

2015 Discharge to the Commission

WRITTEN QUESTIONS TO COMMISSIONERS THYSSEN on 5 December 2016

EU 2020

1. **In the State of the Union President Juncker referred to high unemployment and social inequality, but it lacked any mentioning of the issue of poverty. In 2014, 122,3 million people, or 24,4% of the population in the EU-28 were at risk of poverty or social exclusion¹. The Europe 2020 strategy has set the target of lifting at least 20 million people out of the risk of poverty or social exclusion. Could the Commissioner outline what the effects of the poverty programmes FEAD and ESF in 2015 have been and whether these effects have been able to compensate the effects of the austerity programmes of the Member States?**

Commission's answer:

After three consecutive increases between 2009 and 2012 to reach almost 25%, the proportion of persons at risk of poverty or social exclusion in the EU has since continuously decreased to return to its 2008 level (23.7%) (i.e pre-crisis levels). In 2015, around 119 million people, or 23.7% of the population, in the European Union (EU) were at risk of poverty or social exclusion. The ESF and FEAD have contributed to this decrease.

The policies and action to reduce poverty are conducted by Member States. EU level programmes can support Member States, in particular, through FEAD and the ESF, which helps prevent poverty by investing in people's skills and improving their prospect to high-quality employment. The programming and allocation of the European Structural Investment Funds, and in particular the European Social Fund, are also steered by the priorities set in the Europe 2020 Strategy and through the European Semester. By end 2015, already 631 000 participants have been supported by the ESF under the social inclusion thematic objective. More than 30% of them came from jobless households. ESF support should help these people to be better integrated into society and in the labour market, and so help lift them out of poverty.

The FEAD is also on the right track to meeting its specific objective of alleviating the worst forms of poverty in the EU: based on the currently available data, over 22 million people are estimated to have benefitted from FEAD support in 2014 and 2015. In addition, over 489,000 tonnes of food co-financed by FEAD were distributed during the same period.

¹ http://ec.europa.eu/eurostat/statistics-explained/index.php/People_at_risk_of_poverty_or_social_exclusion

2. **How many jobs have been directly and indirectly created due to the ESF funding in 2015?**

Commission's answer:

The Commission will publish by the end of 2016 the first report on implementation of the ESI Funds according to Article 53 of the Common Provisions Regulation.

This report will provide information on financial implementation as well as present concrete achievements for 2014 and 2015.

We can already let you know some of these preliminary results. For the ESF, by the end of 2015 already 2.7 million participants had taken part in ESF and YEI activities, including 1.6 million unemployed and 700,000 inactive. Moreover, thanks to ESF and YEI support, there were:

- 236,000 participants in employment following an ESF or YEI operation;
- 182,000 participants have gained a qualification upon leaving an ESF or YEI operation;
- 100,000 participants were in education or training thanks to ESF or YEI support;
- 275,000 disadvantaged participants in ESF/ YEI- funded operations were engaged in job searching, in education/training, gained a qualification or were in employment.

It is important to note that the above values represent the number of participants in employment, in line with the mission of the European Social Fund, and not the number of jobs created (more relevant in case of support to enterprises).

Error rate, errors and causes

3. **The ECA Annual Report for 2014 demonstrated that in regard to ESF there is an increase in both the overall error rate (from 3,1 % to 3,7 %) and the frequency of errors (from 27 % to 35%). The latter cannot be deemed "slight" as described in DG EMPL's Annual Activity Report 2015. These figures may indicate a worrying trend as we progress closer towards the closure of the previous programming period. Given the overall increase of the amount of payments that also means that the nominal amount of the transactions affected by errors is significantly larger. What are the measures that the Commission has envisaged/taken to reduce the error rate at least back to the levels achieved in previous years?**

Commission's answer:

The Commission notes that the most likely error rate calculated for 2014 is in line with the error rates presented by the Court for the last four years, and with the error-rate range estimated in DG Employment, Social Affairs and Inclusion's 2014 AAR. The increase of the error rate compared to previous year (when the error rate was 3.1%) is due to the problem reported by the Court in Greece, relating to alleged ineligibility of

ESF support to a number of projects implementing a public works scheme (PWS), and on which DG EMPL had a different view to that of the Court. This was clearly stated in the COM's reply to Box 6.4 in the Court's 2014 Annual Report, where DG EMPL replied *"The Commission understands the issue raised and notes that the public works scheme, which was agreed in the Memorandum of understanding signed between, at the time, Troika and the Greek Government, was conceived as a temporary emergency measure to enable the long-term unemployed and the young not in employment, education training, to obtain basic work experience in activities benefitting the local community. The support of the ESF has been key for the delivery of such a programme, strongly advocated under the exceptional circumstances faced by Greece at the time and still now. Therefore, the Commission decided in December 2013 to amend the relevant ESF programme as the main available source of funding in order to accommodate the public works scheme, which was implemented by the Greek authorities with the involvement of local public authorities and NGOs"*. Taking into account the impact of this exceptional item on the 2014 error rate estimated by the Court, DG EMPL considers that its error rate has remained stable in 2014.

Furthermore, the Commission underlines that the Court has not provided a specific error rate for the ESF for 2015. Given the fact that the ESF only represents 13,8% of the whole Cohesion policy error rate, DG EMPL is of the opinion that the ESF turns around an error rate of 3%, as disclosed in its 2015 AAR, and when considering the financial corrections, we reach a residual error rate of between 0.7 and 1.2%

This confirms that the error rate for the 2007-2013 programming period remains stable and significantly below the rates for the 2000-2006 period. This improvement derives from the reinforced control provisions of the 2007-2013 period, for instance the Commission's strict policy of interruption/suspension of payments, and implementation of any necessary financial corrections as soon as deficiencies are identified, as reported in the 2014 AAR of DG Employment, Social Affairs and Inclusion (see pages 58-61) and the increasing implementation of simplification measures, in particular the use of Simplified Cost Options, which are less prone to error as acknowledged by the Court in §6.15 of its Annual Report. The Commission will continue to focus its actions on the riskiest programmes/Member States and implement corrective measures when needed through a strict policy of interruptions and suspensions of payments and financial corrections up to closure, and to apply strict procedures at closure to exclude any remaining material risk of irregular expenditure. Furthermore, the Commission will continue to promote the effective use of SCOs by MS in the 2014-20 programming period.

The Commission further notes that, given the multiannual character of the management and control systems under Cohesion policy, errors made in 2014 and 2015 may also be corrected up to and at closure, as illustrated in section 2.4.3 of the 2015 AAR of DG Employment, Social Affairs and Inclusion.

The Commission also notes that the error frequency decreased in 2015 to 32%, or 3% lower than in 2014.

4. According to the European Court of Auditor's report for the 2015, Competitiveness for jobs growth has registered the second highest estimated levels of errors (4.4%). How does the Commission explain this?

Commission's answer:

The transactions audited by the Court came from the 7th Framework programme. For this programme the Commission has signed 25000 contracts with 130000 individual participations, including with 24000 SMEs. It is not possible to control in detail all the cost declarations in detail without creating an unacceptable level of administrative burden on researchers, which means that there is always a possibility of ineligible expenditure being included. Small businesses and new entrants to the scheme, although crucial in creating innovation and improving the research landscape across Europe, are particularly error prone. On top of this, some of the rules for the programme are complex, which tends to increase the number of errors.

The error rate reported by the Court of Auditors is one indicator of the effectiveness of the implementation of EU expenditure on annual basis. However, it does not provide the whole picture. The Commission has additional indicator to provide relevant information on the level of risk on a multiannual basis. This indicator shows the result of the multiannual control strategy on this field.

On this basis services calculate a residual error rate, which takes into account the reaction of the Commission to the cases detected, which is related to recoveries, corrections and the effects of all their controls and audits over the period of implementation of the programme. As a consequence of this, the calculated residual error at the end of 2015 is 0.19 % for EEPR and 0.77 % for TEN-T and estimated at 2.9 % for the Seventh Framework Programme.

Furthermore, the Commission is reporting the estimated overall amount at risk, which represents the AOD's best, conservative estimation of the amount of expenditure authorised during the year not in conformity with the applicable contractual and regulatory provisions at the time the payment is made. This ranges from 1.8 % to 2.2 %. The Annual Activity reports of the Commission's services contain more details on these calculations.

All FP7 contracts have been signed; therefore the further modification of the legal framework is no longer an option for this program. Nevertheless, over the course of FP7, the Commission has attempted to simplify the system within the existing legal framework, for example the simplification measures adopted by the Commission on 24 January 2011 (Decision C(2011)174).

However, Horizon 2020 has been conceived to address, to the extent possible, these sources of error through the introduction of a number of simplifications in order to meet the expectations of both stakeholders and legislative authorities, focusing in particular (but not only) on personnel and indirect costs as the main sources of error. This is additionally supported by providing guidance to the beneficiaries easily accessible in internet or at request.

Vice-President K. Georgieva launched in 2015 the EU Budget Focused on Results (BFOR) initiative. The key objective is to ensure that a well performing EU budget complies with the rules and contributes to the desired results. The Commission underlines that performance must be considered alongside error rates in order to enhance the impact of the research framework programmes. In this regard, the ex-post evaluation of FP7 has clearly demonstrated that the programme is already generating great added value

and that it is already having large-scale economic, social and environmental impact even though a large number of FP7 projects still remain to be completed and research inevitably takes time to be translated into concrete new products, processes and services.

5. What did you do to keep the level of error beyond the significance threshold of 2%?

Commission's answer:

The Commission has undertaken preventive and corrective measures in order to reduce the error rate below the 2% materiality threshold. Regarding preventive measures, the COM is strongly promoting the effective use of simplification, in particular, Simplified Cost Options, by all MS, since as acknowledged by the Court in §6.15 of their Annual Report, these are much less prone to errors. Furthermore, Operational Programmes where serious deficiencies have been identified, for which an error rate above 5% and/or a residual error rate above 2% have been established, are systematically put under reservation and payments interrupted or the programme suspended, as appropriate, until such deficiencies are solved. These reservations are only lifted once the COM obtains assurance that the required corrective measures have been effectively implemented, including the implementation of the agreed action plan and any necessary financial corrections.

Furthermore, during the year, all OPs for which either the COM or the MS' Audit Authorities identify significant weaknesses, resulting in a qualified audit opinion, are systematically brought to the attention of the Interruptions-Suspensions Financial Corrections Committee (ISFCC), chaired by the Director-General and of which the Deputy Director General, the ESF Directors and the Audit Director are members. The committee meets on a monthly basis, analyses the cases brought to its attention, takes the appropriate corrective decisions, and monitors their effective implementation.

