



**EUROPEAN COMMISSION**

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## **Towards a more effective and efficient ESF**

**ESF Conference 2014-2020**

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Minister,

Ladies and gentlemen,

Thank you all for being here today to discuss how to make the most effective use of the European Social Fund at the start of the new programming period. Maybe it is good to begin by repeating the obvious. The ESF plays a fundamental role in the development of human capital and thereby in strengthening the competitiveness of the European workforce and of the European economy. Each year the ESF helps over 15 million people to upgrade their skills, facilitates their integration into the labour market, combats social exclusion and poverty and enhances the efficiency of public administration.

The start of the new financing period is a great opportunity to further enhance the impact of the support provided by the cohesion policy funds and in particular the ESF.

Over the next 10 years, the ESF will be there to help EU Member States to overcome the legacy left by the economic and financial crisis while confronting long term challenges – such as the ageing of the population – which may have temporarily disappeared from the front pages of newspapers but are still with us.

This year we expect to finally see a modest return to economic growth. Various indicators are improving. But others are still not going in the right direction. Unemployment remains at distressingly high levels. Even if recently we have seen some stabilisation, the reality is that over 26 million people are unemployed in Europe, including over 5.5 million young people.

Such levels of unemployment, combined with growing poverty and social exclusion, are simply not acceptable. Moreover, if we do not manage to create more jobs, we cannot aspire to ensure a sustainable recovery.

This is also about confidence of EU citizens in the European project. The EU is today held co-responsible for a crisis which affects people's daily lives, their jobs, their income and their future prospects. Our task ahead of the European Parliament elections – but also after them – is to prove to our citizens that Europe is part of the solution rather than part of the problem.

I am convinced that the importance the EU attaches to investment in human capital and the way it supports it is an important part of this answer.

This is where the ESF comes into the picture. And where it can make an important contribution to tackling the huge challenges we face.

You are all very well aware of the severe budgetary constraints most of our Member States are currently facing. That is why it is absolutely crucial to ensure the most efficient and effective use of the ESF.

I am convinced that we have done what we could to lay down the necessary legal basis for doing exactly that.

Let me use this opportunity to thank all the colleagues in the Commission, but also in the Member States and the European Parliament, for having contributed to this achievement. Indeed, the new regulations introduce substantial reforms that, if applied well, shall lead to greater positive impact of the ESF and greater value for money.

First and foremost, the link between the ESF and the Europe 2020 agenda will be strengthened. The Europe 2020 Strategy for smart, sustainable and inclusive growth is built on a balanced vision of economic growth and social progress based on ambitious targets for employment, education and poverty reduction. In order to contribute directly to the headline targets of the Strategy, the ESF will help millions of citizens to get a job or to improve their skills, often targeting those who are the hardest to reach and sometimes not sufficiently covered by national systems.

The EU's Cohesion Policy is now better linked to wider economic governance. Operational Programmes will have to be coherent with National Reform Programmes and should address the relevant reforms identified through country-specific recommendations in the European Semester. The ESF will support key reforms and investments in the fields of active labour market policy, social inclusion, education and institutional capacity and public administration.

Using the ESF well is about working together. A lot of the necessary policies can only be developed and implemented at national level. But when I say national I also mean regional and local. Indeed, experience has taught us that very often the regional and local levels are those who can most efficiently deal with issues such as poverty and social exclusion because they are often closer to the people's needs. In fact I believe that a lot can be done to work through networks at regional and local level.

At the beginning of January, the European Commission adopted the European Code of Conduct on Partnership. It ensures that implementation and evaluation of the European Structural and Investment Funds will involve all relevant partners including public authorities, social partners and bodies representing civil society at national, regional and local levels throughout the whole programme cycle. I wholeheartedly call on all stakeholders to use this code of conduct- not to please the Commission, but to maximise the impact of EU funds on the ground.

For the next programming period, the ESF will focus even more on people in difficulty and disadvantaged groups. This is not only a reaction to increasing inequalities inside the EU, but also a recognition of the model on which the EU should build its future prosperity - allowing everyone to contribute and everyone to benefit. By doing so, the ESF will also significantly contribute to the EU 2020's target to reduce the number of people at risk of poverty or social exclusion by at least 20 million.

In addition the ESF will pay special attention to helping young people and addressing the current tragedy of high youth unemployment and inactivity. A lot has been said about the 6 billion euro Youth Employment Initiative. This will indeed be very valuable support for young people in regions experiencing the highest levels of youth unemployment. But it can be nothing more than a complement. A real systemic change can only be achieved with the introduction of a truly comprehensive Youth Guarantee in each Member State, covering the whole territory. And for this, further ESF and national resources will be needed. Once again, I encourage national authorities to consider this as an absolute priority and to use the ESF and Youth Employment Initiative resources to implement the Youth Guarantee in the most effective way.

Another important innovation is the new framework for supporting social entrepreneurship, combining the European Social Fund, the European Regional Development Fund and new EU-level support instruments under the so-called EASI programme. This should help new social enterprises to get off the ground and grow, contributing not only to social cohesion and employment of society's most fragile members, but also to addressing other challenges such as energy efficiency and population ageing.

Last but not least, the new framework will allow for a simpler and more result-oriented use of EU funding.

Simplification has been at the core of Commission's work on the MFF since the beginning. The final result is not perfect, but it is good progress especially as far as cohesion policy is concerned. Already in the 2007-13 financial period the ESF was at the forefront of simplification, especially as far as the use of simplified cost options is concerned. I really hope that, building on this experience, by 2020 the ESF will completely get rid of its image of a fund that is administratively cumbersome to use. Implementing it on the basis of results rather than direct costs should contribute substantially to this objective. I therefore very much encourage the managing authorities to use the possibility to agree with the Commission on Joint Action Plans and get paid for what has been achieved, not for producing huge quantities of small invoices for each project.

Ladies and Gentlemen,

Although the ESF is by far the most important EU financial tool to support employment and social inclusion, it is not the only one. The European Union's new Programme for Employment and Social Innovation, the European Globalisation Adjustment Fund and the Fund for European Aid to the Most Deprived are all important instruments that will complement the ESF in their own way.

I would like to especially highlight the Fund for European Aid to the Most Deprived, with a budget that is likely to approach 3.5 billion euros. This is a newly designed instrument for emergency support to those who are too far away from the labour market to benefit from ESF measures. Ideally, we would not need such a Fund at all, but unfortunately there are too many people in Europe whose situation is so dire that they need immediate food assistance or other material support to survive and then hopefully make it back to the labour market.

Ladies and Gentlemen

We start the new financial period on a sound basis.

There is a sound regulatory framework which is sufficiently robust to ensure concentration and coherence, but at the same time sufficiently flexible to accommodate national specificities.

There is adequate funding. As you know, the final ESF budget will result from upcoming negotiations on the Partnership Agreements. But the safety net provided by the ESF minimum share ensures that the necessary critical mass of resources will be available – over 70 billion euros in 2011 prices and over 80 billion in current prices.

Now is the time for real work to start.

The programming documents for the 2014-20 period are now being negotiated between the Member States and the Commission. I am sure these negotiations will be further enriched by the outcome of this Conference, the policy workshops and the panel discussions.

And then will come the time to implement all these investments.

I count on all of you to help make the best use of the ESF for a more prosperous Europe with much less poverty and exclusion by 2020.

Thank you for your attention.