



EUROPEAN EMPLOYMENT AND SOCIAL POLICY AND FINANCIAL INSTRUMENTS

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BUILDING SOCIAL EUROPE

What does the European Commission do?

- ✓ proposes legislation (e.g. employment law, working conditions, health and safety, anti-discrimination and gender equality)
- ✓ promotes dialogue and cooperation with member States on common objectives, especially through the Open Method of Coordination



BUILDING SOCIAL EUROPE

- ✓ Managing EU financial instruments
 - European Social Fund (ESF)
 - European Globalisation Adjustment Fund (EGF)
 - PROGRESS

- ✓ Facilitating cooperation and dialogue with key actors such as social partners and civil society



CHALLENGES

- ✓ Globalisation: is the principle shaping force of our times, creating opportunities but also negative effects
- ✓ Technological change: rapid changes with wide-ranging social impacts such as increasing demand for skills
- ✓ Demographic change: increased life expectancy; declining fertility; aging of society.



CHALLENGES

- ✓ Visibility of social dimension of EU: need to improve and convince citizens
- ✓ Need for response to financial and economic crisis



EUROPEAN EMPLOYMENT STRATEGY

- ✓ Launched by European Council 1997:
background of high unemployment
- ✓ Open Method of Coordination of national
employment policies
- ✓ Key components:
 - employment guidelines
 - national programmes
 - joint reports (Commission and Council)
 - country specific recommendations



LISBON STRATEGY

- ✓ European employment strategy integrated into Lisbon strategy for growth and jobs since 2000
- ✓ Integrated guidelines adopted for 2005-2008 covering macro-economic, micro-economic and employment strands
- ✓ Quantitative employment targets



MAIN STRATEGIC AIMS

- ✓ Create more and better jobs
- ✓ Attract more people onto the labour market and modernise social protection systems
- ✓ Improve capacity to adapt of workers and enterprises and increase labour market flexibility
- ✓ Invest in human capital through improvement in education and skills



SOCIAL PROTECTION AND INCLUSION

- ✓ New common objectives established in 2006 through Open method of Coordination
- ✓ Covers issues such as social inclusion, pensions, health and long-term care
- ✓ Regular reporting by Member states to commission on policy developments



EQUAL OPPORTUNITIES

- ✓ Tackling discrimination: aims at ensuring minimum levels of equal treatment and protection for everyone living and working in Europe
- ✓ Gender equality: equality between men and women e.g. gender roadmap combining specific initiatives and gender mainstreaming



EUROPEAN SOCIAL FUND

- ✓ Treaty-based instrument aimed at improving employment opportunities for workers in internal market
- ✓ One of structural funds and actions making up Cohesion policy
- ✓ Financial resources € 76 billion for 2007-2013 programming period
- ✓ Around 10% of EU annual budget
- ✓ Closely linked to implementation of employment guidelines of Lisbon strategy



MAIN PRIORITIES OF ESF

- ✓ Improve adaptability of workers and enterprises (e.g. promotion of flexicurity)
- ✓ Improve access to labour market of inactive persons (e.g. active labour market measures)
- ✓ Improve social inclusion of disadvantaged groups through access to labour market
- ✓ Support development of human capital (e.g. through reforms in training systems)



EUROPEAN SOCIAL FUND

Contributes to:

- ✓ Employment objectives
- ✓ Social inclusion
- ✓ Equality of opportunities agenda

Does not finance:

- ✓ Passive social protection measures
- ✓ Pensions, health care expenditure
- ✓ Social infrastructure



PROGRESS

- ✓ New employment and social solidarity programme starting in 2007
- ✓ Areas covered:
 - employment
 - social inclusion and social protection
 - working conditions
 - anti-discrimination
 - gender equality



PROGRESS

- ✓ Directly managed by Commission
- ✓ Main eligible actions:
 - analysis (studies)
 - mutual learning, awareness and dissemination activities
 - support to main actors (networks)
- ✓ Annual budget around € 100 millions



