification in the management:
The ESF is strongly concerned by innovative rules to simplify the implementation of projects. In particular, gaining the support of the ESF has been made easier and safer for beneficiaries.

Examples of simplification:

- Simplified costs: option for calculating eligible expenditure of grants and repayable assistance, on the basis of real costs, but also on the basis of flat rate financing, standard scales of unit costs and lump sums.
- Shorter deadline for payments to beneficiaries (90 days) in cohesion policy;
- E-cohesion: electronic systems for beneficiaries to submit data, to use existing databases and to store documents in cohesion policy;
- Shorter duration to keep documents: beneficiaries would need to keep documents related to EU funded projects for maximum three years.

With specific regard to the possibility to amend the OPs, it is worth noting that the 2007-13 ESF OPs were revised more than once in order to address significant socio-economic changes (e.g. financial and economic crisis), take greater account of major changes in national priorities (e.g. youth unemployment) or overcome implementation difficulties (e.g. re-allocation of funds from under-performing priority axes and OPs).

[60] See http://ec.europa.eu/esf/main.jsp?catId=35&langId=en

[61] See: http://ec.europa.eu/europe2020/making-it-happen/index_en.htm

In the current programming period, amending OPs is possible, as foreseen under Article 30 of the CPR Regulation (1303/2013)[62].

The Commission has three months to approve the requests for amendments presented by the MSs. Where requests for amendment covers the re-allocation of the performance reserve, the European Commission makes observations only when it considers that the allocation proposed does not comply with applicable rules, or when it seems not to be consistent with the development needs of the Region or MS covered by the OPs or when there is the risk that the objectives and targets proposed are difficult to be achieved.

Therefore, the ability to react to the cyclical variations in the labour market did not undergo major changes between the 2007-2013 and 2014-2020 programming periods as regulations were already modified (especially regarding the financial management) during the 2007-2013 programming period. Managing Authorities may decide, if necessary, to focus on a specific group or on specific interventions and there are not be major procedural difficulties in amending the OPs, as long as these are justified.

As an example, the increase of the rate of initial pre-financing for the 2014-2020 programming period in Greece compensating for a lack of liquidity and of public resources for investment, shows the overall ability of ESF to adapt to key challenges.

Furthermore, elements such as conditionality, more simplified implementation and, in particular, enhanced monitoring, ease the ongoing measurement of the effectiveness of measures and the identification of the key challenges to be addressed during the implementation.

[62] Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013, consolidated version available at : http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02013R1303-20151016

7. CONCLUSIONS AND RECOMMENDATIONS

7.1. Conclusions

According to the available information, ESF reached out to target-groups most in need of its interventions, these groups include: people with low education levels (with primary or lower-secondary education), young people (whose situation significantly deteriorated as a consequence of economic crisis) and women, unemployed (especially long-term unemployed), employed with low qualifications or low skills or at-risk of unemployment, older workers, disadvantaged individuals (such as disabled, at risk of poverty and social exclusion). At the same time, the ESF, because of its scope and limited available resources, could not reach out to all potential recipients who suffered from the crisis.

The ESF mostly focuses on supply-side interventions (increasing and improving labour supply), rather than on the demand-side (increasing job demand), therefore its role in mitigating the impact of the crisis could be only partial. In addition, during the crisis the implementation of the ESF implementation became more challenging due to the fact that MSs have introduced cuts in public expenditure, thus reducing their capacity of co-financing ESF interventions.

Despite these limitations, ESF 2007-2013 can be considered flexible enough to respond to key challenges posed by the economic crisis. Adjustments were made, through the reallocation of resources, to increase ESF support towards measures promoting access to employment (including business start-up) or job retention.

The ESF 2007-2013 contribution to crisis mitigation was largely dependent on the combination of several factors: ESF scale of funding; target of interventions; intensity of the crisis effects, availability of co-financing. ESF flexibility has been pursued during the implementation by all actors during the 2007-2013 programming period and has become a relevant tool of implementation also during the current programming (2014-2020), and has already been practiced (e.g. increasing the pre-financing rate in Greece).

Despite the fact that mitigation effects at the system level are difficult to be assessed, in the present note an attempt to group the ESF 2007-2013 contribution in mitigating the impact of the crisis was made. According to available information, MSs have been clustered in 4 main groups:

- **Marginal effect**. AT, DK, EL, IE, FI, HU
- **Medium effect**. IT, BE, CZ, ES, RO, PT, NL, LU, MT
- **Relevant effect.** PL, FR, BG, EE, LV, CY
- **Unclear/uncertain effect**. DE, LT, SE, SI, SK, UK.

7.2. Recommendations

To further improve the ESF capacity in responding promptly to the cyclical economic variations, MSs should be encouraged to better and more carefully implement the ESF monitoring system which is a key feature of the current programming period. The ESF monitoring system, if properly implemented, is potentially a unique source of information on participants. ESF Managing Authorities in MSs, who are the ultimate responsible for ESF implementation, should ensure the adequateness of the monitoring system and also ensure that possible adjustments are in line with the Europe 2020 strategy and the goals set by the European Commission until 2019. By exploiting the enhanced monitoring, by investing on the collection and continual analysis of data of the interventions, MSs can promptly adjust the interventions to the emerging needs of the most vulnerable groups so as to anticipate the need for greater resources and/or adjustments towards the actions that are proving to be more successful.

The European Commission should further develop existing guidance on setting up adequate monitoring systems in MSs ensuring reliability of data and homogeneity of indicators and values across MSs. Furthermore, the European Commission should centrally conduct data quality analysis on a continuous basis. The results from this analysis should be used to promote improvements in the quality of data collected in MSs. Data quality is at the core of the adjustment mechanism and so should be prioritised.

To enhance the flexibility of ESF at MSs level the European Commission should seek to increase the use of pre-financing and milestone payments by Managing Authorities; it can facilitate the participation of potential ESF beneficiaries, especially the smaller and weaker in terms of financial resources. In this regards, the European Commission should raise awareness among Managing Authorities in MSs on the phenomenon of the low participation of weakest ESF beneficiaries in terms of financial resources.

Moreover, the European Commission and MSs should be encouraged to promote the participation of social partners at EU level and in MSs in monitoring/evaluation activities of the ESF.

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- Treaty establishing the European Economic Community articles 123-128.

