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EMPLOYMENT AND SOCIAL AFFAIRS

Background note for the hearing on  
**The role and impact of  
the European Social Fund**  
EMPL Committee – 9 November 2010

**Abstract**

The briefing note provides background information on the role and functioning of the European Social Fund for the hearing on "The role and impact of the European Social Fund" organised by the European Parliament's Committee on Employment and Social Affairs on 9 November 2010. The note gives an overview of the key developments which have marked the ESF since its set up at the origin of the European Economic Community up to the present.

This document was requested by the European Parliament's Committee on Employment and Social Affairs.

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## 1. Introduction

The European Social Fund (ESF) is currently the main financial instrument at the disposal of the European Union to implement its policies in the field of employment, human resources development and social cohesion. Its budget represents close to 10% of the whole EU budget.

The ESF's mandate and field of intervention have been evolving through the years from a simple co-financer of training courses to the main EU tool aimed at equipping Europe's workforce and companies to face the socio-economic effects of globalization.

The Treaty on the Functioning of the European Union (TFEU) now provides for the ESF under Articles 162-164 (ex Articles 146-148 of the Treaty on the European Community); other relevant provisions are Articles 174-175 and 177-178 TFEU (economic, social and territorial cohesion), as well as Articles 145-148 TFEU (employment policy).

The present briefing note provides background information on the role and functioning of the European Social Fund (ESF) intended for the use of participants to the hearing on "The role and impact of the European Social Fund" organised by the European Parliament's Committee on Employment and Social Affairs on 9 November 2010. The note gives an overview of the key developments which have marked the ESF since its set up at the origin of the European Economic Community and highlights the main features of the changing policy and legal framework under which it has been called to operate. It also outlines the new policy and legal framework in which decision-making on the future of the ESF will take place in the next few years. Finally, the note provides a list of references to legislation and useful documentation.

## 2. The early stages

The ESF was the first Community instrument granting financial assistance to resolve structural problems in the Member States. It has been set up by the Treaty of Rome (originally Articles 124-127 of the Treaty on the European Economic Community) with a view to improving workers' geographical and professional mobility and employment opportunities in the common market.

While the Fund's primary focus has never been diverted from employment, its tasks and operational rules have constantly been revised so as to reflect the developments in the economic and employment situation in the Member States, as well as to accompany the evolution of the political priorities defined at EU level.

### 2.1. The ESF in the transitional period

The set up of the ESF within the Treaty of Rome was intended to support the Member States in dealing with the social costs of technological and economic change and restructuring. During the transitional period for the implementation of the common market, the Fund granted the Member States the reimbursement of 50% of the costs incurred for the following categories of expenditure:

- Vocational re-training programmes for workers who have lost their jobs and need to acquire new qualifications to be employed in a different sector;
- Resettlement allowances in favour of unemployed workers obliged to change residence within the Community to get a new job;
- Aid schemes benefitting workers affected by income losses linked to temporary reductions of working time in the case of restructuring undergone by their employer.

In total, the ESF assisted over two million people during this period. The Fund was managed by the Commission and it was established (Article 126) that at the end of the transitional period a Council decision would either stop or reduce payments by the Fund and/or determine a new mission to be entrusted to it.

### 2.2. The 1971 reform

Council Decision 71/66/EEC<sup>1</sup> reviewed the system by replacing in all cases retroactive funding with new rules requiring applications for assistance to be submitted in advance to the Council by either the Member States or the Commission, which could act on a request by the Council.

Interventions from the Fund were authorised in the event of the employment situation in the Member States being threatened by Community measures or requiring a common action to improve the adaptation of demand and supply within the Community.

Support from the Fund could also be granted to support measures aimed at facing employment difficulties resulting from the functioning of the common market or hindering its smooth operation. In such cases interventions from the Fund would aim at fighting structural long term unemployment or underemployment, as well as to improve the qualification of the workforce and support the labour market integration of people at a disability, older workers, women and young workers.

