



EUROPEAN COMMISSION
Impact Assessment Board

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Opinion

Title **Impact assessment on legislative proposal for the European Social Fund (ESF), DG EMPL**

(draft version of 27 July 2011)

(A) Context

The Commission adopted an over-arching proposal for the next multiannual financial framework (MFF) on 29 June 2011, fixing high-level budget allocations and some key implementation choices. A series of follow-up proposals to provide a legal basis for sectoral spending programmes and to establish their specific budgetary arrangements are currently being finalised. This Impact Assessment report will accompany one such proposal relating to the European Social Fund for the 2013-2020 programming period. It also discusses issues related to the other funds managed by DG EMPL: the European Globalisation Fund, the European Progress Micro-Finance Facility, the EU programme for Employment and Social Solidarity (PROGRESS) and the job-matching network EURES. Furthermore, the report is closely related to two other Impact Assessments; one for the General Regulation of the European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund ('General Regulation'); and another for the ERDF and Cohesion Fund Regulation.

The IAB has focused on the policy choices not yet fixed in the MFF package.

(B) Overall assessment

Although the report draws on an extensive body of studies and evaluations, it requires significant further work on a number of important aspects. As regards the analysis underpinning the policy choices on *the ESF*, the report should make a more explicit use of the lessons learnt during the current programming period and substantiate the need to extend the ESF scope to new areas. It should also provide a fuller assessment of the adequacy of the current and future ESF fund concentration. With respect to *the European Globalisation Fund* the report should clarify its eligibility conditions and discuss whether a faster procedure for fund mobilisation would be possible. As regards the individual *direct management measures (PROGRESS, Progress Micro-Finance Facility, and EURES)*, the report should provide more details on their operational aspects with a view to better underpinning the upcoming policy choices. For the all instruments under consideration, the report should provide a more thorough assessment of the simplification aspects. The comparison of the (sub)options should be presented in a more transparent manner.

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(C) Main recommendations for improvements

(1) Develop the problem definition as regards the ESF. The report should assess in more detail the reasons which have led to the extension of the current scope of the ESF to new areas, such as social inclusion and health activities. While assessing the performance of the current programme (e.g. effectiveness of funding, efficiency of implementation modalities), the report should better focus on the issues that are specific to the ESF (so as to better complement the more generic analysis in the IA on the General Regulation). The problem definition should always draw clear conclusions about whether the current state of play (e.g. level of error rates, thematic concentration) is considered satisfactory or needs to be improved. Underlying drivers of the problems (e.g. why and in which Member States there are high payment lags and risks of de-commitments) should be assessed in more detail.

(2) Provide a fuller assessment of the EU value added and the adequacy of the ESF fund concentration. The report should discuss in more depth the issues with concentration and visibility of the ESF funding, as indicated in the various evaluation reports. It should identify to what extent these are ESF-specific and to what extent more general (and thus covered in the IA on the General Regulation). The report should clarify how, in the context of an even wider ESF scope, a sufficient concentration can be achieved so that the value added and effectiveness of the EU funds can be ensured. To this end, the noted data gaps, which do not allow the ESF spending to be easily compared to similar/complementary national spending, should be reflected in the report along with the discussion of possible remedies for monitoring and future evaluation.

(3) Clarify the provisions on the European Globalisation Fund (EGF). The report should clarify whether the preferred option for the EGF ('no policy change') is consistent with the MFF June package, in particular whether a more rapid legal procedure (e.g. decision taken by the Commission, rather than by the legislators) could be feasible. The report should also clarify the eligibility conditions of the EGF funding and give an overview on how the assistance to farmers (as proposed in the MFF June package) will be arranged.

(4) Clarify the specific provisions foreseen regarding the individual elements of the new direct management instrument. The report considers options for merging the different direct management instruments in the social policy domain (PROGRESS, Progress Micro-Finance Facility, and EURES) and concludes that this could be beneficial, whilst maintaining the individual policy strands. However, the analysis in the report currently lacks details about how the specific provisions and implementation aspects of each strand should be revised in the light of the lessons learnt during this programming period (e.g. lack of equity mainstreaming in PROGRESS, need for a better focus and monitoring in EURES, or suboptimal use of Micro-Finance facilities). In order to underpin the upcoming policy choices on these instruments, the analysis of such issues should be considerably strengthened.

(5) The report should be more specific about the simplification aspects for all the instruments under consideration. It should clarify the potential efficiency gains resulting from using simplified cost options and a revised reporting system for the ESF. For the EGF, the report should discuss in more detail how the administrative procedure could be simplified and shortened, mentioning potential efficiency gains in the implementing structures at the national level. To the extent possible, the results should be quantified.

(6) Improve the comparison of options. The report should compare all the (sub)options against a homogenous set of criteria, including specific and/or operational objectives and, where relevant, also additional criteria such as potential for critical mass and level of institutional risks. The results should be presented in a tabular form.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

The report should cross-refer to choices already made in the MFF June package. It should also clarify which legislative acts will be amended on the basis of the analysis presented in this report. A further effort should be made to shorten the report to respect the 30 page limit foreseen in the IA Guidelines. The executive summary should clarify the complementarity of this IA and the IA on the General Regulation.

(E) IAB scrutiny process

Reference number	2011/EMPL/002
External expertise used	No
Date of IAB meeting	31 August 2011