



Investing in people: EU funding for employment and social inclusion

Social Europe guide | Volume 7



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Volume 7

European Commission

Directorate-General for Employment, Social Affairs and Inclusion
Manuscript completed in June 2014

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Luxembourg: Publications Office of the European Union, 2014

ISBN 978-92-79-38146-1 – doi:10.2767/24234 (print)

ISBN 978-92-79-38149-2 – doi:10.2767/24760 (epub)

ISBN 978-92-79-38143-0 – doi:10.2767/23781 (online)

ISSN 1977-2343

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Printed in Belgium

PRINTED ON ELEMENTAL CHLORINE-FREE BLEACHED PAPER (ECF)

Foreword



László Andor

*Commissioner for Employment,
Social Affairs and Inclusion*

The European Union and its Member States have had to cope with extremely difficult times since the economic crisis first hit in 2008. We have seen unemployment rates spiral upwards, economic growth cut and an increase in citizens suffering poverty and social exclusion. Set against this challenging back-drop is the need for Europe to deal with longer-term

issues such as its ageing society and the ever-changing demands of the globalised economy.

The EU must take action on all these fronts and is determined that Europe's human and social capital do not go to waste in the coming years. This brochure examines key Community funding instruments that are dedicated to investing in people so they can lead fulfilling and prosperous lives without facing unemployment and social exclusion. It will be a team effort, as funding arrangements have been decided through close partnership between the European Commission and the Member States. Projects are implemented by or in cooperation with community groups, civil society bodies, NGOs and the like.

For more than 50 years, the European Social Fund (ESF) has been helping to give Europeans the skills they need to get good jobs. Training, apprenticeships and lifelong learning schemes across the EU receive support from the ESF, as do projects that help people trying to battle

their way out of poverty and social exclusion. This fund will remain the central tool for investing in human capital over the new programming period, which runs from 2014-2020. More than EUR 80 billion has been allocated to the ESF over the next seven years. This money will continue to help people back into the labour market and address pressing social issues such as youth unemployment and social marginalisation. It will also be used to sharpen up the delivery of education and public services.

The ESF is complemented by three other funds. The Fund for European Aid to the Most Deprived (FEAD) helps the very needy by providing them with, for instance, basic necessities such as food and clothing. The EU programme for Employment and Social Innovation (EaSI) is helping people to move across Europe to find good jobs and offers micro-finance to social entrepreneurs. Meanwhile, the European Globalisation Adjustment Fund (EGF) continues to help redundant workers train for other jobs or set up their own businesses.

Funds like the ESF are key tools for the delivery of EU policies which aim to improve the economy and social cohesion. They support Europe 2020 – the EU's ten-year strategy for smart, sustainable and inclusive growth. Europe 2020 has many bold ambitions, which include reducing the number of people at risk of poverty and social exclusion by 20 million and ensuring that 75 % of 20 to 64 year-olds are in work by the end of the decade. Funding priorities and spending at EU and national level must be aligned with the strategy's objectives.

I am delighted that the Commission has succeeded in adding a strong social dimension to the new EU budget round. It means that the ESF and other funds can invest in those who need the most help. Twenty percent of the ESF's budget has been earmarked for projects that promote social inclusion and combat poverty. It is worth reminding ourselves that there is a lot to build on. Between 2007 and 2013, 68 million people took part in ESF-financed activities. We estimate that 5.7 million people secured

work and around 8.6 million obtained additional qualifications thanks to ESF support for training and education. The Fund was also responsible for more than 400 000 business or self-employment start-ups.

This work will continue as it must if Europe is to address its social problems

effectively. It is in everyone's best interests to tackle unemployment, rescue young people from a life of inactivity and to eliminate poverty and social exclusion. The task has been made much harder in recent years, but the EU and the Member States are determined to continue to work together to make life better for all their citizens.



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CHAPTER 1



Investing in people

A long history of support for employment and social policies

The European Union (EU) has been investing in people since it first came into being as the European Economic Community (EEC) in 1957.

The Treaty of Rome established the European Social Fund (ESF), which was initially deployed to help workers in economic sectors that were modernising their production processes. Grants were offered for short-term retraining courses so that workers could learn new skills. The ESF also made money available for resettlement to help unemployed people move for work. It is estimated that ESF support helped one million people get back to work between 1960 and 1973.

Keeping pace with change

Over the years, the ESF has been reformed and adapted to keep pace with Europe's needs. In the early 1970s, for example, technical innovation meant that many farm workers were leaving agriculture – they received support to retrain for other jobs. In addition, the ESF started to help people who were looking for work in other EEC countries by funding language courses and advice about living in a foreign country.

The spectre of increasing youth unemployment rose in the 1970s, so the ESF was used to help those with few qualifications by funding vocational training schemes. It was also around this time that it started to offer support to specific groups such as women, older workers and disabled people.

The 1980s saw the ESF helping some of Europe's poorer regions unleash their human potential and reduce imbalances with the richer EEC nations. By the late Eighties, more than half of the ESF's expenditure was committed to employment schemes in places such as Greece, southern Italy, Portugal and southern Spain.

The ESF was reformed again in the 1990s to meet the demands of the Single Market, and a growing list of funding applications. Multiannual programmes were introduced and decided on through a partnership between the Commission and the Member States. Then, in 1994, the ESF was deployed to ensure that as many people as possible could get jobs.

Today, along with providing support to a wide range of projects that help people into employment, the Fund also gives a hand to socially excluded people – including migrant groups – helping them to integrate into the labour market.

Branching out

The ESF's growing sophistication and remit have seen its budget expand over the years from around 1% of total Community spending to over 7% today. The Fund's success has also spurred the EU to develop other programmes and funding packages tailored to the needs of particular groups, or to deal with specific employment and social issues.

By way of example, Youthstart was established in the 1990s to help young people without qualifications get their first job. INTEGRA, launched in 1995, offered groups such as single parents, the homeless, refugees and ex-prisoners a way into the labour market. EQUAL was launched in 2000 to find ways of tackling discrimination and inequality in the labour market.

Box 1.1 The added value of working at EU level

The main reason for funding programmes at EU level is that they are able to offer a return or outcome that cannot be met solely by national or local spending. They make it possible to jointly address commonly identified societal and economic challenges that cannot be met by one region or country alone.

There is added value in the fact that EU funding is allocated over a seven-year programming period, which allows for strategic planning and uninterrupted support for employment and social inclusion measures. This is particularly valuable during a period when there is uncertainty surrounding national budget resources. EU-level programmes also provide an opportunity to pool resources and expertise across Member States

through networking and the sharing of best practices. Creating synergies in this way helps to produce innovation and lasting cooperation between countries and civil society organisations. In addition, a secure and well-managed flow of EU money can be used to 'leverage' funding from other sources. The ESF and other funding mechanisms mentioned in this brochure also aim to enhance European solidarity, cohesion and address disparities. For example, Europe's less well-off regions might only have 35% of the EU population⁽¹⁾, but they benefit from two-thirds of the Structural Funds (ESF and ERDF) budget.

(1) Leaflet: The European Social Fund: Investing in People.

EU's multiannual financial framework – supporting employment and social policies

The multiannual financial framework (MFF) defines the Community's policy priorities between 2014 and 2020. Through the MFF, the EU has committed to investing about one trillion euro over the next seven years.

Much of the MFF is geared towards meeting the objectives of Europe 2020, which is the EU's overarching strategy for generating sustainable growth, jobs and competitiveness – as well as to support the Country Specific Recommendations issued by the Council in the framework of the European Semester.

For the first time, the ESF has been allocated a minimum share of the Cohesion policy budget of 23.1%. That means at least EUR 80 billion (in current prices) has been set aside for the ESF for 2014 to 2020. That gives a funding stream of more than EUR 10 billion per year during this new programming period to contribute to meeting the employment and poverty targets laid down in Europe 2020. These call for 75% of 20 – 64 years old to be in employment and at least 20 million fewer

people in or at risk of poverty and social exclusion. It is worth noting that the actual share of the ESF will be set in light of the specific challenges the Member States need to address in the areas covered by the ESF and is therefore very likely to increase.

EUR 6.4 billion (in current prices) has been allocated to the new Youth Employment Initiative (YEI). The YEI is linked to the ESF and will provide extra support to the regions which are most affected by high rates of youth unemployment.

In addition, these other EU social and employment programmes are included in the MFF:

- The **Fund for European Aid to the Most Deprived (FEAD)** amounts to more than EUR 3.8 billion for 2014 to 2020. The FEAD helps Member States to provide material assistance – such as food and clothing – to society's poorest people as well as social inclusion measures directed to the most deprived people, to help them integrate better into society.
- The **EU programme for Employment and Social Innovation (EaSI)** accounts for EUR 920 million between 2014 and 2020. EaSI funding is used to support labour mobility, encourage

social entrepreneurship and make it easier to access microcredits.

- **The European Globalisation Adjustment Fund (EGF)** has a maximum annual budget of EUR 150 million between 2014 and 2020. The EGF funds up to 60% of the cost of projects that help redundant workers find other jobs or establish their own businesses.

Funding – the bigger picture

The ESF is one of the EU's five European Structural and Investment Funds (ESIF), which are used to promote jobs and growth. The others are:

- **The European Regional Development Fund (ERDF)**, which supports projects dedicated to innovation and research, the digital economy, SMEs and the low carbon economy.
- **The Cohesion Fund**, which aims to reduce economic and social disparities while promoting sustainable development in the poorer EU regions. Funding here can be used to develop infrastructure, such as transport networks.
- **The European Agricultural Fund for Rural Development (EAFRD)** seeks to

improve the competitiveness of farming and forestry.

- **The European Maritime and Fisheries Fund (EMFF)** helps Europe make the transition to more sustainable fishing practices while supporting coastal communities as they diversify their economies.

The Common Provision Regulation⁽²⁾ provides a common framework of rules for the programming period 2014-2020 for these five Funds, supporting the idea of better integrated and coordinated policies. Cutting 'red tape' and targeting investments are also objectives for the new funding period, along with the introduction of simpler accounting rules.

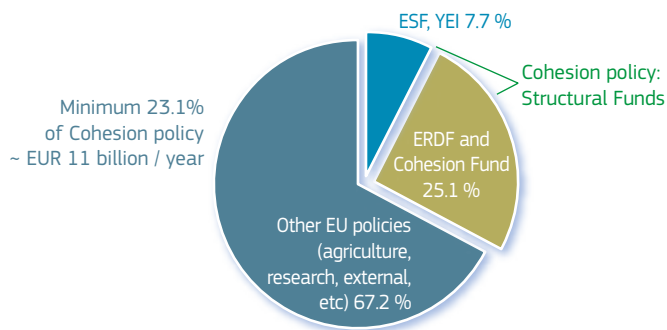
The Cohesion policy

The ESF, Cohesion Fund and the ERDF are used to support the EU's Cohesion policy, which has a key role to play in delivering the Europe 2020 strategy. It aims to tackle economic, social and territorial disparities across Europe. The importance of the Cohesion policy is reflected in the fact that it accounts for more than 32% of the EU budget for 2014-2020 – that is EUR 351.8 billion⁽³⁾.

(2) Regulation (EU) No 1303/2013

(3) http://ec.europa.eu/regional_policy/thefunds/funding/index_en.cfm. See also: EU factsheet: A new Cohesion Policy for jobs and growth in Europe.

Chart 1.1 Cohesion policy as a share of the EU's budget 2014-2020



Priorities for the future

The prolonged economic crisis, which started in 2008, still casts a shadow over Europe's immediate future. That crisis sparked a recession that has pushed unemployment to record highs across the EU. Around 26 million people (10.8 %) were looking for work in the EU in January 2014. The unemployment rate for young people is even worse, and stood at 23.4 % at the start of 2014. That means about 5.6 million people under the age of 25 are struggling to get their adult lives off to a good start.

Poverty and social exclusion have also been on the rise since 2009, especially in the southern and eastern European Member States. In 2012, almost 124 million people were classed as being in or at risk of poverty and social exclusion, compared to about 114 million in 2009. Fighting poverty and social exclusion remains a central objective of funding instruments like the ESF and FEAD. In fact, at least 20% of the ESF budget in each Member State will be earmarked to promote social inclusion, combat poverty and any discrimination between 2014 and 2020. Among other things, funding will be made available to help marginalised groups, such

as migrants and the Roma, find their place in the labour market.

Over the next programming period, therefore, the EU's funding instruments for investing in people will have a vital role to play in getting people back to work and out of difficulties. Training, investment in skills, lifelong learning, counselling, career advice, mobility schemes and much more are on offer to improve people's employability and strengthen the competitiveness of Europe's workforce.

Longer-term challenges

These funding instruments will also help the EU and its Member States cope with a

number of longer-term challenges. The world of work is ever-changing due to the introduction of new technologies and the rigours of competing in a global marketplace. Europe's workers must be adaptable and learn new skills if they are to retain their place in the labour market. Up-skilling the workforce is particularly important as the economy grows ever-more sophisticated. The European Commission estimates that by 2020, 35% of jobs will require high qualifications and 12 million jobs will be lost that previously required no qualifications at all. About 80 million people in the EU are estimated to have only low or basic skills, which is why funding is committed to projects that give more Europeans access to training and lifelong



learning schemes. In this context it is very important to find out what skills Europe will need in the future. This information can then be used to provide training in areas that match what the economy needs going forward.

Due to a dip in birth rates over recent decades and the fact that people are living longer, Europe's population is getting older. Our ageing society means Europe must maximise the chances everyone has of getting a job and staying in employment. Older workers must be supported so they can remain in the labour market for longer. The ESF, for example, promotes active ageing by backing projects to help older workers keep their skills and learning up to date. Meanwhile, childcare and dependent carer schemes are used to ensure that women in particular are free to look for work or re-enter the labour market after a break. Support is also on offer to help disabled people who are capable of working get jobs.

Good governance

Weak administrative structures can seriously hamper a country's economic development and reduce the efficiency of public spending, be it from local, national or European sources. In addition, public administrations in some EU countries need to be more responsive to people's needs and develop a culture that is open to change and innovation. At the same time, the capacity building of stakeholders who are charged with delivering employment, training and social policies and programmes – including partners and civil society bodies – needs to be further built up. ESF funding is therefore being used to promote good governance by helping Member States improve the quality of their public administrations. ESF money will continue to be channelled into projects that aim to modernise Public Employment Services, improve human resources strategies in the civil service and improve the business environment.

Contribution from the Hellenic Council Presidency: Ioannis Vrotsis, Minister of Labour, Social Security and Welfare



What will be Greece's main priorities in using its nearly EUR 4 billion allocation from the European Social Fund in 2014-2020? How will this funding help address the employment and social crisis your country is facing?

During the period 2014-2020, the European Social Fund will make a strong contribution to the dynamic evolution of Greek

society and economy and the strengthening of social cohesion, focusing on creating quality training opportunities, improving skills and providing sustainable employment for all.

