

GREEN REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the European Social Fund and repealing Regulation (EC) No 1081/2006

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 164 thereof,

Having regard to the proposal from the European Commission¹,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Regulation (EU) No [...] establishes the framework for action by the European Social Fund (ESF), the European Regional Development Fund (ERDF), the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and lays down, in particular, the thematic objectives, the principles and the rules concerning programming, monitoring and evaluation, management and control. It is therefore necessary to specify the mission and scope of the European Social Fund, together with the related investment priorities addressing the thematic objectives, and to lay down specific provisions concerning the type of activities which may be financed by the ESF.
- (2) The ESF should improve employment opportunities, promote education and life-long learning and develop active inclusion policies in accordance with the tasks entrusted to the ESF by Article 162 of the Treaty, and thereby contribute to economic, social and territorial cohesion in accordance with Article 174 of the Treaty. In accordance with Article 9 of the Treaty, the ESF should take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against *poverty and* social exclusion, and a high level of education, training and protection of human health.

¹ OJ C , , p. .

² OJ C , , p.

³ OJ C , , p. .

- (3) The European Council of 17 June 2010 called for all common policies, including cohesion policy, to support the Europe 2020 Strategy for smart, sustainable and inclusive growth⁴. In order to ensure the full alignment of the ESF with the objectives of this strategy, particularly as regards employment, education, training, and the fight against poverty, discrimination and social exclusion, the ESF should support Member States in implementing the Council recommendations on broad guidelines for economic policies of the Member States and the Union and the Council decisions on guidelines for the employment policies of the Member States adopted in accordance with Articles 121 and 148(4) of the Treaty. It should also contribute to the implementation of the flagship initiatives, with special regard to the "Agenda for New Skills and Jobs"⁵, "Youth on the Move"⁶, Youth Opportunities initiative and the "European Platform against Poverty and Social Exclusion"⁷. It will also support the activities in the "Digital Agenda"⁸ and the "Innovation Union"⁹ initiatives and further strategies of implementation.

(3a) new The Members States should have the opportunity to use ESF resources so as to complete the actions of the EGF in cases workers made redundant as a result of serious disruption of the local, regional or national economy caused by an unexpected crises or as result of a rapid declining in a given sector or a delocalisation of activities to non EU member states with a significant adverse impact on the local, regional or national economy

- (4) The European Union is confronted with structural challenges arising from economic globalisation, technological change and an increasingly ageing workforce and growing skills and labour shortages in some sectors and regions. They have been compounded by the recent economic and financial crisis, which has resulted in increased levels of unemployment, hitting in particular young people and other vulnerable groups, such as migrants, refugees and asylum seekers. The ESF should aim to promote quality employment with particular attention to those who are the furthest from the labour market and support labour mobility, , invest in education, skills and life-long learning, promote social inclusion, ~~and~~ combat poverty and discrimination. In promoting the better functioning of labour markets by enhancing the transnational geographical mobility of workers, the ESF should, in particular, support European Employment Services and related EURES activities especially the EURES cross-border partnerships in relation to recruitment and the related information, advice and guidance services at national and cross-border level, in particular taking into account particularly cross border workers.
- (5) In addition to the thematic priorities of Article 9 in the Regulation [...] [CPR], in the less-develop—in regions and Member States, and with a view to increasing economic growth and employment opportunities, the efficiency of public administration on the national and regional level and the ability of a public administration to act in a participative matter should be improved and the institutional capacity of stakeholders delivering employment, education, socio-

⁴ COM(2010) 2020 final, 3.3.2010

⁵ COM (2010) 682 final, 23.11.2010

⁶ COM(2010) 477 final, 15.09.2010

⁷ COM (2010) 758 final, 16.12.2010

⁸ COM(2010) 245 final/2, 26.8.2010

⁹ COM(2010) 546 final, 6.10.2010

cultural and social policies should be strengthened.

