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EUROPEAN SOCIAL FUND: BRIEFING FOR MEMBERS

An Overview

The new European Social Fund (ESF) for 2014-2020 was officially approved of in December 2013 by national governments. It is one of the five key funds making up the European Structural and Investment Funds (ESIF). All EU funds for 2014-2020 are supposed to implement specific objectives within the Europe 2020 strategy for smart, sustainable and inclusive growth. The ESF focuses on three of these specific Europe 2020 objectives: 1) having increased participation in training and employment, 2) reducing the amount of children leaving school early and increasing participation in higher education; and 3) reducing by at least 20 million, the number of people at risk of poverty and social exclusion by 2020.[1]

The overall aim of the ESF is to support employment, education and training all over the EU through investing financially in relevant partners, like NGOs on the ground throughout Member States. For 2014-2020, the Commission has outlined five main goals for the ESF: 1) Getting people into jobs, 2) Helping young people enter the labour/job market, 3) Increasing Social Inclusion, 4) Creating better education throughout the EU (i.e. through training of educators), and 5) Increasing the quality of public administration and governance at national and local levels. Again, all of these specific goals serve to accomplish three of the Europe 2020 objectives stated above (helping employment, education and poverty levels).

In order to ensure the full alignment of the ESF with the objectives of the Europe 2020 strategy, the ESF should support Member States by taking account of the Country Specific Recommendations and other guidelines to carry out reforms at national level.

Key terms defined

In order to understand the ESF it is first necessary to explain some key terms that are used. One of the first key terms is "**thematic objectives**". A thematic objective is a specific priority to promote smart, sustainable and inclusive growth throughout the European Union. Therefore, the term thematic objective is not just used in referring to the ESF. All thematic objectives that the legislation lists are goals to support smart EU growth and correspond to various funds or projects financed by the EU for 2014-2020[2]. The ESF will help support smart growth by attempting to fulfill **four of the eleven thematic objectives**: **(1)** promoting employment and supporting labour mobility; **(2)** promoting social inclusion and combating poverty; **(3)** investing in education, skills and lifelong learning; and **(4)** enhancing institutional capacity and an efficient public administration.[3]

The next term that needs to be explained for better comprehension of the ESF as a whole is "**investment priority**". As was mentioned before, there are four major thematic objectives in the ESF and within those four objectives; there are 18, even more specific, **investment priorities** that detail further precise actions to be taken by the ESF to accomplish its main goals of supporting employment, education and training efforts throughout the EU.[4] There are six investment priorities for **thematic objective 1** (promoting employment and supporting labor mobility); there are another six for **thematic objective 2** (promoting social inclusion and combating poverty); **the third thematic objective** (investing in education, skills and lifelong learning) has four specific investment priorities, and the **last thematic objective, the 4th one,** has two investment priorities. Some of the **investment priorities** include: promoting active and healthy ageing, implementation of the youth guarantee, socio-economic integration of communities such as the Roma, and community-led local development strategies.

1 http://ec.europa.eu/regional_policy/what/europe2020/index_en.cfm
2 http://www.huckfield.com/wp-content/uploads/2012/11/12-EU-Funds-Thematic-Objectives-N03.pdf
3 http://www.huckfield.com/wp-content/uploads/2012/11/12-EU-Funds-Thematic-Objectives-N03.pdf
4 http://www.parliament.uk/documents/lords-committees/eu-sub-com-g/esf/esfsempresec.pdf (pg 15)

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A last major term that needs to be further explained is "**thematic concentration**". When this term occurs, it is referring to how much of the fund will be devoted to each of the different goals of the ESF, including both the specific investment priorities and overall thematic objectives. For example, "**promoting social inclusion and combating poverty**" is a thematic objective for the ESF and at least **20%** of the total amount of money for ESF in each Member State must be devoted to fulfilling this thematic objective.[5] The European Commission considers employment as the most effective way of giving people independence, financial security and a sense of well-being. Hence, the thematic objective "**promoting social inclusion and combating poverty**" does require projects and activities to be linked to the labour market.

The thematic concentrations, outside of this 20% of funds, are split up into regions: **developed regions, transition regions and less developed regions**. For more **developed regions,** Member States must concentrate at least **80%** of their ESF allocation to carrying out five different investment priorities (specific goals within thematic objectives). This 80% of funds devoted to the five investment priorities and 20% of funds for combating social inclusion/poverty means that for developed regions, **their entire ESF budget** must go towards these two items. There is a bit more room for other projects to be sponsored with ESF money for both transition and less developed regions.[6]

For transition regions, Member States must concentrate 70% of their ESF allocation to carrying out five different investment priorities. And finally, for **less developed regions**, Member States must concentrate at least 60% of their ESF allocation to carry out five of the specific investment priorities listed.