In particular, taking into account the major challenges we are facing, namely the acceleration of economic recovery and the mitigation of the effects of the economic crisis, the resources of the European Social Fund will be used to:

A) Strengthen employment, particularly for young people, through:

- improved and innovative employment policies such as on-the-job training and employment programmes in sectors that are essential to the Greek economy, leading to certification;
- linking education and training systems to the labour market;
- increased access to lifelong learning, especially for vulnerable population groups;
- business restructuring and improving employees' skills in order to redirect business to new markets and to improve

the organisation of work and production, focusing on areas with good development potential.

B) Strengthen social inclusion and fight poverty, particularly through support for and/or the development and promotion of the social economy and social entrepreneurship.

It should be noted, however, that needs related to poverty and social exclusion will be prioritised by the regions on the basis of local conditions and developmental needs, acting in accordance with the framework and guidelines provided by relevant national and regional strategies.

Furthermore, we must note the effort being made to achieve maximum synergy between the resources allocated by the ESF and other funds such as the Fund for European Aid to the Most Deprived, the Internal Security Fund and the Asylum, Migration and Integration Fund, as well as national resources (guaranteed minimum income).

How do you expect Greece to benefit from other EU-level funding opportunities, such as the EaSI programme and its instruments for microfinance or social enterprises, or the Fund for European Aid to the Most Deprived?

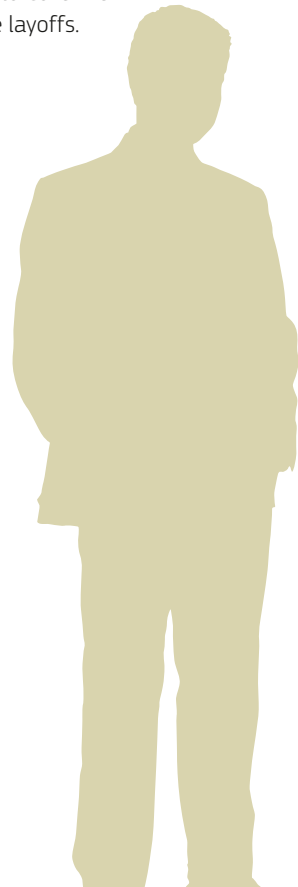
Besides the resources available from the ESF and other Structural and Investment Funds under the Partnership Agreement, Greece also intends to capitalise on the opportunities for the development of human resources offered by other financial instruments and funds. We would like to mention the following in particular:

- **Fund for European Aid to the Most Deprived:** This fund provides staple goods such as food, clothing, medicines, etc. to vulnerable groups and maintains the material contribution and distribution of these goods. In addition, it provides support services to the beneficiaries to bring about social inclusion in an integrated manner. The use of this fund's resources is intended to complement the Structural and Investment Funds, particularly the

European Social Fund resources and the investment priorities of Thematic Objective 9, “Promoting social inclusion and combating poverty.” The budget for the 2014-2020 Programming Period for Greece amounts to EUR 280.9 million.

- **European Globalization Adjustment Fund:** This is a fund which provides short-term assistance through coordinated action targeting individuals who were affected by massive layoffs due to the global financial crisis or the impact of globalisation at company or sector level. Planned interventions to support people laid off consist of “soft” ESF-type interventions (consulting

services, training, business start-ups, etc.). Having successfully implemented an assistance programme for the staff laid off at ALDI HELLAS during the programming period 2007-2013, Greece has already submitted two applications this year for the staff laid off at NUTRI-ART ABEE (Katselis), with a budget of EUR 10 160 000 for 1 010 beneficiaries, and those at SPRIDER STORES SA, with a budget of EUR 12 151 500 for 1 311 beneficiaries. It is clear that activity will continue throughout the 2014-2020 programming period, investigating the possibility of interventions from the fund to cover new instances of massive layoffs.



- **European Union Programme for Employment and Social Innovation (EaSI Programme):**

This programme, which is a continuation of the “Progress” Community Programme, includes the potential offered by the microcredit tool that Greece is going to use to strengthen business start-ups and employment, particularly in the dynamic sector of the social economy.

What do you consider to be the most important novelties in the EU’s 2014-20 financial instruments for employment and social inclusion?

During the 2014-2020 Programming Period, the country plans to use financial tools with an emphasis on microcredit to strengthen social entrepreneurship.



CHAPTER 2

ESF



The European Social Fund

Introduction

To this day, the ESF remains the EU's key instrument for investing in people and strengthening the competitiveness of Europe's workforce. Every year, it funds tens of thousands of projects and programmes all across Europe to improve people's employment prospects, tackle poverty and social marginalisation, provide education and lifelong learning opportunities, and improve public administrations. The Community's Multi-annual Financial Framework (MFF) for 2014-2020 once again puts the Fund at the centre of efforts to improve the economy, help people into work and encourage greater social inclusion. At least EUR 80 billion (in today's prices) has been allocated to the ESF, to be spent over the next seven years.

Just the job

Getting more people into better jobs is a particularly pressing issue at the moment as many parts of Europe suffer high rates of unemployment. People need the skills and training required by the labour market of today – and tomorrow. The ESF provides help in this area to national, regional and local organisations. Apprenticeships schemes, traineeships, outplacement initiatives and efforts to help people move across the EU for work all receive support from the ESF – as do projects to assist budding entrepreneurs and the self-employed. Finding ways to get

Europe back to work is not just about supporting individuals. The ESF also focuses on reforming and modernising Public Employment Services – the 'jobcentres' which so many people rely on to find work.

Fostering inclusiveness

Europe is one of the world's most prosperous regions, and many of its citizens enjoy lifestyles and living standards that are the envy of others. Nevertheless, around 124 million people in the EU – that is 24% of the population – are considered to be in or at risk of poverty and social exclusion. The EU is committed to changing this situation and uses the ESF's resources to help bring about positive change in the lives of Europe's less well off. Millions of euro are committed each year to projects which support society's most disadvantaged as they strive to get into work, out of low paid jobs and to access decent services. There is a strong focus on supporting groups in society that are struggling the most, including disabled people, the Roma, and ethnic and migrant communities. For the new programming cycle, at least 20% of the Fund's resources must be used to support projects that enhance social inclusion.

Better education

Education is the key ingredient for Member States' competitiveness and anyone who

wants to get on in life. Without a good education, and subsequent training opportunities, a person is less likely to get and retain a good job and more likely to suffer poverty and social exclusion. The cycle starts with school – it is vital that young people leave formal education with good qualifications which will help them to enter the labour market or go on to university. For older people and those already in jobs, education and training opportunities can help build their careers and keep pace with change in the workplace. These issues are addressed by the ESF as it supports a range of projects across Europe – from those which seek to stop youngsters from dropping out of school to those which provide lifelong learning opportunities to the older generation. Funding is also allocated to help reform higher education systems and improve the way educational institutions work.

Improving public services

Poor quality, inefficient public services can hold a country back and stifle economic growth. The EU understands this, which is why it is helping many of the less well off Member States to strengthen and modernise their public administrations. The goal is to deliver better and more responsive services to individuals, businesses and society at large. The ESF is being deployed to assist with this huge undertaking. Supported projects and programmes have been developed to provide training for civil servants, new management systems,

updated IT and e-government systems, and for the sharing of information and good practice.

Supporting Europe 2020

The ESF is playing a crucial role in delivering Europe 2020 objectives, which is the EU's ten-year strategy for growth, jobs and social inclusion. Europe 2020 does more than address the recent economic crisis – it has been designed to tackle Europe's long-term needs by creating smart, sustainable and inclusive growth. Funding priorities for the ESF in the 2014-2020 programming period have been fully aligned with the strategy's objectives – both at EU and national levels.

The strategy has established five headline targets to be achieved by 2020 covering employment, research and development, education, climate and energy, social inclusion and a reduction in poverty. The ESF has an important part to play in meeting a number of these targets. For employment, the goal is to ensure that 75% of all 20 to 64 years olds are in work. For poverty and social inclusion, the EU's ambition is to lift at least 20 million people out of poverty and social exclusion. The Fund's role in providing learning and training opportunities also means it plays a part in meeting Europe 2020's education targets, which are to reduce school drop-out rates to below 10% and to ensure that at least 40% of 30-34 years olds complete tertiary education.

Flagship initiatives

To deliver the strategy, the EU and its Member States have developed seven flagship initiatives to push through change in key areas. The ESF is being harnessed to help drive change, notably in relation to employment, poverty and youth.

The European Platform against Poverty and Social Exclusion aims to generate actions across all policy areas including the labour market, access to healthcare and education. The decision to allocate at least 20% of the ESF's budget to tackle poverty and social exclusion will help the Platform meet its objectives.

The Agenda for New Skills and Jobs concrete goals include equipping people with the right skills for the jobs of tomorrow and delivering reforms that make the labour market more flexible and secure. The ESF's commitment to projects that give people the training they need to get good jobs complements the Agenda's approach.

The Youth on the Move initiative seeks to improve the opportunities young people have in the realms of education and employment. The ESF has had, and will continue to have, a key role in tackling Europe's high rates of youth unemployment by funding training schemes which give young people the skills and life confidence they need to enter the labour market. For 2014-2020, the ESF will support the rolling out of the **Youth Employment Initiative (YEI)** in the

regions that are most badly affected by youth joblessness.

Linking policy and funding

The Europe 2020 strategy is implemented and monitored through the European Semester. This is a yearly cycle which ensures proper coordination of economic and budgetary policies. All the Member States must translate the Europe 2020 targets into their own national and regional plans and policies for growth. Proper coordination of these activities at EU level helps to ensure that everyone is moving in the right direction in order for Europe 2020 to deliver maximum impact across the Community. As part of the semester, therefore, the European Commission analyses the Member States' programmes for economic and structural reforms and then delivers country specific recommendations for the next 12-18 months.

The Semester starts when the Commission adopts its annual growth survey, which establishes EU priorities to boost jobs and growth in the coming year and ends with country specific recommendations addressed to Member States. Programming and implementation of the ESF have to take into account these country specific recommendations and support the challenges they address, and also help the ESF to tackle other long-term challenges such as the ageing population and shrinking workforce, globalisation and the need to reform public employment services and improve public administrations.

Key principles for the new programming period

For 2014-2020, the role of the ESF has been strengthened so it can deliver what the EU needs for advancing in terms of jobs, economic growth and social solidarity.

- The ESF enjoys a **minimum share of the Cohesion policy budget of at least 23.1%** in order to invest in people. In total, the ESF will amount to more than EUR 80 billion over the next seven years. The actual ESF share will be set in light of the specific challenges Member States face in the areas covered by the Fund. The introduction of a minimum share puts an end to the gradual reduction of money allocated to the ESF from the Cohesion policy over the past 25 years.
- At least **20% of the ESF must be committed to social inclusion**. This will ensure that disadvantaged groups and people will get more support in terms of boosting their employability and escaping poverty. This allocation will also help the EU and its Member States meet their Europe 2020 target for bringing down levels of poverty and social exclusion.
- Promoting equality between men and women, as well as **equal opportunities** for all, will be integrated into all actions supported by the Fund. In addition, specific initiatives will be developed in this area throughout the programming period.
- There is a **greater focus on combating youth unemployment**. The YEI has been designed to help young people not in employment, education or training in regions experiencing youth unemployment rates above 25%. At least EUR 6.4 billion (in current prices) will be allocated to support Member States as they implement the Youth Guarantee scheme. This policy initiative seeks to ensure that all young people under 25 receive a decent offer of work, training or continued education within four months of becoming unemployed or leaving school/college.
- The EU and its Member States have worked closely to ensure that the ESF funding for 2014-2020 will be **concentrated in areas that can achieve real results**. That means focusing on a limited number of priorities to generate a critical mass of funding which will make a greater impact on Member States' key challenges.
- There is **greater support for transnational cooperation through a common framework and for social innovation** via testing and developing ideas and models that address social need in areas such as employment and education.
- For this programming cycle, ESF implementation will be achieved through even **closer cooperation between the European Commission, public authorities, social partners and civil society organisations** that operate at national, regional and local levels.
- **Rules** for the implementation of projects which receive support from EU structural and investment funds have been **simplified**. This will make it easier for Member States to deliver ESF co-funded activities and focus on getting results.

Case study 2.1

Helping the young

James, 23, from Newquay in the UK has been able to take his love of skateboarding and turn it into work, thanks to a course backed by the ESF.



"We've sent skate ramps all over England and run skate parks," says James. "I love living in Newquay and being able to skate and surf, and being able to make a living from my passion. It just makes me really happy."

Balancing work and childcare

Stephan from Vienna, Austria is able to juggle a busy career as an academic with the demands of parenthood, thanks to a childcare project co-financed by the ESF.



"It really helped", explains Stephan. "I could only continue with my research because of the nursery. It meant I managed to work on my thesis and take care of my daughter."

Promoting entrepreneurship



Anna, 25, from Lublin in Poland trained to be a lawyer but tough employment conditions made her re-think her career choice. She received help from an ESF-supported project for budding women entrepreneurs and now

runs her own kindergarten.

"They gave me financial support, but I also received trainings in management, accountancy and marketing".

A story of hope from Greece

A rehabilitation scheme supported by the ESF helped Georgia move out of residential care and start work. The project is run by the New Horizons Cooperative, based in Corfu, Greece. New Horizons employs people who are coping with mental illness to work alongside its regular staff. Georgia found work in the scheme's gardening and environmental team.



"I love everything about the job," says Georgia. "It has changed my life completely, especially the planting."

Focusing on four themes

For the 2014-2020 programming period, the ESF will cover four thematic areas, which will contribute in taking Europe's economy forward and addressing the key challenges and issues faced by the EU and its Member States:

- **Getting and keeping people in employment, with a specific focus on young people.**
- **Social inclusion and combating poverty.**
- **Better and more accessible education.**
- **Improving the quality of public administration and governance.**

The thematic areas should not be seen in isolation, there are links between them in terms of what must be achieved over the next seven years. For example, some measures to address overall unemployment will be complementary to those designed to address youth joblessness. Some themes complement the work of others, such as better education and improving public administration. However, dividing the ESF's scope into thematic areas makes it easier to shape national and regional programmes, according to local needs.

Getting and maintaining people in employment

The ESF offers support across the EU to help people of all ages and social situations find their place in the labour market, and promote structural reforms to enhance the competitiveness of the European

labour market. Funding is provided for a vast array of activities which give people the skills and confidence they need to get a job or keep their current one, including: training and apprenticeship schemes; job counselling and careers advice; work placements and mobility initiatives; support for entrepreneurs, including start-up funding and advice; schemes so people can balance the demands of work and life; and help for workers and companies that are coping with change.

Local organisations, including public employment services, social enterprises and NGOs, run ESF-supported projects, which are dedicated to improving the employment prospects of millions of Europeans every year, especially those who find it most difficult to get jobs, such as the long-term unemployed, marginalised groups and disabled people.

As the Fund embarks on a new programming period, it has a lot of success to build on. For example, just between 2007 and 2011, 2.4 million people who took part in ESF-supported employment programmes found a job within six months of participating in a project.

Opening-up a world of opportunity

The economic crisis has left a lot of people looking for work, but many have found that their skill-set is not what is required in the modern economy. The jobs market has changed over the years with sectors such

as IT and services coming to the fore as manufacturing and heavy industry go into decline.