- (6) At the same time, it is crucial to support the on-going development and competitiveness of European micro-, small and medium-sized enterprises, including cultural and creative undertakings, in order to create quality job, and to ensure that people can adapt, through acquiring appropriate skills and through lifelong learning opportunities, to new challenges such as the shift to a knowledge-based economy, the digital agenda, and the transition to a low-carbon and more energy-efficient economy. By pursuing its primary thematic objectives, the ESF should contribute to addressing these challenges. In this context, the ESF should support the labour force transition towards greener skills and jobs, in particular in the energy efficiency, renewable energy and sustainable transport sectors, taking into account the Union's intention to increase the proportion of the EU budget that is related to climate mainstreaming to at least 20%, with contributions from different policy fields. ESF should also contribute to cultural and creative skills in order to increase job opportunities.
- (7) The ESF should contribute to the Europe 2020 Strategy, ensuring greater concentration of support on the priorities of the European Union. A minimum share for the ESF for each category of regions is established in accordance with article 83 paragraph 3 of the General Regulation (EU) No (...CPR), resulting in a minimum overall share for the ESF of 25% of the budget allocated to cohesion policy (excluding Connecting Europe facility, i.e. EUR 84 billion. The ESF should in particular increase its support for the fight against social exclusion and poverty, through a minimum ring-fenced allocation of 20% of the whole ESF-resources of each Member State. According to the level of development of the supported regions, the choice and number of investment priorities for ESF support should also be limited.
- (8) In order to ensure closer monitoring and improved assessment of the results achieved at European level by actions supported by the ESF, a common set of output and result as well as hard and soft indicators linked to the qualitative and quantitative targets and broken down by gender should be established.
- (9) Efficient and effective implementation of actions supported by the ESF depends on good governance and partnership between all relevant territorial and socio-economic actors, taking into account those who act at the regional and local levels, in particular the involvement of social partners and non-governmental organisations by granting them a defined part of allocation which may take the form of a global grant. ~~It is therefore necessary that~~ Member States shall ensure the participation and activation of social partners and non-governmental organisations in the implementation of the ESF. Besides that, Member States shall allocate an appropriate level of financial allocations of Technical Assistance of the ESF in Article 52 of the Regulation [...] [CPR] directly to all the partners of Article 5 in the Regulation [...] [CPR], in particular to social partners and civil society organisations, in order to facilitate the involvement and participation of these partners in the preparation, implementation, monitoring and evaluation of programmes and operations and to support their capacity building in accordance with the European Code of Conduct on Partnership.
- (10) The Member States and the Commission should ensure that the implementation of the priorities financed by the ESF contribute to the promotion of equality between women and men in accordance with Article 8 of the Treaty. Evaluations have shown the importance of taking the gender equality objectives into account in all dimensions of programmes, while ensuring that specific actions are taken to promote gender

equality. *The ESF should promote the implementation of relevant EU-policies, such as the Strategy for equality between women and men 2010-2015¹⁰ and its further development. ESF actions should be regularly assessed by methods of the Gender budgeting assessment.*

- (11) In accordance with Article 10 of the Treaty, the implementation of the priorities financed by the ESF should contribute to combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age, sexual orientation or gender identity *by paying particular attention to those facing multiple discriminations.* The ESF should support the fulfilment of the obligation under the UN Convention on the Rights of Persons with Disabilities with regard inter alia to education, work and employment and accessibility. The ESF should also promote *the implementation of the relevant EU-policies and* the transition from institutional to community-based care.
- (12) Support for social innovation is crucial for making policies more responsive to social change. *Particular attention should be paid to the participation of vulnerable groups including migrants, refugees and asylum seekers. The ESF should encourage and support projects taken on by non-governmental organisations,* innovative social *and socio-cultural* enterprises *and other actors within the social economy.* In particular, *identifying policy issues,* testing and evaluating innovative solutions, *innovating and experimentating techniques, methodologies and their subsequent mainstreaming including the transnational cooperation,* before scaling them up is instrumental in improving the efficiency of the policies and thus justifies specific support from the ESF.
- (13) Transnational cooperation has a significant added value and it is necessary to reinforce the Commission's role in facilitating exchanges of experience and coordinating implementation of relevant initiatives.
- (14) The mobilisation of regional and local stakeholders is necessary to deliver the Europe 2020 Strategy and its headline targets. Territorial pacts, local initiatives for employment and social inclusion, community-led local development strategies and sustainable urban development strategies may be used and supported to involve ~~more~~ actively regional and local authorities, cities, social partners and non-governmental organisations in the *preparation,* implementation, *monitoring and evaluation whenever part of Operational Programmes.* *A Member State shall include those institutions, organisations and groups in the Partnership that represent the territorial level concerned and that might influence or that might be affected by the implementation of the operational programmes. Specific attention shall be paid to groups that might be affected by the programmes and may suffer difficulties to influence them, in particular the most vulnerable and marginalised groups. The cooperation with the partners shall follow the best practices forming the basis of the code of conduct referred to in Article 5 (3). At least 5% of the ESF-resources allocated at national level shall be allocated for actions under the Integrated territorial Investments (ITI) as it is lay down in Article 99 of the Regulation [...] [CPR].*
- (15) Regulation (EU) No [...] provides that rules on eligibility of expenditure are to be

¹⁰ COM(2010)491

established at national level, with certain exceptions for which it is necessary to lay down specific provisions with regard to the ESF.