The estimated overall amount at risk for the 2015 payments made to the 2007-2013 operational programmes is between 3 and 3.6 %. Taking into account the COM's corrective capacities as a result of its own audit work and that conducted by the Audit Authorities, the residual risk at closure of the operations is estimated at 0.9 %, as disclosed on page 80 of DG EMPL's 2015 AAR.

In any case, at closure of the operational programmes, the residual risk will be below the materiality threshold of 2 %.

6. The spending under: Competitiveness for growth and jobs, the estimated level of error for the year 2015 is 4,4% which constitutes the improvement in comparison to the year 2014 (5,6%) but still the level of error is high. What can be done to reduce the level of error?

Commission's answer:

See reply to question 4.

7. The ECA has indicated that the ground for these errors lies in the payment method used, namely the reimbursement schemes. Since the 2014 ECA report what has the Commission undertaken in order to correct these errors and reduce the use of reimbursement schemes?

Commission's answer:

In general, simplified cost options (SCOs) considerably alleviate the administrative burden on beneficiaries, as they reduce the amount and complexity of supporting documents needed, when submitting payment claims since they are not based on the reimbursement of actual costs incurred.

In addition, SCOs are, to a much lesser extent, or not at all, subject to error as compared to real costs, as recognised by the Court of Auditors several years in a row (see §6.15 of the Court's 2015 Annual Report).

For the administration, SCOs free up resources which can subsequently be used to focus on the achievement of policy objectives, instead of collecting and verifying financial documents.

In line with ECA's observation from the 2012 Annual Report, DG EMPL has committed to greatly increase the use of simplified cost options within the ESF to reach a level of 50% covered by SCOs during the ongoing programming period.

As the Commission reported to the European Parliament last year, we are starting from a very low base; in 2007-2013, we estimate that only 7% of total ESF expenditure was reimbursed through an SCO. However, Managing Authorities reported to us in 2015 that for the entire 2014-2020 period, they expect this to increase to 35%.

The survey of Managing Authorities also revealed some of the problems that Member States see in developing SCOs. For example, issues such as legal uncertainty, additional administrative burden in designing SCOs and the systemic impact of an error, are all concerns for Member States. In particular, Member States wish to have more ex-ante agreement to their SCOs, or to have more 'off-the-shelf' options, which can be applied without fear of having their methodology checked.

The Commission has provided a wide variety of options in the present legislative framework (CPR, ESF regulation etc.) to address these issues and promote the use of SCOs, for example, additional methodologies (reusing national or EU rates), more 'off the shelf' flat rates such as the ESF-specific flat rate of 40% applied to direct staff costs).

One of the biggest changes for the ESF was to allow the Commission to adopt delegated acts, covering unit costs or lump sums for specific areas, and costs in any given Member State for reimbursing Member States. The main advantage of this is that the methodology will never be checked by auditors since the DA is adopted by the budgetary authority. After a slow start, use of this new provision is spreading fast. So far, 4 Member States (SE, FR, BE, CZ) are already benefitting from the resulting legal certainty that such a delegated act provides. Proposals for another 5 countries (DE, NL, MT, SK, IT and one more for CZ) have already been adopted by the Commission, and will hopefully soon enter into force. Taken together, the Delegated Act will cover around €2.9 billion of ESF expenditure.

All of these SCO tools would be further extended by the proposals included in the mid-term review of the MFF.

- 8. According to the ECA Annual Report for 2014 almost a quarter of all quantifiable errors emerge from breaches of public procurement rules. That is obviously a common and long-standing issue which is also a part of ex-ante conditionalities for the 2014-2020 programming period in certain Member States including Bulgaria. Has the Commission taken any appropriate measures including through the provision of targeted technical assistance in order to tackle this problem and consequently reduce the negative effects on the Union budget?**

Commission's answer:

As indicated by the Court in its annual report for the financial year 2015, and contrary to previous year, public procurement procedures represent only the third major type of error for Cohesion policy. The Court estimates such errors account for 14% of quantified errors.

This significant decrease illustrates the impact that these initiatives, including the action plan on public procurement, aiming at tackling these errors, are having. The Commission has indeed taken various preventive and corrective actions in order to address weaknesses identified in this area. The Commission is continuing to pay attention to detecting and correcting all errors, and continuously providing guidance to national authorities.

The Action Plan on public procurement set up in 2013 and politically endorsed by the Commission in December 2015, aims to further improve the implementation of public procurement rules in the Member States, through additional preventive measures and capacity building initiatives. The actions include:

- a public procurement guidance for practitioners on the avoidance of errors in ESI-funded projects;
- a public procurement stock-taking study including more than 50 good practice examples in public procurement, and concrete recommendations for improvement in the area of public procurement in all Member States;
- in co-operation with Transparency International, the piloting of 17 Integrity Pacts, a tool to improve transparency and accountability in public procurement. This has been launched in voluntary Member States in the framework of a funded project to fight corruption;
- best practice exchanges, e.g. on the topic of public procurement, between cohesion policy experts in Member States via the TAIEX-REGIO Peer2Peer exchange tool;
- two pilot projects in cooperation with OECD where support is given to BG and SK for their implementation of their action plan on public procurement (especially training).

Additional concrete actions have also been taken:

- The legal framework for ESI Funds 2014-2020 has introduced ex-ante conditionalities. The national action plans for Member State not compliant with the public procurement ex-ante conditionality have been agreed and are being closely monitored. Member States have until the end of 2016 to implement

their action plans. Suspensions of the interim payments may be decided in case of failure to fulfil an applicable ex ante conditionality by the end of 2016 (Article 19 of Regulation (EU) No 1303/2013).

- The 2014 Directives on public procurement, which introduced simplifications, will start having an effect on the ground, once transposed.

The Commission has organised, and will continue to organise, numerous seminars, workshops, presentations and training sessions, including, if needed, on a bilateral basis on specific issues. In addition, the control checklists for the managing and audit authorities have been updated to ensure that public procurement is correctly implemented and controlled. The European Court of Auditors noticed a significant improvement of the public procurement check list used by national audit authorities (see paragraph 6.58 of the Court's 2015 annual report).

Finally, the Commission developed a data-mining tool, called Arachne, which helps to prevent and detect fraud risks, in particular corruption in public procurement. It has been made available to Member States free of charge, on a voluntary basis. So far 22 Member States have indicated they will integrate Arachne in their management and control system for all their operational programmes for the programming period 2014-2020, and use it systematically during the verification process.

- 9. For ESF expenditure, the major risk relates to the intangible nature of human capital, and the involvement of multiple, often small-scale, partners in the implementation of the projects. These factors can lead to non-compliance with eligibility rules resulting in ineligible costs accepted. Please provide us with some details on how the Commission is tackling these risk by corrective and preventive measures?**

Commission's answer:

The Commission has undertaken preventive and corrective measures in order to reduce the risk of errors. Regarding preventive measures, the COM is strongly promoting the effective use of simplification, in particular, Simplified Cost Options, by all MS, since as acknowledged by the Court in §6.15 of their Annual Report, these are much less prone to errors. Furthermore, the Commission is providing extensive guidance to Member States on the way Managing Authorities should define and implement their management verifications:

- Examples of good practice are given in several specific areas, e.g. public procurement and aid schemes, which have sometimes been problematic in Member States.
- Capacity building seminars with Member States.
- Member States are invited to apply the risk scoring tool Arachne, which allows the Managing Authorities to target the most risky areas in order to determine a strategy aiming at preventing the risk of fraud and/or misuse of European funding.

Moreover, a thematic audit on management verifications conducted by the COM in 2015 led to detailed recommendations on how to overcome the weaknesses identified at that time.

The Commission (DG EMPL) has also provided Member States during the ESF technical working group meeting in November 2015 with the requirements on data collection

and supporting evidence that beneficiaries need to gather from the participants. On the same occasion, a template of timesheets was provided. The latter should ensure that a detailed audit trail exists on the activities of project staff and project participants.

On the corrective side, the COM and the AA conduct extensive audit work, including system audits, audits of operations and re-performance audits in order to obtain the necessary assurance on the effectiveness of the management and control systems. Whenever serious deficiencies are identified, the COM interrupts or suspends payments, as appropriate, and requires the implementation of any necessary corrective measures, including financial corrections.

Looking forward, the Regulations for 2014-2020 contain various significant improvements:

- Annual assurance package, including annual accounts
- Net financial corrections - incentive for Member States to implement more effective management and control systems,
- Increased use of simplification, in particular simplified cost options, which should result in a reduction of errors.

10. In its 2015 annual report the Court no longer provides a separate error rate of employment and social affairs. DG EMPL estimates the error rate between 3-3.6% of the interim and final payments for ESF OPs of the 2007-2013 period. The Commission estimates the cumulative residual risk at 0.9%, which is the rate after the financial corrections reported by the certifying authorities. The number of the reservations decreased from 36 to 23 OPs for ESF from 2014 to 2015, and the financial impact fell from 169.4 million to 50.3 million. For ESF, in 2015 the Commission decided 27 interruptions of payments and suspended 10 operational programmes. All in all, would you say that financial interest of the EU are well protected through preventive and corrective measures in your area of activity?

Commission's answer:

See also reply to questions 5 and 9.

The Commission is protecting the EU budget through its audit work, preventive and corrective measures, and continuous support to Member States authorities through guidance, seminars and other capacity building activities.

The closure of the 2007-2013 programmes will ensure that the residual error rate is below the materiality threshold of 2%. The introduction for the 2014-2020 programming period of annual accounts, and net financial corrections, together with the significant increase of simplification opportunities, in particular the extensive use of Simplified Cost Options, will further protect the EU budget and reduce the risk of error.

Financial management

11. The introduction of simplified cost options was considered one of the main improvements for the new programming period. The Commission was given the right to issue delegated acts in order to streamline the introduction of SCOs and provide

legal certainty for Member States' authorities. The introduction of SCOs is also one of the recommendations in the ECA report. However as we are almost in the middle of the programming period such delegated acts have been adopted for only four Member States. What was the amount of ESF funding for 2014 – 2020 initially foreseen to be covered by SCOs and what are the current estimates of DG EMPL about the rates that this amount may reach? How would you speed up the introduction of SCOs for the rest of the Member States and in what time-frame would you manage to achieve that?