If we think in terms of bullet points or lists, visualize the ESF's **thematic objectives** as the four main headings of the ESF. Underneath each of these four headings there are subcategories called **investment priorities**. The amount of money in the fund devoted to each of these four areas (including their subcategory investment priorities) is the **thematic concentration,** or how much concentration is given to each of the main priorities of the ESF.

The partnership principle, operational programmes and shared management

The European Social Fund is designed and implemented in a partnership between the European Commission and national and regional authorities and should also involve a wide range of other economic and social partners, such as NGOs and trade unions. Partners should be involved in preparing and implementing Partnership Agreements and be represented on the monitoring committees of programmes. Member States are also required to build the capacity of partners to engage with the ESF. In less developed and transition regions member states are obliged to earmark funding for capacity building of partners. In January 2014 the Commission published the **European code of conduct on the partnership principle**, providing binding principles and guidelines which aim to assist authorities to organise meaningful partnerships with relevant stakeholders. Please contact your national ESF authority for more information on how you can get involved. Find out who is the relevant ESF **managing authority** in your country or region here: http://bit.ly/1hBEPAv.

Each Member State is required to submit to the European Commission a draft **Partnership Agreement** covering the European Structural and Investment Funds in 2014-2020. Partnership Agreements should overall describe the Member State's strategy for targeting EU investment in a structured way.

Partnership Agreements are followed by one or more **Operational Programme** (OPs) negotiated between national authorities and the Commission, which describe the priorities for ESF activities and their objectives for the seven-year programming period. Implementation on the ground, through OPs, is managed by the relevant authorities in each country, at national or regional level. OPs and PAs as well as other relevant information by country can be found in the *ESF – Support in your country* link at the end of this briefing.

The administration of the ESF follows the principle of **shared management** and the ESF is based on the principle of **co-financing** to ensure ownership at national and regional level. Therefore, ESF funding is always accompanied by public or private financing. Co-financing rates vary between 50% and 85% (95% in exceptional cases) of the total project costs depending on the relative wealth of the region. The image below visualises how the shared management, co-financing and partnership principle work.

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[5] http://www.parliament.uk/documents/lords-committees/eu-sub-com-g/esf/esfsempresec.pdf (p16)

[6] European Social Fund Regulation- Article 4.

