

# European Social Fund Plus and European Globalisation Adjustment Fund

Impact assessment (SWD(2018) 289) accompanying a Commission proposal for a regulation of the European Parliament and of the Council on the European Social Fund Plus (ESF+) (COM(2018) 382) and a proposal for a regulation of the European Parliament and of the Council on the European Globalisation Adjustment Fund (EGF) (COM(2018) 380)

*This note is one of a series of brief initial appraisals of the European Commission impact assessments (IA) accompanying the MFF proposals, tailored to reflect the specificities of the MFF package and the corresponding IAs<sup>1</sup>. It provides an initial analysis of the strengths and weaknesses of the European Commission's [impact assessment](#) (IA) accompanying the above-mentioned proposals, submitted on 30 May 2018 and referred to the European Parliament's Committee on Employment and Social Affairs.*

## Political and legal context; objectives

The Commission proposes to establish a [European Social Fund Plus](#) (ESF+), by merging different funds and programmes, and to strengthen the [European Globalisation Adjustment Fund](#) (EGF).<sup>2</sup> Evaluations and stakeholder consultations have pointed out the added value of EU funding, but also the cross-cutting and fund-specific **challenges** related to it, which are: i) 'limited interaction and alignment between funds'; ii) 'funding framework not fully aligned with EU policy priorities and/or social policy needs; rigidities in implementation'; iii) 'complex requirements and high costs in management and delivery'; and iv) 'performance- and results- orientation' (IA, pp. 5-8, 16-23, Annex 1, pp. 49-57).<sup>3</sup> The objectives are linked to the challenges. According to the IA, the **general objective** of the proposals is 'to contribute to a more Social Europe, implementing the [European Pillar of Social Rights](#)'. The four **specific objectives** (SO) are: 1) 'investing in education, training and life-long learning'; 2) 'enhancing the effectiveness of labour markets and promoting equal access to quality employment'; 3) 'fostering social inclusion and tackling poverty'; and 4) 'demonstrating solidarity with displaced workers and self-employed persons whose activity has ceased in the course of unexpected major restructuring events'. Moreover, the IA also identifies **cross-cutting MFF and fund-specific objectives**, which are: i) 'enhancing coherence and synergies between complementary funds'; ii) 'flexibility and policy alignment'; iii) 'simplification of fund programming and management'; and iv) 'performance- and results-orientation' (IA, pp. 24-25).

## Programme structure and priorities; delivery mechanisms of the intended funding

The **ESF+** merges the European Social Fund (ESF), the Youth Employment Initiative (YEI), the Fund for European Aid to the most deprived (FEAD), the Employment and Social Innovation programme (EaSI) and the Health programme into one. The ESF+ would provide support through shared (ESF, YEI, FEAD) and direct/indirect (EaSI, Health) management. The IA explains that the merger aims notably to streamline and simplify the funding, enhance synergies, improve the results-orientation logic and reduce administrative burden. In the stakeholder consultation, the managing authorities considered that 'a broad integration of funds would improve their capacities to streamline their

strategic intervention across the social policy scope' and beneficiaries referred to the potential to 'strengthen synergies between programmes and projects funded' (IA, pp. 26, 59). Given the prioritisation needs due to Brexit, ESF+ resources would be allocated primarily to the European Pillar of Social Rights and the European Semester; to youth employment; and to social inclusion. As it responds to unexpected restructuring events (support for displaced workers), the **EGF** would be a separate fund, remaining outside the budgetary ceilings of the MFF. It would continue to operate under shared management. Its mobilisation procedure would be sped up and streamlined. The activation threshold would be lowered from 500 to 250 persons and the scope would be broadened. The IA estimates that, as these changes are likely to lead to more applications, they may necessitate the adoption of mitigating measures such as a higher annual maximum amount (€225 million) (IA, pp. 8, 12, 26-33).

