

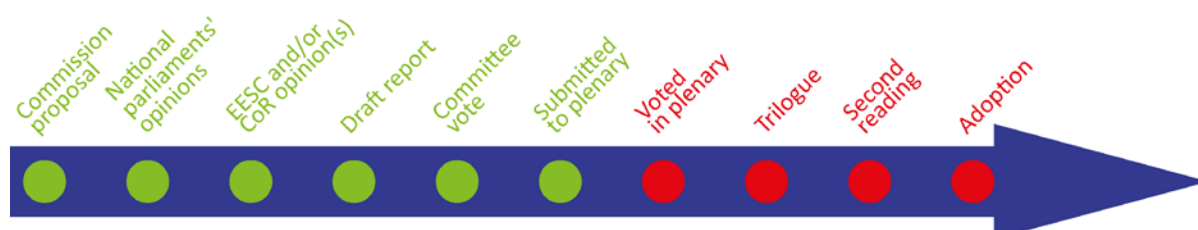
European Social Fund Plus (ESF+)

2021-2027

OVERVIEW

In preparation for the upcoming Multiannual Financial Framework for 2021-2027, the European Commission published a proposal for a regulation on the European Social Fund Plus (ESF+) on 30 May 2018. In the same spirit as the current European Social Fund 2014-2020, the ESF+ will provide the main EU financial instrument for improving workers' mobility and employment opportunities and strengthening social cohesion, improving social fairness and increasing competitiveness across Europe for the 2021-2027 period. With a provisional budget of €101.2 billion (current prices), the ESF+ should merge the existing European Social Fund (ESF), the Youth Employment Initiative (YEI), and the Fund for European Aid to the most Deprived (FEAD), the Employment and Social Innovation Programme (EaSI) and the EU Health Programme. The new fund will concentrate its investment in three main areas: education, employment and social inclusion. At the European Parliament, the file was assigned to the Committee on Employment and Social Affairs (EMPL), which adopted its report on 3 December, 2018. On 16 January 2019, the committee's amendments to increase the funding and make youth and children the main beneficiaries were approved by plenary. No trilogue meetings have taken place, and so Parliament is now due to conclude the first reading during the April I plenary session.

Proposal for a regulation of the European Parliament and of the Council on the European Social Fund Plus (ESF+)		
<i>Committee responsible:</i>	Employment and Social Affairs (EMPL)	COM(2018) 382
<i>Rapporteur:</i>	Verónica Lope Fontagné (EPP, Spain)	30.5.2018
<i>Shadow rapporteurs:</i>	Brando Benifei (S&D, Italy) Ulrike Trebesius (ECR, Germany) Jasenko Selimovic, (ALDE, Sweden) Gabriele Zimmer (GUE/NGL, Germany) Terry Reintke (Greens/EFA, Germany) Laura Agea (EFDD, Italy) Mara Bizzotto (ENF, Italy)	2018/0206(COD) Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')
<i>Next steps expected:</i>	Final first-reading vote in plenary	



Introduction

The European Social Fund (ESF) was set up under the Treaty of Rome to 'improve employment opportunities for workers in the common market and to contribute thereby to raising the standard of living' ([Article 146](#)). 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.

Along the same lines as the current European Social Fund 2014-2020, the European Social Fund Plus (ESF+) will be the main EU financial instrument for improving workers' mobility and employment opportunities and strengthening social cohesion, improving social fairness and increasing competitiveness across Europe in the 2021-2027 period. To do so, the [renewed ESF](#) will have to take the following key social and economic elements into account:

- Changing technology and globalisation demand reformed education and training systems;
- Despite the improved employment situation, long-term and youth unemployment is still high in the EU;
- The proportion of people at risk of poverty and/or social exclusion remains high;
- Important demographic trends, such as an ageing population or new migration flows, are affecting European society and the world of work.

Existing situation

The ESF, like the four other European Structural and Investment Funds for the 2014-2020 programming period (the European Regional Development Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund), is 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 mentioned above. [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.

For 2014-2020, with an [overall allocation of €86.4 billion](#) and with the Youth Employment Initiative top-up allocation (€3.2 billion), the total amounts to €89.6 billion. The ESF co-finances national or regional operational programmes which run for the seven-year duration of the MFF, are proposed by the Member States, and approved by a Commission decision. Compared to the previous period, 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.

The 2014-2020 ESF focuses on [four thematic objectives](#) which are further translated into 19 investment priorities:

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

At least [20 % of the total ESF resources](#) in each Member State must be allocated to the thematic objective 'Promoting social inclusion, combating poverty and any discrimination'. Allocations for the three other thematic objectives are not quantified.

Parliament's starting position

Parliament's influence over the ESF has grown over the years. Parliament regards the ESF as the most important EU 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 support.