The frustration for Europe's economy and jobless is that labour market mismatches mean that there will be job vacancies out there, but people have to be appropriately trained to fill them. In fact, by 2020, it is estimated that 73 million jobs will be available due to the retiring workforce.

The ESF is a key instrument to make sure these and other vacancies can be filled as it backs thousands of projects across Europe in order to make the necessary reforms and equip people with the skills required by the labour market. Another goal is to help those in work stay in work. That is why the ESF provides assistance to work-life balance schemes, which allow people to effectively reconcile the demands of a job and the need, say, to bring up children or care for a dependent.

On the institutional side, the ESF will be used going forward to help modernise public employment services so that they can provide better support measures to job-seekers and employers looking for the right personnel. Such measures are essential if the EU is to meet the Europe 2020 target of getting 75% of 20 – 64 year olds into work. ESF funding could be used to help public employment services make best use of labour market intelligence relating to local needs and to stimulate collaboration with other labour market actors, both public and private. Access to careers guidance will also need to be improved. Other

aspects of the modernisation process could include: strengthening connections with the “demand side” of the labour market by increasing services to employers; encouraging partnerships with other employment services; and forging cross-border cooperation.

Boosting mobility

Sometimes people have to move to find work and go where their talents are most in demand. The ESF will play an important role in supporting both sending and receiving Member States to address social inclusion challenges faced by mobile EU citizens with poor labour market and social integration. The ESF will invest in transnational mobility, for example by financing language and orientation trainings, the costs of the transnational mobility itself, integration measures in a host country, and many other activities dealing with the impact of labour mobility and the free movement of workers. In addition, the ESF will support the development of national comprehensive mobility strategies, including the development of cross-border and transnational mobility services, initiatives, funding arrangements and tools.

Life is for learning

Lifelong learning schemes help workers keep their skills up to date so that they can extend their careers or adapt to the changing needs of Europe's labour market. The ESF is used across Europe to

finance lifelong learning schemes, which improve people's employability. Between 2007 and 2013, EUR 32 billion – about 42 % of the total ESF budget – went towards lifelong learning. About five million young people, 5.5 million people with low-level skills, and about 576 000 older people undertook lifelong learning with help from the ESF in the first half of the last funding period.

Helping people to work longer and smarter

As Europe faces up to the challenge posed by an ageing population, keeping older workers in the labour market will become ever-more important – it is also a key goal of Europe 2020. Retaining expertise will keep Europe's economy competitive and ensure vacancies are filled. The ESF supports structural reforms to reach these goals, along with actions and training for active ageing to ensure older workers keep their skills up to date, or learn new ones, so they can go on working in good jobs. Efforts here also include promoting the right working conditions for the older generation. Therefore the ESF supports employers that want to offer more part-time and flexible working arrangements, which are often favoured by older people, along with initiatives to adapt work places. Such initiatives also help other groups find their place in the labour market,

such as disabled people and women returning to work.

Support for entrepreneurs

Small and medium sized enterprises (SMEs) are the lifeblood of the European economy. They account for 99 % of all businesses and provide two out of three private sector jobs across the EU. Therefore, nurturing the entrepreneurs who go on to establish SMEs has to be a priority for the ESF. Micro-financing can be offered to start-ups, which is especially useful to budding business people who cannot get loans from banks or other traditional sources of lending. ESF projects also provide self-employed people with training which helps them set up and run their own businesses. Courses cover things like financial planning, accounting, marketing and legal issues. There is also help with networking and the development of sound business plans.

A focus on young people

The ESF has for some time been the EU's main tool to equip young people for the world of work. The Fund backs programmes and projects promoting structural reforms which open-up access to training that give under 25s the skills and confidence they need to enter the jobs market and thrive in the world of work.

Case study 2.2 The value of work placements

Unemployed people living in Seville, Spain are being helped into the labour market through a scheme which provides work placements in local companies.

The Professional Experiences to Employment Programme (EPES) is tailored to the needs of people who have few qualifications and little or no previous work experience. Those targeted for assistance include people under 30, the long-term unemployed and immigrants.

EPES's main aim is to provide the unemployed with an understanding

of working life, and to give them a feel for what it takes to prosper in the work place.

Participants usually stay in the EPES programme for between two and six months. They are enrolled in workshops which run for four days a week. In addition, EPES collaborates with local companies to find suitable placements.

Figures available to 2012 show that 628 individuals and 463 companies took part in EPES. What is more, 215 (34%) of the participants ended up getting jobs thanks to the programme.

Case Study 2.3 No drop-outs here

Starting out in life can be particularly tough for young people who drop out of school early or leave without qualifications. In Belgium, the ESF 'From Drop-out to Drop-in' (DODI) project helped youngsters make the switch to working life. DODI brought together several schools and regional employment organisations. They worked

together to identify at-risk young people during their final years at school. The project used work-based tools to help participants plan their career choices. These included the My Digital Me website where qualifications could be matched to jobs, and which allows the young people to build their own portfolio of skills and training needs.

The economic crisis has seen a sharp increase in youth unemployment across most of Europe. In 2013 it stood at an average rate of more than 23 % in the EU as a whole, up from 16 % in 2008. In some countries, the picture is even bleaker, especially in Spain and Greece where youth unemployment rates have climbed from 25 % to 54 % and 22 % to 57 % respectively. In total, about 5.5 million under 25s are out of work in the EU. This serious and structural problem is not only a personal tragedy for all those affected, it is also bad for Europe's economy as, despite the crisis, there are over two million unfilled vacancies in the EU.

The EU and its Member States are acutely aware of the problems caused by high rates of youth joblessness and are determined to act through a series of policy measures and initiatives which are supported by the ESF, including the Youth Employment Initiative (see Box 2.1).

In recent years, Structural Funds have been deployed to help combat spiralling youth unemployment via the so called "youth action teams" in the eight Member States with the – at the time - highest levels of youth unemployment, namely Greece, Ireland, Italy, Latvia, Lithuania, Portugal, Slovakia and Spain. Around EUR 4.2 billion of ESF funding was re-allocated to help young people, among others, gain speedier access to training and the jobs market. The

money should help about one million young people.

Skills are the key

If the employment goals of Europe 2020 are to be achieved, ways must be found to equip the EU's young people for the jobs of today and tomorrow. That is why the ESF provides millions every year to fund training and apprenticeship schemes that are specifically tailored to the needs of this group. Along with learning skills, there is often a focus on mentoring and counselling which is particularly valuable to young people who have never worked before.

There is also plenty of support for youngsters who have dropped out of school early and have few, if any qualifications. The ESF supports initiatives that offer motivated young people ways back into formal education so they can get those vital qualifications and become more employable. In addition, for hard-to-reach youngsters, projects are available that offer training in more informal ways. A good example of this type of work comes from the Czech Republic where a mix of theatre work, job training and counselling is giving youngsters who have left institutional care the opportunity to take qualifications and gain self-confidence.

Box 2.1 The Youth Employment Initiative – help where it is most needed

The Youth Employment Initiative (YEI) has been designed to support young people who are not in employment, education or training (NEETs) in EU regions that are experiencing youth unemployment levels above 25%.

Funding for the YEI comes from two sources:

- EUR 3.2 billion has been allocated from a specific EU budget dedicated to youth employment; and
- A further EUR 3.2 billion comes from ESF national allocations.

The European Commission has decided to make all the money available in 2014-2015, rather than over the full seven year programming period, due to the gravity of the situation concerning youth unemployment. The funding can also be topped-up with additional funding from the ESF or national sources.

Supporting the Youth Guarantee

The YEI and the ESF are key tools for delivering the EU's Youth Guarantee Scheme, which will be implemented in all Member States. It guarantees that every young person aged under 25 is entitled to receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of having become unemployed or having left formal education.

What the YEI can offer

The YEI will finance schemes and initiatives that are similar to those that receive support from the ESF. This complementarity will amplify the support provided for the implementation of the Youth Guarantee by funding activities to help NEETs directly. The focus is, however, on an individualised approach towards addressing the needs of very young people in a tailored way.

YEI funding can be used for: traineeships and apprenticeships; job placements; reductions in non-wage labour costs; good quality wage and recruitment subsidies; mobility measures for jobs and training; start-up support for young entrepreneurs; measures to give young people a second chance; and vocational programmes. The YEI will be run under the rules of the ESF: the link between the two will allow for the YEI to be fully integrated into ESF programming. This is to make sure that the initiative enhances, rather than replaces, ESF actions in the regions that are worst affected by youth unemployment.

Building partnerships will remain a key aspect for developing both ESF and YEI activities. Key stakeholders here include public authorities – especially the ESF managing authorities – employment services, careers guidance counsellors, education and training institutions, youth support services, trades unions and employers.

Disadvantaged and marginalised youngsters need special help if they are to get on in life. For example, the ESF supports education and training projects that guarantee youngsters a longer work placement so they can get a feel for working life and gain new experiences. One scheme in Slovakia encourages employers to take on disadvantaged young people for at least nine months.

Box 2.2

In 2012, 4 709 056 young people took part in ESF-backed schemes out of a total of more than 16 million participants. Between 2007-2013, 68% of the ESF's budget went to projects that could benefit young people.

Social Inclusion and Combating Poverty

Europe is a rich and prosperous place where many enjoy a good standard of living and all that goes with it including good housing, health and an active work and social life. Nevertheless, social exclusion and poverty do exist, and in recent years millions more people have been dragged into this category largely because they have lost their jobs in the economic crisis.

It is worth reiterating that about 24% of the EU's population is considered as being in or at risk of poverty and social exclusion – that is almost 124 million people. It is a crisis for all generations as 27% of children across the EU and 20.5% of over 65s are estimated to be struggling with the consequences of poverty and exclusion. The EU and its Member States consider helping society's poorest

Case study 2.4 Professional training for young people

In Bilbao, Spain young people at risk of falling into long-term unemployment are undertaking professional training pathways. The Sendotu-Peñascal project provides a variety of trades in which young people can develop their skills, including metalwork, carpentry, cookery and construction. Training takes place in well-equipped workshops, which ensures that participants are up to date with

the latest innovations in their chosen field. Experienced teachers guide the young people through their training, while counsellors help them to develop social skills. Each young person also has a personalised development plan that outlines their skills requirements and motivations. Work experience then takes place in local companies, or in one of the project's own integration companies.

and most marginalised people a top priority for the forthcoming programming period. That is why Member States will allocate at least 20% of their ESF budgets for 2014-2020 to projects and actions that seek to tackle social exclusion by helping to get working age people, especially those in most need, into jobs. This commitment will support the EU as it seeks to meet the Europe 2020 target for lifting at least 20 million people out of poverty by the end of the decade.

Integrated pathways to work

Many socially marginalised people have difficulty entering the labour market because

they do not have the requisite skills, education or experience. For these individuals, taking a straight-forward training course may not be enough to help them into work. Their needs are more complex, which is why the ESF supports projects that offer integrated pathways to work. People are given counselling to identify their needs and ambitions before being placed in a training scheme that is right for them. Once they have acquired the requisite skills, they will be given guidance on how to apply for work. This could include coaching on job interview techniques and help with applications and CVs. Often, when people find work, they continue to receive support from the project in cooperation with their employers.



Focusing on the most disadvantaged

A range of factors can contribute to the marginalisation of groups and individuals in society, including disability, drug and alcohol abuse, homelessness and poor housing, lack of health care, debt, poor language skills and limited access to education. The ESF supports projects which tackle these issues through, for instance, the use of counselling, provision of basic education, the development of modular training schemes and by improving access to health care. Actions here include helping the disabled get back to work by financing sign language

in training courses, and language classes for immigrant populations.

One group that will continue to receive support from the ESF is the Roma, who, in Europe, tend to be at risk of poverty and social exclusion. There are about six million Roma people living in communities across various Member States. Their marginalisation occurs due to a range of interconnected issues such as poor literacy and low educational attainment, lack of access to services in areas like health and social care, and an inability to secure good jobs due to low skills. The ESF promotes social inclusion of the Roma by bringing them closer to the services and societal structures others take for granted.

Case study 2.5 Bringing services closer to the Roma

A project supported by the ESF is helping 700 Roma women to become healthcare mediators in Romania. The County Council in Arad has developed a cooperation agreement with the Roma Association for Healthcare Policies to implement the initiative. The project, which will also be rolled out in other parts of the country, includes the establishment of a training and certification centre for healthcare mediation.

Meanwhile, in the Czech Republic, Roma assistants are helping the police connect with local communities. The assistants are attached to the municipal police force and make it easier for officers to communicate with the Roma population. The police value their presence and understanding, especially when they have to deal with potentially difficult situations. Assistants are selected because of their knowledge of the area and local customs.

Case study 2.6 The first STEP into work

Five local colleges formed a partnership to launch a 12-month initiative designed to help some of western Scotland's most deprived communities. The STEP project aimed to promote training and employment opportunities to vulnerable groups including the long-term unemployed, ex-offenders, and drug and alcohol abusers. STEP

used community outreach events to attract its 1 200 participants. Assistance was provided to get people ready for the world of work, from promoting punctuality to making contact with local employers. The project provided training in a number of fields such as administration, tourism, hairdressing, childcare, construction and computing.

Enhancing access to high-quality services

Accessibility, availability and affordability of services for all users are fundamental principles that have to be respected, especially in the case of marginalised groups (Roma, the homeless, people with disabilities, the elderly). The policies developed in the Member States should aim at an individualised and integrated delivery reflecting people's multiple needs and capacities. The ESF will contribute to reducing social and territorial inequalities by ensuring access to basic health and social services. The ESF will also support the reform of institutional/residential care towards community-based care alternatives.

Supporting social entrepreneurship and the social economy

Social economy actors and social enterprises are important drivers of inclusive job creation as they often employ disadvantaged people and/or provide them with services or goods, but they also have strong potential for rethinking economic and social policy action. They have an important role to play in the search for new solutions to societal problems and social innovation. Hence they require specific support schemes as well as incentives for getting started. The ESF may be able to provide assistance for actions in favour of capacity-building and support structures for the

promotion of social enterprises, in particular through social entrepreneurship education and training, networking, the development of national and regional strategies in partnership with relevant key stakeholders, the provision of business development services – and by facilitating access to finance.

Community-led initiatives to tackle marginalisation

The active involvement of the community is a way of ensuring that local solutions can be found for local problems. This is especially important when dealing with isolated communities which may be mistrustful of outside interference. For example, projects to help the Roma get jobs or deal with social problems almost always have community representatives at the heart of decision-making.

The ESF can also be used in conjunction with other European Structural and Investment Funds – like the European Regional Development Fund – to support community-led development strategies. The ERDF would be harnessed for infrastructure and the ESF for human capital development. For example, funding from the ERDF and the ESF has been used to help build the capacities of Italy's Roma community. The skills of local authority officials and social workers have been improved so that they can better support Roma integration and deal more effectively with issues such as access to health and social care, safety and legal problems. The project also promoted the development of relations between institutions, local associations and social clubs to disseminate best practice for the integration of the Roma people.

Case study 2.7 Help for a community in need

An organisation based in a socially disadvantaged quarter of Lisbon, Portugal is using ESF funding to improve people's lives. Many of Moinho da Juventude's 6000 strong community are immigrants from Cape Verde, Angola, Guinea Bissau and eastern Europe, and about half are less than 20 years of age.