- (16) With a view to simplifying the use of the ESF and reducing the risk of errors, and with regard to the specificities of the operations supported by the ESF, it is appropriate to lay down provisions which complement Articles 57 and 58 of Regulation (EU) No [...].
- (17) The Member States and regions should be encouraged to leverage the ESF through financial instruments *if this helps to increase the effectiveness of actions or completes actions of other EU-instruments such as PSCI, the EGF and the ERDF.*~~of the —in order to support for example students, job creation, mobility of workers, social inclusion and social entrepreneurship.~~
- (18) The power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission for establishing the definition of standard scales of unit costs and lump sums and their maximum amounts according to different types of operations and for defining the specific rules and conditions of policy-based guarantees. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure the simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and the Council.
- (19) This Regulation replaces Regulation (EU) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999¹¹. That Regulation should therefore be repealed,

HAVE ADOPTED THIS REGULATION:

Chapter I General

provisions

Article 1

Subject matter

This Regulation establishes the mission of the European Social Fund (ESF), the scope of its assistance, specific provisions and the types of expenditure eligible for assistance.

Article 2

Mission

1. The ESF shall promote high levels of employment, *job creation* and job quality, facilitate their adaptation to change, support the *voluntary* geographical and occupational mobility, *provide support for workers made redundant*, encourage a high level of education and training, promote gender equality, equal opportunities and non-discrimination, enhance social inclusion and combat poverty, thereby

¹¹ OJ L 210, 31.7.2006, p. 12.

contributing to the priorities of the European Union as regards strengthening economic, social and territorial cohesion.

2. It shall do so by supporting Member State *in strengthening social cohesion and* in pursuing the priorities and headline targets of the Europe 2020 strategy for smart, sustainable and inclusive growth. The ESF shall support the design and implementation of policies and actions, taking account of the integrated guidelines for the economic and employment policies of Member States¹² and the Council Recommendations on the National Reform Programmes and *the strategies as well as progress reflected in the National Social Reports.*
3. The ESF shall benefit people, including disadvantaged groups such as the long-term unemployed *and those who are furthest from the labour market,* *people with disabilities, migrants, refugees and asylum seekers, homeless people, and other groups at risk of poverty, children and young people, elderly people,* ethnic minorities, marginalised communities *or communities at risk of marginalisation* and people facing social exclusion. The ESF shall also provide support to enterprises, *to microenterprises and to cooperative enterprises which promote the interests of their members and users as well as solutions to societal challenges, and are in the social economy. The ESF shall also provide support to organisations,* systems and structures with a view to facilitating their adaptation to new challenges and promoting good governance and the implementation of reforms, in particular in the fields of *socio-cultural and cultural activity,* employment, education, *non-discrimination* and social policies.

Article 3

Scope of support

1. Under the thematic objectives *in Article 9 paragraphs (8), (9), (10), (11) of Regulation (EU) No [...], listed accordingly below in (a), (b), (c) and (d),* and in accordance *with its mission in Article 9 of Regulation (EU) No [...],* the ESF shall support the following investment priorities:
 - (a) Promoting *quality* employment and supporting labour mobility through:
 - (i) Access to employment for job-seekers, *long-term unemployed people with particular attention to those who are the furthest from the labour market* and inactive people, including local employment initiatives and support for *voluntary* labour mobility;
 - (ii) Sustainable integration of young people not in employment, education or training into the labour market;
 - (iii) Self-employment, entrepreneurship and business creation *with focus on micro-enterprises, especially in the social economy, as well as micro-enterprises which employ persons who are at risk of social exclusion and vulnerable persons who are in a disadvantaged position with regard to access to the conventional credit market .*

¹² Council recommendation of 13 July 2010 on broad guidelines for economic policies of the Member States and the Union (OJ L 191, 23.7.2010, p. 28–34) and Council decision of 21 October 2010 on guidelines for the employment policies of the Member States (OJ L 308, 24.11.2010, p. 46–51).

(iv) Equality between men and women in the labour market and equality in career progression, economic independence of women and men and reconciliation between work and private life;

(iv a) (new) accompanying actions and relevant support, community and care services that improve employment opportunities;

(v) Adaptation of workers, enterprises and entrepreneurs to change;

(v a) (new) active labour measures in form of a coordinated packages of personalised services, designed to facilitate the integration of redundant workers into employment

(vi) Active and healthy ageing for workers by improvement of the working conditions and environment, occupational health and actions of promoting elderly workers.