  The treaty is available at: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:11957E/TXT

ANNEX A

Table A1: ESF 2007 – 2013 budget, EU and national (public + private) level, in Million EUR

MS	Human Capital		Access to Employment		Social Inclusion	
	EU	National	EU	National	EU	National
AT	168.00	255.00	206.00	209.00	127.00	149.00
BE	346.00	366.00	339.00	485.00	321.00	340.00
BG	361.00	64.00	413.00	73.00	163.00	29.00
CY	62.00	11.00			53.00	9.00
CZ	2,161.00	381.00	688.00	121.00	483.00	85.00
DE	3,775.00	2,540.00	2,615.00	1,517.00	2,413.00	2,129.00
DK	153.00	153.00	92.00	92.00		-
EE	229.00	42.00	132.00	23.00		-
EL	1,674.00	291.00	1,818.00	305.00	432.00	96.00
ES	2,395.00	862.00	5,489.00	2,267.00		-
FI	361.00	462.00	196.00	258.00		-
FR	1,791.00	1,744.00	1,447.00	1,340.00	2,068.00	1,767.00
HR	48.00	8.00	45.00	8.00	40.00	7.00
HU	2,082.00	526.00	897.00		367.00	65.00
IE	148.00	148.00	224.00	224.00		-
IT	3,605.00	3,380.00	2,311.00	2,482.00	558.00	666.00
LT	334.00	59.00	440.00	83.00		-
LU	17.00	17.00	8.00	8.00		-
LV	245.00	32.00	249.00	66.00	48.00	4.00
MT	62.00	11.00	31.00	6.00		-
NL	375.00	464.00	219.00	329.00	203.00	304.00
PL	5,204.00	918.00	2,643.00	466.00	1,390.00	245.00
PT	5,496.00	1,827.00	597.00	249.00	602.00	238.00
RO	2,160.00	343.00	653.00	126.00	541.00	103.00
SE	199.00	199.00	465.00	465.00		-
SI	427.00	75.00	140.00	25.00	64.00	11.00
SK	522.00	92.00	673.00	119.00	174.00	31.00
UK	1,531.00	1,428.00	2,712.00	2,566.00	118.00	39.00
EU-28	**35,931.00**	**16,698.00**	**25,742.00**	**13,912.00**	**10,165.00**	**6,317.00**
CON	**26,805.00**	**7,298.00**	**16,179.00**	**4,235.00**	**5,918.00**	**1,623.00**
RCE	**9,122.00**	**9,401.00**	**9,564.00**	**9,676.00**	**4,244.00**	**4,696.00**

Source: ESF Ex-post Evaluation Synthesis 2007-2013, EU synthesis report – final version. Operational Programmes as of 31-12-2014.

The table above sums up the allocation of both EU and national budget for ESF main priorities.[63] The ESF relied also on a national support, accounting for EUR 36.929 million, more than 90% of this sum originates from public funds. Moreover, in Bulgaria, Cyprus, Greece, Finland, Italy, Luxembourg, Malta, Portugal, Romania, Sweden, Slovenia, and Slovakia no private funds were mobilised. The table provides a breakdown by type of regional OP objective (CON and RCE regions): CON regions allocate much more budget to Human Capital than to Access to Employment, which is the most relevant category for RCE regions.

Finally, it is worth mentioning that more than 99% of ESF funds consisted of grants, while the remaining part was invested in financial instruments (e.g. holding funds and loans) favouring private companies (only in Germany, Denmark, Estonia, Italy, Lithuania, Latvia, and Portugal).[64]

Table A2: Rate of absorption for 2007 – 2013 ESF priorities (in %)

MS	Human Capital	Access to Employment	Social Inclusion
AT	92.2	96.2	87.5
BE	70.7	76.8	97.3
BG	76.6	79.1	84.9
CY	77.0	0	75.6
CZ	73.4	81.0	72.8
DE	85.4	85.4	98.2
DK	81.5	73.4	-
EE	77.9	93.2	-
EL	70.4	87.2	69.4
ES	80.7	78.3	-
FI	86.3	88.1	-
FR	70.0	71.2	81.8
HR	41.1	51	35.8
HU	66.8	84	66.8
IE	91.2	75.1	-
IT	79.7	76.4	77.0
LT	79.6	86.9	-
LU	71.5	83.7	-
LV	95.6	100.2	99.9
MT	71.8	69.7	-
NL	84.6	60.7	93.2
PL	75.7	104.7	83.4
PT	93.5	72.2	81.6
RO	43.5	49.9	40.3

[63] There are six ESF priorities, but in this report we focus only on three of them namely: human capital, sustainable access to employment, and social inclusion. Those three combined EUR 71,833 million of EU budget, represent the 93.6% of the ESF budget for the period 2007-2013. The other EUR 4,914 million are split for the other three priorities, namely: institutional capacity, promotion of partnerships, and technical assistance.

[64] European Commission (2015), Progress made in financing and implementing financial engineering instruments. Available at: http://ec.europa.eu/regional_policy/en/information/publications/reports/2015/summary-of-data-on-the-progress-made-in-financing-and-implementing-financial-engineering-instruments-2014

MS	Human Capital	Access to Employment	Social Inclusion
SE	86.7	82.9	-
SI	83	92.5	84.9
SK	59.1	78.0	30.0
UK	75.3	80.2	73.4
EU-28	**78.1**	**81.1**	**83.7**
CON	**76.4**	**82.7**	**83.4**
RCE	**81.1**	**79.3**	**84.0**

Source: ESF Ex-post Evaluation Synthesis 2007-2013, EU synthesis report – final version.

Table A2 summarizes the implementation rates of the three main policy fields by MSs. The three overall best performers, on average, are Latvia (close to 100%), Austria (close to 92%), and Germany (just below 90%), whereas Romania and Croatia fail to meet the 45% mark, and Cyprus stand at 50.9%.

Table A3 and A4 highlight the participation rate of two societal groups most penalised in the labour market: women and young people.

Table A3: Total number and share of female participants among total participations[65]

MS	Human Capital		Access to Employment		Social Inclusion	
	Participations	% of total	Participations	% of total	Participations	% of total
AT	65,000	52.4	358,000	58.9	53,000	41.2
BE	307,000	45.0	378,000	45.9	162,000	48.1
BG	304,000	56.0	908,000	54.2	83,000	63.4
CY	-	-	8,000	53.4	17,000	68.2
CZ	243,000	55.3	4,456,000	50.6	312,000	61.7
DE	620,000	41.8	1,731,000	42.6	674,000	51.6
DK	22,000	49.0	23,000	43.2	-	-
EE	107,000	56.2	520,000	62.8	-	-
EL	342,000	63.8	1,947,000	54.5	51,000	58.0
ES	4,917,000	59.4	2,665,000	47.7	-	-
FI	78,000	53.1	184,000	52.4	-	-
FR	1,630,000	55.0	930,000	44.9	888,000	48.5
HR	5,000	66.6	1,000	63.4	4,000	65.0
HU	140,000	51.7	2,218,000	55.4	337,000	62
IE	276,000	52.9	364,000	56.4	-	-
IT	1,012,000	49.9	3,660,000	52.3	214,000	44.4
LT	317,000	57.4	271,000	69.2	-	-
LU	3,000	40.5	11,000	42.6	-	-
LV	264,000	59.8	144,000	62.1	54,000	59.6
MT	7,000	51.6	36,000	46.1	-	-
NL	158,000	41.2	272,000	28.2	64,000	31.8

[65] Managing Authorities are recording the number of entries and leaves of individuals participating in ESF. One individual could participate in more than one ESF project and is therefore counted more than once.