In the current 2014-2020 programming period, thanks to the Parliament, the ESF accounts for 23.1 % of total EU cohesion funding, and 20 % of each Member State's ESF allocation is to be spent on social inclusion.

With the recent influx of refugees, Parliament, in its [resolution of 5 July 2016](#), assumed that professional integration is a stepping stone to social inclusion, and emphasised ESF availability 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 by adding a specific reference to migrants and their integration into labour markets to the priorities of the ESF+.

In March 2018, ahead of the Commission's package of proposals, the Parliament adopted a resolution, [The next MFF: Preparing the Parliament's position on the MFF post-2020](#), which stressed that the next MFF should be embedded in a broader strategy for the future of Europe and should address some priority challenges such as youth unemployment, persistent poverty and social exclusion, or the phenomenon of migration and refugees. Members also stand firm in their support for an increase in resources to combat youth unemployment through the successor programme to the Youth Employment Initiative.

Council starting position

On 15 March 2018, the Council held a debate on '[the future of social Europe post-2020](#)' which gave political orientations as regards the future design and objectives of the EU post-2020 employment and social programmes prior to the European Commission's presentation of the next Multiannual Financial Framework on 2 May 2018.

The debate pointed out that European citizens should have opportunities for social progress and economic growth, with a renewed focus on employment, labour market needs, social convergence, integration of migrants and refugees; inclusion of the most vulnerable people; and the fight against poverty. Achieving these objectives will require renewed programmes and funds, in particular the European Social Fund (ESF), the Fund for European Aid to the Most Deprived (FEAD) and the European Globalisation Adjustment Fund (EGF).

Most Member States called for simpler procedures and more flexibility in the ESF. They also agreed to maintain the current structure of the social funds (ESF, FEAD and EGF), with some calling for the ESF to remain part of EU cohesion policy.

Preparation of the proposal

The European Commission carried out a series of ex-post evaluations or fitness checks of existing legislation in advance of the proposal, including:

- the [2007-2013 ESF](#) ex-post evaluation;
- the mid-term evaluation of the [Youth Employment Initiative](#);
- the [FEAD mid-term evaluation](#), including results of [stakeholder consultations](#);
- the open public consultation on the [EaSI programme mid-term evaluation](#);
- the mid-term evaluation of the [3rd health programme 2014-2020](#).

Stakeholder consultations were carried out to cover the key organisations and institutions working in the field of social and employment policies i.e. public authorities, social partners, civil society organisations, funding beneficiaries, end-users, and citizens across the EU. The main positive conclusion drawn from these consultations was the real added value of the funds in terms of social integration and the decrease in regional disparities. The major suggestions or criticisms expressed during these consultations included:

- the need to strengthen the social dimension of the funds;

- a call to reduce the complexity of procedures and the administrative burden on beneficiaries;
- demand for stronger synergies and to avoid duplication and overlap between the different EU funds and instruments;
- an interest in improving the links between the funds and the European Semester.

The Commission proposal is supported by an [ex-ante impact assessment \(ex-ante IA\)](#), which received a positive opinion (with reservation) from the Regulatory Scrutiny Board on 25 April 2018. Assessing the best way to make the most of the ESF for Member States and to improve synergies, with the objective of improved delivery of the principles of the European Pillar of Social Rights, the preferred option is to merge the ESF, YEI, FEAD, EaSI and EU Health programmes.

According to the [EPRS Initial Appraisal of the Commission's Impact Assessment](#), the IA clearly links the defined objectives and proposed measures to the challenges that have been identified in the various evaluations, studies and stakeholder consultations. Risks and mitigating measures have also been discussed. Nevertheless, the analysis would have been more complete if the discarded options mentioned in the IA had been explained in more depth, and an assessment had been made of all options.

The changes the proposal would bring

The ESF+ should be a merger of the existing European Social Fund (ESF), the Youth Employment Initiative (YEI), and the Fund for European Aid to the most Deprived (FEAD), the Employment and Social Innovation Programme (EaSI) and the EU Health Programme. This merger should help streamline and simplify existing rules across the different funds and increase synergies between the components of the new European Social Fund+. This should make it easier for beneficiaries to access funding, help them combine different types of measures, and simplify funding management.

The other main changes announced by the European Commission in its ESF+ proposal are:

- stronger alignment with the recommendations and country analysis provided under the [European Semester](#) and with the principles of the [European Pillar of Social Rights](#);
- broader scope, with the inclusion of specific references to basic material assistance and migrants, and social integration measures;
- stronger social inclusion dimension, by integrating the FEAD and the ESF. This should facilitate the combination of provisions of food/material assistance with support for social inclusion and active measures;
- more flexibility on thematic concentration requirements to adjust these to Member States' needs;
- fewer specific objectives (only 11 specific objectives under the proposed common provisions regulation policy objective 'a more social Europe' in the employment, education and social inclusion policy areas, including health);
- introduction of conditions for eligibility of direct staff costs and purchase of equipment, furniture and vehicles;
- simplification of Member States' obligations on monitoring and reporting and a reduced number of indicators.