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<sup>1</sup> Council Decision 71/66/EEC of 1 February 1971 on the reform of the European Social Fund

The 50% co-financing rate was confirmed for operations carried out by public authorities; assistance was also granted for operations performed by private bodies under the condition that the Member State concerned would guarantee their successful completion: in these cases the Fund would support the costs incurred for an amount equal to the Member State's co-financing.

Resources were allocated to the Fund yearly in the framework of the procedure setting the Community budget.

### **2.3. The 1983 reform**

In 1983 a new reform brought about by Council Decision 83/516/EEC<sup>2</sup> produced greater concentration of the Fund's interventions, which were to be directed mainly to the fight against youth unemployment (not less in any one year than 75 % of all credits available) and to the regions most in need (at least 40% of the overall appropriations available).

The Fund's task was described as assisting "in the implementation of policies designed to equip the workforce with the skills required for stable employment and to generate employment opportunities".

In particular, the ESF was called upon to contribute to the socio-vocational insertion and integration of young people and disadvantaged workers, to the adaptation of the workforce to labour-market developments and technological change, and to the reduction of regional imbalances in the labour market. Fund assistance should be granted mainly to young people under the age of 25, in particular those with poor education and qualifications, or the long-term unemployed. Other beneficiaries entitled to the Fund's assistance were unemployed people over 25 who were threatened with unemployment or underemployed and in particular the long-term unemployed; women wishing to return to work; people at a disability; migrant workers having moved within the Community or having become residents in the Community to take up work; people who were employed particularly in small or medium-sized undertakings and required retraining with a view to the introduction of new technology or the improvement of management techniques in those undertakings.

The scope of intervention of the Fund covered vocational training and guidance, recruitment and wage subsidies, resettlement and socio-vocational integration in connection with geographical mobility, services and technical advice concerned with job creation.

Assistance from the Fund could also be granted for specific operations carried out with a view to encouraging the implementation of innovative projects or examining the effectiveness of the projects supported by the Fund and facilitating an exchange of experience.

The general co-financing rate of 50% of eligible expenditure was maintained, but for the first time a 10% increase was allowed in the case of operations carried out in regions with a specially serious and prolonged imbalance in employment. A further innovation in the Fund's management were the annual guidelines to be adopted by the Commission with a view to determining those operations which reflected Community priorities as defined by the Council.

The yearly allocation of resources to the Fund in the framework of the budget procedure continued; annual payments amounted to ECU 6.4 billion in 1988.

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<sup>2</sup> Council Decision 83/516/EEC of 17 October 1983 on the tasks of the European Social Fund

### **3. The ESF and the cohesion policy multiannual programming framework**

Over time two additional structural funds had been created within the European Community: the European Agriculture Guidance and Guarantee Fund, set up in 1962 to support rural development and the improvement of agricultural structures, and the European Regional Development Fund, established in 1975 with a view to correcting the main regional imbalances within the Community.

With growing resources spent through the structural funds, improving the efficiency of Community action became an issue; the accession of Greece, Spain and Portugal and the adoption of the single market programme urged change.

By including in the EC Treaty the objective of economic and social cohesion within the Community, the Single European Act set the scene for a comprehensive reform of cohesion policy, which was basically intended to introduce a coordinated approach in the programming and operating of the structural funds (Council Regulations of 24 June 1988 and Council Decisions of 19 December 1988). This was also made possible by the introduction of the new Community practice of inter-institutional agreements on multiannual financial perspectives as of 1988.

The 1988 reform introduced a number of principles which have remained key elements in cohesion policy since then, notably: concentration on a limited number of objectives with focus on the least developed regions; multi-annual programming based on analysis, strategic planning and evaluation; additionality, ensuring that Member States do not substitute national with EU expenditure; partnership in the design and implementation of programmes involving national, sub national and EU actors, including the social partners and non-government organisations.