MS	Human Capital		Access to Employment		Social Inclusion	
	Participations	% of total	Participations	% of total	Participations	% of total
PL	951,000	56.7	3,307,000	54.3	656,000	68
PT	140,000	62.4	4,864,000	56.6	246,000	51.8
RO	209,000	53.2	427,000	57	149,000	70.8
SE	62,000	45.9	181,000	56.9	-	-
SI	71,000	53.9	349,000	61	34,000	61.4
SK	598,000	41.5	255,000	66.1	168,000	48.4
UK	1,838,000	35.3	832,000	45.6	-	-
EU-28	14,686,000	**50.9**	31,300,000	**51.9**	4,166,000	**53.3**
CON	7,140,000	**55.2**	23,287,000	**53.8**	2,339,000	**58.3**
RCE	7,547,000	**47.4**	8,012,000	**47**	1,826,000	**48**

Source: ESF Ex-post Evaluation Synthesis 2007-2013, EU synthesis report – final version.

Table A3 deals with female participation in ESF interventions during the 2007-2013 programming period. While female participation ranges on average between 40% and 60%, there are specific sectors in certain MSs in which female participation is relatively low. Nevertheless, the differences seem to relate mostly to the target groups of certain interventions. For instance, MSs with the lowest female participation rates are the United Kingdom, the Netherlands and Luxembourg. This might be due to the fact that ESF projects in those countries deal mainly with male-dominated industries. On the other hand, high female participation rates were recorded in Cyprus, Hungary, Estonia, Latvia, Lithuania. On average, CON regions show an higher female participation rate, but there is not enough hard evidence for a sound explanation of the underlying reasons.

Table A4: Total number and share of young people (15-24) among total participations

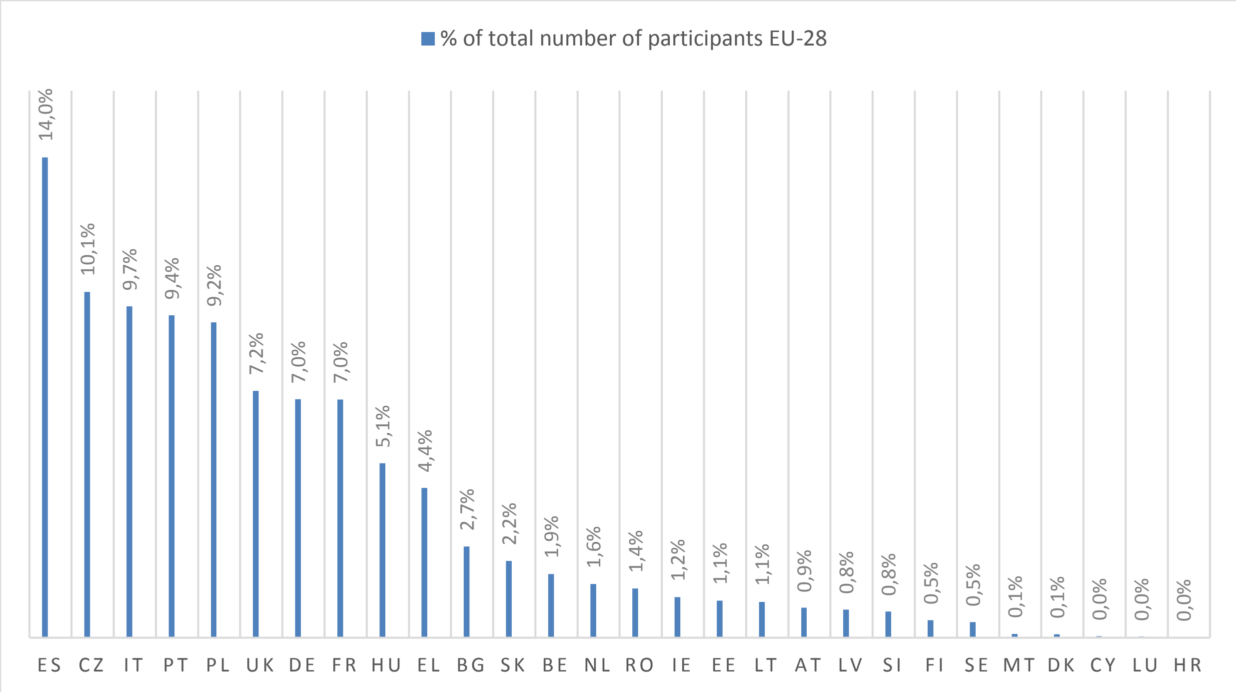
MS	Human Capital		Access to Employment		Social Inclusion	
	Participations	% of total	Participations	% of total	Participations	% of total
AT	143,000	23.5	31,000	24.8	83,000	64.6
BE	346,000	41.1	155,000	22.7	79,000	23.5
BG	63,000	37.8	69,000	12.7	13,000	10.3
CY	1,000	6.6	-	-	4,000	15.1
CZ	2,641,000	30.0	17,000	3.9	20,000	4.0
DE	2,514,000	61.9	352,000	23.7	518,000	39.7
DK	9,000	17.2	24,000	54.2	-	-
EE	405,000	48.9	32,000	16.5	-	-
EL	980,000	27.4	53,000	9.9	8,000	8.9
ES	2,503,000	44.8	1,752,000	21.2	-	-
FI	45,000	12.8	46,000	31.4	-	-
FR	616,000	29.7	1,383,000	46.6	442,000	24.1
HR	<1,000	1.6	3,000	31.6	<1,000	7.7

MS	Human Capital		Access to Employment		Social Inclusion	
	Participations	% of total	Participations	% of total	Participations	% of total
HU	1,641,000	41.0	79,000	29.3	171,000	31.5
IE	163,000	25.3	150,000	28.7	-	-
IT	1,997,000	28.5	689,000	33.9	205,000	42.5
LT	125,000	32.0	106,000	19.1	-	-
LU	2,000	7.2	6,000	67.5	-	-
LV	103,000	44.5	40,000	9.1	39,000	43.0
MT	18,000	23.5	10,000	72.5	-	-
NL	222,000	23.0	218,000	56.7	155,000	76.7
PL	2,376,000	39.0	682,000	40.7	244,000	25.3
PT	1,048,000	12.2	26,000	11.5	30,000	6.4
RO	182,000	24.3	110,000	28	47,000	22.4
SE	17,000	5.3	61,000	45.4	-	-
SI	121,000	21.2	22,000	16.7	8,000	15.2
SK	113,000	29.2	378,000	26.2	65,000	18.7
UK	440,000	24.1	1,906,000	36.6	21,000	22.3
EU-28	**19,404,000**	**32.2**	**8,398,000**	**29.1**	**2,153,000**	27.5
CON	**13,966,000**	**32.3**	**3,229,000**	**24.9**	**864,000**	21.5
RCE	**5,438,000**	**31.9**	**5,169,000**	**32.5**	**1,289,000**	33.9

Source: Source: ESF Ex-post Evaluation Synthesis 2007-2013, EU synthesis report – final version.