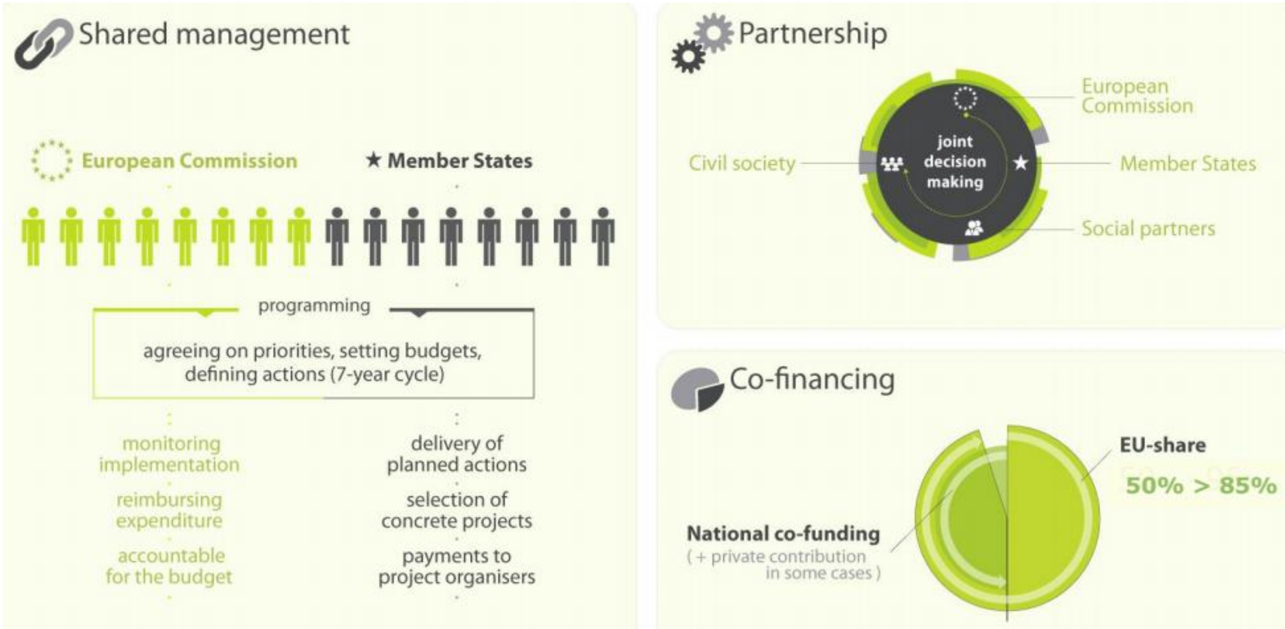

Diagram from the European Commission

Ex-ante conditionalities

National governments have to comply with what are known as "**ex ante conditionalities**" to be eligible for the different European Structural and Investment Funds (ESIF), and some of them relate to the ESF. These are linked to the **thematic objectives and investment priorities** of the different funds and are supposed to ensure the effective and efficient use of Union support to achieve the goals of the funds.

Part II of Annex XI of the ESI regulation lists them, and the ones for the ESF most relevant for Eurodiaconia members mean that authorities must have the following in place: A national Roma inclusion strategic policy framework, a national or regional strategic policy framework for health and a national strategic policy framework for poverty reduction, aiming at active inclusion, that: provides a sufficient evidence base to develop policies for poverty reduction and monitor developments, contains measures supporting the achievement of the national poverty and social exclusion target (as defined in the National Reform Programme), which includes the promotion of sustainable and quality employment opportunities for people at the highest risk of social exclusion, including people from marginalised communities and that involves relevant stakeholders in combating poverty. Accessibility for persons with disabilities must also be guaranteed.

The conditionalities and how the authority does or plans to fulfil them are outlined in the Partnership Agreements. If in cases where there is a failure to fulfil an applicable ex ante conditionality within the deadline laid down, the Commission should have the power to suspend interim payments to the relevant priorities of the programme under precisely defined conditions. Members feel that an element of an important conditionality is not being met, such as regarding a strategy mentioned above, they can inform Eurodiaconia who can inform the European Commission.

Simplified cost options

The European Commission promotes a wider use of **simplified cost options "SCOs"** for projects: payments based on **flat rate financing**, **standard scales of unit costs and lump sums** (a single pre-established amount) instead of real costs. The obligation to trace every euro (the "real cost" principle) has been replaced by a calculation of the costs of an operation on the basis of other costs (flat rate financing), or of outputs and results (standard scale of unit costs, lump sums). Specifically for the ESF the regulation states that *"Grants and repayable assistance for which the public support does not exceed EUR 50 000 shall take the form of standard scales of unit costs or lump sums…or flat rates … except for operations receiving support within the framework of a State aid scheme". "Where the public support for grants and repayable assistance does not exceed*

EUR 100 000, the amounts referred to in [the main ESI regulations] may be established on a case-by-case basis by reference to a draft budget agreed ex ante by the managing authority".

Therefore the financial reporting requirements and the administrative burden is much lighter and allows faster payment to beneficiaries. The ESI Regulations defines several methods of calculations of SCOs. Increased use of lump sums and decreased administrative burdens is something that Eurodiaconia and partners had called for in the new programme.

Social Innovation

The ESF will provide greater support to **social policy innovation** initiatives by promoting social innovation within all areas falling under its scope. This provides members states with the possibility to support innovation within each policy field relevant to the ESF and the flexibility to identify areas where it can bring the most impact. To support Member States the European Commission is facilitating capacity building for social innovation through supporting mutual learning, establishing networks and promoting good practices and methodologies.

Member States must identify either in their operational programmes or during the implementation phase how they plan to incorporate social innovation activities that correspond with their specific needs. This means there is an obligation for each Member State to select themes for social innovation. The ESF will particularly support projects with the aim of testing, evaluating and scaling up innovative solutions, in order to address social needs in partnership with all stakeholders. Projects related to social innovation should therefore be attractive to managing authorities.

Social Enterprise

The ESF supports the establishment of social enterprises as a source of jobs, for people who find it difficult to get work including young long-term unemployed, disabled people and people in rural communities. The ESF can provide the following forms of support: - management training for those who will run the enterprises, - offering trainings in human resources, employment law, health and safety, - developing technical skills and know-how in advising local start-up companies, - helping in finding funds for their activities and ensuring their sustainability in the long term. There is an increased emphasis on social enterprises compared to the last programming period.

An example of the type of organisation funded is this organisation in Slovenia: Work Factory, a non-profit social enterprise working in the textile recycling sector to give jobs to disadvantaged people at risk from social exclusion received € 249 942.