Commission's answer:

For the ESF, DG EMPL has set a goal of having 50% of funds covered by simplified cost options (SCOs) during the 2014-2020 programming period. This includes both, SCOs under Art. 67 of the CPR as well as Art. 14(1) of the ESF Regulation (delegated acts). As was reported to the European Parliament at the end of 2015, the current estimate from Member States (based on a survey carried out in 2015) is that they intend to have 35% of ESF funding reimbursed through SCOs. This is a significant improvement on the 7% reported for the 2007-2013 period.

The latest amendment to the delegated act in force covers 6 Member States (5 new ones and the CZ, already previously included in the DA), and was adopted by the Commission on 31 October 2016. Once in force, 9 Member States will benefit from the legal certainty of the delegated act, covering around €2.9 billion of ESF expenditure. This demonstrates that the benefits of the delegated Act are now seen more clearly by Member States, and we expect to see many more proposals in the coming years. DG EMPL is currently working on new proposals from 6-8 Member States, which should be ready for adoption in early 2017.

Taken together with the extended range of SCOs provided for in the proposed Omnibus regulation, the Commission is confident that Member States now have the necessary tools to significantly increase their use of SCOs. Complementing the extensive support already provided through guidance and simplification seminars held in all MS over the last few years, and in order to further promote their take up by MS, DG EMPL has launched specific actions to promote and provide hands on support to specific MS where the utilization of SCOs is still limited, in particular RO, BG, FR, HR, IE and UK. Further to the overview report on simplification submitted to the EP on 27 December 2015, DG EMPL will update take up by MS in 2017 and report thereafter to the European Parliament on the updated proportion of ESF funding we expect to cover with simplified costs.

12. Over the last four years ECA did not detect any quantifiable error related to the use of simplified cost options. How does the Commission promote the extension of use of simplified cost options to the programme authorities? How could simplified cost option be applied even more widely?

Commission's answer:

The Commission has taken many steps to promote the use of SCOs in Member States. Firstly, the options provided in the current regulatory framework are more far reaching than those available in the previous period – for example pre-defined flat rates enshrined in the CPR (Art 68) and ESF (Art 14.2) regulations and the ability to re-use existing EU or national rates. To help with implementing these options, the Commission produced a guidance document in 2014, translated in all EU languages. The Commission

has also organised an extensive range of training and seminars, both in Brussels and in EU capital cities, in order to promote the benefits of SCOs and better inform those working on programmes how they can be implemented. As reflected in the overview report on simplification submitted to the EP on 27 December 2015, these efforts have already yielded positive results since, based on the information provided by MS, their take up of SCOs in the 2007-13 programming period was 7% of the ESF funding, compared to 35% planned in 2014-2020 (and to 50% set up by the COM as objective).

For the future, the Commission has proposed an even wider range of SCOs in the Omnibus regulation, which should allow Member States even more freedom to use SCOs. As part of this, the Commission has proposed to avail of a new form of financing, which is decoupled from the actual cost and instead based on fulfilment of conditions. This could be used to set amounts for certain categories of costs at EU level which would simplify again the work of Member States. For the ESF, the Commission is already working on SCOs which can be set at EU level and automatically applied by Member States without the need for justification. The first of these should be adopted in the next few months. These measures will further facilitate the effective implementation of SCOs by providing off-the-shelf solutions and legal certainty to beneficiaries.

13. Could the Commission please provide the Parliament with a list of ESF-absorption rates in 2015 in the respective Member States?

Commission's answer:

20 Member States have reached the 95 % threshold. At the level of operational programmes, the 95 % threshold has been reached for 100 programmes out of 118.

The 18 programmes which have not yet reached the threshold are located in BE (2 OPs), DE (2), ES (5), FR (1), HR (1), IT (5), MT (1) and RO (1).

Country	Decided	Total Payments (POA+IP) / Decided
Austria	524.412.560,00	95,00%
Belgium	1.072.220.382,00	93,31%
Bulgaria	1.179.738.062,00	95,00%
Croatia	152.413.106,00	75,65%
Cyprus	119.769.154,00	95,00%
Czech Republic	3.672.830.865,00	95,00%
Denmark	254.788.619,00	95,00%
Estonia	391.517.329,00	95,00%
Finland	618.564.064,00	95,00%
France	5.494.547.990,00	94,55%
Germany	9.357.643.955,00	94,25%
Greece	4.363.800.403,00	100,00%
Hungary	3.612.105.277,00	95,00%
Ireland	375.362.370,00	95,00%
Italy	6.951.135.372,00	91,92%

Latvia	583.103.717,00	95,00%
Lithuania	1.028.306.727,00	95,00%
Luxembourg	25.243.666,00	95,00%
Malta	112.000.000,00	81,13%
Netherlands	830.002.737,00	95,00%
Poland	10.007.397.937,00	95,00%
Portugal	6.853.387.865,00	95,02%
Romania	3.684.147.618,00	78,53%
Slovakia	1.484.030.338,00	95,00%
Slovenia	755.699.370,00	95,00%
Spain	7.930.858.086,00	84,73%
Sweden	691.551.158,00	95,00%
United Kingdom	4.490.827.143,00	95,00%
TOTAL	76.617.405.870,00	92,86%

- 14. The total amount of the financial corrections as stipulated in DG EMPL's annual activity report is EUR 1.222.9 million. Please provide information what part of this amount has been re-used by Member States in the framework of the 2007-2013 Operational Programmes and what part has been lost?**

Commission's answer:

During the programming period 2007-2013 there have been no net financial corrections implemented in the framework of the ESF. Consequently, all financial corrections reported were agreed and deducted from the declared expenditure by the Member States during the implementation period: these amounts being released could be replaced by new eligible expenditure.

- 15. What was the amount of ESF funding which by the end of 2015 was subject to automatic decommitment and what share of the total ESF budget for 2007 – 2013 does it represent?**

Commission's answer:

Total de-commitments to date throughout the 2007-2013 programming period amount to €624.8 million (Member States which had de-commitments were BE, BG, CZ, DE, ES, HU, IT, RO, SK, UK).

According to the preliminary forecasts, at closure (March 2017), an amount of approximately €1.2 billion will be de-committed because of under execution, representing 1.5 % of the ESF 2007-2013 budget. The exact amount will be known after the closure exercise.

These de-committed amounts are no longer available for Member States.

16. Are there any OPs with suspension in payments in the beginning of 2016 and how does this affect the closure of the respective programmes?

Commission's answer:

As of 16 November 2016, 9 ESF operational programmes are affected by a suspension: Belgium (Etat Fédéral), France (Guyane), Germany (Bremen), Italy (Bolzano, Calabria, Lombardia) and Spain (Adaptabilidad y Empleo (partial), Andalucía (partial), Baleares). This is half of the OPs under suspension in November 2016 (18 OPs).

Some of the above ongoing suspensions may still be lifted prior to closure, in particular if the necessary financial corrections are implemented prior to March 2017. Otherwise, the suspension of the Operational Programmes concerned will be merged with the closure procedure, where all financial corrections required will be implemented before the final payment by the Commission.

17. According to the Court the Commission's assessment of the annual control reports can only partially address the risk of unreliable information presented by the national authorities. In 2015 the Commission had to recalculate and adjust the error rate reported by the Audit Authorities of the Member States. Nevertheless, the Commission assesses the error rates reliable, regardless if they are unchanged or recalculated. Can recalculated error rates be classified as reliable?

Commission's answer:

The Commission has in place a robust and thorough process of analysing the error rates reported by MS. When it cannot validate or recalculate error rates, the Commission estimates the level of risk by using flat rates (2-5-10-25 %) based on the results of its own audit work and other relevant information available, instead of unreliable reported error rates for the purposes of its assurance process.

As disclosed in page 52 of DG EMPL's AAR, in 2015, DG EMPL assessed overall 95% of error rates reported by the Audit Authorities as reliable (meaning validated as reported -63.5%- or recalculated based on reliable results provided by audit authorities -31.4%-). The Court has confirmed our assessment with minor technical remarks, and concluded that our "*validation (or recalculation) of error rates reported is consistent and accurate with evidence provided by audit authorities*" (see §6.66 of the Court's 2015 Annual Report) and "*reservations made [in the AAR] (...) were in line with Commission instructions and information made available to the directorate-general*" (see §6.69 of the Court's 2015 Annual Report). The impact of the revised error rates at OP level in the overall 2015 ESF error rate is an increase from 2.2% (based on the figures reported by the AA) to 3% (after the revised error rates for some Ops). Furthermore, the error rates established by DG EMPL since 2011 have been in line with those estimated by the Court, as stated in the COM's reply to §6.66 of the Court's Annual Report.

When the Commission recalculates the error rate, this does not imply that the Audit Authorities carried out their audit work incorrectly. Indeed, the ACRs provided all the necessary information but the error rates had to be adjusted for purely technical reasons in a complex environment of statistical rules (clerical mistakes, inappropriate statistical extrapolation method used, treatment of some 'anomalous errors' wrongly

excluded ...). In the majority of the cases, the adjustment of the error rate was very low (between +/- 0.2 %).

18. As reported there is already a notable delay in the implementation of the 2014-2020 Operational Programmes. What measures do you envisage to speed-up implementation and avoid decommitment?

Commission's answer:

The new regulations have brought a series of improvements aimed at increasing the quality of programmes and projects over the entire programming period. These improvements will bring significant benefits for ESIF policies but require additional start-up time to put in place, for example as regards ex-ante conditionalities, which are essential for an effective implementation of the ESI Funds. Putting this ambitious new approach into practice required time and resources in the start-up phase but the Commission is convinced this investment will pay off in terms of higher quality programmes and projects over the whole programming period. Furthermore, some MS have decided to introduce a significant decentralisation/regionalisation of the ESF (e.g.: FR, PL, GR, PT), which has significantly increased the number of Operational Programmes in the ESF, from 118 in 2007-13 to 187 (58% increase) in 2014-2020, and required the creation of new delivery structures in the MS concerned. This, together with the implementation of new IT systems in order to cope with the new requirements has had an impact on the Designation process. Therefore, as of end November 2016, MS had completed the Designation for only 122 out of 187 OPs (65%).

Activities in 2014-2015 focussed therefore on preparation and adoption of the partnership agreements and operational programmes (533 ESIF programmes in total, of which 187 ESF OPs), and on the designation of authorities process. In addition in this time of transition between programming periods, MS also focused on implementing commitments under the previous programming period (2007-2013).