Table A4 summarizes the total number and the participation rates of young people (defined as people between 15 and 24 years old) in ESF projects. Young people were often among ESF target groups, especially in priority axis concerning human capital. Young people were above 60% of the overall participants in Germany, close to 50% in Estonia and around 45% in Spain. A stronger emphasis on early school leavers was also given in 25 MSs. Overall, more than 30 million young people were targeted by ESF projects. Finally, CON regions performed worse than RCE regions.

Figure A1: Participations in ESF



Source: ESF Ex-post Evaluation Synthesis 2007-2013, EU synthesis report – final version.

At the end of 2014, approximately 98,6 Million participations have been registered in the ESF. The number of participations differ between MSs: the biggest share of participations is registered in Spain, followed by Czech Republic, Italy and Poland. A relatively low number of participations is registered in the smallest MSs Croatia, Luxembourg and Cyprus.

ANNEX B

Each country fiche is articulated in five sections.

The first section presents the impact of the crisis in each of the seven selected MSs. The two main dimensions of the analysis are the macro-economic impact in MSs and the impact of the crisis on the labour market considering different groups in the labour market: gender, employment status, the age group and the education level. Furthermore, eventual differences in the regional patterns within the MS are highlighted.

The second section includes data on the absorption rate drawn from the available public sources and interviews conducted with geographical desk officers at the General direction for Employment, Social Affairs and Inclusion and the ESF policies that contributed to mitigate the effects of the crisis in each MS.

The third section presents the ESF implementation and the problem areas identified: it builds on the most recent evaluation evidence available and provides an overview on the ESF implementation patterns. This has implied the exploration of the types of actions implemented, the target groups prioritised, the actors involved in the management process. Further dimensions have also been taken into account, such as the degree of cooperation and synergies between relevant actors, and the degree of integration of the ESF with other national public funds.

The fourth section discusses the adjustments to the ESF implementation that took place in each of the seven selected MSs during the crisis; both ESF design and implementation were considered in order to tackle the effects of the crisis. The central dimension here is the "coherence", namely the extent to which the use of ESF was coherent with the needs of the labour markets in the MSs triggered by the economic crisis.

The fifth section discusses the overall effect of the ESF as a mitigating factor for the impact of the crisis by exploring the extent to which the ESF has supported crisis-relevant activities of national policies in a timely way, the adequateness of the response, the differences across policy fields, OPs, categories of regions and target groups.

Table B1: Cyprus

Descriptors	
The impact of the crisis in the selected Member State	Between 2008 and 2013, Cyprus recorded the second highest negative change in GDP per capita (-16.7 p.p.) among EU-28 MSs (only Greece presented a higher value). Unlike most of the other MSs that were severely hit by the crisis, in Cyprus the total activity rate in 2013 was at the same level of 2008 (73.6%). Its trend decreased but only temporarily between 2008 and 2009 with a prompt recovery in 2010. The decrease in the total rate, mirrored a decrease in the male activity rate between 2008 and 2009 (from 82.0% to 80.7%) that remained unchanged since then. Cypriot women increased their participation between 2008 and 2010 from 66.7% to 67.4%, their participation declined in 2012 but increased again in 2013 when it stood at 67.2%.

Descriptors	
	The overall employment rate (age group 20-64) fell from 76.5% in 2008 (85.2% for the male rate and 68.2% for the female rate) to 67.2% in 2013 (72.6% for the male rate and 62.2% for the female rate respectively). Similarly, the employment rates for older people (age 55-64) dropped from 54.8% in 2008 to 49.6% in 2013 and so did the rate for young people (15-24). Total unemployment for the 15-74 age group decreased for Cyprus by 12.2 p.p. between 2008 and 2013. The youngest generations suffered most from the crisis, as the 15-24 unemployment rate raised by 29.9 p.p. in the same time span. The NEET rate showed an increase and doubled from approximately 9% in 2008 to more than 18% in 2013. Long term unemployment as a percentage of active population was 0.5% in 2008 and increased continuously during the crisis picking in 2013 (+5.6 p.p. in that year compared to 2008). The unemployment rate of low-skilled individuals stood at 5% before the crisis and reached 20% in 2013. The unemployment rate for foreign-born individuals rose from 6% in 2007 to 16% in 2013. Material deprivation rose by 11.1 p.p. in the country between 2008 and 2013, placing Cyprus as second in the ranking of the largest increases during this time interval.
Rate of absorption	Cyprus has an absorption rate of 68% (data from ex-post evaluation documents). Data refers only to the Human capital ESF priority, the only one for which Cypriot data is available. According to the geographical desk for Cyprus at the European Commission, the trend of the absorption rate was slow at the beginning of the programming period and accelerated during the seven-year programme. An improvement was also noted in comparison to the previous programming period 2000-2006. The absorption rate recorded by the Cyprus geographical desk officer at the European Commission was above 95%.
ESF implementation and the problem areas identified	Cyprus has one ESF OP with two broad objectives: o improvement of human resources and increasing the adaptability of the private and public sectors; and o attracting and retaining more people in employment and strengthening social inclusion. Cyprus was allocated EUR 140,904,888 ESF funding for the programming period 2007-2013 with a co-financing rate of up to 85%. Regarding the current financial volume by theme, 52% (EUR 73 million) was allocated to Human Capital (PA1) and 44% (EUR 62 million) to Social Inclusion (PA2).
Adjustments to ESF implementation.	Limiting the growing unemployment, including long-term unemployment, was the most urgent social and economic challenge. As an overall conclusion, it should be outlined that the rapidly changing socioeconomic environment in Cyprus led to an indispensable modification of the OP in 2013. Changes concerned the OP's strategic

Descriptors	
	objectives, the prioritisation of interventions and the respective funds redistribution, which seem to be realistic for the effective implementation of the OP.
Overall effect of the ESF in mitigating the impact of the crisis	The OP holds relatively limited resources compared to the current needs of the Cypriot economy and society, especially in the last two years as a result of the economic crisis. The overall funds allocated to Cyprus are very limited compared to its development needs. The ESF has funded a set of strategic priorities that generate volume effects on the existing policies on human resources development in Cyprus. The ESF has contributed to add value to priorities that the country is traditionally funding. In that sense activities in enhancing human capital and access to employment and actions like training and gaining job experience contribute largely to adding value. Thanks to ESF support, new target groups like disadvantaged students and their parents have been supported. ESF contributed significantly to the overall treatment of the basic socio-economic problems of Cyprus.