The Moinho da Juventude Association provides a range of services and activities. Parenting courses, run by four professional trainers, are used by

families with children aged between two and four, as well as adolescent mothers. Young people take part in after-school courses, dance classes and sports – there is even an international exchange programme. The Association also supports day care for children and helps immigrants with paperwork. In addition, people who have had to cope with social exclusion are being trained to help others understand the issue and how it affects local communities.

Better and more accessible education

The ESF supports a range of programmes and projects that seek to improve education and training systems and opportunities. For the younger generation, the objective is to ensure as many as possible complete their education and gain useful skills and qualifications which they can use to get good jobs. A key focus here is to reduce school drop-out rates and to give those who have left education early a second chance. Meanwhile, lifelong learning schemes receive ESF support to ensure older workers keep their skills up to date and so stay in the jobs market for longer. The ESF is also being deployed across Europe to improve tertiary and vocational training systems, and to

provide wider access to the courses provided by the higher education sector.

ESF interventions in this area help to contribute to the Europe 2020 targets for education, which seek a reduction in school drop-out rates to below 10%, and to see at least 40% of 30-34 years olds completing third-level education. Providing improved education opportunities also makes a general contribution to Europe 2020's goals of getting more people into employment and to reducing levels of poverty and social exclusion.

A wide range of support

The nature of ESF assistance for better education is broad in nature and cuts

Case study 2.8 Long-term unemployed learn about working life

A project in Karditsa, Greece has established a social enterprise which is giving 90 long-term unemployed people a real taste of working life. The IChange social enterprise takes old clothes and transforms them into useful products such as rugs and bags, which can then be sold at local markets and craft fairs. Some items are also sold at a cheaper price to local needy people.

IChange provides plenty of support to people as they start work. Individual mentoring sessions with social workers and psychologists give participants the

opportunity to talk about their work experience and social background, as well as their goals. Training in processing techniques is then provided so that people can learn how to recycle and transform the old clothes into sellable products.

IChange has four departments taking care of raw material collection, production of new items, sales, and administration and finance. The social enterprise takes great care to match participants' knowledge and abilities with the right department, which helps to build confidence for working life.



across many issues. Support is on offer to improve the provision of early childhood education and care, which is a priority for 2014-2020. There is help available to modernise school curricula and to provide teachers with training in order to improve their performance, and thereby student results.

ESF money is being used to help higher education and vocational training institutions collaborate with employers. The focus is on assisting graduates as they make the transition to working life through, for example, job placements and coaching. Bringing the worlds of education and work together also gives the educational institutions an insight into the training courses that are required by employers and the economy.

Good-quality education for all

The ESF is committed to helping as many young people stay in school and get the education and qualifications they need to compete in the jobs market. This is especially important at the moment due to the extremely high rates of youth unemployment that are being endured across most of Europe. According to estimates, about one in five young EU citizens leaves school without completing their secondary education. Dropping out early can have detrimental effects on a young person's life going forward because they are much less likely to get a good job – and more likely to end up marginalised and at risk of poverty. Indeed, there is a strong focus on helping young people from disadvantaged

Case study 2.9 Hold fast, school works!

A project called Hold Fast is encouraging young Danish people to stay on at school and get the qualifications they will need for work. Youth counsellors identify at risk students during the summer gap between the completion of compulsory education at age 16 and the start of the final three years of secondary school, which lead to higher education

pathways. Courses and mentoring are used to build the students' confidence and encourage them to stay on. The objective is to show the teenagers what the final phase of secondary education can offer as they think about their futures. Hold Fast has been implemented across all schools in two regions by a network of training and university institutions.

backgrounds stay in education. Like their parents before them, marginalised youngsters are much more likely to leave school earlier than their better-off contemporaries. Helping this group make the most of education can go some way to breaking the cycle of intergenerational poverty and social exclusion.

Projects supported by the ESF take a mixed approach to tackling early school leaving. Some offer counselling and workshops to children who are thinking of dropping out. Training is delivered to career advisers and teachers so that they can encourage young people to make the right choices. Work experience with, and visits to, local employers are encouraged through ESF schemes so that young people can get to taste what life can offer after school.

Helping people realise their dreams

To remain competitive, Europe's economy needs more highly skilled workers. That means more people with degrees and specialised training and qualifications. People who are being educated to a higher level are the managers, engineers and scientists of tomorrow. They will help drive Europe forward in key economic sectors such as information technology, research and the green economy.

ESF supported programmes and projects are stimulating innovation at the tertiary level by bringing together education professionals and industry, by improving teaching methods, and by bringing more people into higher education.

Support measures include:

- Widening access to universities and higher education colleges for adult learners and people from underrepresented groups, such as migrants and ethnic minorities.
- Developing new, innovative teaching methods. This includes the use of tools like online learning programmes, which are particularly useful for delivering lifelong learning schemes.
- Encouraging networking and dialogue between universities, vocational training colleges and employers. This helps to ensure that qualification schemes and training are tailored to the needs of the economy.
- Developing entrepreneurship and skills for work. Students are being offered courses in entrepreneurship, problem-solving and creative skills to prepare them for work.

Widening access to this part of the education sector is also about helping women into subjects where they are under-represented, such as science and technology. In the long run, this will help to make the labour market a more equal place for men and women. There is assistance too for disadvantaged groups, with initiatives to encourage immigrants, disabled people or young Roma to undertake higher education and realise their potential.

Delivering effective training

The ever-changing demands of the jobs market means that EU citizens have to seriously think about making learning a

goal for life, not just for school and college. The fast pace of societal and economic change is introducing new products, services and ways of working that simply demand that people keep pace.

The ESF is helping the European worker become more adaptable and employable in a number of ways. Projects promote skills development and competences in a range of areas including languages, internet usage and entrepreneurship. The ESF also supports schemes for the re-training of workers who have lost their jobs due to the decline of transitional industries.

The value of good systems

The ESF has also been helping a number of Member States to upgrade their higher education systems. This will help to ensure more students get better qualifications thanks to the introduction of flexible modular courses, improvements to distance learning and up-to-date teaching methods. In this new funding period, EU countries are also expected to use ESF money to modernise employment and social services that look after young people. In addition, steps should be taken to improve the capacity of such structures and improve the way they respond to the demands of the labour market.

It is also worth noting that on average around 50% of all students in upper secondary education are choosing vocational options for their education and training.

Case study 2.10 Training brings greater professionalism to the food sector

Portugal's food industry is reaping the benefit of a highly trained workforce thanks to a significant initiative backed by the ESF. The country's Centre of Professional Training for the Food Sector (CFPSA) runs training courses in food and agricultural quality control, food management, pastry cooking and catering.

Established in 1984, the CFPSA trains young people who are looking for their first job and workers who want to improve their skills. In addition, it provides

support to organisations that want to upgrade their training facilities. More than 8 000 courses have been run under the CFPSA programme – and almost 100% of participants have found work upon completion of their training.

Support from the ESF has helped to build the CFPSA's reputation for excellence. More than 100 000 people aged between 18 and 64 have improved their professional skills by taking part in the training programme.

Box 2.3 Quality and equality in education for the Roma

The Roma are often a group at risk of social exclusion and poverty in Europe. One of the reasons for this state of affairs is that many Roma lack a decent education and have no qualifications to help them get work and thereby improve their situation. In Romania, pre-school attendance of Roma children is a quarter of the national figure. Plus, Roma drop-out rates from primary and secondary schools are very high.

The Quality in Education – a Step to Equality project aimed to change this situation by getting more Roma children into education and keeping

them there, starting with pre-school. The project covered four Romanian counties and applied an intercultural curriculum in 40 kindergartens to reach 800 children. Very young Roma children who only speak Romani received help in making the transition to kindergarten. The project also developed a model for intervention which was used to stop children dropping out of the education system. In addition, training was provided to teachers so that they could apply the curriculum, and support groups were established which included parental participation.

ESF-supported projects are helping to make these types of courses more relevant to the needs of the labour market, often by getting employers involved in course design.

Improving the quality of public administration and governance

The efficiency of public sector institutions is central to the life of all EU citizens as they provide key services in areas such as health care, education and social services. Good public administrations also have an

important role in ensuring a country's economic competitiveness. Better policies, less bureaucracy, quicker response times and more efficient service delivery are what all public bodies must strive for to help businesses prosper and create jobs. At the moment, Member States have the added challenge of working in a tough economic climate which has put a strain on public finances.

Getting institutions to work more effectively embraces a number of factors and issues including: training to keep the skills of civil servants up to date; promoting good governance to



Case study 2.11 Improving staff management and health services

A project based at Pándy Kálmán Hospital in Hungary has improved staff management practices and working conditions. This was achieved by allowing nurses with various healthcare qualifications to take over certain tasks from doctors – in

compliance with national regulations. In addition, staff performance has been recognised through provision of salary supplements. In the end, patients benefit from the changes through delivery of better quality, more efficient healthcare services.

ensure public administrations develop better policies and deliver services that help society and that people trust; and embracing innovation.

Institutions that provide public services should also demonstrate:

- an absence of corruption;
- an open and practical approach to competition and procurement policy;
- an effective legislative environment; and
- an independent and effective judicial system.

In addition, building up institutional and administrative capacity, reducing administrative burdens on people and businesses, and improving the quality of rules and regulations can help to nurture economic growth and employment. This means good governance has an important role to play in helping to achieve the EU's Europe 2020 goals of delivering smart, sustainable and inclusive growth. In fact, the World

Economic Forum states that the quality of public administrations has a direct impact on a country's economic environment, and is therefore a key factor in encouraging competitiveness, productivity and growth. The public sector accounts for more than 25 % of total employment and a large share of economic activity across the EU in its own right.

The ESF's role

Over the years, the ESF has been deployed to improve public administrations and promote good governance. Projects are funded which demonstrate a clear benefit for citizens, businesses and the wider economy. Among other issues, initiatives have received support to:

- reduce 'red tape' and simplify regulations in order to help entrepreneurs and SMEs prosper;

- develop e-government and e-justice, and modernise information systems so people can access public services more easily;
- modernise public administrations through the provision of staff training, improving management systems and promoting new working methods;
- improve the transparency and operation of national legal systems and the judiciary; and
- strengthen the link between public administrations and society, including projects which promote greater public consultation and an enhanced role in decision-making for social partners.

Box 2.4 A one-stop-shop for business

A web portal has been developed with the help of ESF funding which is making it possible for entrepreneurs in Slovenia to register a company within three days. The online service allows a user to reserve a name for their company, apply for a VAT number and create a temporary bank account.

This all-in-one service links 15 national institutions and is used by more than 300 companies and 700 civil servants. High satisfaction rates have been recorded with users.

Boosting administrative capacity

Strengthening the institutional capacity of public administrations and public services – at national, regional and local levels – is a key priority for the ESF. Efforts are also being made to develop the capacities of the social partners and NGOs so that they can improve the way they deliver services and support.

For the poorer EU regions and Member States, institutional capacity building is crucial for the promotion of structural adjustments, growth and jobs, and general economic development. It can also contribute to administrative reforms, better regulation and good governance – particularly in areas such as employment, education, social policy, the environment and the judiciary.

It has been estimated that about 700 000 people across the EU have undertaken training through ESF Operational Programmes or Priority Axes specifically dedicated to capacity building.

ESF support for institutional capacity building has been implemented as separate Operational Programmes in four Member States – Bulgaria, Greece, Hungary and Romania. Ten Member States have implemented capacity building as a priority axis in other programmes, especially those with a regional focus.

For example, Bulgaria's ESF Operational Programme for Administrative Capacity (OPAC) aims to improve policy implementation and the quality of service delivery, thereby creating an environment for sustainable growth and employment. The OPAC is achieving its goals by improving human resources management and the qualifications of people working in state

administrations, the judiciary and civil society.

Meanwhile, in Greece, the Public Administration Reform Operational Programme has sought to improve the quality of governance by enhancing the efficiency and effectiveness of public bodies, while improving their accountability and professional ethics.

Box 2.5 A business-friendly approach to public service

Poland has been using ESF money to help its public bodies become more responsive to the needs of the business community. It has introduced a range of measures which have led to a 16% reduction in red tape. More than 90 legal acts have been simplified and measures adopted to assess the costs of administration.

In addition to work at national level, new standards of competence have been established regionally and

locally. About 16 000 civil servants have undertaken training which helps them to better understand the needs of business, including the importance of efficient and speedy company registration procedures. These activities have helped to reduced waiting times for establishing a business and cut start-up costs. Plus, more than 270 administrative offices have benefitted from actions aimed at raising management standards.

What is new for 2014-2020?

Modernising public administrations has been a key priority in the last three editions of the Annual Growth Survey, which establishes EU-level and Member State action in the year ahead. It is worth noting that in 2014, about two thirds of the Member States received country specific recommendations about improving public administration and achieving better governance.

In fact, it is a condition of EU Structural and Investment Funds (ESIF), including the ESF, that a strategic policy framework is implemented for making improvements to public administrations and the skill levels of their staff. This includes:

- analysing and planning legal, organisational and procedural aspects of the reform;
- developing quality management systems;
- developing and implementing human resource strategies and policies;
- skills development at all levels of public institutions; and
- introducing effective tools and procedures for monitoring and evaluating the progress of reform.

Between 2014-2020 the ESF will continue to invest in institutional capacity

and efforts to improve the efficiency of public administrations and public services. The objective is to increase the ability of public institutions to provide better policies and services, and apply the principles of good governance. To this end, funding will also continue to be provided for capacity building for stakeholders that deliver education, employment and social policies. Development of sectoral and regional partnerships to generate reforms at all levels will be fostered.

For the new programming period, assistance will be given for further developments in e-government in order to give people and businesses better access to and more efficient delivery of public services; simplifying the business environment by providing 'light touch' regulation and easier processes; improving the quality and efficiency of the judiciary; and delivering improvements in public procurement and the management of public funds.

Another focus will be the enhancement of human capital in public institutions, promoting new human resources management policies and tools, strengthening knowledge management and collaboration, and ensuring greater transparency, integrity and accountability in public administration.



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Fostering excellence and innovation in the public sector

The EU is keen to see Member States modernise their public administrations from a strategic perspective, with a

focus on 'principles of excellence'. These principles bring the following factors into play when considering reforms: partnership development; social responsibility; focus on results; continuous innovation and improvement; developing personnel

and boosting their involvement; management of processes and facts; leadership and constancy of purpose; and a focus on the needs of the customer and citizen. The principles of excellence are in the spirit of the EU's ESIF regulations, which insist on a strategic and results-focused approach to administrative reforms.

In addition, innovative administrations have to display courage to see a bold new idea through. Between 2014-2020, ESF funding will also be used to support efforts to develop an environment in which public administrations are capable of generating innovative policies in a sustainable fashion.