#### **3.1. The programming period 1989 - 1993**

Five priority objectives were agreed for the 1989-1993 programming period:

- Objective 1: promoting the development and structural adjustment of regions whose development is lagging behind;
- Objective 2: converting regions seriously affected by industrial decline;
- Objective 3: combating long-term unemployment;
- Objective 4: facilitating the occupational integration of young people;
- Objective 5: (a) speeding up the adjustment of agricultural structures and (b) promoting the development of rural areas.

Under Objectives 3 and 4 co-financing by the ESF could support vocational training measures and aids for employment and the creation of self-employed activities throughout the Community. In the eligible regions, the Fund could also co-finance interventions under the other objectives of the cohesion policy.

The total allocation for the two ESF-specific objectives was about ECU 6.67 billion (10 % of the total). Major beneficiary countries were the United Kingdom (ECU 1.5 billion), followed by France (ECU 1.44 billion) and Germany (ECU 1.05 billion). All other countries received smaller amounts with the exception of Greece, Ireland and Portugal, for which ESF allocations were integrated under Objective 1.

In addition to the national and regional programmes set up under the five core objectives, a total of 16 Community Initiatives with an allocation of ECU 5.3 billion (7.8 % of the total) were adopted to address specific problems of certain regions or sectors.

Euroform, Now and Horizon (ECU 764 million) funded projects in the field of vocational training and job creation. Under technical assistance, the Commission also launched pilot projects, networks and studies.

The total budget allocated to the structural funds for this period was ECU 69 billion, representing 25% of the Community budget; annual payments increased up to ECU 20.5 billion in 1993.

As to the management of the funds, a coordination regulation<sup>3</sup> defined the objectives and principles of Community action, the tasks of the funds, the different forms of assistance (the most important of them being "Operational Programmes"), the obligation for the Member States to introduce for each of the objectives specific "regional development plans" (for the Objectives 1,2 and 5b) or "national plans" (for the Objectives 3 and 4). Subsequently, the Commission would adopt Community Support Frameworks (CSFs). In addition, the coordination regulation stipulated the co-financing rates of up to 75 % for interventions under Objective 1 and 50 % in the case of the other objectives.

An implementation regulation<sup>4</sup> defined the content of plans and CSFs, major projects for which Commission decisions would be required and laid down the system of commitments and payments for the interventions and financial control. Common rules stipulated arrangements for monitoring, assessment, reporting and publicity.

The three implementing regulations<sup>5</sup> for each of the structural funds contained more information on the content of plans and programmes, eligibility and technical assistance.

### **3.2. The programming period 1994-1999**

For the following programming period 1994-1999, annual funding allocated for economic and social cohesion was doubled (ECU 168 billion for the whole period); the objectives remained more or less unchanged compared to the previous ones, with the exception of the new Objective 6 (development and structural adjustment of regions with an extremely low population density). A major innovation was the set up of a new structural fund, the Cohesion Fund, devoted to supporting the development of the Member States with a per capita gross national product of less than 90 % of the Community average (Spain, Greece, Portugal and Ireland and, later on, the new Member States of the 2004 and 2007 enlargements).

The Treaty of Maastricht expanded the scope for ESF support as described in Article 146 of the EC Treaty in order to include 'adaptation to industrial changes and to changes in production systems'.

The ESF resources contributed throughout the Community to the achievement of Objective 3 (supporting the occupational integration of unemployed persons exposed to long-term unemployment, young people and persons exposed to exclusion from the labour market and promoting equal opportunities for men and women) and Objective 4 (training and support for workers affected by industrial change and changes in production systems). The total allocation under Objectives 3 and 4 was about ECU 15.2 billion (9.1 % of the total).

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<sup>3</sup> Council Regulation (EEC) No 2052/88 of 24 June 1988 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments.

<sup>4</sup> Council Regulation (EEC) No 4253/88 of 19 December 1988 laying down provisions implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds as between themselves and with the operations of the European Investment Bank and the other existing instruments.