Table B2: Greece

Descriptors	
The impact of the crisis in the selected Member State	Greece's GDP per capita suffered the most for the economic and financial crisis among EU-28 MSs as it decreased by more than 25 p.p. between 2008 and 2013. The overall participation in the labour market, however, did not diminished over the same time span but increased slightly, instead (by 0.8 p.p.). This overall rate hides a gender redistribution of participation from 78.4% to 76.9% for men and from 55.0% to 58.3% for women. The overall employment rate (age 20-64) fell from 66.3% in 2008 to 52.9% in 2013 (EU-28 average 68,4%). Regarding the different rates for males and females, we can see that the employment rate for men (80,1% in 2008 and 62,7% in 2013) was much higher than the rate for women (52.6% in 2008 and 43.3% in 2013). The crisis hit more male workers than female workers because of their dominance in the more exposed labour market areas. The employment rates for older people (age 55-64) fell from 43% in 2008 to 35.6% in 2013 (EU-28 average 50.1%), with relevant sex differences. Female employment rate of older workers was 27.5% in 2008 and 26% in 2013, while employment rate of male older workers decreased from 59.2% in 2008 to 47.7% in 2013. The total unemployment rate increased by 19.7 p.p. between 2008 and 2013. Unemployment increase was especially relevant among the youngest generations: for them the overall increase reached 36.4 p.p.in

Descriptors	
	the same time span and the increase in the number of NEETs reached 9 p.p. over the same period. Long term unemployment as a percentage of active population increased by 14.8 p.p. between 2008 and 2103 (it was 3.7% in 2008). The economic crisis and the following austerity measures severely impacted the living conditions of the population: material deprivation between 2008 and 2013 increased by 15.5 p.p. as wages were cut by 20 percent in Greece and further impacts on the health of the population, including an increase in the number of suicides among working age people. The crisis has also had an impact on the Greek pensions system, which clearly showed its unaffordability. The reformed system however, further worsen the living condition of the population even if the Greek Government tried to plug the gap with other forms of subsidies.
Rate of absorption	The absorption rate for Greece pointed to: 49% for the Social inclusion priority, 61% for the Human capital priority, and 65% for the Access to employment priority (data from ESF ex post evaluation reports). Nevertheless, the geographical desk officer at the European Commission for Greece, during the interview for the present study indicated that the absorption rate reached 100%.
The ESF policies as a mitigating factor during the crisis in the selected Member State: ESF implementation and the problem areas identified	More than half of the ESF resources (55% = EUR 2,829 million) of total funding was allocated to the OP Human Resources Development. The OP education and lifelong learning received EUR 1,694 million (=33%), while the Administrative Reform was allocated EUR 435 million and the OP National Contingency Reserve EUR 175 million. The focus was originally placed on promoting employment, lifelong learning and social inclusion. Interventions for youth, women, the long-term unemployed and persons at risk of exclusion. The OP National contingency reserve, introduced to respond to the crisis, was aimed at supporting human resources affected by unforeseen local or sectorial crises linked to economic and social restructuring.
Adjustments to ESF implementation.	With regard to access to Employment, following the economic crisis and its devastating impact on the labour market, starting from early 2010 interventions were radically changed with a new generation of active labour market measures, focusing on employment maintenance (securing jobs at risk), rather than upon skills formation. ESF targeted the support of enterprises suffering from the effects of the economic crisis, in order to reorganise and improve their operation. Moreover, interventions also targeted the low skilled employed workers, in order to remain in employment and avoid dismissals. Actions since 2013 have focused on five main themes: an internship programme for young people, a public work scheme (direct job creation) for the long-term unemployed, local labour market measures, start-up incentives and measures for the reconciliation of family life.

Descriptors	
Overall effect of the ESF in mitigating the impact of the crisis	Following the crisis and its devastating effects upon the labour market, actions within the Greek OPs were adapted to respond to the challenges. New policy instruments have been employed (such as exchanging jobs for social security contributions) and the target shifted to employment maintenance, rather than to create new jobs. The economic crisis has reduced the impact of some ESF actions. In times of inadequate demand for goods and services, employers are unwilling to hire new personnel or invest in training, as they are trying to cut costs and survive the crisis. Moreover, thanks to the ESF, subsidies were made more generous and actions in the field of employment were financially strengthened. Evidence suggests that progress in achieving targets was generally satisfactory.[66]

Table B3: Spain

Descriptors	
The impact of the crisis in the selected Member State	The Spanish GDP decreased between 2008 and 2009 by 3.6 p.p. and the negative trend persisted over time resulting in a total decrease between 2008 and 2013 of 9.8 p.p.. All Spanish regions were affected by the crisis but some regions were able to react more positively and rapidly than others, and as a final result disparities in socio-economic wealth increased. Total labour market participation (15-64) increased in Spain between 2008 and 2013 by 1.6 p.p. reaching 74.3% for 2012 and 2013 with a continuous pace. However, only women positively contributed to the trend (+5.1 p.p. reaching 68.7%) as the male rate recorded a continuous negative trend instead (-1.9 p.p. between 2008 and 2013 reaching 79.8%). The increase in women's participation was related to the attempt of women to improve the socio-economic conditions of their households as men were expelled from the labour market after losing their jobs. Despite a positive trend in participation to the labour market, employment (20-64) decreased from 68.5% to 59.6% in the timespan considered. The negative change was fast between 2008 and 2010 and then slowed down. Men contributed the most to the loss: the male employment rate decreased by 14.5 p.p. reaching 63.4% in 2013, whereas the female rate decreased by 5.1 p.p. reaching 53.8% in 2013. Women not only lost less but for the age group 55-64 even increased their employment rate by 5.1 p.p. reaching 36.0% in 2013 while men in the same group of older workers saw their employment rate decreasing by 10 p.p..

