



EUROPEAN SOCIAL FUND

The European Social Fund (ESF) was set up under the Treaty of Rome with a view to improving workers' mobility and employment opportunities in the common market. Its tasks and operational rules were subsequently revised to reflect developments in the economic and employment situation in the Member States, as well as the evolution of the political priorities defined at EU level.

LEGAL BASIS

Articles 162-164, 174, 175, 177 and 178 of the Treaty on the Functioning of the European Union.

Following the entry into force of the Lisbon Treaty, the adoption of general rules applicable to the Structural Funds is now subject to the ordinary legislative procedure.

OBJECTIVES

According to [Regulation \(EU\) No 1304/2013](#), the ESF is meant to improve employment opportunities, strengthen social inclusion, fight poverty, promote education, skills and lifelong learning, and develop active, comprehensive and sustainable inclusion policies.

In accordance with its priorities, the ESF aims to:

- Promote high levels of employment and job quality, improve access to the labour market, support the geographical and occupational mobility of workers and facilitate their adaptation to industrial change;
- Encourage a high level of education and training for all and support the transition between education and employment for young people;
- Combat poverty, enhance social inclusion and promote gender equality, non-discrimination and equal opportunities.

ACHIEVEMENTS

A. Previous programming periods

The ESF was the first Structural Fund. In the early years, up until 1970, it reimbursed Member States 50% of the costs of vocational training and resettlement allowances for workers affected by economic restructuring. In total, it assisted more than 2 million people during this period. In 1971, a Council decision substantially increased the fund's resources and modified the system so that Member States were required to submit advance applications for assistance. In 1983, a new reform under [Council](#)



[Decision 83/516/EEC](#) of 17 October 1983 refocused the fund on fighting youth unemployment and helping those regions most in need. By incorporating into the EC Treaty the objective of economic and social cohesion within the Community, the [Single European Act \(1986\)](#) set the scene for a comprehensive reform (under regulations of 24 June and 19 December 1988) aimed essentially at introducing a coordinated approach to the programming and operation of the Structural Funds. The [Treaty of Maastricht](#) expanded the scope of ESF support, as described in Article 146, to include ‘adaptation to industrial changes and to changes in production systems’. For the next programming period (1994-1999), the level of funding allocated for economic and social cohesion was doubled (ECU 141 billion). Community initiatives, which had been pilot projects in the previous period, were confirmed and allocated a more substantial budget (9% of the Structural Funds’ total resources). Co-financing was provided for two such programmes aimed at supporting innovative transnational projects: ‘Adapt’, which was meant to help employers and workers to anticipate industrial change and deal with its effects, and ‘Employment’, whose four strands promoted labour market integration for vulnerable groups.

As part of [Agenda 2000](#), the overall framework of the Structural Funds was simplified for the 2000-2006 programming period. The ESF, with a budget of EUR 60 billion, was entrusted with the dual responsibility of contributing both to cohesion policy and to the implementation of the [European Employment Strategy](#) (EES)([2.3.3](#)); the scope of its intervention was redesigned accordingly. Just one Community Initiative was co-funded: EQUAL which focused on supporting innovative transnational projects aimed at tackling discrimination and disadvantages in the labour market

For the 2007-2013 programming period, only three Structural Funds remained: the ESF, the European Regional Development Fund (ERDF) and the Cohesion Fund. Jointly they were to achieve the objectives of convergence (allocated 81% of resources), regional competitiveness and employment (allocated 16% of resources to non-convergence regions), and European territorial cooperation aimed at promoting harmonious development throughout the EU (2.5% of resources).

The Structural Funds’ resources are allocated among the Member States in accordance with a formula which takes into account population (and its density), regional prosperity, unemployment and levels of education; it is negotiated by the Member States at the same time as the multiannual financial framework (MFF) for a given period. One main feature of the Structural Funds is the principle of additionality, according to which Member States cannot use Structural Funds to substitute for domestic spending they would have programmed anyway.

In the 2007-2013 period, the ESF, together with the other financial instruments of European cohesion policy, played a key role in the European Recovery Action Plan adopted by the European Council in December 2008, and in the coordinated European Economic Recovery Plan presented by the Commission in November of the same year.

B. Current programming period (2014-2020)

1. Five Structural Funds governed by common rules

The five European Structural and Investment Funds for the 2014-2020 programming period, i.e. the ERDF, the ESF, the Cohesion Fund, the European Agricultural Fund for



Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), are now governed by a set of common rules. In addition, fund-specific regulations define areas of intervention and other particularities. [Regulation \(EU\) No 1303/2013](#) of 17 December 2013 defines common principles, rules and standards for the implementation of the five European Structural and Investment Funds. [Regulation \(EU\) No 1304/2013](#) of 17 December 2013 establishes the missions of the European Social Fund (ESF), including the scope of its support, specific provisions and the types of expenditure eligible for assistance.

With an overall allocation of EUR 74 billion (compared with the planned sum of EUR 75 billion for the 2007-2013 period), the ESF co-finances national or regional operational programmes which run for the seven-year duration of the MFF and are proposed by the Member States and approved by a Commission decision.

It focuses on the following four thematic objectives:

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

The role of the ESF was reinforced for the 2014-2020 period through the introduction of a legally binding minimum share of 23.1% of total cohesion funding.