<sup>5</sup> Council Regulation (EEC) 4254/88 of 19 December 1988, laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the European Regional Development Fund; Council Regulation (EEC) 4255/88 of 19 December 1988 laying down provisions for implementing (EEC) No 2052/88 as regards the European Social Fund (ESF); Council Regulation (EEC) 4256/88 of 19 December 1988 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the European Agricultural Guidance and Guarantee Fund (EAGGF), Guidance Section.

In addition, when the Fund granted assistance in the eligible regions under Objectives 1, 2 and 5b, it could be called upon to support employment growth and stability, boost human potential in research and, limited to Objective 1 areas, facilitate the strengthening of education and training systems or contribute to development through the training of public officials.

After some experience in the previous programming period, Community initiatives were confirmed and allocated a more substantial budget (9% of the total resources of the Funds). The ESF co-financed two such programmes aimed at supporting innovative transnational projects: Adapt, which was meant to help employers and workers anticipate industrial change and deal with its effects and Employment, whose four strands promoted labour market integration for vulnerable groups (Horizon for disabled people, Now for women, Youthstart for young workers and Integra for the most disadvantaged).

The ESF also supported innovative actions to assist the development of future policy and programmes by exploring new approaches to the form and/or organisation of employment, including vocational training, and industrial adaptation. Known as "Article 6" measures, the types of projects supported under this allocation included pilot projects, studies, exchanges of experience and information activities.

Between 1994 and 1999, rules governing the structural and cohesion funds were laid down in a set of Council regulations including a framework regulation, a coordination regulation and regulations on the implementation of each of the structural funds<sup>6</sup>. A separate regulation was adopted for the Cohesion Fund<sup>7</sup>. No relevant changes were made to the previous three-stage programming and management system introduced in 1989 involving national plans, Community Support Frameworks (CSFs) and Operational Programmes, apart from the novelty of the Single Programming Document, which meant Member States and regions could submit plans and Operational Programmes in one document, followed by a single Commission decision.

### 3.3. The programming period 2000-2006

In the context of the so-called "Agenda 2000"<sup>8</sup>, the overall framework of the structural funds was simplified for the programming period 2000-2006 in preparation for future enlargements to several new Member States which would be major beneficiaries of cohesion policy.

The number of objectives was reduced from six to three and the number of Community initiatives from 13 to 4. The three remaining objectives were:

- Objective 1: promoting the development and structural adjustment of regions whose development is lagging behind;
- Objective 2: supporting the economic and social conversion of areas facing structural difficulties;

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<sup>6</sup>Council Regulation (EEC) No 2081/93 of 20 July 1993 amending Regulation (EEC) No 2052/88 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments; Council Regulation (EEC) No 2082/93 of 20 July 1993, amending Regulation (EEC) No 4253/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds between themselves and with the operations of the European Investment Bank and the other existing financial instruments; Council Regulation (EEC) No 2083/93 of 20 July 1993, amending Regulation (EEC) No 4254/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the European Regional Development Fund; Council Regulation (EEC) No 2084/93 of 20 July 1993, amending Regulation (EEC) No 4255/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the European Social Fund; Council Regulation (EEC) No. 2085/93 of 20 July 1993 laying down provisions for implementing Regulation (EEC) No. 2052/88 as regards the EAGGF; Council Regulation (EEC) No 2080/93 of 20 July 1993 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the Financial Instrument for Fisheries Guidance.

<sup>7</sup> Council Regulation (EC) No 1164/94 of 16 May 1994 establishing a Cohesion Fund.

<sup>8</sup> Agenda 2000: For a stronger and wider Union, Communication of the European Commission COM(97) 2000 of 16 July 1997.

- Objective 3: supporting the adaptation and modernisation of policies and systems of education, training and employment.