66 ESF Ex Post Evaluation Access to Employment 2007-2013.

Descriptors	
	Eurostat data[67] shows that the unemployment rate increased rapidly by 14.8 p.p. between 2008 and 2013 reaching 26.2%, concerning young people it increased by 31 p.p. reaching in 2013 the 55.5%. The share of NEETs in Spain grew by 4.3 p.p. between 2008 and 2013, reaching 18.1% of young people. Unemployment rates (ISCED 0-2) have increased among people with low skills and among people born in a foreign country during the crisis. The increase in long-term unemployment has characterised the Spanish labour market in recent years: long term unemployment as a percentage of active population increased by 11.0 p.p. between 2008 and 2013 (it was 2.0% in 2008). Material deprivation increased by 6.1 p.p. between 2008 and 2013 reaching 16.9% of the population: an increasing trend during the examined timespan can be highlighted with the only exception of the year 2011 when some temporary improvement was recorded. The population at risk of poverty and social exclusion has steadily increased, and in 2013 it represented 26.1% of the Spanish population.
Rate of absorption	Spain recorded an absorption rate of 60% in Social Inclusion priority and 65% for both Human capital and Access to employment priorities. According to the interview conducted by FGB with the geographical desk-officer for Spain at the European Commission, the national absorption rate was in line with the EU average, and it could be estimated at 90% in December 2015.
The ESF policies as a mitigating factor during the crisis in the selected Member State: ESF implementation and the problem areas identified	In total, there are 21 ESF OPs, of which two are National OPs. The focus is on employment with an emphasis on the integration of the long-term and young unemployed into the labour market and the development of their skills. The focus of policies was placed on strengthening labour market institutions, easing the access to employment and increasing participation of migrants and women in employment. Regional programmes focused on actions in the following fields: labour market guidance, training courses, work experiences, incentives for hiring disadvantage groups, self-employment promotion.
Adjustments to ESF implementation.	The most frequent cause of this was the economic and financial crisis that affected the implementation of ESF interventions, despite the initial changes to plans. Moreover, the crisis affected entities and institutions in their capacity to co-finance interventions, as well as in their existence (due to bankruptcy). The initial objectives of the ESF Operative Programmes were not met. Facing the urgent situation and to meet new needs, some objectives, like the improvement of quality in employment, were put aside, in order to focus on the creation of new jobs (even if precarious), on the assistance

[67] Eurostat (2016) http://ec.europa.eu/eurostat/web/lfs/data/main-tables

Descriptors	
	to the most affected groups and on the reduction of gender based segregation. The main priority became to establish "remedial" actions targeting the most affected groups or territories, using the potential of the ESF to alleviate problems related to unemployment. The changes included simplifying criteria in order to receive ESF support, making a more rapid use of the available funds for reinforcing active employment policies and supporting the most disadvantaged groups or territories. Several interventions were reprogrammed in response to the crisis, i.e. reinforcing the efficacy of requalification programmes addressed to older workers with low qualifications, implementing actions addressed to disadvantaged groups (young people, long-term unemployed people, etc.), increasing the educational level of population and reducing early school leaving[68].
Overall effect of the ESF in mitigating the impact of the crisis	The ESF interventions demonstrated to be effective in several policy fields, such as improvement in the employment situation, enhancement of human capital or reinforcement of social inclusion. Training interventions were considered very positive and employment incentives proved to be effective in easing the access of vulnerable groups into employment. The interventions aimed at promoting women in employment showed a good degree of success in increasing women participation in employment, while the ones aimed at integration into employment of disadvantaged groups reported positive outcomes, although the crisis did limited the effects in terms of placement. ESF actions influenced the Spanish administrations and organisations involved in the programmes as they could implement interventions aimed to change and improve regional public services, alleviating the effects of the economic and financial crisis. At the system level, the ESF influenced the capacity to improve regional public services alleviating the effects of the severe crisis.

Table B4: Ireland

Descriptors	
The impact of the crisis in the selected Member State	In 2007 Ireland was still experiencing the long period of economic expansion that began in the mid-1990s. The employment rate was approximately 73% in 2007. However, the country was severely hit by the economic crisis and the decrease in GDP per capita was relevant (-4.8 p.p.), increasing unemployment and decreasing labour market participation. Between 2008 and 2013, however, the GDP per capita recovered and the total decrease was limited to 3.6 p.p..

68 ESF Ex Post Evaluation Access to Employment 2007-2013.

Descriptors	
	The total activity rate decreased by 2.9 p.p. between 2008 and 2012, down to 69.2% and started to recover in 2013 reaching 69.8%. Both the male and the female rates followed an identical trend: the former decreased by 4.2 p.p. between 2008 and 2012 (when it stood at 76.6%) and recovering in 2013 up to 77.0% and the latter decreased by 1.3 p.p. between 2008 and 2012 and then recovered 0.7 p.p. in 2013. Similarly, the employment rate (20-64) stood at 72.2% in 2008 and reached 63.7% in 2012 with a notable recovery in 2013 (65.5%) with men's rate following the same trend: losing 12.1 p.p. down to 68.1% at first and then recovery up to 70.9% and the women's rate decreasing by 4.8 p.p. down to 59.4% in 2011 and 2012 and then recovering to 60.3% in 2013. The older age group of workers lost 4.6 p.p. between 2008 and 2012 touching 49.3% and recovered 2 p.p. in 2013. The unemployment rate more than tripled between 2007 and 2011. However, over the whole 2008-2013 time span the decrease was limited because after 2011 it recovered: the final change point to a loss limited to 6.7 p.p. in total and to 13.5 p.p. for the youngest generations. In Ireland NEETs (15-24) increased from 15.0% in 2008 to 19.2% in 2010 when they reach the peak, however these numbers improved in the following years getting back to 16.1% in 2013. Long-term unemployment, as a percentage of active population, increased by 6.1 p.p. between 2008 and 2013 (it was 1.7% in 2008). Material deprivation increased between 2008 and 2012 from 13.6% to 24.9% in Ireland. Since 2013 a recovery can be noticed but there are still signs of a worrying situation: 24.4% in 2013 and 22.6% in 2014. The share of people at the risk of poverty or social exclusion increased from 23.1% in 2007 to 30.0% in 2012 and dropped slightly to 29.5% in 2013 (EU-28 average is 24.5% in 2013).
Rate of absorption	Ireland has an absorption rate of 69% for social inclusion and 71% for access to employment, while no data was available for the ESF Human capital priority during the preparation of the present study. As for the information shared by the geographical desk for Ireland at the European Commission, the good performance of the funding for Access to employment was due to the more vigorous emphasis of employment interventions during the peak crisis period. The overall absorption rate indicated by the geographical desk for Ireland is 81.5%.
The ESF policies as a mitigating factor during the crisis in the selected Member State: o ESF implementation	The interventions of this ESF programming period are contained in one OP, the Human Capital Investment Operational Programme (HCI OP). The programme is structured around three priorities: Priority Axis I: Activation of the Labour Force; Priority Axis II: Increasing Participation and Reducing Inequality in the Labour Force and Priority Axis III: Technical Assistance. Ireland was allocated EUR 375 million ESF funding for the programming period 2007-2013. Including national funding (EUR 372 million) and private funding (EUR 3 million) this meant EUR 750.7 million.