2. European Social Fund and Youth Employment Initiative

The ESF Regulation includes the Youth Employment Initiative (YEI), which is funded from three sources: ESF national allocations (EUR 3.2 billion), a specific EU budget (EUR 3.2 billion) and national co-financing of the ESF part. It supports young people not in education, employment or training (NEETs) in regions experiencing youth unemployment rates above 25%. In February 2015, the Commission proposed an amendment to the ESF Regulation to increase the YEI pre-financing rate (paid after the adoption of the Operational Programmes) from 1-1.5% to up to 30% for the 2015 budget in order to speed up implementation in the Member States.

Celebrating the 60th anniversary of the Fund in early 2017, the Commission reported that during the 2007-13 period alone it had helped almost 10 million Europeans to find a job. Commissioner Marianne Thyssen spoke of the ESF as being '60 years of success stories' and emphasised that it represented direct investment in people. This occasion also marked the start of reflections on the EU's human capital funding beyond 2020.

On 2 May 2018, the Commission presented its proposal for the Multiannual Financial Framework (MFF) 2021-2027. The proposals included a renewed European Social Fund Plus (ESF+) with a budget of EUR 101 billion to support the implementation of the principles of the European Pillar of Social Rights. The ESF+ will merge the European Social Fund (ESF), the Youth Employment Initiative (YEI), the Fund for European Aid to the Most Deprived (FEAD), the EU Programme for Employment and Social Innovation (EaSI) and the European Health Programme.



The priorities of the ESF+ are:

- Promoting reforms to improve economic and social resilience and upward social convergence, and the accessibility, resilience and effectiveness of healthcare systems and public health policies, notably through better alignment with the Country Specific Recommendations (CSRs) of the European Semester;
- Investing in education and skills (especially basic digital skills) to adapt to the needs of the economy, promoting employment through actions enabling (re)integration into labour markets, especially for youth and long-term unemployed and addressing new health risks related to changing forms of work;
- Specific attention to the situation of migrants and their integration into labour markets;
- Promoting social inclusion, ensuring a high level of health protection, preventing and combating poverty and inequality;
- Supporting labour market mobility and social innovation;
- Reducing inequalities in access to public health and quality healthcare among the Member States, protecting people from serious cross-border health threats, empowering health systems with emphasis on their digital transformation and supporting EU health legislation.

3. Instruments for labour market integration complementing the ESF

The European Globalisation Adjustment Fund (EGF) was created as an instrument of competitiveness — not cohesion — policy for the 2007-2013 MFF in order to support workers made redundant as a result of major structural changes in world trade patterns caused by globalisation. While the ESF supports multiannual programmes aimed at achieving the long-term structural objectives of keeping people in work or reintegrating them into the labour market, the EGF responds to specific emergencies, such as mass redundancies resulting from globalisation, for a limited period of time.

In view of the crisis, the EGF Regulation (Regulation (EC) No 1927/2006) was temporarily amended until the end of 2011 to cater for the resulting redundancies, providing co-financing rates ranging from 50% to 65%. The new EGF Regulation for the 2014-2020 period ([Regulation \(EU\) No 1309/2013](#)) was adopted by Parliament and the Council in December 2013, with a budget of up to EUR 150 million. In addition to redundancies caused by structural changes stemming from globalisation, it includes redundancies resulting from global financial and economic crises.

On 2 May 2018, the Commission proposed a [new, revised EGF](#) with a budget of EUR 1.6 billion which will be extended to cover workers who lose their jobs as a result of restructuring due to automation or digitalisation. The threshold for the number of redundancies that can trigger EGF support will also be lowered from 500 to 250.

ROLE OF THE EUROPEAN PARLIAMENT

Parliament's influence over the ESF has grown over the years. Under the Treaty of Maastricht it had to give its assent to the general provisions governing the funds,



whereas under the Treaty of Amsterdam the adoption of implementing rules for the ESF came under the codecision procedure. Parliament regards the ESF as the EU's most important instrument for combating unemployment. It has therefore always advocated the efficient operation of the fund and called for simpler legislation and procedures, which could improve the effectiveness and quality of ESF assistance.

Over the years, Parliament has expanded the scope of the ESF to include efforts to combat inequalities between men and women as well as discrimination and social exclusion by facilitating access to employment for vulnerable groups. It supported the Commission proposal on the ESF's contribution to tackling the economic crisis and in its [resolution of 7 October 2010](#), Parliament called for the ESF to be strengthened as the main driver for implementing the Europe 2020 objectives.

Thanks to Parliament, in the 2014-2020 programming period the ESF will account for 23.1% of total EU cohesion funding and 20% of each Member State's ESF allocation will have to be spent on social inclusion. Under the MFF proposal for 2021-27, these figures are set to increase respectively to 27% and 25% (2% of which for the most deprived). Parliament also insisted that the EGF be made available to new categories of beneficiaries such as self-employed people.

Faced with the recent influx of refugees, Parliament, in its [resolution of 5 July 2016](#), noted that professional integration is a stepping stone to social inclusion, and emphasised the availability of the ESF for measures to facilitate the integration of refugees into European labour markets, while calling for the Fund to be given greater importance. The Commission took these concerns on board in its MFF proposal for 2021-2027 of 2 May 2018 by adding a specific reference to migrants and their integration into labour markets to the priorities of the ESF+.

Stefan Schulz
05/2019