It should be noted that many programmes under the 2014-2020 programming period made progress on the ground with the first rounds of project selection. Projects worth one fifth of the total allocation for cohesion policy have already been selected. Projects with a total budget of exceeding EUR 90bn are being implemented on the ground. In this context a distinction should be made between certified expenditure submitted to the Commission and implementation of projects on the ground. Implementation of operations always precedes financial implementation of the OP. There is often a time lapse- up to a year- between the moment a payment application is submitted by the beneficiary and the moment the corresponding expenditure is included in a payment application to the Commission.

Therefore, the low amount of expenditure claimed by MS is not representative of real implementation on the ground.

We should rather consider project selection rates being 20% for ESF, ERDF and the Cohesion Fund taken together at the end of October. This shows an acceleration for implementation of Cohesion policy funds: the selection rate has practically tripled over the past 10 months. For the YEI the number of projects selected doubled (from around 34 000 by the end of 2015 to 74 000 by June 2016).

The Commission will continue to support Member States in their implementation efforts in the frame of the shared management rules. This will be done through

continuous guidance and exchanges between Commission services and Managing Authorities as well as by following closely implementation in the context of the various ESIF Committees and Technical Working Groups (such as the ESF Committee and the ESF TWG) to identify potential bottlenecks and address them.

19. What did you do in order to improve the performance indicators?

Commission's answer:

The ESF Regulation has established a set of common output, immediate result and longer-term result indicators, as well as YEI result indicators that will be collected on every participant and operation. These common indicators will use common definitions across programmes and MS. In addition, the programmes have formulated specific objectives measured by results indicators and defined the activities envisaged to attain those objectives measured by related output indicators.

All these indicators are *specific* and *measurable* (cf. the SMART requirements). The OPs also include the source of all indicators and the reporting frequency (they are *assignable* and *time-related*).

On the basis of the competence entrusted to the Commission in Article 4(3) in Commission Implementing Regulation (EU) No 215/2014, the Commission has requested and assessed the methodology for calculating the targets of the performance indicators to ensure they are *realistic*.

20. Financial corrections: in Italy in 2015 have been confirmed financial corrections for an amount of 1 588 million euros (14% of ERDF and ESF funds for the 2007-2013 period) and 293 million euro (8% of the ERDF and ESF funds for the 2007-2013): could the Commission provide disaggregated data by Fund and by Region and highlight what had been the principal reasons for these corrections?

Commission's answer:

The Commission would like to clarify the following elements of the:

- The amount of EUR 1 588 million quoted in the question comes from the Communication on the protection of the EU budget 2015, COM(2016)486 final, in table 5.4.1 (page 29) and it refers to the ***cumulative corrections*** (i.e. not 2015 only) confirmed for 2000-2006 programmes (i.e. not 2007-2013).
- As shown in the table, the amount of EUR 1 588 million represents 5.8 % (i.e. not 14%) of ERDF and ESF funds for the 2000-2006 programming period. The table also shows that when taking into consideration the financial corrections in progress (i.e. the corrections not yet confirmed at the end of 2015), the percentage of financial corrections in relation to the EU funds allocations would be 7.1%. Those rates are higher than the average rate of corrections for all Member States (4.2%). Moreover, the Commission would like to point out that it has already provided to the European Parliament a comprehensive report on the financial corrections carried out for ERDF and ESF on 2000-2006 programmes (Ref. Ares(2013)689652 - 12/04/2013).

- As regards the EUR 293 million, it has to be noted that they refer to the **cumulative corrections** confirmed for the 2007-2013 programmes in Italy and that they represent 1% (i.e. not 8%) of the ERDF and ESF funds. As disclosed by the Commission in table 5.4.2, page 31 of the above Communication, this rate is below the average rate of corrections shown for all Member States (1.4%).

The financial corrections in Italy are split by region below:

2000-2006	ESF	ERDF/CF	TOTAL
ERDF national		452,2	452,2
Calabria	202,2	134,2	336,4
Sicilia	43,3	183,0	226,3
Puglia	39,8	156,7	196,5
Sardegna	15,3	168,8	184,1
Campania	65,9	34,2	100,1
Lazio	26,5	25,4	51,9
other regions	3,4	36,7	40,1
	396,4	1.191,2	1.587,6

2007-2013	ESF	ERDF/CF	TOTAL
ERDF national		166,5	166,5
Calabria	7,0	19,7	26,7
Sicilia	2,1	47,2	49,3
Abruzzo	14,6	0,5	15,1
Puglia		14,5	14,5
Sardegna		9,8	9,8
Campania		3,9	3,9
Lazio	1,0	2,6	3,6
other regions	2,1	1,5	3,6
	26,7	266,2	292,9

The main issues for the period 2000-2006 are linked to the weak or absent administrative verifications by the regional authorities, non-eligible projects, public procurement and ineligible expenditure, resulting in a high frequency of errors and in a high error rate at the closure of the operational programmes, making thus necessary the application of additional financial corrections to decrease the risk on the final statement of expenditure.

The main issues for the period 2007-2013 are linked to irregularities on projects (ineligible expenditure), but also to public procurement, lack of audit trail and lack of compliance with the sound financial management principle.

21. We've received a complaint from a small educational company for the geriatric profession, whose retrainees were funded by the ESF via the Landesförderinstitut Mecklenburg-Vorpommern, ESF/ IV-SM-C1.3-0008/13. Now, the company has received a recovery order and an interest notification. Both documents only refer to the provisions under Land law and without any mentioning of the appropriate EU-law. In addition Mecklenburg-Vorpommern claims an interest rate of 6% due to the delay occurred between the payment and repayment of the funds from the beneficiary to the Land Mecklenburg-Vorpommern. Could the Commission please inform us if the Commission was informed about the recovery order and the interest payment request and whether both points were in accordance with EU-law?

Commission's answer:

The ESF is managed in the framework of the shared management. In this context the approval of the projects, the management of their implementation including the financial aspects are done by the designated authorities (Management Authority, Certifying Authority, Audit Authority) for the programmes concerned, in this case the Operational Programme for the German Land Mecklenburg-Vorpommern. Because of this separation of responsibilities between the Commission and the Member States the Commission in general is not familiar with the particularities of individual projects. In this case, the Commission did not receive the complaint directly. As the Commission doesn't know the project, it cannot express an opinion on whether the financial correction as a basis of the recovery order would be legally correct, or whether the beneficiary used the judicial possibilities to challenge the recovery order. The ESF is managed under the national administrative law and the eligibility criteria are decided on Member State level. The obligation to pay interests for overpaid amounts is in the sole competence of the Member States and there are no minimum standards in the European regulations. Therefore Member State's law fixes the conditions, the calculation basis and the interest rate.

22. An amount of EUR 632 million of the ESF to Spain were frozen in 2016. Could you please provide us with further information on this case? Has the problem been solved in the meantime?

Commission's answer:

The amounts frozen in 2016 are related to the Operational Programmes (mainly Adaptabilidad y Empleo –partial-, Andalucía –partial- and Baleares) for which a suspension decision has been adopted and still into force, totally or partially.

DG EMPL follows very closely the implementation of the action plans put in place to tackle the deficiencies described in the decisions and the financial corrections to be carried out. For the main programme suspended (Adaptabilidad y Empleo) a follow-up audit will take place before year-end to verify the implementation of the on-going action plan and the possible financial corrections. But most probably for these suspended programmes, the pending issues will be dealt at closure (March 2017).

23. Problems with regard to the reimbursement of VAT: Could the Commission please inform the Parliament about the amount which was affected with problems due to the reimbursement of VAT. How does the Commission intend to tackle this problem with the Management authorities?

Commission's answer:

The Commission is of the opinion that there is no real problem to tackle with the Managing authorities in this regard as the Court only found a very limited number of ERDF cases of potential future problems in its 2015 annual report. These cases represent an estimated error amount of approximately EUR 662,272.5 out of their total audited amount of EUR 3,350,290.87 (for projects where VAT issues were found). The ESF was not concerned by this issue.

The regulatory provisions mentioned by the Court for Cohesion policy are the outcome of a policy choice made by the co-legislators. They are overall aligned with the standard principles on eligibility of VAT for grants in other EU policies, in particular under direct management.

In principle, the Commission relies on the Member State's assessment of the beneficiary's taxable or non-taxable status regarding VAT. However, as confirmed by the Court of Justice in 2012, the notion of recoverable VAT does not result only from the formal examination of the taxable/non-taxable status of the beneficiary.

The Commission notes that VAT is a general tax collected by national or regional governments which do not redirect it back to individual financed projects. A more stringent position which would declare VAT as ineligible costs for ministries or bodies directly under their authority would actually penalise those which are not in a position to recover VAT or be compensated for it. Such bodies would therefore be obliged to find additional funding to implement their projects or would have to contribute more to their financing than other beneficiaries recovering VAT. This is not the policy choice made by the co-legislators for cohesion policy.

The Commission intends to provide clarification to Member States in this matter for the current 2014-2020 programming period.

The Commission will follow up the three cases identified by the Court and will take the necessary measures needed.

24. Does the Commission have the intension to address gold-plating? Could you make an estimation in terms of resources needed for the Commission to address gold-plating?

Commission's answer:

The Commission submitted to the EP on 13 November 2013 a report on simplification and gold plating, identifying specific instances of gold plating and the actions already taken in cooperation with the MS concerned. In this regard, the COM has focused on those cases where gold plating has resulted in unnecessarily complexity imposed by national legislations and in recurring errors in certain OPs. Furthermore, the COM also presented in the abovementioned report and in the subsequent overview report on simplification submitted to the EP on 27 December 2015, the actions underway in order to maximise the use of simplified cost options by MS.

The Commission has already incorporated in the latest set of audit methodologies a set of questions aiming at identifying (unwanted) gold-plating. This will impact on the

duration of the audits and potentially on the reporting and contradictory phase with the auditees. A balanced approach needs to be applied since, in certain cases, there may be valid reasons to have gold-plating in place. Secondly, DG EMPL has created a transnational network group focusing on simplification. This group is also looking at the wider effects and presence of gold-plating. An interim report was already presented and it is anticipated that this part of the work will be finalised mid-2017.

25. Could you please provide us with further information on the measures proposed by the Commission to the respective Member States with regard to gold plating? Which OPs were concerned?