(vii) Modernisation and strengthening of labour market organisations, promotion of partnerships, pacts and initiatives through networking of relevant stakeholders, such as social partners and non-governmental organisations at the transnational, regional and local level in order to strengthen labour market inclusiveness, support of including actions to enhance transnational labour mobility and to improve information services, counselling and job-matching for employers and mobile workers, regardless of their status;

(b) Investing in education, skills, training and life-long learning through:

(i) Reducing early school-leaving and promoting equal access to good-quality early-childhood, primary and secondary education as well as to informal and non-formal learning;

(ii) Improving the quality, efficiency and access of tertiary and professional training facilities with a view to increasing participation and attainment levels;

(iii) Enhancing access to lifelong learning, upgrading and retraining the skills and competences of persons and increasing their informal as well as non-formal learning as well as increasing the labour market relevance of training systems; promoting the transition between education, training and employment

(c) Promoting social inclusion, and combating poverty and discrimination through:

(i) Active Inclusion;

(ia) (new) Combat against poverty of persons at risk regardless of their age with the focus on prevention and early identification

(i b)(new) Promotion of children rights and well being so as to protect children at risk and combat child poverty;

(i c) (new) Promotion of active aging without poverty, with particular regard to women;

- (ii) Integration of marginalised communities such as the Roma;
- (iii) Combating all forms of discrimination based on sex, racial or ethnic origin, religion or belief, disability, age, sexual orientation or gender identity;
- (iv) Enhancing access to affordable, sustainable and high-quality services, including health, care, community-based services and social services of general interest;
- (v) Promoting the social economy and social enterprises as well as the socio-cultural and creative sectors and non-governmental and cooperative organisations
- (vi) Community-led local development strategies and innovative networks;

(d) Enhancing institutional capacity and efficient and participative public administration and promoting capacity building for social partners, non-governmental organisations, regional and local authorities and other stakeholders in particular those partners as referred to in Article 5 of Regulation (EU) No [...], through:

- (i) Investment in institutional capacity, and in the efficiency of public administrations and public services including local and regional level with a view to reforms, better regulation and to increase their ability of good governance;

This investment priority is only applicable throughout the territory of the Member States which have at least one NUTS level 2 region as defined in Article 82(2)(a) of Regulation (EU) No [...] or in Member States eligible for Cohesion Fund support.

(i a) Investment in institutional capacity on local and regional level with a view to reforms for increasing their ability of good governance

- (ii) Capacity building for stakeholders, in particular social partners and non-governmental organisations including socio-cultural and environmental organisations, in the implementation of operational programmes which deliver employment, education, social and socio-cultural policies as well as sectoral and territorial

pacts to mobilise for reform at national, regional and local level.

(ii a) (new) Investment in the partnership principle and in the capacity building for those partners referred to in Article 5 of Regulation (EU) No [...], in order to ensure the involvement and participation of these partners in the preparation, implementation, monitoring and evaluation of programmes and operations

2. Through the investment priorities listed in paragraph 1, the ESF shall also contribute to the other thematic objectives listed in Article 9 of Regulation (EU) No [...], primarily by:
 - (a) Supporting the shift towards a low-carbon, climate-resilient, resource-efficient and environmentally sustainable economy, through reform of education and training systems, adaptation of skills and qualifications, up-skilling of the labour force, and the creation of new jobs in sectors related to the environment and energy;
 - (b) Enhancing the accessibility, use and quality of information and communication technologies, through the development of digital literacy, investment in e-inclusion, e-skills and related entrepreneurial skills;
 - (c) Strengthening research, technological development and innovation *including innovatory networks in the socio-cultural and creative sector*, through the development of post-graduate studies, the training of researchers, networking activities and partnerships between higher education institutions, research and technological centres and enterprises;
 - (d) Enhancing the competitiveness of *micro*, small and medium-sized enterprises, through promoting the adaptability of enterprises and workers, increasing the investment in human capital *and strengthening the inclusive labour market including the accessibility for people with disabilities, enhancing the training and learning schemes of SMEs, in particular for young people, promoting small and medium-sized cooperative enterprises, systems and structures which provide solutions to societal challenges.*

Article 4

Consistency and thematic concentration

1. Member States shall ensure that the strategy and actions set out in the Operational Programmes are consistent and focused on addressing the challenges identified in the National Reform Programmes, in the *National Social Reports* and the relevant Council Recommendations made under Article 148(4) of the Treaty, in order to contribute to achieving the headline targets of the Europe 2020 strategy on employment, education and poverty reduction.
2. At least 20 % of the total ESF resources in each Member State shall be allocated to the thematic objective promoting social inclusion, combating poverty *and discrimination* set out in Article 9(9) of Regulation (EU) No [...].
3. Member States shall pursue thematic concentration according to the following modalities:

- (a) For more developed regions, Member States shall concentrate at least 80 % of the total amount of the ESF resources at the national level to the thematic objectives set out in point 8,9, and 10 in Article 9 of the Regulation (EU) No[...]2012/CPR
- (b) For transition regions, Member States shall concentrate at least 70 % of the total amount of the ESF resources at the national level to the thematic objectives set out in point 8,9, and 10 in Article 9 of the Regulation (EU) No[...]2012/CPR
- (c) For less developed regions, Member States shall concentrate at least 60 % of the total amount of the ESF resources at the national level to the thematic objectives set out in point 8,9, and 10 in Article 9 of the Regulation (EU) No[...]2012/CPR

Article 5
Indicators

1. Common indicators as set out in the Annex to this Regulation and programme specific indicators shall be used in accordance with Article 24(3) and 87(2)(b)(ii) of Regulation (EU) No [...]. All indicators shall be expressed in absolute numbers and all data has to be broken down by gender.