As to programming and management, the major change came in the form of a new "general" regulation<sup>9</sup>, adopted by the Council. It replaced the coordination regulation and parts of the implementing regulations. Regulations concerning each of the funds were also adopted<sup>10</sup>. Between March 2000 and March 2001, the Commission decided on another five implementing regulations regarding the use of the euro, information and publicity, eligible expenditure, management and control systems and financial corrections.

The total amount of resources available in the period 2000-2006 equalled €213 billion for EU-15 between 2000 and 2006, and €21.7 billion for the 10 new Member States between 2004 and 2006, representing about one third of the EU budget. The co-financing rate could vary up to a maximum of 85% of eligible expenditure.

As far as the ESF was concerned, the new programming period marked a turning point, following the launch of the European Employment Strategy in 1997 around the four major areas of employability, entrepreneurship, adaptability and equal opportunities. For the first time the Fund was entrusted the responsibility of contributing both to the cohesion policy and to the implementation of the European Employment Strategy and its scope of intervention was broadened and re-designed accordingly:

- developing active labour market policies to i) combat unemployment, ii) prevent long-term unemployment, iii) facilitate the integration of the long-term unemployed and the integration of young people;
- promoting equal opportunities, with particular emphasis on those exposed to social exclusion;
- promoting and improving education and training as part of lifelong learning, with a view to supporting employability and mobility;
- promoting a skilled and adaptable workforce, innovation and adaptability in work organisation, developing entrepreneurship and job creation and boosting human potential in research and technology;
- improving women's access to the labour market.

The ESF, endowed with a EUR 60 billion allocation, could provide assistance under each of the three new Objectives of the cohesion policy, including ESF-specific Objective 3 (supporting the adaptation and modernisation of policies and systems of education, training and employment in areas not covered by Objective 1).

The Fund should mainly finance assistance to persons in the form of education and vocational training measures, support for rehabilitation in employment, measures to promote employability, employment aids, aids for self-employment and aid to the development of new sources of employment; co-financing by the Fund could also be envisaged in order to support the strengthening of education, training and employment structures and systems, as well as for accompanying measures such as information and publicity.

EQUAL was the only Community initiative co-financed by the ESF in the programming period 2000-2006 and it fostered transnational cooperation to promote new means of combating all forms of discrimination and inequalities in connection with the labour market. Innovative actions also continued to be supported.

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<sup>9</sup> Council Regulation (EC) No 1260/99 of 21 June 1999 laying down general provisions on the Structural Funds.

<sup>10</sup> Council Regulation (EC) No 1783/1999 of the European Parliament and of the Council of 12 June 1999 on the European Regional Development Fund; Regulation (EC) No 1784/1999 of the European Parliament and of the Council of 12 July 1999 on the European Social Fund; Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy; Council Regulation (EC) No 1263/1999 of 21 June 1999 on the Financial Instrument for Fisheries Guidance; Council Regulation (EC) No 1264/1999 of 21 June 1999 amending Regulation (EC) No 1164/94 establishing a Cohesion Fund.

## 4. The current programming period 2007-2013

In June 2004 the Commission tabled a legislative package of five draft regulations on regional policy for 2007-2013, including one with general provisions and three on the ERDF, ESF and the Cohesion Fund respectively. The Council and the European Parliament adopted these legislative acts in July 2006<sup>11</sup> after complex negotiations finally leading to an inter-institutional agreement on the financial perspectives for the period 2007-2013, which allocated €336 billion for the structural and cohesion funds. In December 2006, these regulations were complemented by one single implementing regulation<sup>12</sup>.

As a consequence of the re-launch of the Lisbon strategy in 2005, great emphasis was placed on making sure that the use of structural funds' resources would contribute to the achievement of the Lisbon strategy's objectives.

For the programming period 2007-2013 the European Social Fund has an overall allocation of about EUR 76 billion. The legal texts setting the framework and scope for ESF intervention are 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 Regulation (EC) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999.