Commission's answer:

The Commission submitted to the EP on 13 November 2013 a report on simplification and gold plating, identifying specific instances of gold plating and the actions already taken in cooperation with the MS concerned. In this regard, the COM has focused on those cases where gold plating has resulted in unnecessarily complexity imposed by national legislations and in recurring errors in certain OPs. Furthermore, the COM also presented in the abovementioned report and in the subsequent overview report on simplification submitted to the EP on 27 December 2015, the actions underway in order to maximise the use of simplified cost options by MS.

The examination of O.P.s and/or managing authorities is on-going in the framework of the transnational network group on simplification (see reply to previous question).

The Commission has also committed to submit to the EP by the end of 2018 a report on gold plating in order to provide guidance to MS and avoid unnecessarily complex or burdensome rules that do not add value with respect to the results to be achieved, in particular when they result in recurring errors.

26. ECA states that the level of the payments is very high. When does the Commission intend to draw up a prevision of the cash flows for the next 7-10 years, as ECA indicates that this could allow to anticipate the requests regarding the payments and budgetary priorities?

Commission's answer:

The Commission has presented the medium-term payments forecast as part of its Mid-term review/revision of the MFF adopted on 14 September 2016². The payment forecast covers the period until 2020 and assesses the sustainability of the payment ceilings until 2020 and evolution of RAL as well as the de-commitments until 2020. The payment forecast was based on the latest information available at the beginning of September 2016, and takes into account relative uncertainty as regards the ESI funds given the very limited information on actual implementation available. Therefore the Commission will regularly update its payment forecast and assessment of the sustainability of the payment ceilings and present the result to the EP and the Council.

² COM(2016) 603 and SWD(2016) 299 of 14.9.2016.

The updated forecast of the RAL by end 2020 and the forecast for the post-2020 period will be presented in 2017 (as foreseen in point 9 of the Inter-institutional Agreement³ on budgetary discipline, on cooperation in budgetary matters and on sound financial management).

The MFF is the tool ensuring medium- to long-term stability and predictability of future payment requirements and budgetary priorities.

Therefore long-term forecasts can only be established taking into consideration existing financial frameworks. The payment implications of future financial frameworks which have not yet been agreed cannot be predicted.

27. ECA raised some concerns for the sustainability and adequacy of ESF-funded instruments in its Special Report N° 8/2015. How has the Commission followed up the Court's recommendations since their publication?

Commission's answer:

Taking into account the issues encountered in the previous programming period, the Commission has improved the 2014–20 regulatory framework in the area of financial instruments.

Moreover, many employment problems are complex and require multiple interventions by a wide range of actors in order to provide flexible solutions which are suitable for ESF target groups. This is why, to be more effective, and to develop sustainable income-generating activities, financial instruments working with social goals should be accompanied by non-financial services such as tutoring, mentoring, skills training, and empowerment, awareness-raising and market development services. The Commission provides guidance to Member States, notably in Monitoring Committees, in order to ensure that these microcredit schemes are complemented through other types of measures.

Each financial instrument must be based on an "ex-ante assessment" which has identified market failures or suboptimal investment situations, and investment needs.

The Commission has provided a full set of guidance on the implementation of financial instruments, and notably a practical methodology on how to perform the compulsory ex-ante assessment for the new programming period.

This will allow managing authorities to better programme and design the financial instruments.

Since 2011 there is an obligation for the Member States to provide data in the annual implementation report about the financial instruments' management costs and fees.

³ Interinstitutional agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (OJ C 373, 20.12.2013, p.1).

The Commission laid down in the Delegated Regulation No 480/2014, the criteria for determining financial instruments costs and fees on the basis of the performance, and set the thresholds for management costs and fees based on the market good practices.

Financial instruments

28. Please list the financial instruments used in the operations you are managing that are not directly financed by the EU and accordingly not audited by ECA. Why do you prefer/accept using these instruments, if ECA indicated that there are posing a risk regarding the management, the coordination of the EU operations and policies?

Commission's answer:

Financial instruments implemented under the European Social Fund are set up following the rules of shared management which imply a co-financing between the EU and national level.

The list of financial instruments is available in the "summaries of the data on the progress made in financing and implementing the financial instruments (FI) supported by European Structural and Investment Funds (ESIF)". It will be published by the end of 2016, and include the information concerning cumulatively the years 2014 and 2015.

The summaries are based on the data reported by the managing authorities in accordance with Article 46 of the Regulation (EU) No 1303/2013 of the European Parliament and of the Council (CPR).

The summaries will be transmitted to European Parliament, Council as well as European Court of Auditors and then published in the InfoRegio web site: http://ec.europa.eu/regional_policy/en/information/publications/reports/

Financial instruments under shared management are a complementary way of delivering Cohesion Policy resources compared to grants which are regulated by Regulation (EU) No 1303/2013.

DG EMPL considers that there are multiple advantages in delivering financial support from the EU budget through financial instruments, which is why for the 2014-2020 programme period it is actively promoting and encouraging their increased use.

In addition, the ESF is committed to double the use of FIs under the current programming period for the achievement of the objectives of the European Investment Plan for Europe.

29. From the Commissions point of view, what was the most successful financial instrument of the ESF? What was the least successful financial instrument of the ESF?

Commission's answer:

Financial instruments are not an alternative to support provided by the European Social Fund, but an additional arm helping to free more resources to pursue the same goals.

Nevertheless, financial instruments which may take the form of loans, guarantees or equity (or quasi-equity) investments remain rather unusual under the ESF.

By the end of 2015, only a limited number of FIs were created by Member States and regions with the ESF funds.

The managing authorities of the European Social Fund (ESF) reported a total of 7 FIs (including 3 fund of funds and 4 specific funds) created at the end of 2015. A total of 282.5 million was committed to FI, 167.5 million from the ESF and 70.5 million from the YEI.

Those FIs were set-up in 5 Member States: Bulgaria (1 fund of funds), Germany (3 specific funds), Italy (1 specific fund), Lithuania (1 fund of funds), Slovak Republic (1 fund of funds).

They received financial support from 8 ESF operational programmes and 5 multi-fund OPs.

Between these FIs two were co-funded under the Youth Employment Initiative (YEI): one in Bulgaria and one in Italy.

- In Bulgaria one fund of funds covering two different products (guarantees and micro loans) was created under the national operational programme co-financed by two different priority axes including support by the YEI.

- In Italy the SELFIEMPLOYMENT financial instrument was financed by one national ESF operational programme with the support of YEI.

- In Germany out of a total of three specific financial instruments one was set up at national level the MIKROMEZZANINFONDS and two at regional level (Saxony and Thuringia).

- In Lithuania as well as in Slovakia one fund of funds was set up at national level.

By 2015 no direct implementation by MAs is reported as well as any contribution to EU level financial instruments.

Only the Lithuanian and Italian national funds were reported as already operational.

Mainly due to the early stage of implementation, no payments to FIs as well as to final recipients were reported by the managing authorities.

Although ESF financial instruments schemes are at an early stage of implementation, it would appear that the ESF's most successful type of financial instrument scheme is microcredit. This seems to be a type of FI which is more suitable to the type of interventions supported by the ESF (e.g. for self-employment measures).

At the moment it is not possible to identify any unsuccessful ESF financial instrument.

30. How could more private capital be attracted?

Commission's answer:

The nature of the European Social Fund is characterised by a high number of operations with limited budgets and targeting vulnerable final recipients. These types of activities by definition do not attract much private funding.

Many employment problems are complex and require multiple interventions by a range of actors in order to provide flexible solutions suitable to ESF target groups. This is why

to be more effective and to develop sustainable income-generating activities, financial instruments working with social goals should be accompanied by non-financial services such as tutoring, mentoring, skills training, and empowerment, awareness-raising and market development services.

For the ESF sector of interventions, raising more private capital would require a cultural change within the financial intermediaries to better understand the importance of the social economy and the opportunities linked to the funding of the latter.

We should promote the mutual knowledge of - and the cooperation with- actors and stakeholders which do not usually interact much amongst themselves: not only institutions, but also Financial Intermediaries, associations dealing with social issues, and not least Managing Authorities used to deal with public funds, including structural funds.

31. How could the revolving effect be improved? Can you provide us with statistics on the reflows?

Commission's answer:

The Commission considers that the frequency of the recycling of funds during the eligibility period is not an end in itself. Revolving is linked to the implementation cycle, including the agreed tenor and grace periods. The main purpose of the ESI Funds is to create sustainable growth and jobs and this cannot be achieved only with short term loans just to ensure swift revolving of funds within the programming period. It is thus natural that in financial instruments set up mainly in 2010-2012 the revolving did not take place by 2015

Moreover, the maturity date of the financing provided is/has to be adjusted to the typology of investments being financed, and any conclusion on the limited revolving effect should be drawn by reference to the setup date of the financial instrument, the grace period, the maturity and the default rates of the financing provided to final recipients.

As the legislation does not foresee mandatory reporting on the revolving effect, it is not possible to calculate this as of end 2015. Some funds have erroneously included investments made from resources returned in their reported payments to final recipients, despite the fact that these are not programme resources. Some of these funds show significant effect of revolving already during the implementation period. Conclusions on the revolving effect during the eligibility period will be drawn at closure.

32. What would you suggest in order to keep the management fees the lowest possible? Do you have any statistics concerning the management costs and fees that you could share with us?

Commission's answer:

The management costs and fees (MCF) are remuneration paid for a financial service delivered by the fund manager. In order to find the best price/quality terms, the Commission suggests selecting the fund manager on the market by applying the appropriate public procurement procedure.

In case the fund manager is selected through a direct award based on applicable rules, the level of MCF is capped based on the limits foreseen in the legal framework (Article 43(4) of the Implementing Regulation and rule 8, point 2.7 and rule 9, point 2.6 of the Commission regulation 448/2004 for 2007-2013 and Article 13 CPR for 2014-2020).

Regarding the 2007-2013 period, the complete and final data set necessary for assessing MCF against amounts delivered to final recipients is not yet available. Reporting on MCF for FEIs supported with ERDF and ESF during 2007-2013 is not compulsory until closure and so the final calculation can only be made during 2017.

Regarding 2014-2020, the MCF will have a mandatory performance based remuneration laid down in Article 42(5) CPR, as well as the detailed criteria for performance established in Article 12 of Delegated Act 480/2014. This will constitute an adequate basis to ensure an appropriate level of management costs and fees in relation to the service provided.