Descriptors	
and the problem areas identified	The OP result indicators were mostly achieved or very close to the targets but as the number of people entering exceeded the targeted number of entrants, success rates are lower than expected. The ESF has played a role in the national refocusing of human capital investment towards the unemployed and inactive, which has been a policy necessity in the wake of the economic crisis. Social Inclusion significance and importance varied within the different activities to which it was put, and in some areas it supplemented national core resources for important mainstream activities while in others it supported very specific target groups, innovative actions or new delivery models.
Adjustments to ESF implementation.	Revisions were made to respond to difficult labour market conditions linked to the severity and prolonged duration of the economic crisis and the public debt crisis in Ireland. The latter affected the total expenditure of the HCI OP. On the onset of the crisis, the ESF was reshaped towards tackling unemployment, encouraging activation of both unemployed and inactive through training, education or other active labour market programmes.
Overall effect of the ESF in mitigating the impact of the crisis	The ESF was used to support the recurrent expenditure on very specific elements of further education and training, and niche activities within higher education. While its relevance has been modest in terms of its resource contribution, the ESF has been used in strategically important areas within this wider milieu. The ESF facilitated higher levels of activity of the interventions Students Assistance Fund and the fund supporting disabled students The ESF funding in the human capital field has been only a marginal driver of the national strategy.

Table B5: Italy

Descriptors	
The impact of the crisis in the selected Member State	The Italian GDP per capita was harshly hit by the economic crisis as it diminished by 16.7 p.p. between 2008 and 2013. Nevertheless, the overall activity rate slightly increased during the same period (from 62.9% to 63.4%) with a decrease of 1 p.p. in the male rate and an increase of 2 p.p. in the female rate. These two results show how women's decision to enter the labour market was due to the expulsion of men: they try to make up for the household income loss. Notwithstanding an increase in the active population, employment rates decreased: the total employment rate fell from 62.9% in 2008 to 59.7% in 2013 with men's rate loosing 5.6 p.p. a women's rate remaining stable (-0.1 p.p. loss, only) so the traditional low female participation in employment remained confirmed although the gender gap narrowed.

Descriptors	
	Employment of older workers (age group 55-64) increased during the crisis times: by 8.4 p.p. since 2008 reaching the 42.7% in 2013. This was especially the case of women (from 23.9% to 33.2%) and to a less extent for men (from 45.3% to 52.8%). During the hardest period of the economic downturn unemployment increased dramatically (by 5.4 p.p.) in the country and the phenomenon was especially relevant among the young population: youth unemployment increased by 18.8 p.p. and NEETs increased by 5.6 p.p. reaching 22.2% (the fourth highest value among the EU-28 MSs). Long term unemployment as a percentage of active population increased by 3.9 p.p. between 2008 and 2103 (it was 3.0% in 2008). Material deprivation increased by 7.5 p.p. reaching the value of 23.8% although the highest value was reached in 2012 (25.2%). In 2013, poverty or social exclusion condition in Italy involved 27.7% of the population aged over 18, the highest value recorded since 2005. The prolonged crisis and the consequent reduction in public services due to retrenchments in public spending caused a generalised deterioration of social conditions and increasing inequality. Data also shows important regional differences with the Centre-North always performing better than the Southern regions.
Rate of absorption	Italy, performed relatively better for the Social inclusion priority (66%) compared to the Access to employment priority (62%) and Human capital priority (60%). According to the Italian State General Accounting Department, the absorption rate for Italy has been higher, i.e. 81.4%, with an 11.53% overbooking.[69]
The ESF policies as a mitigating factor during the crisis in the selected Member State: ESF implementation and the problem areas identified	The overall allocated expenditure (total EU + national funding) were 14,017,906,954 EUR (of which approximately 6,900 Million EUR EU funding) 24 OPs covering areas under both Competitiveness and Convergence objectives; 7 OPs in Convergence areas: 5 Regional OPs and 2 National OPs managed by the Ministry of Labour and Social Policies (Governance and System Actions) and the Ministry of Education (Competences for Development); 17 OPs in Competitiveness areas: 16 Regional OPs, 1 National OP managed by the Ministry of Labour and Social Policies (System Actions) The ESF set-up has also proven to be consistent both with the rooted criticalities of the labour market and with the drastic deterioration of the problems posed by the economic crisis whose effects started to be felt at the very beginning of the programming period, in 2009. ESF focused on the following areas:

[69] Ragioneria Regionale dello Stato, *Monitoraggio interventi comunitari programmazione 2007/2013 – obiettivo cooperazione territoriale europea. Attuazione finanziari*a, situazione al 31 ottobre 2015, 2015. Available online: http://www.rgs.mef.gov.it/_Documenti/VERSIONE-I/Attivit--i/Rapporti-f/Il-monitor/Datidiattuazione/Cooperazione/MICOOP2007-2013-31-10-2015.pdf

Descriptors	
	- a wide range of active labour market measures such as training, employment incentives, work experiences, personalised support, self-employment and entrepreneurship schemes. - measures aimed at reducing gender gaps and segregation in the labour market (including work-life balance measures) and at promoting the labour market inclusion of migrants and promoting the retention of older workers in employment; - system actions – implemented both at national and regional level - aimed at strengthening labour market services.
Adjustments to ESF implementation.	When the economic and social crisis occurred, Italian institutions were asked to focus on the groups most severely hit: the EU invited Italy to step-up to address youth unemployment by facilitating the transition into work of young people, to enhance the level of social protection for the unemployed and to strengthen the link between active and passive labour market policies. Two elements can be considered as striking to counter the crisis: - a stronger focus of interventions on the most crisis-affected target groups by increasing the funds – by EUR 20 Million - of the Priority Axis embodying the *Active Labour Policy Plan.* - the increase and efficient cooperation between the Region, National Institute for Social Security, Provinces, Social Partners, Regional Agency for Labour, VET. The main outcome of such cooperation was the agreement – signed in 2009 and renewed in 2011 - between the State and the Conference of the Regions and Autonomous Provinces which provided that national funds would cover the expenditure for Shock Absorbers in derogation.
Overall effect of the ESF in mitigating the impact of the crisis	The implementation of regional (above all) and national ESF OPs has been heavily influenced by the measures adopted, both at national and EU level, to cope with the economic crisis: the Anti-crisis national agreement between Regions/Autonomous Province and the Italian Government (February 2009) led to a concentration of programming and implementation activities on the Employability and Adaptability themes and a slowing of Social Inclusion theme implementation.