Common and programme specific hard and soft output indicators relate to partially or fully implemented operations. Where relevant to the nature of the operations supported cumulative quantified target values shall be fixed for 2022. Baseline indicators shall be set at zero.

Common and programme specific result indicators relate to the priority axis or the sub-priorities established under a priority axis. Baseline indicators shall use the latest available data. Cumulative quantified target values shall be fixed for 2022.

2. At the same time as the annual implementation reports, the managing authority shall transmit electronically structured data for each investment priority. The data shall cover the categorisation and the output and result indicators.

Chapter II

Specific provisions for programming and implementation

Article 6
Involvement of partners

1. The involvement of the social partners and other stakeholders, in particular non-governmental organisations taking into account such, which act at the regional and local levels, in the implementation of operational programmes, also such partners as referred to in Article 5 under a), b) and c) of Regulation (EU) No [...], may take the form of global grants as defined in Article 113(7) of Regulation (EU) No [...]. In such a case, the operational programme shall identify the one part of

the programme concerned by the global grant, including an indicative financial allocation from each priority axis

2. To encourage adequate participation of the social partners in actions supported by the ESF, managing authorities ~~of an operational programme in a region as defined in Article 82(2)(a) of Regulation (EU) No [...] or in Member States eligible for Cohesion Fund support~~ shall ensure that an appropriate amount of ESF resources, minimum 2% of the total ESF resources in each Member State is allocated to capacity-building activities, in the form of training, networking measures, and strengthening of the social dialogue, and to activities jointly undertaken by the social partners.
3. To encourage participation of _____ and access _____ by non-governmental organisations to actions supported by the ESF, notably in the fields of social and socio-cultural inclusion, gender equality and equal opportunities, the managing authorities ~~of an operational programme in a region as defined in Article 82(2)(a) of Regulation (EU) No [...] or in Member States eligible for Cohesion Fund support~~ shall ensure that an appropriate amount of ESF resources, minimum 2% of the total ESF resources in each Member State, is allocated to capacity-building and networking for non- governmental organisations.

Article 7

Promotion of equality between men and women

The Member States and the Commission shall promote equality between men and women through mainstreaming as referred to in Article 7 of Regulation (EU) No [...] and specific targeted actions ~~as referred to in Article 3(1)(a)(iv)~~, in particular with the aim of increasing the sustainable participation and progress of women in employment, reducing gender-based segregation in the labour market, combating gender stereotypes in education and training , promoting reconciliation of work and personal life for men and women, addressing the feminisation of poverty by promoting equal share of care responsibility between men and women.

The Member States shall ensure that gender equality and equal opportunities are promoted in the preparation, implementation, monitoring and evaluation of operational programmes with methods of the Gender budgeting assessment.

Member States shall further allow for a balanced participation of women and men in the management and implementation of operational programmes at local, regional and national level and report on progress in this matter.

Article 8

Promotion of equal opportunities and non-discrimination

The Member States and the Commission shall promote equal opportunities for all, including accessibility for disabled persons through mainstreaming the principle of non-discrimination, as referred to in Article 7 of Regulation (EU) No [...], and through specific actions within all relevant investment priorities as defined in Article 3, by paying particular attention to those who face multiple discriminations. and in particular Article 3(1)(c)(iii). Such actions shall target people at risk of discrimination and people with disabilities, with a view to increasing their labour market participation, in particular improving the accessibility for the concerned of the labour market, enhancing their social inclusion, reducing inequalities in terms of educational attainment and health status and facilitating the transition from institutional to community-based care.

Article 9

Social innovation

1. The ESF shall promote social innovation within all areas falling under the scope of the ESF, as defined in Article 3 of this Regulation, in particular with the aim of testing, evaluating and scaling up innovative solutions including bottom up solutions to address social needs.
2. Member States shall identify themes for social innovation, corresponding to their specific needs in their operational programmes, including matters relating socio-cultural innovation and corresponding to actions of other CSF funds, in particular the ERDF.
3. The Commission shall facilitate capacity building for social innovation, in particular through supporting mutual learning, establishing networks, and disseminating good practices and methodologies.