The ESF managing authority must inform the monitoring committee of the provisions regarding the performance-based calculation of management costs incurred or of the management fees of the financial instrument.

The monitoring committee will receive reports on an annual basis on the management costs and fees effectively paid in the preceding calendar year.

33. How do you tackle the problem of low disbursement rates in certain Member States?

Commission's answer:

On 1 October 2016, the Commission reported on the progress made in financing and implementing ESIF financial instruments at the end of 2015 which shows a disbursement rate of 75% for ESIF financial instruments as a whole. This represents a significant increase in the payments to final recipients compared to 2014 (+38%). There is still significant difference in the implementation between Member States and also between areas of intervention. This percentage of 75% covers instruments established in 2008 as well as instruments newly established for which implementation only started recently. There are a significant number of instruments which have already achieved 100% absorption and are now re-investing revolving funds.

The reporting shows the following disbursement rates for ESIF financial instruments' investments in:

- enterprises: 77%;
- urban development: 69%; and
- energy efficiency: 50%.

For the few countries with low absorption rates continued efforts are needed to speed up implementation. The Commission together with the Member States concerned has undertaken a number of measures to ensure that the remaining investments will reach final recipients on time:

- Improving monitoring of performance by managing authorities and encouraging reallocation of amounts from low performing funds to well performing funds;
- Encouraging changes to the instruments and financial products in order to adapt them to changing market conditions;
- For long-term investments in urban development or energy efficiency where payments are made gradually with the progress of the projects, a request for reporting of the investment pipeline.

Taking into account the lifecycle of the financial instruments, an increase is still expected in the last year of implementation and any conclusion on the disbursement rates can only be fully drawn at closure.

The introduction of mandatory ex-ante assessments during the 2014-2020 programming period for financial instruments in shared management will contribute to preventing excessive endowments of financial instruments.

The phased payments approach, which links the payments from the EU budget to the disbursement of funds to final recipients, is also aimed at addressing the issue of excessive endowment.

Moreover, a regular review of the ex-ante assessment in cases of changes in the economic or market environment is provided for as an option in the CPR.

Youth Guarantee, Youth Employment Initiative

34. What are the three best performing member states and the three worst performing member states on the absorption of the Youth Employment Initiative in 2015?

Commission's answer:

The best performing MS in 2015 for YEI as regards the volume of payment applications submitted to the Commission for reimbursement were Portugal and Greece. The remaining eligible MS did not submit expenditure to the Commission for reimbursement in 2015, but only started submitting payment claims in 2016.

However, it should be noted that the fact that some Member States have not submitted a significant amount of expenditure in payment applications does not always reflect the implementation on the ground and therefore it does not mean that they have a low performance. There is a different time lag between implementation on the ground and financial implementation. Examples from Member States where significant numbers of young people have been included in YEI-supported actions are Italy, Spain, France and Poland. However, such physical progress is not always matched by equal levels of financial absorption (as is, for instance, the case with Spain – where physical progress and financial implementation on the ground still exceed absorption of YEI allocations at EU level, i.e. reimbursement by the Commission). For some MS the Commission also still expects the notification of designation of authorities before being able to reimburse funding – this is still the case for 9 operational programmes supported by the YEI.

35. The initial results from the implementation of the Youth Employment Initiative demonstrate a potential for huge success. Do you consider that certain amendments are necessary such as the prolongation of the initiative until the end of the programming period and the inclusion of young unemployed up to 29 years of age in order to increase its positive impact?

Commission's answer:

The Commission considers that the prolongation of the Youth Employment Initiative is necessary as youth unemployment is still a problem for many member States. Progress has been made thanks to the YEI- as it provided a substantial amount of resources to measures for youth employment - but the efforts cannot be discontinued as the problem still remains. With regard to the age of the young people targeted, the ESF Regulation already allows Member States to cover young people between 25 and 29 years old. Some of the Member States that have a significant number of unemployed young people within this age range have made use of this option.

36. Youth Guarantee: Could you provide data country by country on youth interested by the program (registrations, training, etc)? What had been in average the waiting time of reimbursement (data country by country)? How many permanent posts had been generated (data country by country)?

Commission's answer:

The Indicator Framework for Monitoring the Youth Guarantee (YG) allows the Commission to gather data on indicators at three levels:

- Macroeconomic indicators monitoring the context and situation of young people in the labour market;
- Implementation indicators (based on administrative data) measuring the direct impact of YG delivery;
- Follow-up indicators (based on administrative data) assessing the sustainability of labour market integration after provision of a YG offer.

Data on coverage, implementation and outcomes is available for 2014 and 2015 in the Commission's Staff Working Document SWD (2016) 323 final (section 2.1.2), which was accompanying the Communication *'The Youth Guarantee and Youth Employment Initiative three years on'* (COM (2016) 646 final). Data for each Member State is presented in 28 individual country factsheets annexed to this document. For coverage, the indicator shows the extent to which the YG scheme achieves the objective of providing support to all young people not in employment, education or training (calculated from the average number of young people registered in the YG scheme at any point during the year as a proportion of the NEET population in the country). For implementation, the indicator shows the extent to which the YG scheme manages to deliver an offer of employment, continued education, an apprenticeship or a traineeship within the target period of 4 months set out in the Council Recommendation (calculated from the number of young people leaving the YG to take up an offer within four months of joining as a proportion of all those leaving the scheme in the year). For outcomes, the indicator is calculated from the number of young people that left the scheme in the year and are in a positive situation (employment, education

or training) 6, 12 or 18 months afterwards as a proportion of all those leaving during the year.

Average days for payment per MS:

- BE - 25 days
- BG - 26.67 days
- CY - 36.50 days
- FR - 38.71 days
- GR - 44.50 days
- HR - 39 days
- HU - 35 days
- IT - 58.83 days
- LT - 36 days
- LV - 28 days
- PL - 41.67 days
- PT - 30 days
- SE - 49 days
- SK - 14 days

Given that Member States do not provide data in such detail, the Commission cannot report on the number of permanent posts generated under the Youth Guarantee.

37. Could you please provide us with a breakdown of the budget used under the European Youth Guarantee? Could you please also list what percentage of the funds employed is actually used to create jobs, what percentage is used for preparatory measures (such as conferences, coaching etc.)?

Commission's answer:

We understand that this question refers to the Youth Employment Initiative and not to the Youth Guarantee.

The breakdown of the budget per Member State for the Youth Employment Initiative can be found online in the annex of the Guidance on implementing the Youth Employment Initiative.

<http://ec.europa.eu/esf/BlobServlet?docId=457&langId=en>

ANNEX

Specific budgetary allocation for the YEI in accordance with Annex VIII of the CPR

MS	Allocation in EUR, 2011 prices	Allocation in EUR, current prices	List of eligible regions
BE	39643934	42435070	Prov. Hainaut, Prov. Liège, Région de Bruxelles-Capitale
BG	51558745	55188745	Severen tsentralen, Severoztochen, Severozapaden, Yugoztochen, Yuzhen tsentralen
CZ	12705455	13599984	Severozápad
DK	-	-	
DE	-	-	
EE	-	-	
IE	63663203	68145419	Border, Midland and Western, Southern and Eastern
EL	160235618	171517029	Anatoliki Makedonia - Thraci, Attiki, Dytiki Ellada, Dytiki Makedonia, Ipeiros, Kentriki Makedonia, Kriti, Notio Aigalo, Peloponnisos, Sterea Ellada, Thessalia, Voreio Aigalo
ES	881438516	943496315	Andalucía, Aragón, Canarias, Cantabria, Castilla y León, Castilla-La Mancha, Cataluña, Ciudad Autónoma de Ceuta, Ciudad Autónoma de Melilla, Comunidad de Madrid, Comunidad Foral de Navarra, Comunidad Valenciana, Extremadura, Galicia, Illes Balears, La Rioja, País Vasco, Principado de Asturias, Región de Murcia
FR	289760755	310161402	Aquitaine, Auvergne, Centre, Champagne-Ardenne, Haute-Normandie, Languedoc-Roussillon, Nord-Pas-de-Calais, Picardie, Mayotte, Guadeloupe, Guyane, Martinique, Réunion
IT	530183597	567511248	Abruzzo, Basilicata, Calabria, Campania, Emilia-Romagna, Friuli-Venezia Giulia, Lazio, Liguria, Lombardia, Marche, Molise, Piemonte, Puglia, Sardegna, Sicilia, Toscana, Umbria, Valle d'Aosta/Valleé d'Aoste
CY	10810954	11572101	Cyprus
LV	27102486	29010639	Latvia
LT	29692153	31782633	Lithuania

MS	Allocation in EUR, 2011 prices	Allocation in EUR, current prices	List of eligible regions
LU	-	-	
HU	46 492 074	49 765 356	Dél-Alföld, Dél-Dunántúl, Észak-Alföld, Észak-Magyarország
MT	-	-	
NL	-	-	
AT	-	-	
PL	235 833 904	252 437 822	Dolnośląskie, Kujawsko-Pomorskie, Łódzkie, Lubelskie, Lubuskie, Małopolskie, Podkarpackie, Świętokrzyskie, Warmińsko-Mazurskie, Zachodniopomorskie
PT	150 197 494	160 772 169	Alentejo, Algarve, Centro (PT), Lisboa, Norte, Região Autónoma da Madeira, Região Autónoma dos Açores
RO	99 022 615	105 994 315	Centru, Sud – Muntenia, Sud-Est
SI	8 605 654	9 211 536	Vzhodna Slovenija
SK	67 427 983	72 175 259	Stredné Slovensko, Východné Slovensko, Západné Slovensko
FI	-	-	
SE	41 258 300	44 163 096	Mellersta Norrland, Norra Mellansverige, Sydsverige
UK	192 542 168	206 098 124	Inner London, Merseyside, South Western Scotland, Tees Valley and Durham, West Midlands
HR	61 824 391	66 177 144	Jadranska Hrvatska, Kontinentalna Hrvatska
Total	3 000 000 000	3 211 215 406	

The Commission doesn't have a financial breakdown by type of activity. The YEI is under shared management, the level of information at EU level is therefore limited. The study on "First results of the Youth Employment Initiative" (available online) however provides information of the type of activities supported by the Member States –see below.