Table B6: Lithuania

Descriptors	
The impact of the crisis in the selected Member State	Lithuania was strongly hit by global economic crisis: it faced the highest drop of the GDP of all EU-28 countries in 2009 (-14.8%) in respect of 2008 with the sectors of construction, real estate and transports being the most affected. However, the following year the country was already on the recovery path in terms of GDP per capita and the positive trend continued over time. As a result, between 2008 and 2013 the GDP per capita increased by 6.9%. Despite an overall increase in the total activity rate (by 4 p.p.) between 2008 and 2013 mirroring a continuous positive trend for both men (from

Descriptors	
	71.6% and women 74.7%) and women (from 65.5% to 70.3%), employment rates decreased. The overall employment (age group 20-64) decreased between 2008 and 2010 by 5.7 p.p. with a successive recovery of 4.2 p.p. reaching 68.5% in 2013. The trend was the same for both women and men even if the female rate performed better in recovering (from 68.7% down to 65.0% and up to 68.6%) than the male one (75.6% down to 63.5% and up to 71.2%). The trend is also confirmed among older workers (55-64) even if there is a notable gender difference with the female rate performing better (from 47.4% down to 45.5% in 2010 and up to 51.2% in 2013) than the male one (from 60.2% to 52.1% and up to 56.1% in 2013) in this age group. The unemployment rate reached its peak in 2010 to 10.7% but then recovered promptly and across the five years span and only a net increase of 6 p.p. was recorded. Youth unemployment (15-24) also increased over the period by 8.6 p.p.. The number of NEETs also increased by 2.3 p.p.. Unemployment rose especially among low skilled people (ISCED 0-2) up to 33.9% in 2013 (from 7.6% in 2007). Long term unemployment as a percentage of active population increased by 3.8 p.p. between 2008 and 2013 (it was 1.3% in 2008). Material deprivation increased strongly between 2008 and 2013 (by 8.7 p.p.). The share of people at risk of poverty or social exclusion was 30.8% in 2013, which is above the EU-28 average of 24.5% and still above the level before the crisis (28.7% in 2007). It decreased by 3.2% from 2010.
Rate of absorption	The rates of absorption in Lithuania pointed to 66% for the Social inclusion priority, 61% for the Human capital priority, and 73% for the Access to employment priority. This MS ranked seventh for the absorption of Access to employment priority. The geographical desk for Lithuania reported that with a rate of absorption of 101%, the figure emerged during an examination meeting held before February 2016, Lithuania is among the MSs for which the ESF OP was overbooked and all resources earmarked were used
The ESF policies as a mitigating factor during the crisis in the selected Member State: ESF implementation and the problem areas identified	Lithuania had about EUR 1,210 million in total funding in the 2007-2013 period (about EUR 1,028 million of which was ESF funding) with 93% (EUR 1,126 million) allocated to the OP Human Resources Development and 7% (EUR 83 million) to the OP Technical Assistance. The focus of ESF was on increasing the quality of employment and social inclusion. Activities were aimed at promoting employment and labour market participation. Target groups were: elderly persons, Roma, women, persons with disabilities, unemployed and employed, former detainees, persons dependable on drugs, or other substances.
Adjustments to ESF implementation.	The ESF Human Capital (HC) investment was used as a core and supplementary funding source for a number of national reforms. The importance of the ESF funding increased strongly after the crisis. The changes in the OP involved the re-launching or re-focusing of some projects on youth unemployment and aimed at job retention for people

Descriptors	
	at risk of unemployment. Before the crisis, investments on ALMPs aimed to promote employment among adult and young people; with the crisis ESF policies were focused on people at risk of unemployment due to companies' financial struggles.
Overall effect of the ESF in mitigating the impact of the crisis	Little evidence is available in this regard, however, before the crisis, ESF resources were used to fund about 20% of overall ALMPs implemented in Lithuania in 2007-2008. However, with the onset of the crisis and drastic increase in unemployment the national budget encountered deficit problems and about 80% of ALMPs were implemented through the ESF in 2009-2013, nevertheless the ALMPs remain weak[70].

[70] Social Inclusion Country Report Lithuania http://ec.europa.eu/europe2020/pdf/csr2015/cr2015_lithuania_en.pdf

Table B7 : Slovakia

Descriptors	
The impact of the crisis in the selected Member State	The Slovak economy experienced a strong but short recession between 2009 and 2010 when its GDP per capita declined by 6.4 p.p.. Nevertheless, the Slovak economy recovered and returned to normal growth rates in the following years. As a result, between 2008 and 2013 the Slovak GDP per capita increased by 4.8%. Despite GDP growth being one of the strongest in Europe, employment did not return to the pre-crisis level and unemployment remained high. Therefore, Slovakia has recovered fast from the crisis, but returned to a good, but jobless, growth. Socio-economic trends over the programming period show that the labour market in Slovakia was strongly affected by the crisis. The employment rates clearly differ by age group and sex. The employment rates (age group 15-64) are constantly more than ten percentage points higher for men than women, but show the same pattern. In 2008 the employment rates were on their peak, followed by a drop until 2010. From 2011 a slightly upward trend is shown, but the employment rates are still lower than pre-crisis levels. While the employment rates for young people (age 15-24) dropped from 2007 until 2011 and are stagnating or increasing very slowly since 2012, the employment rates for older people (age 55-64) show a consistently upward trend since 2007. The trend of NEETs among young people (age 15-24) is similar to the overall unemployment rates (age 15-64) with a high rise between 2008 and 2010 and no remarkable improvements since the crisis. The share of long-term unemployment as a percentage of active population increased by 3.3 p.p. between 2008 and 2013 (it was 6.7% in 2008); part-time employment, which increased from 2.5% in 2007 to 4.5% in 2013 showed a continuous upward trend but remained substantially under the EU average. Material deprivation decreased in Slovakia (by 4.4 p.p.) on the opposite of what happened in the other seven selected countries.
Rate of absorption	Slovakia showed a 60% implementation rate for the Access to employment priority, a 24% implementation rate for the Human capital priority, and a 21% implementation rate for the Social inclusion priority. According to the interviews conducted with the geographical desk officer at the European Commission for Slovakia, the absorption rates reached 95% in February 2016.[71] The use of the funds was lower at the beginning of the programming period, when Slovakia risked losing part of the preventive allocation through the so-called automatic de-commitment mechanism, before recovering.
The ESF policies as a mitigating factor during the crisis in	ESF mainly aimed at tackling unemployment – particularly long-term unemployment since approximately 25% of unemployed were long-term

[71] The Geographical desk cited as source the Slovakian certifying authority.

Descriptors	
the selected Member State: o ESF implementation and the problem areas identified	unemployed – and other disadvantaged categories, such as young people and individuals with low education.
Adjustments to ESF implementation.	Social inclusion, equal opportunities, reconciliation of work and family life and capacity building of public administration were strongly supported by ESF, while they had been not on the policy agenda of domestic policies[72]. The economic and financial crisis shifted the focus of Slovak authorities on the unemployed, whose number had increased, especially among the youth and the elderly (irrespectively of gender).
Overall effect of the ESF in mitigating the impact of the crisis	The ESF is a major funding source for national policies in the field of employment, social inclusion and education. Despite the fact that the ESF strongly promotes innovations and innovative approaches to enhance the design, management and implementation of policies and actions, the role effects of ESF in Slovakia it is difficult to assess. It must be stressed that programmes aimed to provide personalised support to individuals obtained a remarkable result: a large share of participants (around 1/3) were placed successfully.

[72] ESF Expert Evaluation Network (2014): Final Country Report: Main ESF Achievements 2007-2013 in the Slovak Republic. Outputs and results of the ESF in the 2007-2013 programming period.

NOTES

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