How the ESF works

Because of its size, longevity and success over the years, the ESF has become synonymous with the EU's efforts to help people into work and for supporting structural reforms in Member States. The Fund's ethos and management principles are based on partnership between the European Commission, the Member States and the many thousands of NGOs, social partners, local authorities and civil society organisations, and even companies, that help to run projects across the length and breadth of the Community. The ESF therefore does not use a top-down process to manage and distribute

funding. Instead structured collaboration, through bringing together national, regional and local actors in the Member States, ensures the money goes where it is needed most. Care is also taken to ensure that ESF actions and funding are monitored and evaluated in a transparent and orderly way.

Shared management

Sharing the management of the ESF is about ensuring that responsibility for decisions is taken at the appropriate level. For this new programming period, the Partnership Agreement agreed between the Member State and the Commission will set a clear strategy of investments for the five ESIFs during the next seven years.

In addition, the Operational Programmes (OPs) will outline how EU funds will be spent concretely in each Member State and will set clear, measurable aims and targets to ensure result orientation and improved monitoring and evaluation. Implementation through the OP is then managed by the relevant authority in each country.

Over the seven year cycle, the Commission and Member States share responsibility for programming, agreeing priorities and setting budgets. The Commission adopts the

Partnership Agreements and Operational Programmes, monitors policy and financial implementation at EU level, reimburses expenditure and verifies the effective functioning of the Member States' management and control systems. Meanwhile, Member States set about delivering the planned activities, select projects for funding, and distribute payments to the project coordinators.

Every Member State has one or more managing authorities which take responsibility for the implementation of the OPs – this must be done according to the principles of sound financial management. The managing authorities must also make sure that projects are correctly selected and comply with ESF rules over their lifetimes. These authorities must check that projects are being delivered in the proper fashion and that their expenditure is in order – they even have the power to undertake on-the-spot checks. In addition, managing authorities provide the Commission with annual and final implementation reports.

Partnership Agreements and Operational Programmes

The Partnership Agreements are drawn up by Member States and adopted by the European Commission. In addition each Member State, in partnership with the Commission, agrees on one or more OP for

ESF funding for the duration of the financing period. These programmes fund the projects which are run by a variety of public and private sector bodies for the benefit of individuals, businesses and civil society organisations.

As previously mentioned, for 2014-2020, the Partnership Agreements between the Member States and the Commission will set clear strategies for investments across all five ESIFs in line with the objectives of the Europe 2020 strategy. This integrated approach ensures that there is an overall coherence in the deployment of the ESIFs, which means ESF spending is not decided in a vacuum.

The partnership principle

The partnership principle implies close cooperation between the Commission and public authorities at national, regional and local levels in the Member States, as well as with the social partners and civil society organisations that play a part in delivering ESF projects. This principle has now been translated into a legal act which covers all the ESIF funds: the European Code of Conduct on Partnership (ECCP). The Code will help the Member States organise robust and useful partnerships with all relevant stakeholders, including those from the private sector. The ECCP therefore demands the following:

- The procedures for selecting the partners should be transparent and take account of the Member States' differing institutional and legal frameworks.
- All the partners should be meaningfully consulted in the preparation and implementation of Partnership Agreements and OPs.
- The partners should be represented in committees that monitor programmes throughout the whole cycle, covering preparation, implementation and evaluation.

In addition, the partners' institutional capacity should, when required, be strengthened to ensure partnerships work well. This means delivering capacity building activities for the social partners and civil society organisations that are involved in the ESIF programmes. The ECCP also calls for the exchange of experiences and mutual learning, in particular by establishing a Community of Practice for partnership covering the ESIFs.

Monitoring Committees

With so many millions of euro being spent across the EU, it is important that ESF funding is used wisely and provides good value for the European taxpayer. Monitoring Committees have an important role to play as they oversee the implementation of ESF programmes. These committees are made up of representatives from

public authorities, social partners, NGOs and the European Commission.

Monitoring Committees must be satisfied that the OPs are being run effectively and are delivering the required outcomes. From time to time, they review progress that is being made. Monitoring committees examine and approve revisions to an OP to ensure the ESF's objectives are being met.

Financing rates and methods

ESF funding is always accompanied by financing from other public or private sources. This ensures ownership of ESF activities at national, regional and local level. Co-financing rates vary between 50-85 % for the ESF contribution (though there is provision for 95 % in exceptional cases) to the total costs of a project, depending on the wealth of the region which is receiving support. EU regions are divided into three funding categories based on their regional GDP per head compared to the EU average.

When a new funding period begins, the Commission will make advance payments available. This is known as pre-financing, the objective of which is to help countries cope with the rush of applications for funding that accompanies a new programming cycle. It also prevents delays on the ground

Box 2.6 Financing flexibility helps ESF respond to urgent needs

In the past, the ESF's mechanisms for co-financing have proved to be flexible, allowing for greater amounts to be paid from the Fund in times of difficulty. For example, in 2011 the decision was taken to temporarily increase ESF co-financing up to 95 % in order to support six countries that were

being hard hit by the economic crisis. The measure allowed Greece, Hungary, Ireland, Latvia, Portugal and Romania to pay less into projects co-financed by EU structural funds, including the ESF. That meant less money had to be found from national budgets at a time when they were under great pressure.

for project start-ups. Pre-financing rates are laid down in the CPR.

The other method for allocating funding is through regular, interim payments. When ESF beneficiaries start to use funding for a project they must submit expenditure declarations to their national managing authorities, who verify that the expenditure declared complies with the programme requirements. An application for payment is then drawn up and submitted to the Commission, which will then pay the ESF portion of the funding to the relevant Member State.

Audit requirements

All OPs have an audit authority which is there to ensure management and control systems are working effectively. Audits

have to comply with internationally accepted standards. Also, organisations which use ESF financing must keep their records for a certain number of years from programme completion. The European Commission, national audit authorities and the European Court of Auditors (ECA) all have a role to play in ensuring that ESF money is managed and spent according to the principles of sound financial management and respecting the requirements on legality, regularity and eligibility.

The principle of shared management is used in the auditing process for all the EU's Structural and Investment Funds. Member States and the European Commission share the auditing workload, but do not duplicate their activities. Member States are responsible for auditing their own Operational Programmes, and the Commission checks their work.

In terms of process, Member States send results of their audit work to the Commission, for instance in their annual control reports. By embracing the single audit principle, the Commission relies as much as it can on the opinions of the various national audit authorities. If all is well, the Commission will declare that it has received reasonable assurance that ESF resources have been used for their intended activities in accordance with the regulatory requirements. The audit results

are subsequently included in the Commission's Annual Activity Reports. If problems occur some programmes may be put 'in reservation'.

The Commission's auditing process allows for an 'error rate' of 2 %, anything above that is flagged up for further attention. The error rate signals whether there are irregularities in payments to projects, these are mainly related to eligibility issues, rather than fraud.

Box 2.7 Transnationality – developing cooperation between Member States

The main purpose of transnational cooperation between Member States under the ESF is to contribute to the quality and effectiveness of reforms. Essentially this means the exchange and sharing of information and good practice, and working together towards common solutions by bringing together administrations, social partners, NGOs and organisations in the field of employment, social inclusion, education and public administration reform. A transnational dimension has an important multiplier effect: it can strengthen the capacity to innovate, modernise and adapt to new social and economic challenges as well as identify issues and suggest solutions for reforms which can shape and deliver the relevant policy related targets. It can also help to improve the quality of governance.

For the 2014-2020 programming period, Member States will implement transnational cooperation in three different ways: on the basis of common themes proposed by the Commission and endorsed by the ESF Committee, whereby Member States benefit from an EU-level platform established and operated by the Commission; they can also carry out work without central coordination; or through a combined approach of the above.

In the last programming period, at least EUR 3 billion was allocated to transnational cooperation – about 2.5 % of the total ESF budget. This support will continue between 2014 and 2020 across all policy areas including employment, social inclusion, education and strengthening public administrations.

Case study 2.12 Romania-Italy partnership helps entrepreneurs get started

Ten members of staff from the public employment agency in Alba County, Romania took internships in the Emilia-Romagna region of Italy. The aim of this ESF-backed initiative was to help them learn how to assist unemployed people who want to set up their own businesses. While in Italy, the staff visited a

business incubator and exchanged good practice with entrepreneurship and job counselling services. The knowledge gained on the trip has been fed back to the Romanian employment agency where new approaches are being developed to boost self-employment among jobseekers.

Supporting social innovation

If Europe is to deal with its social problems and help disadvantaged people more effectively it is going to have to get creative and try new approaches. Social innovation offers a way forward. Social innovations can be defined as new ideas, products, services or models that meet social needs more effectively than traditional alternatives. They rely heavily

on creating partnerships and collaboration to test and develop new ways of working. The ESF will back efforts to develop innovative approaches. The Fund's emphasis on building strong partnerships, networking and sharing good practice across the EU will certainly be of value to social innovators as they try to find new ways to help people enter training, get jobs and become more included in the labour market.

Case study 2.13

A joint German-Estonian research team at the University of Leipzig is using EUR 650 000, including ESF co-financing, to investigate the molecular mechanisms in diseases

of the central nervous system, including Alzheimer's. The Transnational ESF-EU Research Group "MESCAM" is working in cooperation with the University of Tartu in Estonia.



Joint actions plans

The Joint Action Plan (JAP) is a new option for the 2014-2020 programming cycle. JAPs are designed to provide Member States with the opportunity to implement part of programmes through a results-oriented approach.

A JAP may combine resources from one or more OPs in order to achieve pre-defined

goals. By linking payments to outputs and results through use of lump sums and standard scale of unit costs (see section on SCOs), JAPs allow for the use of simplified management and control systems. They also provide an incentive to achieve measurable results.

- A JAP should have just one beneficiary, which must be legally defined as a public body. It has overall responsibility

for the JAP, though partners can be involved in implementation.

- In operation, the JAP can consist of one project or a group of projects, which are supported by the ESF, the Cohesion Fund and/or the ERDF.
- A JAP can be used to finance all activities which fall under the remit of the Structural and Cohesion Funds *except* those relating to infrastructure.
- EU funding regulation (Common Provisions Regulation) sets a minimum threshold for a JAP budget. Public contribution must be at least EUR 10 million or 20% of the public support for the OP or OPs in question, which ever is lower. For a pilot JAP, public support can be lowered to EUR 5 million.

Simplified cost options

Simplified cost options (SCOs) were introduced to the ESF through the 2007-2013 programming period. The purpose of using SCOs is to reduce the administrative burden on ESF beneficiaries and managing authorities while developing a system of reimbursement more focused on outputs and results. Using

SCOs replaces the obligation to trace every euro of project expenditure with a calculation of the costs of an activity based on other categories of costs or on outputs or results. This system has the great advantage of being less error prone and therefore reduces the risks linked to audits.

There are three types of SCOs:

- **Flat rate financing:** categories of eligible costs are identified in advance and calculated by applying a percentage fixed to other costs. So for example, the indirect costs of a training course, such as management and maintenance, are calculated as 20% of the direct costs, which could include the salary of the teachers, costs of books, etc. Therefore EUR 100 of direct costs would generate EUR 20 of indirect costs.
- **Standard scales of unit costs:** eligible expenditure is calculated on the basis of quantifiable project activities, outputs or results multiplied by a unit cost defined in advance. By way of example, on the basis of a draft budget, training is expected to cost EUR 100 per person: therefore, if

seven people complete the training, the eligible costs will be EUR 100 x 7, making a total of EUR 700.

- **Lump sums:** all or part of the eligible expenditure is reimbursed on the basis of a single, pre-established amount, according to a pre-defined agreement relating to project activities, outputs and results. For example, an agreement is made that a project will produce a toolkit that will cost EUR 10 000. If the toolkit is delivered the agreed amount will be paid, but the project will not be reimbursed if it fails to deliver the toolkit, even if some expenditure is incurred.

Financial instruments

A financial instrument can be defined as an equity investment, loan, guarantee or other risk-sharing financial package. New regulations for EU funding permit the use of financial instruments as a way of supporting ESF activities. They can be used to help self-employed people and social enterprises. They can also be used as student loans or as part of a mobility package to support people moving for work.

Managing authorities can make a contribution to financial instruments that have been established at EU level, or establish

their own at national and regional level. At Member State level, a Managing Authority can invest in the capital of a financial instrument, put a loan or guarantee in place, or get the European Investment Bank or other financial institution to carry out implementation.

The Managing Authority would transfer the funding to a financial intermediary, such as a bank or micro-credit provider. The intermediary would then deliver the loan to the end user, be it an individual or an SME.

How to participate

Organisations and individuals which want to participate in ESF actions and projects should do the following:

Who to contact? As mentioned previously, ESF funding is distributed through Member States and regions, rather than directly from the European Commission in Brussels.

Therefore, **organisations** interested in securing funding for a project need to contact the ESF Managing Authority in their country or region. The quickest way to find the correct contacts is to use the ESF website and go to the 'Support in your country section'.

The direct web-link is: <http://ec.europa.eu/esf/main.jsp?catId=45&langId=en>.

Individuals interested in participating in ESF activities can also use the above web

address to start looking for the right contacts. National and regional ESF websites, as well as local employment services, can also provide people with information about what the ESF has to offer.



CHAPTER 3

FEAD



Introducing the Fund for European Aid to the Most Deprived

Launched in January 2014, the Fund for European Aid to the Most Deprived (FEAD)⁽⁴⁾ is a potent symbol of European solidarity. Its main aim is to break the vicious circle of poverty and deprivation, by providing non-financial assistance to some of the Union's most vulnerable citizens.

By alleviating the worst forms of poverty, the new Fund should strengthen social cohesion. It will also contribute to the EU 2020 target of reducing the number of people in poverty or at risk of poverty by at least 20 million.

The FEAD will support all 28 Member States' actions to provide a broad range of non-financial assistance to most deprived people – be they individuals, families, households or groups of such persons. This assistance can include food, clothing and other essential goods for personal use such as shoes, soap and shampoo. It can also be used for actions that encourage social integration.

Each Member State will define in its national operational programme the target group of 'most deprived persons'. Member States can then choose which type of assistance they wish to provide and how

depending on the situation in the country and their own preferences. The FEAD is worth EUR 3.8 billion in real terms in the 2014 to 2020 period.

Box 3.1 The FEAD budget

- Budget of over EUR 3.8 billion to help Europe's most deprived
- Financed from the Cohesion budget envelope of Cohesion policy
- Allocated to Member States for seven years (2014-2020)
- Co-financing: 85 % (maximum) European Union, 15 % (minimum) Member States

Why do we need this new Fund?

The European Social Fund (ESF) is and will remain the main EU tool for fighting poverty and social exclusion. Yet the poorest people often find themselves far removed from the labour market in society. This can prevent them from qualifying for the European Social Fund's job activation and training measures.

The FEAD seeks to ensure that these citizens can also benefit from European solidarity. So the new Fund sets its sights on

(4) Regulation (EC) 223/2014

tackling extreme material deprivation. Not just because this can be life-threatening, but also because insufficient food and a lack of basic goods such as clothes make it very tough for the most affected people to escape from poverty and exclusion and even to take advantage of training or counselling measures.

Due to the high social and economic costs of unemployment, poverty and social exclusion, the EU may struggle to reach the Europe 2020 targets for smart, sustainable and inclusive growth. These costs could jeopardise the future for individuals and society as a whole, whilst making it harder for the Union to be competitive in a globalised world.