For the coming 2021-2027 period, the European Commission proposes to allocate €101.2 billion in current prices (€89.7 billion in 2018 constant prices) from the EU budget to the ESF+. Therefore, the ESF+ share of the global cohesion policy budget would increase from 23.1 % of the Structural Funds to 27 % in constant prices.

The €101.2 billion (current prices) include:

- €100 billion for the ESF+ under shared management with the Member States. At least 25 % of this amount should be allocated to improving social inclusion and at least 4 % to fighting material deprivation to pursue the current activities of the FEAD. Additionally, Member States with an above-EU average rate of young people neither in employment nor in education or training (NEET) in 2019 will be required to dedicate at least 10 % of this share to supporting measures that tackle

- youth employment;
- €1.2 billion under direct management: €761 million for the employment and social innovation strand and €413 million for the health strand. These two parts will provide the means to test innovative solutions in a cross-border approach, for instance to support labour mobility in the EU and to help Member States to modernise their health systems.

The new fund will concentrate its investments in three main areas divided into 11 specific objectives:

- employment: access to employment; modernising the labour market; women's labour market participation; work/life balance; childcare; working environment; adaptation of workers; active and healthy ageing;
- education: quality of education and training systems; equal access to inclusive education and training; lifelong learning, notably up-skilling and re-skilling taking digital skills into account; more effective anticipation of change and new skills requirements;
- social inclusion: active inclusion; integration of third country nationals and marginalised communities, e.g. Roma; access to quality, sustainable and affordable services; modernising social protection systems, accessibility, effectiveness and resilience of healthcare systems and long term care; Social integration of people at risk of poverty including most deprived and children; Addressing material deprivation.

Advisory committees

The [European Economic and Social Committee](#) provided an opinion under mandatory consultation. The Section for Employment, Social Affairs and Citizenship (SOC) appointed Krzysztof Balon (Diversity Europe - Group III, Poland) as rapporteur and Cinzia Del Rio (Workers - Group II, Italy) as co-rapporteur. On 17 October 2018, the final [opinion](#) was adopted in plenary. The EESC welcomes the proposal for the ESF+ to improve and merge the funds and to simplify administrative procedures. Nevertheless, the Committee generally criticises the financial cut in EU cohesion policy, and, as regards the ESF+, the 6 % decrease in funding allocated to it. The EESC calls for 30 % of total resources for economic, social and territorial cohesion policies to be allocated to the ESF+. In addition, it calls for 30 % of ESF+ resources to be earmarked for social inclusion measures.

The European Committee of the Regions (CoR) also provided an opinion through mandatory consultation. The Commission for Territorial Cohesion Policy and EU Budget ([COTER](#)) appointed Susana Diaz Pacheco (PES, Spain) as rapporteur. The final [opinion](#) was adopted during the plenary session of 5-6 December 2018. The CoR welcomes the links established in the proposal between the ESF+ regulation and European Social Rights, and the fact that the integration of immigrants is now part of the area of social inclusion. Conversely, the CoR regrets the poor role attributed to local and regional authorities compared to the national authorities of the Member States.

National parliaments

The deadline for national parliaments to submit reasoned opinions on the proposal on the grounds of subsidiarity is [6 September 2018](#). None of the Member States that has examined the proposal has issued a reasoned opinion.

Stakeholders' views¹

In its draft opinion on the EU multi-annual financial framework (MFF) 2021-2027, the [CEEP](#) (Centre Européen de l'Entreprise Publique) advocates 'maintaining a pre-allocation of 30 % of the ESF objectives of addressing poverty and social exclusion'. In the same spirit, the [ETUC](#) adopted a position on the European Commission proposal for the 2021-2027 EU budget in which the confederation of European trade unions calls for the ESF to keep playing a major role 'both in supporting the creation of new, quality employment and in promoting social inclusion' and for Member States to allocate 30 % for the ESF+ in cohesion spending. Moreover ETUC clearly supports

the link established in the ESF+ proposal with the implementation of the European Social Pillar of Social Rights and the European Semester and Country Specific Recommendations.

The European Youth Forum welcomes that their call to earmark 25 % for social inclusion (compared to the current 20 %), has been incorporated in the Commission proposal, as per their position paper on the post-2020 Multiannual Financial Framework: [Investing in Europe's youth](#). They also support the earmarking of 10 % of funding for youth employment in countries with higher youth unemployment rates, using the NEET indicator. Nevertheless they deplore that there is a lack of information 'as to how much will be allocated in absolute numbers'.