Regulation (EC) No 1081/2006 describes the European Social Fund's role as two-fold: it shall strengthen economic and social cohesion by improving access to quality employment for all and trying to reduce national, regional and local employment disparities, while at the same time supporting the implementation of the European Employment Strategy.

The Council Decision of 6 October 2006 on "Community strategic guidelines on cohesion", which is the basic programming document guiding Member States while drafting their National strategic reference frameworks and operational programmes, stresses the double role of the ESF by recalling that "in the sphere of employment and human resources the priorities of the Community strategic guidelines on cohesion are those of the European Employment Strategy supplemented by the EU Employment Recommendations which provide country-specific priorities".

The objectives of cohesion policy for this period were completely revised:

- the Convergence objective (speeding up the convergence of the least-developed Member States and regions);
- the Regional competitiveness and employment objective (strengthening regions' competitiveness and attractiveness as well as employment outside the least-developed regions);
- the European territorial cooperation objective (strengthening cross-border cooperation).

The ESF co-finances 7-year national or regional operational programmes in areas falling under the Convergence or Competitiveness and employment objectives.

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<sup>11</sup> 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; Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999; Council Regulation (EC) No 1084/2006 of 11 July 2006 establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94; Regulation (EC) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999.

<sup>12</sup> Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund.

According to Regulation (EC) No 1081/2006, the ESF can contribute to the achievement of both objectives by supporting actions in the Member States under the following priorities:

- a) increasing adaptability of workers, enterprises and entrepreneurs;
- b) enhancing access to employment for job seekers and inactive people by supporting active and preventive measures and favouring the participation of women and migrants in the labour market;
- c) reinforcing the social inclusion of disadvantaged people, through the promotion of pathways to integration and re-entry into employment and the fight against discrimination in the workplace;
- d) enhancing human capital by supporting the design and introduction of reforms in education and training systems and the networking of higher education institutions and research centres;
- e) promoting partnerships, pacts and initiatives through networking of relevant stakeholders in order to mobilise for reforms in the field of employment and labour market inclusiveness.

In addition, under the Convergence objective alone, the ESF can also co-finance operations aimed at:

- a) expanding and improving investment in human capital, by promoting the implementation of reforms in education and training systems, increased participation in education and training throughout the life-cycle and the development of human potential in research and innovation;
- b) strengthening institutional capacity of public administrations and, where relevant, social partners and non-governmental organisations, aimed at improving policy and programme design and delivery in the relevant sectors.

Under the new "one programme, one fund" rule, an operational programme is only concerned with one of the three objectives and only benefits from the funding of a single fund. To allow for more flexibility, however, the ESF, as well as the ERDF, can finance in complementary and limited ways activities related to the scope of assistance of the other fund (within 10 % of the credit facilities allocated by the Community to each operational programme's key priorities).

The maximum rate of co-financing by the ESF may vary between 50 and 85% of the total cost of interventions. Transnational cooperation is now an integrated feature of the ESF mainstream programmes.

The breakdown of the ESF appropriations by priority under the new operational programmes is as follows: about EUR 14 billion have been allocated to help strengthen the ability of companies and workers to anticipate and manage change and nearly EUR 26 billion will be invested in enhancing human capital by improving the quality and availability of education and training; more than EUR 20 billion will be spent to assist in removing barriers to employment for groups experiencing special difficulties, in particular for women, young people, migrants, older and low-skilled workers. EUR 10 billion will be invested to help those facing poverty and social exclusion and having the biggest difficulties in returning to the job market and EUR 2 billion in improving public administration and services; some EUR 1.2 billion have been allocated in the Convergence regions to improve the social partners' role and an additional EUR 1 billion will support the development of employment pacts and networking initiatives; finally, an allocation of some EUR 3 billion will co-finance transnational cooperation initiatives building on the EQUAL programme.