Article 10

Transnational cooperation

1. Member States shall support transnational cooperation with the aim of promoting mutual learning and thereby increasing the effectiveness of policies supported by the ESF. Transnational cooperation shall involve partners, referred to in Article 5 of the of Regulation (EU) No [...], from at least two Member States
2. Member States may select themes for transnational co-operation from a list after consultation with the partners proposed by the Commission and endorsed by the ESF Committee.
3. The Commission shall facilitate transnational cooperation on the themes referred to in paragraph 2 through mutual learning and coordinated or joint action. In particular, the Commission shall operate an EU-level platform to facilitate the exchange of experience, capacity building and networking, as well as dissemination of the relevant outcomes. Member States shall be encouraged to build up social inclusion networks at transnational level including relevant stakeholders of the civil society. In addition, the Commission shall develop a coordinated implementation framework, including common eligibility criteria, types and timing of actions, and common methodological approaches for monitoring and evaluation, with a view to facilitating transnational cooperation.

Article 11

Fund-specific provisions for operational programmes

1. By way of derogation from Article 87(1) of Regulation (EU) No [...], operational programmes may set out priority axes for the implementation of social innovation and transnational cooperation as referred to in Articles 9 and 10. Social innovation and transnational cooperation actions of the ESF can also be part of a multifunds-priority-axis.
2. By way of derogation from Article 110(3) of Regulation (EU) No [...], the maximum co-financing rate for a priority axis shall be increased by ten percentage

points, but not exceeding 100%, where the whole of a priority axis is dedicated to social innovation or to transnational cooperation, or a combination of both or refer to Article 6, par.1.

3. In addition to the provision made in Article 87(3) of Regulation (EU) No [...], operational programmes shall also set out the contribution of planned ESF-supported actions.
 - (a) to the thematic objectives listed under Article 9(1) to (7) of Regulation (EU) No [...] by priority axis, as appropriate;
 - (b) to social innovation and transnational cooperation, as referred to in Articles 9 and 10, where they are not covered by a dedicated priority axis.

Article 12

Specific provisions on the treatment of particular territorial features

1. The ESF may support community-led local development strategies, as referred to in Article 28 of Regulation (EU) No [...], territorial pacts and local initiatives, such as socio-cultural initiatives, for employment *including youth employment*, education and social inclusion. The ESF may be used as “lead” Fund for integrated social inclusion projects under Article 3 (c) combined with investment priorities or actions of the ERDF.
~~as well as~~ At least 5% of the ESF shall support Integrated Territorial Investments (ITI) as referred to in Article 99 of Regulation (EU) No [...]
2. Complementing ERDF interventions as referred to in Article 7 of Regulation (EU) No [ERDF], the ESF may support sustainable urban development through strategies setting out integrated actions to tackle the economic, environmental, social *and cultural* challenges affecting urban areas of cities which are listed in the partnership contract.

Chapter III

Specific provisions for financial management

Article 13

Eligibility of expenditure

1. The ESF shall provide support for eligible expenditure, which, notwithstanding Article 110(2)(b) of Regulation (EU) No [...], may include any financial resources collectively constituted by employers and workers.
1 a (new) As established by article 52 (2) of the Regulation [...] [CPR], Member States shall allocate an appropriate level of financial allocation of Technical Assistance of the ESF directly to all the partners referred to in article 5 of the Regulation [...] [CPR], in order to facilitate the involvement and participation of these partners in the preparation, implementation, monitoring and evaluation of programmes and operations and to support their capacity building in accordance with the European Code of Conduct on Partnership.
2. By derogation to Article 60(2) of Regulation (EU) No [...], the ESF may provide support for expenditure incurred for operations which take place outside the programme area, but within the Union, provided that the two following conditions are satisfied:

- (a) the operation is for the benefit of the programme area;
 - (b) the obligations of the authorities for the programme in relation to management, control and audit concerning the operation are fulfilled by the authorities responsible for the programme under which that operation is supported or they enter into agreements with authorities in the Member State in which the operation is implemented provided that the conditions set out in paragraph 2 (a) and the obligations in relation to management, control and audit concerning the operation are fulfilled.
3. In addition to the expenditure referred to in Article 59(3) of Regulation (EU) No [...], the purchase of infrastructure, land and real estate shall not be eligible for a contribution from the ESF.
 4. Contributions in kind in the form of allowances or salaries disbursed by a third party for the benefit of the participants in an operation may be eligible for a contribution from the ESF provided that its value does not exceed the cost borne by the third party and that it is incurred in accordance with national rules, including accountancy rules.