The [EPF](#) (European Patients' Forum) is pleased to see that the health programme falls under the ESF+ umbrella. Nevertheless, the proposed health programme budget in the ESF+ amounts to less than its predecessor, which they 'find unacceptable', taking account of the need for an 'equitable access to high-quality, patient-centred health and related care' in Europe.

Legislative process

The European Commission adopted the legislative proposal on 30 May 2018. In the Council, the proposal is being examined by the [Working Party on Structural Measures](#). At the European Parliament, this file was allocated to the Committee on Employment and Social Affairs (EMPL), and the rapporteur is Verónica Lope Fontagné (EPP, Spain). The EMPL committee examined the proposal on the European Social Fund Plus (ESF+) for the 2021-2027 period during its meeting of 12 July 2018. On 29 August 2018, the draft report was presented in the committee. In her draft report, the rapporteur tabled 19 amendments. In addition, Members tabled 749 amendments covering a wide spectrum of topics, among which 'thematic concentration', such as the requirements for Member States to spend a minimum share of the budget to social inclusion goals and finding material deprivation. On 3 December, the EMPL committee adopted its [report](#). The committee proposed strengthening ESF+ funding in the 2021-2027 [long-term budget](#) by approximately 19 % compared to the European Commission's proposal (from approximately € 89.6 billion to approximately €106.8 billion in 2018 prices), of which €105.7 billion would be managed jointly by the EU and Member States. Among the key points in the adopted report are:

- Increased funding for the European Social Fund Plus,
- EU youth and children to be among the main beneficiaries,
- Investments in innovative solutions in the fields of employment and health.

The text was adopted by 38 votes to 3.

On 16 January 2019, the report was voted in plenary, with 543 votes in favour to 81 against, and 64 abstentions. In its position, Parliament proposes to increase ESF+ funding in the EU's 2021-2027 budget by approximately 19 %, compared to the European Commission's proposal (from approximately €89.6 billion to approximately €106.8 billion, in 2018 prices), of which €105.7 billion is to be managed jointly by the EU and Member States. MEPs also propose the following:

- Member States should allocate at least 5 % of their ESF+ resources to targeted actions aimed at implementing the European Child Guarantee;
- Member States should allocate at least 27 % of their ESF+ resources to specific objectives in the field of social inclusion, and at least 3 % of their resources to the specific objective of social inclusion of the most deprived and/or material deprivation;
- Member States having with more young people aged 15 to 29 not in employment, education or training (NEET) than the Union average in 2019 must allocate at least 15 % of their ESF+ resources for the 2021-2025 period to targeted actions and structural reforms to promote youth employment, paying attention to the most affected regions;

The matter was referred back to the EMPL committee for interinstitutional negotiations, but no trilogue meeting could take place. As a plenary vote, under Rule 59, has already taken place (on 16 January 2019), Parliament can conclude the first reading under a simplified procedure. It is thus

expected to vote to conclude the first reading during the April I plenary session. Parliament's position will thus be set with a view to launching trilogue negotiations during the coming parliamentary term.

EP SUPPORTING ANALYSIS

Davies, R. [The new European Social Fund for 2014-20](#), EPRS, European Parliament, 2013.

[Ensuring high-quality job creation from EU funding programmes: How can the best practice of Horizon 2020 be better integrated into other programmes \(ESF, Youth Guarantee, Globalisation Fund\)?](#), European Parliament, Policy Department for Study on Budgetary Affairs, European Parliament, 2018.

Lecerf, M. [EYE event - Youth unemployment: The race to zero](#), EPRS, European Parliament, 2018.

Lecerf, M. [Fund for European Aid to the Most Deprived](#), EPRS, European Parliament, 2014.

Lecerf, M. [NEETs: who are they? Being young and not in employment, education or training today](#), EPRS, European Parliament, 2017.

[Mainstreaming Employment and Social Indicators into Macroeconomic Surveillance](#), European Parliament, Policy Department Study on Economic and Scientific Policy, European Parliament, 2016.

Svasek, M. [Employment and social innovation programme \(EaSI\)](#), EPRS, European Parliament, 2016.

Svasek, M. [European Social Fund](#), EPRS, European Parliament, 2017.

Tuominen, M. [European Social Fund Plus and European Globalisation Adjustment Fund](#), EPRS, European Parliament, 2018.

Tymowski, J. [Youth Employment Initiative: European Implementation Assessment](#), EPRS, European Parliament, 2017.

OTHER SOURCES

[European Social Fund Plus \(ESF+\) 2021–2027](#), European Parliament, Legislative Observatory (OEIL).

ENDNOTES

¹ This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.

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