The ESF, together with the other financial instruments of the European cohesion policy, plays an active role in the European recovery action plan adopted by the European Commission in October 2008<sup>13</sup> and in the coordinated European Economic Recovery Plan presented by the Commission on 26 November the same year<sup>14</sup>. A series of measures, both legislative and non-legislative<sup>15</sup>, were adopted, in order to speed up project implementation and accelerate payments to Member States so that they have easier access to up to €1.8 billion and reinforce active labour market policies, refocus support on the most vulnerable, step up action to boost skills and, where necessary, opt for full Community financing of projects during this period.

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<sup>13</sup> From financial crisis to recovery: A European framework for action, COM(2008) 706 final.

<sup>14</sup> A European Economic Recovery Plan, COM(2008) 800 final.

<sup>15</sup> A Shared Commitment for Employment, COM(2009) 257; Council Regulation (EC) No 284/2009 of 7 April 2009 amending Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund concerning certain provisions relating to financial management; Regulation (EC) No 396/2009 of the European Parliament and of the Council of 6 May 2009 amending Regulation (EC) No 1081/2006 on the European Social Fund to extend the types of costs eligible for a contribution from the ESF.

## 5. The legal and policy framework for future ESF-related decision-making

The European Social Fund will still have a significant role to play in the context of the Europe 2020 strategy. It will be called upon to contribute to the achievement of several headline targets, notably in the fields of employment, educational attainment and poverty reduction; it has the potential for providing financial support for the implementation of at least three out of the seven flagship initiatives driving EU and Member States' action in the new common strategic agenda. As Commissioner László Andor declared at a recent conference "The future ESF should therefore be fully aligned in all Member States with the Europe 2020 strategy and the integrated guidelines"<sup>16</sup>.

European Commission's proposals for the new ESF and cohesion policy at large are expected for mid-2011. As far as the European Social Fund is concerned, the relevant pieces of legislation will have to be adopted by ordinary legislative procedure, with the European Parliament as co-legislator with the Council.

The EP's influence over legislation in this field has been growing through the years: since the Treaty of Maastricht it had to give its assent to the general provisions governing the structural funds, whereas since the Treaty of Amsterdam the adoption of implementing rules for the ESF was subject to the co-decision procedure. As a consequence of a modification introduced by the Lisbon Treaty, the ordinary legislative procedure is now required also for the adoption of general rules applicable to the structural funds.

As to the other policy field directly impacting on the content of ESF interventions, no procedural changes have been introduced in the employment chapter of the TFEU as a result of the entry into force of the Lisbon Treaty, but the European Parliament has recently manifested firm intention to have its right to be consulted on the Employment guidelines finally respected<sup>17</sup>, after several occasions when the calendar imposed by the other concerned Institutions seriously undermined the fulfilment of its role.

The future of the ESF, however, as for all European instruments and programmes, will depend primarily on the shape of the next multiannual financial framework for the years 2014 – 2020 to be agreed by the Member States and EU Institutions. Given current pressure on public finances, discussions on this topic already promise to be more complex than ever.

The Lisbon Treaty has introduced a major innovation in this respect, as the Treaty on the Functioning of the European Union now provides for a regulation laying down the multiannual financial framework to be adopted unanimously by the Council according to a special legislative procedure, with the consent of the European Parliament (Article 312 TFEU). Parliament is already preparing for the negotiations to come through the work of the newly established Special committee on the policy challenges and budgetary resources for a sustainable European Union after 2013.

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<sup>16</sup> Shaping the future of the ESF - ESF & Europe 2020 (Brussels, 23-24 June 2010).

<sup>17</sup> European Parliament legislative resolution of 8 September 2010 on the proposal for a Council decision on guidelines for the employment policies of the Member States: Part II of the Europe 2020 Integrated Guidelines.

## 6. References

### 6.1. Legislation

Council Decision 71/66/EEC of 1 February 1971 on the reform of the European Social Fund

Council Decision 83/516/EEC of 17 October 1983 on the tasks of the European Social Fund

Council Regulation (EEC) No 2052/88 of 24 June 1988 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments.