In relation to objective i), a large positive impact on coherence and synergies is expected within the ESF+, but the IA also notes some risks related to the merger, which stakeholders have pointed out. For example, integrating the EaSI in the ESF+ could reduce possibilities for experimentation, and the EaSI's administrative procedures could become as burdensome as those of the ESF. Mitigating measures are mentioned, an example being the possibility to provide a specific strand to support experimentation. The IA assesses and describes measures to enhance the complementarity and synergies also between the ESF+ and other funds such as the EGF, the ESI (European structural and investment funds) and Erasmus+ (IA, pp. 33-35, Annex 4). As regards objective ii), the IA discusses how to strengthen the link between the funding and the economic governance cycle, so as to 'improve alignment with policy priorities and flexibility to respond to emerging challenges'. The IA refers to a risk of an increased administrative burden (which it does not quantify), as a result of a possible adjustment of programmes (review); this risk might be mitigated by rationalisation of measures in the reporting field. The IA also mentions other elements that have the potential to enhance objective ii), such as the allocation methodology (attributing more weight to policy-relevant indicators) (IA, pp. 35-36). In relation to objective iii), simplification measures for the ESF+ could involve, for example, streamlining common rules for funds under a shared management and aligning fund-specific rules more closely (pp. 37-38). For the EGF, a more streamlined procedure would speed up the mobilisation process. Objective (iv) seeks to ensure that the ESF+ is moving towards a performance-oriented approach, as the aim is to 'embed an intervention logic not only in the programming of a priority axis, but also in terms of the Commission reimbursing amounts on the basis of outputs/results achieved' (IA, pp. 40-41).

The proposed measures are linked to the defined objectives and challenges. Risks and mitigating measures are also discussed. It can be noted that the IA essentially focuses on providing a thorough assessment of the selected measures, rather than on discussing possible alternatives and comparing and assessing them, as is the usual IA approach under the [better regulation guidelines](#). Under objectives i) and ii), the IA mentions briefly other options that have been discarded. The IA assesses qualitatively the effectiveness of the proposed measures of the ESF+ and the EGF in delivering on the cross-cutting MFF and fund-specific objectives. Coherence is also assessed as it is one of the objectives. As regards efficiency, the merger of funds is expected to decrease the administrative costs, of which the IA does not provide a quantified estimate. On the other hand, the IA identifies risks of increasing the burden in relation to some proposed measures. It would have benefited the analysis if the IA had elaborated more on the link with the specific objectives, as the description of social impacts is quite limited and health impacts are not discussed, even though the Health programme would be merged into the ESF+. The IA does not mention environmental impacts. It would have been useful if the IA had offered a broader explanation of the merger of the Health programme into the ESF+ and its expected synergy impacts.

#### Budgetary or public finance implications

The ESF+ budget is set at €101 174 billion (in current prices) for the 2021-2027 period. The EGF will remain outside the MFF with a ceiling of €1.578 billion (in current prices) during the 2021-2027 period.

### SME test / Competitiveness

SMEs' views have not been specifically discussed in the IA. Competitiveness is discussed from the point of view of investing in people.

### Relations with third countries

The ESF+ proposal contains provisions concerning the participation of third countries. The IA does not provide information in this regard.

### Simplification and other regulatory implications

The ESF+ Regulation would replace the corresponding regulations of the funds and programmes that will be merged into the ESF+. Simplification is one of the objectives of the proposals.

## Subsidiarity / proportionality

The IA notes that the added value of EU action in this field has been evidenced through evaluations and stakeholder consultations. Proportionality is also discussed; for example, regarding funds that are under shared management, the IA notes that Member States and regions take care of strategic programming and implementation tasks (IA, pp. 5-7, 25-26). The Swedish [Riksdag](#) has submitted a reasoned opinion on the EGF proposal but, concerning the ESF+ proposal, no reasoned opinions were submitted by the deadline of 6 September 2018.