Youth Employment Initiative

The Youth Employment Initiative (YEI) was agreed upon by the European Council in February 2013 in order to reinforce the financial support for youth initiatives under existing EU funds. For the 2014-2020 period the YEI will concentrate on **regions with particularly high youth unemployment rates** and on **young people aged 15-24 not in employment, education or training (NEETs).** Where the Member State considers relevant, the YEI will also target those aged under 30 years. It will support direct actions for individuals and not structural reforms. These can be, for example, apprenticeships and traineeships, job offers, business start-up support or hiring subsidies, actions aimed at placing the young person into the labour market.

In particular, one investment priority of the ESF regulation allows for targeted support in 2014-2020 towards young people: *Sustainable labour-market integration of young people, particularly those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee*. Other investment priorities related to education and training, as well as social inclusion of young persons, could also be relevant for channelling ESF support, for example: active Inclusion, access to employment, reducing and preventing early school leaving and promoting equal access to good quality early-childhood, primary and secondary education as well as enhancing equal access to lifelong learning, upgrading the knowledge, skills and competences of the workforce.

The YEI funding will comprise EUR 3.2 billion from a specific EU budget line dedicated to youth employment and at least another EUR 3.2 billion from the ESF national allocations. Member States will have to complement this assistance with substantial additional ESF and national investments in structural reforms to modernise employment, social and education services for young persons, and by strengthening the capacity of relevant structures and improving education access, quality and links to labour market demand.

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How and where to find calls for projects to apply for ESF funding

National or regional ESF websites where calls for proposals can be found are listed on the contact page of the Commission website for the ESF here: http://bit.ly/1hBEPAv. If no website is listed, contact emails for the governmental department or persons responsible in the managing authority are listed, and they can advise organisations where they can find information about calls for proposals.

Examples of ESF funded projects

From 2012-2014 Silesian Diaconia schools have participated in a project led by the Silesian University in Opava entitled "Support for the implementation of expressive therapy in the teaching of pupils with special educational needs in the Moravian-Silesian Region", financed from the state budget of the Czech Republic and the ESF. The main objective of the project is to improve the quality of education for pupils with special educational needs, creating a new methodological tool for teaching and continuing education of teachers.

CJD Sangerhausen in Saxony Anhalt, a member of Diakonie Mitteldeutschland, runs a school social workers (SSW) programme funded by the ESF. SSW are social workers especially trained to work with children in schools. They help students academically and socially, support parents (act as mediator with third parties), make referrals to community agencies, help in a crisis and provide prevention programs.

Actors for Welfare is a project supported by the ESF run by the Diocese of Västerås, Church of Sweden. A seminar reflected on how the church could be a welfare actor and how this could be done on a community level and the project is particularly focused on supporting access to employment and in up skilling staff in the Diocese to understand people's needs in this area.

The Salvation Army in the Czech Republic has carried out projects with support from the ESF for analysis, training programmes and other activities related to social inclusion. They advise considering the amount of work the administration of a project will create when developing the budget and to build in the administration and management costs, find reliable partners and develop clearly structured project proposals. Other members have talked of the importance of proactivity when dealing with ESF authorities.

Other examples of ESF projects outside of our membership:

An ESF project in Hamburg works locally with the parents of students with immigrant backgrounds to improve school success and to facilitate the entry into the world of work. Participants: more than 1500 parents reached, 43 trained multipliers (April 2013) - ESF contribution: € 287 482.

In Bulgaria during a 10-month training period at a social enterprise, young men and women from sheltered homes acquired not only work skills, but also learned the wider social and communication skills that do so much to ease social integration. Participants: 18 - ESF contribution: €151 000.

The "When I grow up I want to be…" campaign works to help Roma youth, their families and the educational community to be aware of the importance of young Roma completing their studies. A workshop bus with a photographic studio travelled through 38 Spanish cities visiting Roma neighbourhoods, allowing the children to create photomontages reflecting their dream jobs. They then brought this art home with the message, "Whatever your dream may be, finish secondary school". ESF contribution: € 61 324 (in the first phase).

The Eurodiaconia secretariat would like to receive information about other ESF funded projects from members.

Further information and links

- ESF – Support in your country: http://ec.europa.eu/esf/main.jsp?catId=45&langId=en
- National contact information: http://ec.europa.eu/esf/main.jsp?catId=524&langId=en
- The ESF Rules and Regulations: http://ec.europa.eu/esf/main.jsp?catId=33
- European code of conduct on partnership: http://ec.europa.eu/regional_policy/what/future/pdf/preparation/da_code_conduct_en.pdf

This document does not constitute legal advice

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