Table 2.1 Planned activities for YEI support as specified in the OPs

Type of activities	Number of OPs where the activity type is planned	Share of all 22 OP reviewed	Operational Programme
Training and support to gain a qualification	20	91%	BE-BXL, BE-WL, BG, CZ, EL, ES, FR, HR, HU, IE, IT, LT, LV, PL, PT, RO, SE, SK, UK-SC, UK-EN
Apprenticeships and traineeships	16	73%	BG, CY, CZ, EL, ES, HR, IT, LT, LV, PL, PT, RO, SE, SK, UK-SC, UK-EN
Subsidised jobs	16	73%	BE-BXL, BE-WL, BG, CZ, EL, ES, HR,

			HU, IT, LT, PL, PT, RO, SE, SI, SK
Short-term work placements or internships	14	64%	BE-WL, BG, CZ, EL, ES, IE, HU, LT, LV, PL, RO, SK, UK-EN, UK-SC
Job-seeking support, guidance and counselling	15	68%	BE-BXL, BE-WL, BG, CZ, EL, ES, FR, HU, IE, LT, LV, PL, UK-EN, SE, UK-SC
Self-employment and entrepreneurship support	12	50%	EL, ES, FR, HR, HU, IE, IT, LV, PL, PT, SE, UK-SC
Second chance education	10	45%	BE-BXL, BE-WL, CZ, ES, IE, HU, LV, PL, PT, SE
Employer incentives	9	41%	CY, ES, IE, HR, PL, PT, SI, SK, UK-SC
Other	14	64%	BE-WL, BG, CY, EL, ES, IE, IT, FR, HR, HU, PL, RO, SE, UK-SC

Source: Operational Programmes

38. In order to support Member States in implementing national Youth Guarantee schemes, the European Commission set up a network of national Youth Guarantee coordinators and organised a series of peer reviews on various aspects of the Youth Guarantee. What have been the key results of these actions? How did they improve the effectiveness of Youth Guarantee?

Commission's answer:

The network of national Youth Guarantee coordinators was established to ensure a direct link between the Commission and the Member States' lead authority in charge of establishing and managing the YG. The network meets generally twice a year. Further to enhancing the contacts between the Commission and national Youth Guarantee authorities it allows a regular exchange between the national Youth Guarantee coordinators, and has become a forum for exchange of information and best practices on recurrent issues.

The Youth Guarantee has also been a priority on the agenda of the European Network of Public Employment Services, contributing to building PES capacity to provide tailored services to young people. The Network organises a range of mutual learning activities and undertakes annual monitoring of PES implementation of the Youth Guarantee. In 2014-2016, it published, among other reports, a "Catalogue of measures for

implementation of the Youth Guarantee”, “PES practices for the outreach and activation of NEETs” and two reports on PES implementation of the Youth Guarantee⁴. Furthermore, in 2016 a toolkit has been developed as part of the Mutual Learning Activities of the European Network of PES, which aims at providing concrete guidance and tools for PES to assess and address outreach to NEETs. This toolkit supports PES to draft and implement an Action Plan, thereby developing new tools and measures. The toolkit can however also be used to review and refine existing practices, while taking into account wider organisational and contextual factors.

The EMCO Mutual Learning Programme was also mobilised, with the publication of relevant practices on the programme’s database and the organisation of five peer reviews bringing together practitioners, experts and policy makers, a high level exchange at ministerial level, and two learning exchanges.

- Belgium: the European Commission organised a working and learning seminar on Practical support for the design and implementation of Youth Guarantee Schemes, 17-18/10/13⁵.
- Netherlands: Youth unemployment: how to prevent and tackle it, 25/11/13
- France: Jobs for the Future, 10/02/14
- Finland: Youth Guarantee, 18/09/14
- Netherlands: Learning exchange on cooperation at local level in the fight against youth unemployment 28/10/2014
- Sweden: High level exchange on youth employment 18/02/15
- Norway: Targeting NEETs, 24/09/15
- France: Guarantee for Youth, 7/04/16.

In addition, the European Commission organised EU-wide events in Brussels for the exchange between, *inter alia*, national Youth Guarantee Coordinators, public employment services, education authorities, ESF MAs, youth representatives and international organisations:

- A dissemination conference of the 18 one-year pilot projects under an European Parliament Preparatory Action to showcase the outcomes and lessons learnt, 08/05/15⁶;
- A high-level conference "Youth Guarantee – Making it Happen" under the patronage of President Barroso, attended by more than 350 participants, 08/04/14⁷;
- A learning seminar to enhance knowledge on the evaluation of apprenticeship and traineeship schemes for those responsible for setting up and running schemes, 04-05/02/14⁸;

⁴ European Network of Public Employment Services (2015), Report on PES implementation of the Youth Guarantee.

⁵ <http://ec.europa.eu/social/main.jsp?langId=en&catId=1072&eventsId=931&furtherEvents=yes>

⁶ <http://ec.europa.eu/social/main.jsp?langId=en&catId=1099&eventsId=1051&furtherEvents=yes>

⁷ <http://ec.europa.eu/social/main.jsp?langId=en&catId=1079&eventsId=978&furtherEvents=yes>

⁸ <http://ec.europa.eu/social/main.jsp?langId=en&catId=88&eventsId=943&furtherEvents=yes>

- A working and learning seminar on Practical support for the design and implementation of Youth Guarantee Schemes, 17-18/10/13⁹.

- A conference to exchange good practice in setting up and running apprenticeship and traineeship schemes and identify the need for assistance by the Member States, 05-06/06/13¹⁰

These activities have helped in improving the effectiveness of the Youth Guarantee as Member States have been able to learn and inspire themselves from other practices across the EU.

39. The Youth Guarantee is changing the way Member States tackle unemployment. Many countries are rethinking and reforming their traditional approaches to dealing with youth unemployment. Has the Commission assessed the impact of the Youth Guarantee on the harmonization of national measures and approaches to dealing with youth unemployment?

Commission's answer:

The YG has acted as a driver for reform and innovation in policy design. Many Member States already had in place an array of relevant youth employment policies prior to the adoption of the YG Recommendation. However, the Youth Guarantee shifted the focus to early intervention and non-registered NEETs, thus affecting policy design and delivery. Moreover, by requiring services and programmes to be brought together and be delivered within a specific timeframe and through systematic partnerships, the Youth Guarantee has been a driver for change in many Member States. In 2013-2015, Member States adopted a total of 132 labour market reforms targeting young people, highlighting a strong focus on youth employment policies.

The Youth Guarantee has helped to break down silos across policy areas and build viable partnerships. Coordination among the employment, education and youth policy sectors has been heightened, most notably as a result of the impetus created by Member States' Youth Guarantee Implementation Plans. New partnerships were set up with social partners and youth services, including youth organisations. Significant apprenticeship and traineeship reforms have helped better prepare young people for labour market needs and build relevant skills, but have also helped strengthen business community engagement. The majority of public employment services have improved the targeting of their services and have expanded their existing service offer to young people; two-thirds of public employment services established specific targets for their youth-oriented services. Particular emphasis has been placed on reorganising structures and increasing the personalisation of counselling. Staff capacity has also been reinforced, with specific training provided by over half of public employment services in 2014. In addition, Member States have broadened the scope of support through short study or work placements, and pathway approaches towards the hardest to reach. The emphasis on early intervention and non-registered NEETs highlighted existing gaps in service delivery and ensured a new focus on outreach. While results are becoming visible on the ground, Youth Guarantee schemes have not yet reached all young people who have become unemployed or left school.

⁹ <http://ec.europa.eu/social/main.jsp?langId=en&catId=1072&eventsId=931&furtherEvents=yes>

¹⁰ <http://ec.europa.eu/social/main.jsp?langId=en&catId=88&eventsId=891&furtherEvents=yes>

40. What were the main challenges faced by the Member States for the implementation of the Youth Employment Initiative (YEI) in 2015? Have they reported any difficulties in absorbing the increased pre-financing payments for YEI in 2015? How many Member States have designated specific authorities in relation to programmes containing YEI?

Commission's answer:

The progress in implementation of the YEI in 2015 has mostly been positive, although it has also been uneven across Member States. Implementation significantly progressed in the second half, in particular following the adoption of the Commission's proposal to increase the pre-financing paid under the YEI. It had a very positive impact in many Member States that were struggling to advance payments to beneficiaries due to budgetary constraints. This was for instance the case of Portugal, Italy or France. Some Member States, however, still experienced other types of difficulties. Some Member States faced delays in the set-up of the systems for implementation of the YEI, in particular in the designation of authorities, which was a condition for Member States to submit payment applications and to be able to secure the pre-financing.

The delays in the designation were due to different factors:

- In some Member States the delays are linked to their **complex administrative structure**. For instance, in Spain, the YEI is implemented by a number of Intermediate bodies across eligible regions. This makes the designation process much more complex and cumbersome for the Member State as these bodies have to be checked by the national independent audit body.
- In many member States, there is a **lack of administrative capacity** by the national independent audit bodies to carry out the audits for the designation of authorities (in particular in those countries with a high number of intermediate bodies). Another reason may be the **overlap with the closure of the 2007-2013 programming period**.
- Finally, the new **regulatory framework introduced changes to the delivery system of the funds**, including new requirements which had to be met by designated national authorities. Some Member States required more time to adapt to the new requirements. This is the case of the IT system used by the managing authority to record and store data on operations which had to be adjusted to the new requirements set out by the Regulations.

In spite of this, it should be noted that in most cases, the delays in designation of authorities were not an obstacle for the deployment of measures for young people. Therefore, in spite of being unable to claim expenditure, Member states succeed in engaging many young participants in education, training or employment measures.

In the meantime, it should be noted that most of the authorities for YEI programmes have already been designated.

As of 28 November 2016, 9 Operational Programmes supported by the YEI in 6 MS (BE – Bruxelles Capitale; FR – IDF, Picardie, Guadeloupe and Martinique; IE; RO; SI; UK – England) have not yet notified the designation of the managing and certifying authorities to the Commission.

- 41. In its Special Report on Youth Guarantee (N°3/2015) the ECA identified risks relating to the inadequacy of total funding, the lack of definition of a "good quality offer", and the lack of a comprehensive monitoring system. What steps has the Commission taken since the publication of the report? Did they bring the intended results?**

Commission's answer:

As regards funding, the Commission has proposed to increase the resources for the original allocation of the YEI by EUR 1 billion over 2017 – 2020, with EUR 1 billion of matching funding to be provided from the European Social Fund. The increase of the YEI is being discussed by the Council and the European Parliament in the context of the MFF-mid-term review.