Article 14
Simplified cost options

1. In addition to the methods referred to in Article 57 of Regulation (EU) No [...], the Commission may reimburse expenditure paid by Member States on the basis of standard scales of unit costs and lump sums defined by the Commission. The amounts calculated on this basis shall be regarded as public support paid to beneficiaries and as eligible expenditure for the purpose of applying Regulation (EU) No [...].

For this purpose the Commission shall be empowered to adopt delegated acts in accordance with Article 16 concerning the type of operations covered, the definitions of the standard scales of unit costs and lump sums and their maximum amounts, which may be adjusted according to the applicable commonly agreed methods.

Financial audit shall exclusively aim at verifying that the conditions for reimbursements by the Commission on the basis of standard scales of unit costs and lump sums have been fulfilled.

Where these forms of funding are used, the Member State may apply its accounting practices to support operations. For the purpose of this regulation and Regulation (EU) No [...] these accounting practices and the resulting amounts shall not be subject to audit by the audit authority or by the Commission.

2. In accordance with Article 57(1)(d) and (4)(d) of Regulation (EU) No [...], a flat rate of up to 40 % of the eligible direct staff costs may be used in order to cover the remaining eligible costs of an operation.
3. Grants reimbursed on the basis of the eligible cost of operations, determined in the way of flat-rate financing, standard scales of unit costs and lump sums as referred to in Article 57(1) of Regulation (EU) No [...] may be calculated on a case-by-case basis by reference to a draft budget agreed ex ante by the Managing Authority, where

the public support does not exceed EUR 100 000.

4. Grants for which the public support does not exceed EUR 50 000 shall take the form of lump sums or standard scales of unit costs, except for operations receiving support within the framework of a state aid scheme.

Article 15

Financial instruments

1. Pursuant to Article 32 of Regulation (EU) No [...], the ESF may support actions and policies falling within its scope through financial instruments, such as risk-sharing schemes, equity and debt, guarantee funds, holding funds, ~~and~~ loan funds and microcredits and -facilities.
2. ESF may be used to enhance access to capital markets for public and private bodies at national, regional and local levels implementing actions, in particular microcredits and -facilities, and policies falling within the scope of the ESF and the operational programme through 'ESF policy-based guarantees' subject to Commission approval.

The Commission shall be empowered to adopt delegated acts in accordance with Article 16 to define the specific rules and conditions for the applications of Member States, including ceilings, for policy-based guarantees, ensuring in particular that their use does not lead to excessive levels of debt of public bodies.

Each application shall be assessed by the Commission and the Commission shall approve each 'ESF policy-based guarantee' provided it falls within the remit of the Operational Programme referred to in Article 87 of Regulation (EU) No [...] and provided it is in accordance with the established specific rules and conditions.

Chapter IV

Delegations of power and final provisions

Article 16

Exercise of delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The delegation of power referred to in Article 14(1) and 15(2) shall be conferred for an indeterminate period of time from 1 January 2014.
3. The delegation of powers referred to in the first subparagraph of Article 14(1) and the second subparagraph of Article 15(2) may be revoked at any time by the European Parliament or by the Council. A revocation decision shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European*

Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
5. A delegated act adopted pursuant to the first subparagraph of Article 14(1) and the second subparagraph of Article 15(2) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of 2 months of notification of that act to the European Parliament and the Council, or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by 2 months at the initiative of the European Parliament or the Council.

Article 17

Repeal

Regulation (EC) No 1081/2006 is hereby repealed with effect from 1 January 2014.

References to the repealed Regulation shall be construed as references to this Regulation.

Article 18

Review clause

The European Parliament and the Council shall review this Regulation by 31 December 2020 in accordance with Article 164 of the Treaty.

Article 19

Entry in force

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

ANNEX

Common output and result indicators for ESF investments

(1) Common output indicators on participants

Participants¹³ refer to persons benefiting directly from an ESF investment and who can be identified and asked for their characteristics, and for whom specific expenditure is earmarked. Other beneficiaries should not be counted as participants.

- unemployed, including long-term unemployed*
 - *workers made redundant as a result of serious disruption of the local, regional or national economy caused by an unexpected crises or as result of a rapid declining in a given sector or a delocalisation of activities to non EU member countries*
- long-term unemployed*
- inactive*
- inactive, not in education or training*
- *inactive and furthest from the labour market*
- employed, including self-employed*
- *vulnerable persons who are in a disadvantaged position with regard to access to the conventional credit market*
- below 25 years*
- *person below 25 years, who is either in a job, education or (re-)training within four months after leaving school*
- above 54 years*
- *persons above 54 years suffering from severe material deprivation*
- with primary (ISCED 1) or lower secondary education (ISCED 2)*
- with upper secondary (ISCED 3) or post-secondary education (ISCED 4)*
- with tertiary education (ISCED 5 to 8)*

¹³ The data processing arrangements put in place by the Member States must be in line with the provisions of Directive 95/46 of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, in particular Articles 7 and 8 thereof.