## Quality of data, research and analysis

The IA is supported by several recent evaluations, studies and reports, as well as stakeholder consultations and recommendations of the high-level group on the simplification of post-2020 European ESI funds. It may be noted that some of the studies referred to – such as the study supporting the IA – are 'ongoing'; consequently, the information from these studies cannot yet be verified.

## Stakeholder consultation

The Commission conducted six online public consultations for the MFF proposals, clustered by policy areas, rather than carrying out one online public consultation for each accompanying IA as is normally required by the better regulation guidelines. Instead of the mandatory 12 weeks, these six public consultations ran for eight weeks, from 10 January to 9 March 2018.<sup>4</sup> The broad consultation process also consisted of conferences, focus groups, targeted online consultation and stakeholders' position papers. The IA provides a summary of the stakeholder consultation as required by the better regulation guidelines ([Tool #55](#)) (Annex 2, pp. 58-69). The description of the results could have been more elaborate, in particular concerning the targeted consultations (e.g. the amount of support to the merger and the risks that have been voiced in this regard (IA, p. 33)).

## Monitoring and evaluation

As regards the ESF+, the monitoring and evaluation plans would build on the current 2014-2020 programming period (e.g. a set of common indicators). The monitoring of the EGF would be improved by the introduction of a common monitoring system (output/result indicators) and case-specific targets. Furthermore, the evaluation process would be aligned with the implementation cycle (IA, pp. 42-45). Both legislative proposals include provisions on monitoring and evaluation.

## Commission Regulatory Scrutiny Board

The RSB issued a [positive opinion with reservations](#) on 27 April 2018. As required by the better regulation guidelines, in Annex 1 the IA explains how the RSB's remarks have been addressed (IA, pp. 46-49). Overall, it appears that the IA has largely addressed the remarks.

## Coherence between the Commission's legislative proposal and the IA

The legislative proposals appear to be coherent with the IA.

### Conclusions

The IA clearly links the defined objectives and proposed measures to the challenges that have been identified in the evaluations, studies and stakeholder consultations. In relation to the proposed measures, risks and mitigating measures have also been discussed. It would have benefited the completeness of the analysis if the discarded options mentioned in the IA had been explained in more depth and an assessment had been made of all options. Further information would have been useful on the merger of the Health programme into the ESF+, as, for example, the IA does not discuss its synergy impacts much. Furthermore, a more detailed description would have been welcome, in particular, on the results of the targeted stakeholder consultations.

### ENDNOTES

<sup>1</sup> The almost parallel adoption of the spending programmes and the MFF proposals had an impact on the IA process and resulted in simplified IAs, with their format and scope differing from the standard IAs as defined by the Commission's better regulation guidelines (see also [Toolbox 10 Financial Programmes and Instruments](#)).

<sup>2</sup> For further information, see: M. Lecerf, [European Social Fund Plus \(ESF+\) 2021-2027](#), EPRS, August 2018; and L. Puccio, [Reform of the European Globalisation Adjustment Fund](#), EPRS, October 2018.

<sup>3</sup> For example, the IA refers to the following evaluation documents: [Ex-post evaluation of the 2007-2013 ESF Programmes](#); [The Youth Guarantee and Youth Employment Initiative three years on](#); [FEAD mid-term evaluation, interim report 2018](#); [The mid-term evaluation of the European Programme for Employment and Social Innovation](#); [Mid-term evaluation of the EGF 2007-2014](#); [Mid-term evaluation of the 3rd Health Programme \(2014-2020\)](#).

<sup>4</sup> The four clusters concern the scope of the IA ([cohesion](#); [migration](#); [investment, research & innovation, SMEs and single market](#); and [values and mobility](#)).

This briefing, prepared for the Committee on Employment and Social Affairs (EMPL), analyses whether the principal criteria laid down in the Commission's own Better Regulation Guidelines, as well as additional factors identified by the Parliament in its Impact Assessment Handbook, appear to be met by the IA. It does not attempt to deal with the substance of the proposal.

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