Box 3.2 Europeans living on the sidelines

- **One in four Europeans**, 124.5 million (24.8%), is **at risk of poverty** or social and labour market exclusion. As a result of the crisis, this number has increased by 8.8 million since 2008.
- The number of people suffering from **material deprivation, or severe material deprivation**, is also on the rise. In the EU-28 in 2012, 10% of EU citizens (almost 50 million) lived in conditions of severe material deprivation.
- An estimated 4.1 million are homeless across the EU, including young people, migrants and families with children.
- There is an increasing divergence in terms of deprivation within and between Member States. In 2011, the best EU welfare systems reduced the risk of poverty by 35%; the least effective by less than 15%.

How does the FEAD differ from other EU funds?

The FEAD plugs a gap in EU Cohesion policy, by helping the most vulnerable people through tangible aid. It is complementary to and works alongside the ESF and other EU cohesion tools.

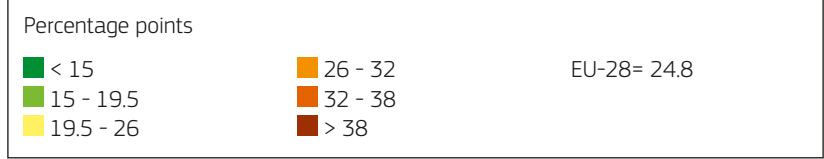
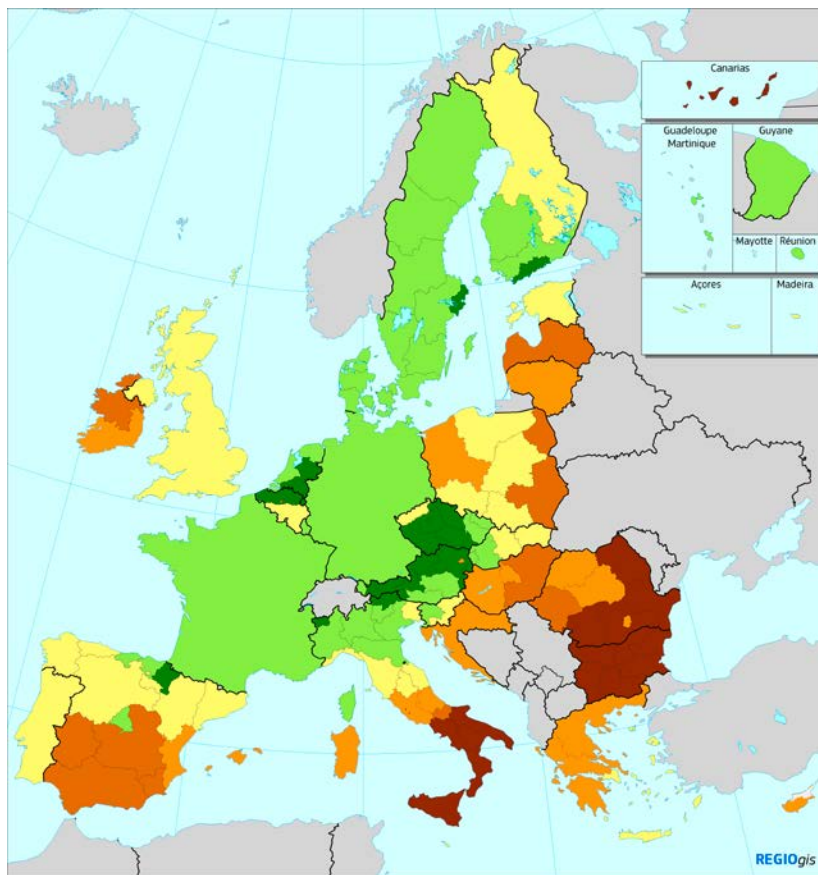
Thanks to temporary remedial actions, the new Fund can help people to take

the first steps out of poverty and social exclusion by addressing their most basic needs.

Objectives of the FEAD

The general objective of the Fund is to promote social inclusion by contributing to achievement of the EU 2020 poverty reduction headline target.

Population at-risk of poverty or social exclusion, 2012



Source: Eurostat
 AT: 2010-2012 average; BE: 2009-2011 average; EL: 2010; IE: 2011

The Europe 2020 target for reducing poverty is a reduction of the number of people at-risk of poverty or exclusion by 20 million persons. This translated into a reduction from 23.7% to 19.5% of the total population

More specifically, the Fund aims to alleviate the worst forms of poverty in the Union by providing the most deprived people in the EU with:

- **material assistance**, including food, clothing and other essential items, combined where applicable with accompanying measures designed to alleviate the social exclusion of most deprived persons;
- and/or **social inclusion measures**, supporting the activities outside active labour measures, consisting of non-financial, non-material assistance.

By supporting national schemes focused on those with the most needs, the FEAD will provide greater predictability of resources and greater flexibility for Member States. Each country can adapt the assistance it provides. It may for instance focus on food aid or on basic material goods for the most deprived people. Or the country could combine them in order to best meet its needs.

Ensuring a smooth transition for EU food aid

The EU has provided food aid to its most needy citizens for over a quarter of a century. This began in 1987 with the Food Distribution programme for the Most Deprived Persons of the Community (MDP), which channelled food provisions free of charge through a number of organisations

in direct contact with the targeted beneficiaries. Member States benefited from this programme on a voluntary basis.

The MDP assisted millions of children, disadvantaged families, and the elderly and unemployed people across the EU. In its final years, the programme was distributing some 500 000 tonnes of food annually to deprived people.

“I never thought I’d be in a situation to receive assistance. But when my fridge is empty, I have to accept it.”

Bulgarian Red Cross food bank beneficiary

The MDP was discontinued at the end of 2013 and has been replaced by the FEAD. The new Fund expands on its predecessor, enabling Member States to continue providing this vital food aid.

The FEAD has several major advantages over the MDP. It gives Member States greater flexibility in terms of procuring food to be distributed. It can also be used for clothing and other essential goods (such as shoes, soap and shampoo) for distribution to the most vulnerable. The support for basic material needs will be complemented by advice and guidance in order to promote social integration.

How does the FEAD work?

By procuring and distributing food Member States can plan their programmes for 2014-2020 on the basis of their national situations and needs, e.g. whether they

prefer to distribute food or goods or a combination of both. The distribution of material assistance may also be combined with accompanying measures, such as guidance and support to help the most deprived find their way out of poverty. The Fund can also support activities contributing to the social inclusion of the most deprived persons.

The European Commission approves the national programmes for 2014-2020 and national authorities then take individual decisions leading to the delivery of the assistance through partner organisations, which are public or non-governmental bodies.

Partner organisations are selected by Member States on the basis of objective and transparent criteria. The Fund seeks to

avoid placing a high administrative burden on these partners, especially local NGOs calling on volunteers.

National authorities can purchase the food or goods and make them available to partner organisations. Or they can provide these organisations with the funding to make the purchases themselves. If the purchase of food or goods is undertaken by a partner organisation, it can either distribute the material assistance directly or entrust the distribution to other partner organisations. Food surpluses (intervention stocks) can be used under FEAD if they become available.

Money for the FEAD comes from the EU's Multiannual Financial Framework for



2014-2020, under the Cohesion Policy budget heading. To measure and enhance its effectiveness, the new Fund includes provisions on monitoring, reporting and evaluation. These include annual bilateral reviews between Member States and the Commission as well as the exchange of information and best practice between partner organisations.

Europeans living hand-to-mouth

The European Federation of Food Banks (FEBA) brings together some 260 food banks in 21 countries in Europe. In 2013, it managed and distributed 402 000 tonnes of food, equivalent to 804 million meals, distributed to 5.7 million people in partnership with 31 000 charitable organisations and social centres in Europe. Nearly half of the food collected in Europe comes from the European programme of

food aid for the most deprived; the rest is sourced from the food industry (22%), retail stores (17%) and individuals (14%) through national and local collections.

In 2011, 10% of the EU population (40 million people) could not afford to put a basic meal (with meat, chicken or fish or a vegetarian equivalent) on their table every second day (FEBA).

In a number of EU countries a wide range of material assistance programmes are provided by National Red Cross Societies. They distribute emergency food aid parcels, organise soup kitchens, and clothing outlets. Ever mindful of ensuring dignity and respect, these Societies strive to support people in difficulty by delivering solutions that meet people's individual circumstances and needs.

“When I took up residence in the reception centre of Slezská diakonie, I was in dire financial straits. Thanks to food aid, I was able to look after myself and my children, before getting my documents in order.”

Šárka, Czech Republic

Paul is a 63-year old Red Cross food programmes volunteer in France. “In 2013, we participated in several events to promote the MDP with other associations, including the Banque Alimentaire, Restos du Cœur, and Secours Populaire. The EU food programme is vital to our business, including FEAD from 2014. But we also source supplies through supermarkets’

unsold goods, donations from individuals, farmers and agro-food firms.”

In France and Spain, around 60 % of the food aid provided by the Fédération de l’Entraide Protestante (FEP) and the Iglesia Evangélica Española (IEE) respectively comes from the EU food aid programme.

In the Czech Republic in 2013, Slezská diakonie redistributed almost 8.5 tonnes of food from the food aid programme to some 1 125 people in need. Another 19.7 tonnes of food were obtained from outside this programme, sourced from producers, food chains, food collections in the Moravian-Silesian region.

The Czech government decided to focus support from the EU’s food aid programme

on homeless people, via the provision of flour, pasta, butter and milk. But the food banks also provide support with complementary products from supermarkets for other people in poverty – notably families below the poverty line, people living in poor areas, and people with disabilities. The nation’s food aid is linked to various programmes for social inclusion, such as a support programme for young people, and residential social services.

CHAPTER 4

EaSI



EaSI: EU Programme for Employment and Social Innovation

Leverage for social policy experimentation

The Employment and Social Innovation (EaSI) programme is a new European-level financing instrument to support employment, social policy and labour mobility across the EU. Its main goal is to deliver new jobs and sustainable growth more efficiently through social innovation.

Three axes

EaSI is managed directly by the European Commission and comes under the EU Multiannual Financial Framework for 2014-2020. It merges and extends three EU programmes managed separately between 2007 and 2013:

- **Progress** (Programme for Employment and Social Solidarity), which supported the development and coordination of EU policy for employment, social inclusion, social protection, working conditions, anti-discrimination and gender equality;
- **EURES** (European Employment Services), the cooperation network between the European Commission and the Public Employment Services of the Member States that encourages intra-EU mobility of workers;

- **Microfinance and Social Entrepreneurship: building on the European Progress Microfinance facility:** this axis aims at increasing access to, and the availability of, microfinance for vulnerable groups who want to set up or develop their business and micro-enterprises. Further objectives are building up the institutional capacity of microcredit providers and supporting the development of social enterprises, in particular by facilitating access to finance.

These updated and extended programmes now form the three axes of EaSI. With this umbrella programme, the Commission seeks to build on their past successes and achieve common objectives for EU employment and social innovation.

EaSI feeds into the implementation of the Europe 2020 strategy's employment and social objectives. It also supports the roll-out of the seven flagship initiatives launched in 2010, such as the European Platform against Poverty and Social Exclusion, An Agenda for New Skills and Jobs, and Youth on the Move.

Funding under EaSI can be used to test out ideas for employment and social policy reform on the ground and to evaluate

them. The best ideas, if scientifically robust, will be turned into policy platform recommendations. These can be scaled up across Member States, including via the European Social Fund (ESF).

EaSI objectives

- Strengthen ownership of EU objectives and coordination of action at EU and national levels in the areas of employment, social affairs and inclusion.
- Support the development of adequate social protection systems and labour market policies by promoting good governance, mutual learning and social innovation.
- Modernise EU legislation and ensure effective application.
- Promote geographical mobility and boost employment opportunities by developing an open labour market.
- Increase the availability and accessibility of microfinance for vulnerable people and micro-enterprises, and increase access to finance for social enterprises.

EaSI's objectives complement other recent European Commission initiatives tackling social and economic challenges, particularly the Employment, Social Investment and Youth Employment packages. They also match the employment and social aspects of the European Semester, such as the Annual Growth Survey, the Joint

Employment Report, and the Country-Specific Recommendations.

Coordinated action

EU countries and regions typically take responsibility for socio-economic problems. Yet there is growing consensus that these can be tackled better through coordinated action at EU level.

EaSI's three programmes, two of which are also open to certain non-EU countries⁽⁵⁾, are highly complementary. They all pursue the same goal of promoting employment, social inclusion and labour mobility. So for instance the implementation of the microfinance axis is also sustained by the Progress axis, especially via the support given to technical assistance for microfinance providers.

Complementarity with other EU programmes

EaSI operates alongside the ESF. Together they form a coherent set of EU programmes to promote employment, social protection and social inclusion, plus working conditions for the period 2014-2020.

(5) Both Progress and Microfinance and Social Entrepreneurship, under certain conditions, are also open to European Economic Area (EEA) countries, EU candidate and potential candidate countries. EURES is open to EEA countries and Switzerland.

While EaSI supports the development of policies and legislation at EU level, its actions should be complemented at national, regional and local levels. For example, national EURES activities can be financed by ESF, and national authorities can choose to call on national funding sources. Cross-border partnership activities (more than one EU country) will be funded through EaSI to boost mobility of EU workers.

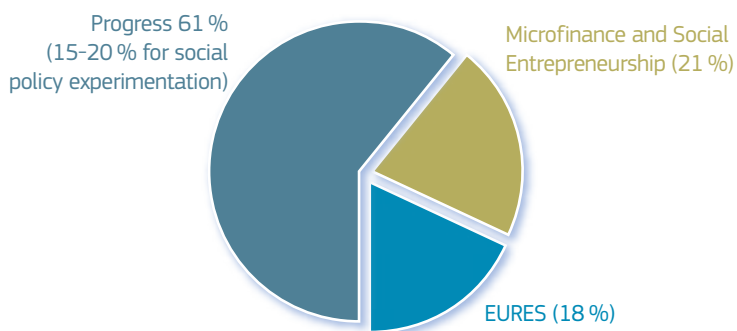
EaSI will also work closely with other EU funding instruments in such areas as social dialogue, justice and fundamental rights, education, vocational training and youth policy, research and innovation,

entrepreneurship, health, enlargement and external relations, and general economic policy.

EaSI in numbers

- Total budget: EUR 919469000 in current prices.
- Indicative allocation of funds: Progress 61 % (15-20 % for social policy experimentation), Microfinance and Social Entrepreneurship 21 %, and EURES 18 %.
- Between EUR 10-14 million annually is set aside for social innovation projects, many linked to youth.

Chart 4.1 EaSI: indicative allocation of funds



Progress: Modernising employment and social policies

Progress is the EU's main instrument to promote policy reforms in employment and social policies. Its chief goal is to help achieve the strategic objectives of the EU's growth strategy – Europe 2020.

Managed by the European Commission, the programme will continue to support EU policies in three areas, with this funding:

- employment, especially to fight youth unemployment: min. 20 %;
- social protection, social inclusion and the reduction and prevention of poverty: min. 50 %;
- working conditions: min. 10 %.