As for the quality of offers, the Commission, together with the ILO, is working on the identification of the main elements that constitute a quality offer under the Youth Guarantee. Moreover, the Commission will explore the possibility of discussing standards for quality criteria in the context of the work on Youth Guarantee monitoring in EMCO.

The launch by EMCO of the ambitious indicator framework for monitoring the Youth Guarantee, as well as the two rounds of data collection for 2014 and 2015 constitute the response to the recommendation of the European Court of Auditors. As underlined by the EPSCO Council in 2014, and again in early 2016, the indicator framework is an important step forward in the development of 'evidence-based Youth Guarantee schemes' underpinned by credible data. The indicator framework is also a reference instrument for monitoring the schemes within the framework of the European Semester. The collection of administrative data on the implementation and follow-up levels requires that Member States allocate adequate administrative and financial resources to it. Particular emphasis should also be put on improving follow-up data which will allow a better analysis of the impact of the Youth Guarantee on beneficiaries.

- 42. The Court gave a negative assessment of the Youth Actions Teams by considering that there was an insufficient focus on results. Has the initiative been successful in raising awareness at highest political level and for convincing the national authorities to prioritise youth employment over other initiatives?**

Commission's answer:

The YATs initiative met the political expectations set out by the European Council in its conclusions of 30 January 2012. The key objective of the joint YATs -an emergency measure decided by the heads of State- was to react immediately to the deterioration of youth employment, by mobilising EU and national instruments, including Structural Funds, and agreeing policy reforms to be included in youth job plans. The teams were meant to 'shake the tree' by raising awareness at the highest political level, creating a sense of urgency and giving a stronger steer while not creating additional administrative or/and legal procedures.

The YATs made an important contribution by paving the way for new initiatives to combat youth unemployment, including the 'Youth guarantee', the YEI and the

improved 2014-2020 programming of the ESF, with an increased focus on young people.

European Globalisation Adjustment Fund (EGF)

43. Could you provide the reintegration rate country by country for workers under EGF programme in 2015? Did the quantitative parameters match the expected ones?

Commission's answer:

In 2015, the Commission received from Member States 8 Final Reports on the implementation of EGF co-funded measures for redundant workers. The average reintegration rate is calculated to be at 45, 6 %, while the figures per MS are as follows: DK – 87, 6%; IT – 3, 2 %; RO – 42 %; FI- 65 %; BE- 37 % and DE – 87 %.

All cases presenting their Final Reports in 2015 fall within the scope of the previous programming period.

As regards the match between results and targets, the EGF Regulation stipulates that "Member States should strive towards the reintegration of the largest possible number of beneficiaries participating in these measures into sustainable employment as soon as possible, within the six-month period before the final report on the implementation of the financial contribution is due". Thus there are no quantitative targets on reintegration rate for the MS implementing EGF cases.

Roma integration

44. How many ESF Operational Programmes refer to the National Roma integration strategy, and how many set out Roma-specific indicators?

Commission's answer:

The ESF common output indicator "migrants, participants with a foreign background, minorities (including marginalised communities such as the Roma)" has been selected for programming, and linked with a target in 61 investment priorities in 37 OPs in 8 MS.

There are, in addition, (at least) 67 programme-specific output or result indicators referring to Roma in 5 additional OPs (Nominations where Roma are referred to in the national language with a different word could not be counted).

11 MS allocated a budget towards Investment Priority on Socio-economic integration of marginalised communities, such as Roma, covering 1.8% of total ESF budget at EU level. Bulgaria, Hungary, Romania. Czech Republic and Slovakia invest considerably in the socio-economic integration of marginalised communities, such as Roma (4.8% of total ESF budget and above). "Ethnic minorities" were selected as a target group in 47 investment priorities in OPs.)

45. Is there any financial information available on which proportion of social inclusion funding was devoted to the integration of marginalised Roma communities?

Commission's answer:

In the 2014-2020 programming period €22, 2 bn was allocated under ESF to social inclusion measures, including Roma.

A specific investment priority was introduced for the integration of marginalised communities (e.g. Roma) to allow for an explicit (but not exclusive) targeting of marginalised communities and a better monitoring of results. Total allocation budgeted for this investment priority stands at €1,5 billion in 35 ESF Operational Programmes covering 13 Member States (AT, BE, BG, CZ, ES, FR, GR, HU, IT, PL, RO and SK).

Almost another half a billion has been allocated to the investment priority "Combating all forms of discrimination and promoting equal opportunity".

Roma may also be supported under other Investment Priorities in the area of social inclusion, especially as regards active inclusion, Community-led Local Development, and promoting social entrepreneurship.

In the area of employment, Roma may be covered under other investment priorities: access to employment, the sustainable integration into the labour market of young people, and self-employment

In the area of education they may be covered under the investment priorities reduction and prevention of early school leaving, improving the quality and efficiency of tertiary education, and access to lifelong learning.

Across all investment priorities, Member States have allocated €5 billion to specific actions for non-discrimination.

46. Are there any Member States that are able to provide an unemployment rate of their Roma population?

Commission's answer:

Only a few countries collect ethnic data. In addition as MS' censuses are based on self-declaration- and many Roma people prefer not to declare themselves as being Roma- data are not considered to be representative of the reality.

The EU Minorities and Discrimination Survey recently published by the Fundamental Rights Agency provides an alternative source of information for 9 Member States, including those with the largest Roma minorities.

<http://fra.europa.eu/en/publication/2016/eumidis-ii-roma-selected-findings>

47. Did any of the 2016 Country Specific Recommendations regarding Roma integration concern employment?

Commission's answer:

In its Country Reports, the Commission devotes, for the countries most concerned, considerable attention to issues related to Roma in the context of employment policy, access to housing, healthcare and quality education.

Country specific Recommendations should be considered in conjunction with recitals and the Country Report. Issues related to Roma integration into employment are in particular an issue referred to in EU semester documents relating to Hungary, Slovakia, Czech Republic, Romania and Bulgaria.

48. Is the design of the ESF well suited for Roma inclusion measures in your opinion? How could the impact of the ESF be maximised in that regard?

Commission's answer:

As acknowledged by the European Court of Auditors in its Special report on Roma Inclusion, significant progress has been made under the ESI Funds (especially the ESF) for the programming period 2014-2020 with regard to Roma inclusion. The EPSCO Council also welcomed the positive assessment made by the European Court of Auditors in its Conclusions on the Special report on Roma Inclusion. The Commission sees this as a clear indication that the increased policy orientation of EU funding is working. Since 2014, we have been linking funding more strongly to country-specific recommendations. This helps Member States to better address the challenges on Roma integration they are facing. A tangible illustration of this is the fact that EU Member States which received CSRs on Roma integration have all programmed support under the dedicated investment priority on marginalised communities in their programming documents. By focusing on ensuring Roma access to quality inclusive education, these CSRs had a powerful leverage to encourage the use of ESI Funds for inclusive education reforms.

In addition, the new legislative Framework has also ensured that the adequate policy framework is in place before Member States receive actual ESIF support (through the so-called ex ante conditionalities). With regard to Roma, Member States are required to set up a national Roma inclusion strategic policy framework. This is crucial as the implementation of national Roma integration strategies of countries with sizeable Roma minorities largely relies on ESF and ERDF funding.

49. One of the most pressing challenges that erupted in 2015 is the refugee crisis. What are the main messages of the Commission's guidance note on how the ESF and the Fund for European Aid to the Most Deprived (FEAD) could be used to support asylum seekers and refugees?

Commission's answer:

Within the EU, in order to improve the employment opportunities of asylum seekers and refugees, the European Social Fund (ESF) can provide valuable support to their social inclusion and swift integration into the labour market. Measures foreseen for the integration of asylum seekers – and of migrants more generally – include language courses, skills identification and vocational training.

However, the ESF support can only be granted to those asylum seekers who have legal access to the labour market, in cases where the Member States explicitly grant asylum seekers access to vocational training, or to actions concerning the education of minors (minor asylum seekers or minor children of asylum seekers). Besides the individual support to asylum seekers and their families, the ESF may also be used to reinforce the administrative capacity of services of public administrations and NGOs that are dealing with specific needs and situations of persons seeking international protection.

All Member States can support asylum seekers and refugees with their ESF programmes as they have been adopted. In some ESF programmes, asylum seekers and refugees are explicitly mentioned as a target group, whilst in other programmes they are not. In the latter case, asylum seekers and refugees can benefit from ESF support if they qualify under the more general target groups of e.g. jobseeker, unemployed, low-skilled, etc. It is also important to bear in mind that whilst some Member States have been recently faced with a high number of asylum seekers arriving on a daily basis, these asylum seekers have not all applied for international protection in that Member State and therefore the ESF cannot support them.

The FEAD can also play its part in this extraordinary situation. Every Member State defines who to target with the FEAD and asylum seekers can be a part of this group. The FEAD can support asylum seekers and refugees both in the early stages after their arrival in the Union by providing them with immediate relief (food, basic material assistance), as well as later promoting their social inclusion, regardless of their status. The scope of support by FEAD would depend on the scope of the national programme: but in theory, asylum seekers – like other target communities - could benefit both from food and basic material assistance. They could also benefit from social inclusion activities.

50. The total number of on-going OLAF investigations concerning EMPL's fields of activity amounts to 26 ESF (and 1 centralised expenditure) related cases at the end of 2015. What is the latest state of play regarding these cases? Is the Commission regularly being informed concerning the judicial follow up of closed cases in the Member States?

Commission's answer:

With regard to the 27 cases (26 ESF + 1 direct management) reported at the end of 2015 as on-going OLAF investigations concerning EMPL's field of activity the current state of play is as follows: Out of these:

- 17 cases (16 ESF + 1 direct management) are still under investigation by OLAF.
- 10 cases (all ESF related) were closed by OLAF; whenever these cases implied the need for actions to be taken by DG EMPL, the appropriate follow-up measures have been initiated.

Regulation No 883/2013 requires OLAF's partners to provide information on the actions they have taken following recommendations made by the Office. In particular, Article 11 establishes the obligation for the competent authorities of the Member States to provide such information at the request of the Office. Regarding the judicial recommendations, when such a recommendation has been issued, the competent authority is requested to provide OLAF with information on the actions or decisions taken following the recommendation within a period of 12 months. The information received is presented in the OLAF annual reports (see for example Figure 21 OLAF Report 2015).