EUROPEAN GLOBALISATION ADJUSTMENT FUND

- ✓ New fund created in 2007 intervenes in cases of large-scale redundancies occurring as a result major structural changes in world trade patterns due to globalisation
- ✓ Normally minimum 1,000 workers affected
- ✓ Finances personalised packages for redundant workers in order to help them find another job
- ✓ Assistance to individuals, not to companies



EUROPEAN GLOBALISATION ADJUSTMENT FUND

- ✓ Applications presented by Member States to Commission
- ✓ Maximim annual finance € 500 millions from budget reserve
- ✓ Agreement of European Parliament and Council necessary for mobilising funds



RENEWED SOCIAL AGENDA

- ✓ Objective is to review and invigorate Europe's social dimension
- ✓ Communication of Commission of July 2008
- ✓ Builds on stock-taking of Europe's changing social reality of 2007
- ✓ Three inter-related goals:
 - creating opportunities
 - providing access
 - demonstrating solidarity



RENEWED SOCIAL AGENDA

- ✓ Series of further measures through all policy instruments
- ✓ Review of operation of EGF
- ✓ Need for EU funds, including ESF, to contribute to goals through 2007-2013 programming period



ESF: IMPLEMENTATION STRUCTURE

- ✓ Shared management between Commission and Member States
- ✓ Multiannual programmes prepared by Member States and adopted by Commission
- ✓ Programmes identify main priorities in line with National Strategic Reference Framework
- ✓ Selection and implementation of projects responsibility of Managing Authority in Member States



ESF BENEFICIARIES

- ✓ Public authorities at national, regional or local level
- ✓ Educational and training institutions
- ✓ Non-governmental organisations (NGOs)
- ✓ Voluntary sector
- ✓ Social partners



CONTROL RESPONSIBILITIES OF MEMBER STATES

- ✓ Member States responsible for management and control of operational programmes
- ✓ Should ensure effective systems are set up
- ✓ Should prevent, detect and correct irregularities and recover amounts unduly paid
- ✓ Member States certify incurred expenditure in periodic declarations submitted to Commission in support of interim payment requests



CONTROL RESPONSIBILITIES OF COMMISSION

- ✓ Perform audits of management and control systems in Member States
- ✓ Perform audits of specific operations and transactions
- ✓ May suspend payments and institute financial recovery procedures where necessary



TREATY FRAMEWORK

« The Commission shall implement the budget...on its own responsibility...having regard to the principles of sound financial management. Member States shall cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management »



EU COURT OF AUDITORS

- ✓ Draws up an annual report after close of each financial year
- ✓ Assists the European Parliament and Council in exercising their powers of control, in particular discharge given by Parliament to Commission
- ✓ Provides Parliament and Council with a statement of assurance on reliability of accounts and legality and regularity of underlying transactions



ESF:CONTROL ISSUES

- ✓ High error rates detected by Court of Auditors
- ✓ Weaknesses in Member States systems
- ✓ Complexity of eligibility rules and implementation systems
- ✓ Insufficient financial corrections



ENHANCEMENTS THROUGH 2007-2013 REGULATORY FRAMEWORK

- ✓ Compliance assessment of management and control systems prior to interim payments
- ✓ Establishment of audit authority in Member States to establish audit strategy and annual control reports
- ✓ Simplification of eligibility rules: principle of national rules applying
- ✓ Possibility of flat-rating of overheads



COMMISSION ACTION PLAN

- ✓ Action Plan to strengthen Commission's supervisory role under shared management of structural actions (launched February 2008)
- ✓ Objective is to reduce the residual risk of error
- ✓ Actions to increase the rate of recovery in case of error
- ✓ Actions to prevent occurrence of error



OPEN ISSUES

- ✓ Is it possible to define a tolerable level of risk of error? What are the sectoral characteristics to be taken into account?
- ✓ What is the level of error detected by national Court of Auditors for ESF-type measures financed from national budgets?



OPEN ISSUES

- ✓ Should the focus of control not move towards audit of performance in order to ascertain whether the policy goals underpinning the financing are achieved?
- ✓ What is the practice of national Courts of auditors in respect of national budget expenditure?



FURTHER INFORMATION

- ✓ http://ec.europa.eu/commission_barroso/spidla/index_en.cfm
- ✓ <http://ec.europa.eu/social/>