A combination of policy issues may be addressed by calling on up to 20 % of the budget allocation.

Specific objectives

For 2014–2020, Progress will develop and disseminate EU comparable analytical knowledge; support information-sharing, mutual learning and dialogue; and financially support the testing of social and labour market policy innovations. It will also provide organisations with financial support to increase their capacity to develop, promote and support the implementation of EU instruments and policies.

Social policy experimentation

Progress is increasing support for testing social and labour market policy innovations and experimentation. It will look at methodology (a more rigorously scientific approach) and finance (a commitment to spend between EUR 10 and 14 million a year).

By supporting social policy experimentation, the programme seeks to scale up social innovations that offer innovative responses to Member States' social needs. For instance, HOPE in Stations project convinced authorities to adopt a softer approach to homeless people in railway stations in seven European cities. Under Progress, successful ideas like this may be pursued with financial support from the ESF and other sources.

Three types of activities that Progress can support

1. Analytical

- a) **Policy evidence gathered by Progress** is often used by the European Commission and **helps to trigger/strengthen national debate** at all stages of the policy cycle. Success stories included/ include policy evidence gathered for:
- Employment: European Employment Observatory quarterly reports.
 - Social protection and social inclusion: MISSOC database covering 31 countries.

- Working conditions: European Agency for Safety and Health at Work, pan-European opinion poll on occupational safety and health.

b) **Progress helps the Commission to ensure correct and effective application of EU law in the Member States through regular monitoring.** It has actively supported the development and amendment of legal initiatives, notably for working conditions.

2. Mutual learning, awareness and dissemination

a) **Progress supports peer reviews on social protection and social inclusion policies in different EU Member States**

to facilitate the processes of mutual learning, policy transfer and a shared understanding and ownership of EU policy objectives in these areas.

b) **Exchanging good practice and experience is one of the core principles of the Europe 2020 strategy.** The project 'New skills for green jobs: A case for a more gender inclusive labour market?' identified and transferred across participating countries the tools necessary for early identification of skills needs for greening the economy.

c) **Benchmarking of Public Employment Services (PES).** Thanks to the successful



'Benchmarking of PES activities' project and spin-off mutual learning events, there have been EU-wide improvements in PES services' effectiveness and efficiency.

higher education institutions and research institutes; experts in evaluation and in impact assessment; national statistical offices; the media.

3. Support for main actors

Progress has supported over 30 key EU networks and NGOs active in the fields of non-discrimination, gender equality and social inclusion/social protection. Together they serve as a useful source of information for EU and national decision-makers and others. By supporting networks, the programme has helped promote and communicate key ideas and strategies, such as the European Year for Active Ageing. This is set to continue.

Who can participate?

Funding from Progress is open to:

- EU Member States;
- EEA countries, in accordance with the EEA Agreement, and EFTA Member States;
- EU candidate countries and potential candidate countries, according to the framework agreements concluded with them on their participation in EU programmes.

Types of organisation that can apply for funding:

National, regional and local authorities; employment services; specialist bodies provided for under EU law; the social partners; non-governmental organisations;

EURES: Promoting job mobility

The European Employment Services network (EURES) axis of EaSI will strengthen the European Job Mobility Portal and develop targeted mobility schemes.

Specific objectives

EURES will ensure that job vacancies and applications are transparent for potential applicants and employers at EU level. It will modernise the EURES Portal and its self-service tools, including for online European Job Days. Jobseekers across Europe will access the same vacancies and support services; jobseekers and employers will benefit from the Portal's matching tools.

The programme will also develop services for the recruitment and placing of workers in employment through the clearance of job vacancies and applications at European level. It will for example create and develop targeted mobility schemes to provide support and financial aid to jobseekers in finding work in other EU countries. These will fill bottleneck and niche vacancies and help specific groups of workers to become mobile and countries to become destinations for mobile workers.

The mobility schemes will build on **Your first EURES job (YfEj)**. This preparatory action helps young people (18-30) find a job in another Member State and encourages SMEs, the largest group of employers in the EU, to offer young people work. Supported by the budget 2011-2013, YfEj aims to support 5 000 young people with finding employment in another Member State. This successful project is being continued from 2014 onwards as a 'targeted job mobility scheme' and will cover all forms of work-based placements, plus access to jobs in sectors experiencing recruitment difficulties.

EURES today

- Network of 900 EURES Advisers across Europe;
- Covers 31 countries: EU-28, Norway, Liechtenstein, Iceland, Switzerland;
- 150 000 jobseekers per year get a job/job offer via EURES;
- EURES Portal: on an average day may host 1.5 million job vacancies, 1 200 000 CVs; every month receives four million visits.

EURES training

EaSI will increase the number of staff trained (up to 1 000 people) and develop virtual training, which will be offered to

everyone delivering EURES services. EURES specialised training modules will focus on assistance to jobseekers, matching and placement, services to employers, and greater use of ICT tools. This should enhance the quality of the EURES service for jobseekers and employers, the EURES main target groups.

The EURES Job Mobility Portal

The Portal provides information, guidance and recruitment/placement services to employers, jobseekers and any citizen wishing to take advantage of freedom of movement for workers. As of 2014, delivery of EURES services is open to new partners, likely increasing the number of displayed job vacancies to as many as two million within two years. This will allow for more transparency on the European labour market and more access to job opportunities for jobseekers.

EaSI is facilitating the qualitative increase of EURES services on the Portal and on the ground. This could increase the number of unique visitors annually from 38 to 45 million within two years. Employers offering jobs will find it easier to reach European jobseekers, leading to better matching on the European labour market. EURES has to date achieved some 150 000 intra-EU job placements per year. Its ongoing strategic reform should significantly increase that figure.

Box 4.1 A Spanish guitarist in Estonia

Assisted by Estonia's EURES team, a school teacher from Gijón, Spain seeking new challenges moved 2 700 km to Tallinn. He taught classical guitar at two music academies, while finishing a master's degree from the Spanish Open University.

Types of activities that can be supported through EURES

EURES promotes mobility of workers and individuals across the EU. The new EURES will focus on:

- development of the multilingual digital platform and its self-service tools for the clearance of job vacancies and applications;
- development of targeted mobility schemes (e.g. continuation of YfEj);
- development and activities of EURES cross-border partnerships, with information, counselling, placement and recruitment services for cross-border workers;
- mutual learning among EURES actors and training of EURES Advisers, including EURES cross-border partnership advisers;
- information and communication activities to better reach out to employers and workers on the benefits of geographical

and occupational mobility and of EURES activities and services.

Organisations that can apply for funding are national, regional and local authorities; employment services; and social partner organisations and other interested parties.

How is EURES funded?

The overall EURES budget will be around EUR 20 million a year. EURES will see 32 % of its funds allocated to the transparency of job vacancies, 30 % to the development of services for the recruitment and placing of workers, 18 % to cross-border partnerships (new support services for cross-border commuters) and 20 % to cross-cutting projects.

Microfinance and Social Entrepreneurship

Running from 2014-2020, Microfinance and Social Entrepreneurship (MF/SE) is the third axis of the EaSI programme. It introduces funding for social enterprises, which have proved a resilient source of European jobs even during the crisis. MF/SE is also increasing the accessibility and availability of micro-credit – loans below EUR 25 000 – to individuals and microenterprises for setting up or developing their business.

MF/SE funding will be evenly spread between microfinance and social entrepreneurship, with 45 % going to each. The remaining budget will be distributed among the two. Under SE, depending on the country or region, funds will be used to help social enterprises take root and develop, or will be available for upscaling good ideas and best practices.

Since its launch in 2010, Progress Microfinance (the predecessor of the EaSI programme's third axis) has supported more than 12 500 financial beneficiaries with microloans (many transnational) totalling more than EUR 115 million. These entrepreneurs included members of disadvantaged groups, especially women, young people, minorities and low-skilled workers. By supporting a high percentage of people who were previously unemployed, Progress Microfinance has already significantly contributed to job creation. Until 2016, Progress Microfinance will run alongside the EaSI programme's third axis.

Specific objectives

- Increase access to, and the availability of, microfinance for vulnerable groups who want to set up or develop their business and micro-enterprises;
- Build up the institutional capacity of microcredit providers;
- Support the development of social enterprises, in particular by facilitating access to finance.

What is new in MF/SE?

The new programme adds several new elements to the ongoing support for microfinance:

- Funding for **capacity-building in microfinance institutions**, in response to a notable lack of maturity of such institutions in several Member States. For instance, a loan that a microcredit provider might use to buy a new IT system to cope with growing demand;
- Investments for **developing and expanding social enterprises**. The total amount that a social enterprise can receive is EUR 500 000, while respecting state aid rules. Programme support will be limited to enterprises not listed on the stock market, with a turnover or annual balance sheet not exceeding EUR 30 million.

Box 4.2 Small loans that make a big difference

Unemployed Dora and her boyfriend opened a snack bar serving home-made Portuguese food, after being granted a EUR 15 000 loan from Lisbon-based Millennium bcp, a microcredit provider that received a guarantee under Progress Microfinance in 2011. Since opening in January 2012, the establishment has been a huge success; Dora has already turned away potential buyers.

Who can participate?

Microcredit providers/social entrepreneurship finance providers operating in:

- EU Member States;
- EEA countries, in accordance with the EEA Agreement, and EFTA Member States;
- EU candidate countries and potential candidate countries, if eligible in line with the framework agreements concluded with them on their participation

in EU programmes. As a pre-condition for any participation in EaSI, countries that are not part of the EU must sign an agreement with the European Commission and provide financial contributions to the programme.

Organisations that can apply for funding are public and private bodies established at national, regional or local level and providing microfinance for persons and



micro-enterprises and/or financing for social enterprises in the above-mentioned countries.

private bodies which provide loans and other financial instruments to social enterprises. It will not directly provide loans to social enterprises.

Funding opportunities

Microfinance will enable microcredit providers in the EU Member States and other participating countries in the programme to increase access to, and the availability of, microfinance to vulnerable persons who wish to start or develop their own micro-enterprise. It will not directly provide micro-loans to individuals.

Social Enterprise finance will help social enterprises access finance via public and

Box 4.3 Funding for social enterprises

At least EUR 86 million will be available for the 2014-2020 period to support social entrepreneurs. Social enterprises are undertakings which, regardless of their legal form, aim mainly to have a measurable and positive social impact rather than generating profit for their owners, members and shareholders.

CHAPTER 5

EGF



European Globalisation Adjustment Fund (EGF)

EU solidarity with redundant workers

The European Globalisation Adjustment Fund (EGF) helps redundant workers reintegrate into employment after losing their jobs due to globalisation – such as when a large company shuts down or production is shifted outside the EU. The Fund can also be deployed to help workers losing their jobs due to the global financial and economic crisis.

Launched in 2007, following a proposal from European Commission President Jose Manuel Barroso, the EGF expresses EU solidarity with workers affected by mass redundancies resulting from significant shifts in world trade patterns. It improves the employability of redundant workers, especially the lower skilled and disadvantaged jobseekers, and helps them to find new job opportunities. Around 50% of workers who took part in EGF initiatives found new jobs or took up self-employment.

To date, almost EUR 134 million of EGF and co-financing have been spent to assist a total of around 23 780 beneficiaries. Applications from countries across the EU cover some 40 different sectors, including automotive, construction, electronic equipment, machinery

and equipment, publishing, retail, road transport and textiles.

Support measures

The EGF has a maximum annual budget of EUR 150 million for the period 2014-2020. It provides time-limited support for a package of personalised assistance measures, which are managed and implemented by national or regional authorities. These measures include tailored job search, outplacement or (re) qualification – with each project running for up to two years from the date of application. As a result, the Fund also supports areas struggling with sharply increased numbers of job-seekers.

The EGF can fund up to 60% of the cost of projects designed to help workers made redundant find another job or set up their own business. Member States are responsible for managing the EGF's contributions and the resulting actions.

Generally speaking, the EGF can be used where over 500 workers are made redundant by a single employer (including its suppliers and downstream producers). It can also be used if over 500 workers are laid off in a particular sector in one or two neighbouring regions.

A key advantage of the EGF measures is their ability to pull stakeholders together and concentrate resources. Member States also have the flexibility to adapt their response to mass redundancies, by focusing on worker needs, skills and expectations. Measures can be tailored to the individual and the group, for example in terms of the training or support delivered to increase people's employability.

New measures to tackle the crisis

The onset of the economic crisis in 2008 led to huge declines in employment. The largest was manufacturing (4.5 m); followed by construction (almost 3.7 m), agriculture (more than one million), retail (almost 900 000) and public administration (around 500 000).

As a result of this economic downturn, the rules of the original EGF (2007-2013) were amended in 2009. The aim was to also help workers made redundant as a result of the crisis, easing them back into employment as quickly as possible, for example through co-financed training and job placements. The EU co-funding rate was increased from 50% to 65% until the end of 2011, as a special crisis measure. As a permanent change, the eligibility threshold for EGF applications was lowered from 1 000 to 500 redundant workers in a sector, region or company, and EGF support was extended to 24 months from 12 months.

Box 5.1 How the EGF adds value

- Goes beyond national support mechanisms for workers involved in mass layoffs
- Provides EU funding specially designed to deal with rapid economic change
- Can fund measures tailored to workers' specific circumstances
- Allows Member States to go beyond the measures normally available in support of redundant workers

The crisis criterion: sudden shock redundancies

Introduced to the Fund in 2009, the 'crisis' criterion significantly boosted the EGF applications from 15 in the January 2007-April 2009 period to 79 applications in the May 2009-December 2011 period. This criterion – covering 'workers made redundant as a direct result of the global financial and economic crisis' – lapsed at the end of 2011, but has been included in modified form under the Fund for 2014-2020. As of 31 December 2013, most applications for EGF support were made under the crisis criterion (64) as against the 'trade' criterion (53).

Who can benefit?

EGF funding can be made available to workers made redundant in mass redundancy events. It cannot be used to keep

companies in business or to help them modernise or restructure.

Box 5.2 The EGF in numbers

- Annual maximum amount of EUR 150 million
- Almost 120 applications from 20 EU countries
- Applications covered 39 industrial sectors
- EUR 492 million requested to help over 106 000 workers
- Applications by criteria: crisis (64), trade (53)
- Average EGF assistance per worker in 2012: EUR 8 670

(European Commission, December 2013)

What support can the EGF provide?

The EGF can co-finance projects including measures such as: help with looking for a job, careers advice; education, training and re-training; mentoring and coaching; entrepreneurship and business creation.

The Fund can also provide training allowances, mobility/relocation allowances, subsistence allowances or similar support. However, the EGF does not co-finance social protection measures such as pensions or unemployment benefit.

The EGF can only co-finance active labour market measures to help redundant workers back into employment. The EGF may also fund a Member State's 'implementing activities' – such as preparatory, information, publicity and control activities for use of the funding. To design support packages, Member States must take into account the backgrounds, experience and educational levels of their workers, their ability to be mobile and current/expected job opportunities in the regions concerned.

Complementarity with other EU programmes

The EGF's financial contributions complement support measures available for beneficiaries from Union funds or other Union policies or programmes. It provides workers with one-off and time-limited individual support. It is designed to increase employability and ensure the rapid reintegration of redundant workers into employment through active labour market measures. It is therefore different from, and complementary to, the European Social Fund (ESF).