Council Regulation (EEC) No 4253/88 of 19 December 1988 laying down provisions implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds as between themselves and with the operations of the European Investment Bank and the other existing instruments.

Council Regulation (EEC) No 4255/88 of 19 December 1988 laying down provisions for implementing (EEC) No 2052/88 as regards the European Social Fund (ESF)

Council Regulation (EEC) No 2081/93 of 20 July 1993 amending Regulation (EEC) No 2052/88 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments

Council Regulation (EEC) No 2082/93 of 20 July 1993, amending Regulation (EEC) No 4253/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds between themselves and with the operations of the European Investment Bank and the other existing financial instruments

Council Regulation (EEC) No 2084/93 of 20 July 1993, amending Regulation (EEC) No 4255/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the European Social Fund

Council Regulation (EC) No 1260/99 of 21 June 1999 laying down general provisions on the Structural Funds

Regulation (EC) No 1784/1999 of the European Parliament and of the Council of 12 July 1999 on the European Social Fund

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

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

Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund

Council Regulation (EC) No 284/2009 of 7 April 2009 amending Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund concerning certain provisions relating to financial management

Regulation (EC) No 396/2009 of the European Parliament and of the Council of 6 May 2009 amending Regulation (EC) No 1081/2006 on the European Social Fund to extend the types of costs eligible for a contribution from the ESF

Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund

Council Decision of 6 October 2006 on "Community strategic guidelines on cohesion"

### **6.2.Recent European Parliament's resolutions**

European Parliament legislative resolution on the proposal for a regulation of the European Parliament and of the Council on the European Social Fund (6 July 2005)

European Parliament resolution of 6 May 2009 on the Renewed social agenda

European Parliament legislative resolution of 2 April 2009 on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1081/2006 on the European Social Fund to extend the types of costs eligible for a contribution from the ESF

European Parliament legislative resolution of 8 September 2010 on the proposal for a Council decision on guidelines for the employment policies of the Member States: Part II of the Europe 2020 Integrated Guidelines.

### **6.3.Other documentation**

The European Social Fund and Disability - European Union, 2010

The European Social Fund and migrants and minorities – European Union, 2010

The European Social Fund and Older Workers – European Union, 2010

The European Social Fund : Women, Gender Mainstreaming and Reconciliation of Work & Private Life – European Union, 2010

The European Social Fund: Education and Lifelong Learning – European Union, 2010

The European Social Fund : Active Labour Market Policies and Public Employment Services – European Union, 2010

The European Social Fund : Adaptability of Enterprises and Continuous Training of Workers - European Communities, 2009

The European Social Fund: Developing human potential in research and innovation - European Union, 2010

The European Social Fund and labour mobility - European Union, 2010

Final report of the Ex post evaluation of the EQUAL Community Initiative (2000-2006) – March 2010

Ex post evaluation of the 2000-2006 ESF: Impact on the functioning of the labour market and on the investment in human capital infrastructure through support to systems and structures – July 2010

Social Agenda no. 15: European Social Fund - 50 years investing in people (16/10/2007)

European Social Fund – Investing in people (leaflet) – European Communities, 2007

European Social Fund – 50 years investing in people – European Communities, 2007

EU Cohesion Policy 1988-2008: Investing in Europe's future - Inforegio Panorama No 26 – European Communities, 2008

Towards greater social inclusion - Regional policy's contribution - Inforegio Panorama No 35 – European Union, 2010

Cohesion policy 2007-2013: employment and social inclusion – European Commission, 2010

4th Report on Economic and Social Cohesion – European Commission, May 2007

Fifth progress report on economic and social cohesion - Growing regions, growing Europe - COM (2008) 371, 18 June 2008

Sixth progress report on economic and social cohesion - Creative and innovative regions - COM (2009) 295, 25 June 2009



DIRECTORATE-GENERAL FOR INTERNAL POLICIES

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