Data reported under the indicators marked with * are personal data according to Article 7 of the above Directive. Their processing is necessary for compliance with the legal obligation to which the controller is subject (Article

7(c)). For the definition of controller, see Article 2 of the above Directive.

Data reported under the indicators marked with ** are a special category of data according to Article 8 of the above Directive. Subject to the provision of suitable safeguards, Member States may, for reasons of substantial public interest, lay down exemptions in addition to those laid down in Article 8(2), either by national law or by decision of the supervisory authority (Article 8(4)).

- migrants, refugees and asylum seekers, people with a foreign background, minorities (including marginalised communities such as the Roma)**
- disabled**
- persons at risk of poverty
- persons suffering from severe material deprivation
- persons below 18 years living in households of long-term unemployed
- Single parents
- Homeless people
- other disadvantaged**

The total number of participants is calculated automatically on the basis of the output indicators.

These data on participants entering an ESF supported operation are to be provided in the annual implementation reports as specified in Article 44(1) and (2) and Article 101(1) of Regulation (EU) No [...]. All data are to be broken down by gender.

(2) Common output indicators for entities

- number of projects fully or partially implemented by social partners or non-governmental organisations or other stakeholders
- number of projects targeting public administrations or public services on national, regional and local level
- number of supported micro, small and medium-sized enterprises, cooperative enterprises and enterprises of the social economy
- number of supported micro, small and medium-sized enterprises, cooperative enterprises, enterprises of the social economy which are under female leadership or having a majority of women in the executive or supervisory board
- number of projects in poorest districts

These data are to be provided in the annual implementation reports as specified in Article 44(1) and (2) and Article 101(1) of Regulation (EU) No [...]. All data without specific gender relevance shall also be broken down by gender.

(3) Common immediate result indicators on participants

- inactive participants newly engaged in job searching upon leaving
- participants in education/training upon leaving
- participants gaining a qualification upon leaving

- participants in employment upon leaving
- women remaining in precarious jobs situation
- women becoming economically independent
- increase of the number of women in the MINT-sectors
- participants involved in voluntary work upon leaving
- participants lifted above the relative poverty line
- participants lifted out of severe material deprivation
- percentage of participants, service users from disadvantaged groups of people in education, training, gaining qualification, in employment upon leaving
- participants' assessments of the value of the intervention (in terms of increasing their emotional well-being, developing their skills...), rating of consultation process around the intervention
- percentage of disabled participants in employment after getting support
- percentage of disabled participants successfully transferred from institutional to community-based care.

These data are to be provided in the annual implementation reports as specified in Article 44(1) and (2) and Article 101(1) of Regulation (EU) No [...]. All data are to be broken down by gender and should depend of the expected result of the investment priority show, if the persons or participants are below 25 years between 25 and 54 years and above 54 years old*

(4) Common longer-term result indicators on participants

-
- participants in *full-time* employment 6 months after leaving
 - participants in part-time employment 6 months after leaving
 - participants in full-time employment 6 months after leaving
 - participants in self-employment 6 months after leaving
 - participants with an improved labour market situation 6 months after leaving (nature of employment – full or part time, wages compared to minimum or national level, nature of contracts)
 - participants in full-time employment 1 year after leaving
 - participants actively involved in community and social networks
 - participants in part-time employment 1 year after leaving
 - participants in self-employment 1 year after leaving
 - participants with an improved labour market situation 1 year after leaving
 - Participants lifted and living above the relative poverty line 1 year after leaving
 - Participants lifted out of severe material deprivation remaining out of severe material deprivation 1 year after leaving
 - women remaining in precarious jobs situation 1 year after leaving

- women becoming economically independent 1 year after leaving
- increase of the number of women in the MINT-sectors 1 year after leaving
- percentage of disabled participants in employment after 1 year getting support
- percentage of not any longer existent institutional based care in comparison to the original total number at the beginning of the measurement period.
- percentage of persons below 18 years living in households of long-term unemployed
- percentage of persons above 54 years suffering from severe material deprivation
- reduction of number of cases of discrimination registered by the designated body or bodies for the promotion of equal treatment of all persons without discrimination at work and occupation and in expected result of the investment priority in fields outside work and occupation

These data are to be provided in the annual implementation reports as specified in Article 44(4) of Regulation (EU) No [...]. They are to be collected based on a representative sample of participants within each priority axis or sub-priority. Internal validity of the sample should be ensured in such a way that the data can be generalised at the level of priority axis or sub-priority. All data are to be broken down by gender and should depend on the expected result of the investment priority, if the persons or participants are below 25 years between 25 and 54 years and above 54 years old*