The EU Structural and Investment Funds, particularly the ESF, take a strategic, long-term perspective. They anticipate and manage the social impact of industrial change through activities such as life-long learning.

Depending on the regional or national situation, the EGF can be used alongside the ESF. For example in Belgium Limburg and

Oost-West Vlaanderen, the EGF complemented federal, regional and ESF funding through training for dismissed employees in the textiles sector. In Spain, in Galicia and Castilla la Mancha, the EGF enabled the delivery of more tailored and flexible support to redundant workers than would have been possible under the ESF, thanks to the establishment of guidance teams for individuals.

Delivery of the EGF support has raised the profile of challenges associated with company restructuring in Europe. In some cases, this has encouraged stakeholders in the Member States to cooperate closely for the first time and to seek innovative solutions for specific groups of redundant workers.

The Fund has also had an impact on entire industrial sectors. For example, thanks to EGF assistance for workers losing their jobs in the printing/graphic sector in the Netherlands, various Member States have become more aware of the needs of older workers when they are made redundant.

What is new in the EGF for 2014-2020?

The EGF is being continued for the period of the EU's Multiannual Financial Framework from 1 January 2014 to 31 December 2020. It will therefore continue to provide specific, one-time support to workers dismissed as a result of major structural changes due to globalisation. It is set to go on helping Member States to tackle unemployment in such cases.

EU co-funding has been increased from 50% to 60% starting in January 2014. However, the EGF's overall funding has been reduced to a new annual maximum amount of EUR 150 million from the previous EUR 500 million.

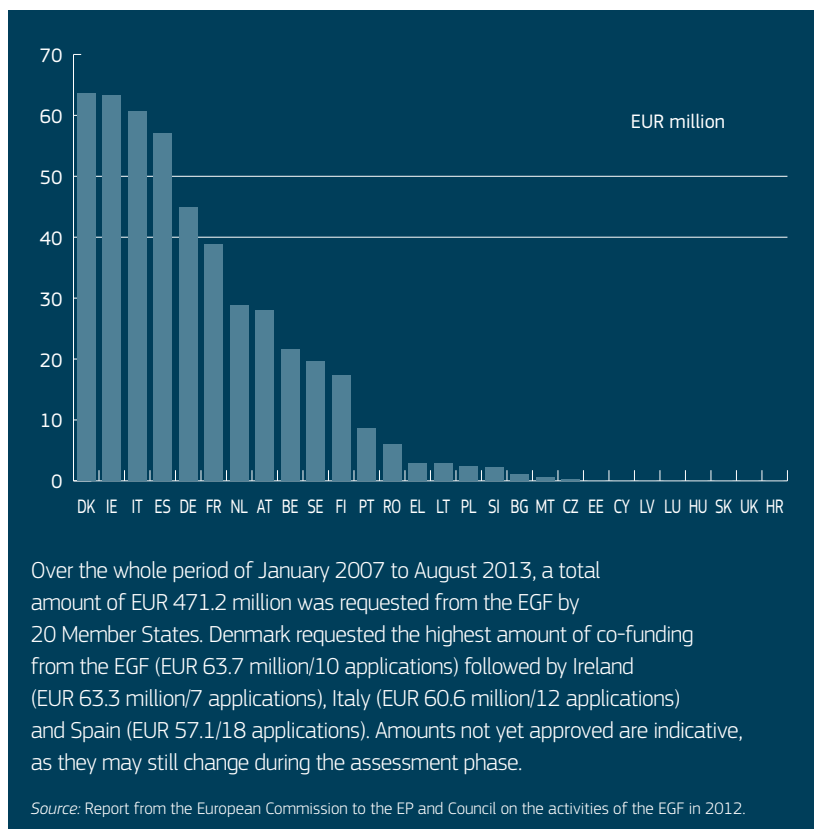
The categories of workers eligible to benefit from the Fund have been broadened for the period 2014-2020. They can include the self-employed, temporary workers and fixed-term workers. Besides globalisation, the intervention criteria include global financial and economic crises.

Until the end of 2017 and under certain circumstances, young people not in employment, education or training (NEETs) in regions with high youth unemployment can benefit from EGF support in equal numbers to EGF workers receiving support in those regions.

As before, with EGF co-financing, Member States must devise a 'coordinated package of personalised services' (including tailored training and retraining, special time-limited measures such as job-search or mobility allowances) to help targeted beneficiaries to remain in the labour market and find new employment or self-employment. A special focus is placed on helping disadvantaged, older and young unemployed people to find new jobs.

The rules on the Fund's intervention criteria, eligible beneficiaries, eligible applications, measures and so on are set out in the EGF Regulation for 2014-2020, which repeals the original legislation of 2006.

Box 5.3 EGF amounts requested per Member State (2007-Aug.2013)



Learning from doing: EGF best practice

Over recent years, the Fund has picked up some valuable lessons from its work with partners across the EU.

One key lesson is the need to **tailor support to individual participants** in order to facilitate re-employment. At Renault in France, the EGF supported two different types of training for dismissed workers, based on their level of personal and professional experience. Participants were also offered flexible and individualised training. In Galicia, Spain, female workers made redundant at a clothes manufacturer were given support to help them overcome gender-specific barriers to re-employment, such as training that

took into account their need to care for children and/or dependents.

Strong partnerships with others, including public employment services (PES) and industry, are also key for the EGF. In Lithuania, workers who had lost their jobs in construction, furniture and clothing companies, benefited from the close ties developed with local and national PES. In Germany, at Karmann, the transfer company taking care of the workers forged close links between counsellors and core team members and local employers to find out about new vacancies and skill requirements. This practice has been successfully mainstreamed for other EGF cases in Germany.



The EGF allows Member States to make an early start in helping redundant workers: as soon as the announcement of upcoming dismissals is made, measures may begin. The importance of **early intervention** was clearly established by several cases. In Ireland, at SR Technics, workers were offered individual pathways to re-employment through seminars and information fairs. In Portugal, at the bankrupt computer memory firm Qimonda, a 'Rapid Personalised Intervention Unit' was quickly created for staff that had just learned they would lose their jobs.



Box 5.4 Impact of large-scale restructuring in Europe since 2008 crisis started

- Six million fewer Europeans in employment
- Bankruptcy/closure responsible for notable increase in restructuring job losses
- Loss of jobs felt most acutely in manufacturing and construction
- Over 4.5 million jobs (12% of manufacturing employment) were lost between 2008Q1 and 2013Q1, and one in five construction jobs over same period
- Almost 14800 cases of large-scale restructuring events in European countries, 2003-mid-2013, with total announced job losses of 4.75 million
- Just over 70% of job losses are due to internal restructuring

(European Restructuring Monitor, Annual Report 2013)

Voice from the European Parliament: Marian Harkin Member of the Committee on Employment and Social Affairs



Is funding for the European Social Fund and the European Globalisation Adjustment Fund sufficient in your view compared to the human capital challenges which Europe faces in the period 2014-2020?

The overall 10% cut to the EU Budget was a real disappointment and that challenged everybody concerned to ensure maximum EU added value for every euro spent. In this context I fully supported the

Parliament line to ensure that the Social Fund accounted for 25% of the Cohesion envelope. We had to accept just less than 24% but that is a positive step and underlies what I hope will be a growing move in the European Parliament to rebalance social and economic policy decisions and choices. Unfortunately, in our rush to shore up a collapsing architecture to support the Euro currency we lost sight of Social Europe, particularly when it came to the major policy decisions. There are some glimpses of hope that maybe we can again find the balance between social and economic policy and the final outcome on the Social Fund negotiations was therefore a small step forward.

Funding for the EGF is inadequate, given that the numbers who can access the Fund may be doubled in certain circumstances i.e. where regions are eligible for the Youth Employment Initiative (YEI). Nonetheless it was a real struggle to ensure the continuation of the Fund and the trade-off was a much reduced budget. It is hoped that the changes to the Fund will help ensure greater value added and assist Member States in tackling the challenge of unemployment.

What makes the European Globalisation Adjustment Fund unique? What if there was no EGF?

The European Globalisation Fund is unique in that it is a tangible expression of EU solidarity. It provides direct assistance to redundant European workers by means of a package of individually tailored measures suiting the needs of the individual workers. It very often succeeds in targeting and supporting the 'harder to reach' workers and it is sufficiently flexible to be of benefit to all types of redundant workers as well as to Young People Not in Employment, Education or Training (NEETs) in regions that are eligible for the YEI. If implemented properly the EGF can provide a timely and individualised response and it can add value to national programmes or schemes.

Some Member States argue that the EGF should not be an EU competence and that Member States should respond to their respective unemployment situations. This takes no account of the shared challenges of globalisation or of the current economic crisis and both situations are covered by the Fund. It is most certainly not a panacea but analysis of the impact of the EGF shows that it has and can play an important role in retraining/up skilling workers - often where the need is greatest. If we look at the jigsaw that is 'Social Europe' - the EGF is one of the pieces that contributes to making up the entire picture. It is a small piece but without it, there would be a gap. I am pleased that for now the gap no longer exists and that the changes finally agreed will deliver an EGF more 'fit for purpose' than the previous fund.

Glossary

Apprenticeships

An apprenticeship provides someone with a real job for a specific amount of time along with a significant element of formal training that leads to a professional/trade qualification.

At risk of poverty (EU definition)

People who have an equivalised (household-adjusted) disposable income below the risk of poverty threshold, set at 60% of the national median equivalised disposable income (after social transfers).

Civil society

Organisations that make up the main structures of society outside of government and public administration. They include trade unions and employers' federations; certain social and economic organisations; NGOs; and community-based organisations.

Co-funding

Financing from EU funds like the ESF is always accompanied by contributions from

other public or private sector sources. Co-funding rates vary depending on the relative wealth of the region involved, but tend to be between 50 – 80% (EU contribution).

Cohesion policy

The EU's Cohesion policy supports job creation, competitiveness, economic growth, improved quality of life and sustainable development. The policy aims to reduce the significant economic, social and territorial disparities that still exist between Europe's regions.

Common Provisions Regulation (CPR)

EU regulation (No 1303/2013) provides a common framework of rules for the five European Structural and Investment Funds (see below), allowing them to pursue complementary policy objectives.

Europe 2020

Europe 2020 is the EU's strategy to deliver economic growth and jobs over the present decade. The goal is to provide the EU with a smart, sustainable and inclusive economy.

European Economic Area (EEA)

The EEA brings together all the EU Member States plus Iceland, Lichtenstein and Norway in an internal market, which allows freedom of movement for people, goods, services and capital.

European Economic Community (EEC)

The EEC was established by the Treaty of Rome in 1957, which was signed by Belgium, France, Italy, Luxembourg, the Netherlands and West Germany. The EEC was the precursor to the European Union.

European Semester

This is the yearly cycle of economic policy coordination through which the European Commission examines the Member States' programmes for economic and structural reform.

European Structural and Investment Funds (ESIFs)

There are five ESIFs, all of which are used to promote jobs and growth. They are: the European Regional Development Fund; the European Social Fund; the Cohesion Fund; the European Agricultural Fund for Rural Development; and the European Maritime and Fisheries Fund.

Good governance

The EU is committed to promoting good governance so that public administrations are more open, innovative and responsive to people's needs. Good governance supports transparency and accountability in decision-making.

Lifelong learning

Lifelong learning is an on-going process which enables people to renew their skills and gain knowledge throughout their lives. It can be delivered through formal and informal educational settings.

Material deprivation

People whose living conditions are severely affected by a lack of resources, typically defined in the EU by nine indicators.

Microcredit

A loan of up to EUR 25 000 to new or existing micro-enterprises.

Microfinance

Microfinance is the provision of financial services, such as small loans, to people and new businesses that are unable to access more mainstream credit options.

The EU does not offer microfinance directly, but provides guarantees, loans and equity to intermediary bodies which in turn provide microloans to businesses.

Minimum share (of Cohesion policy)

For the 2014-2020 programming period, the ESF has been allocated a minimum share of the Cohesion policy budget of at least 23.1%. This share is a mandatory minimum and can go up depending on needs in each Member State.

Mobility (as an EU term)

Mobility in this context describes someone who is willing and able to move within the EU to find work. The EU supports mobility to help people find suitable employment away from their home region in another EU Member State.

Most deprived (persons)

Persons or families whose need for assistance has been established according to the objective criteria set by the national competent authorities and/or organisations providing them with support.

Multiannual Financial Framework (MFF)

The MFF is a spending plan that translates EU policy priorities into financial terms. It establishes the maximum amount that the EU can spend in different areas. The current MFF period runs from 2014 to 2020.

NEETs

NEETs is a commonly used acronym used to describe young people who are not in employment, education or training.

Operational Programmes

Operational Programmes clearly outline how EU funds are going to be spent in each Member State. These programmes are drawn up by Member States and adopted by the European Commission, and cover the seven-year programming period.

Partnership agreements

Partnership agreements are drawn up by Member States and adopted by the European Commission. They set out the main priorities and strategies for using the ESIFs over the seven-year programming period.

Poverty (EU definition)

The EU defines poverty as anyone living on less than 60% of their country's average household income.

Public Employment Services (PES)

PES connect jobseekers with employers. Although structured differently in each country, these 'job centres' provide information on vacancies, along with a range of support services to help people find work.

Severe material deprivation

Living conditions constrained by a lack of resources such as not being able to afford to pay bills, keep a home adequately warm, or take a one-week holiday away from home.

Social enterprise

Social enterprises are undertakings which, regardless of their legal form, aim mainly to have a measurable and positive social impact rather than generating profit for their owners, members and shareholders. They mostly reinvest earnings to meet their social objectives.

Social exclusion

Social exclusion describes individuals or groups that have restricted access to the goods, services and opportunities provided

by society. Socially excluded people have limited opportunities to better themselves, often due to poverty, a lack of education or limited employment prospects.

Social inclusion

A process and goal whereby socially excluded people are given the opportunity to share equally in what the economy and society has to offer the rest of the population. In ESF operations, this refers to pathways leading to integration into the labour market, whereas for FEAD this refers to integration into society.

Social innovation

Developing new ideas, services and models to better address today's social challenges; with input from public and private actors, including civil society.

Social policy experimentation

This tests the validity of new innovative policies by gathering evidence about the real impact of measures on people.

Social protection

Policies/actions that enhance everyone's capacity to escape from poverty, or avoid falling into poverty, and better manage risks/shocks thanks to income security and access to essential services.

Traineeship

A traineeship combines elements of education or training with work experience in order to provide young people with the skills and experience required by employers.

Youth Employment Initiative (YEI)

The YEI is an additional funding instrument for delivering some aspects of the Youth Guarantee in EU regions that are experiencing youth unemployment levels above 25 %.

Youth Guarantee

The Youth Guarantee is a new approach to tackling youth unemployment which ensures that all young people under 25 – whether registered with employment services or not – get a good-quality, concrete offer within four months of them leaving formal education or becoming unemployed. The good-quality offer should be for a job, apprenticeship, traineeship, or continued education and should be adapted to each individual need and situation.

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