



The European Social Fund 2014-2020 & the Youth Employment Initiative: the experience of CPMR Member Regions

I. Introduction

The European Social Fund (ESF) has played a significant role over the past 60 years to support fair job opportunities and promote social inclusion across Europe. The CPMR considers the **ESF as a key element of Cohesion Policy post-2020** given the **growing disparities** and the challenges faced by the EU in terms of investment in human capital, promoting mobility and boosting business.

The CPMR Secretariat carried out a **deep reflection on the European Social Fund programme for 2014-2020 and Youth Employment Initiative (YEI)** early 2017. This reflection aimed at feeding the development of the **CPMR policy position on post-2020 Cohesion policy**.

The CPMR launched therefore a **survey** in January 2017, with the support of **Emilia-Romagna region**:

- To get feedback from the CPMR member regions on their experience with the European Social Fund programme for 2014-2020 and Youth Employment Initiative;
- To collect CPMR Members' feedback on how they envisage the role of the ESF within the future cohesion policy

In total, **28 regions contributed to the survey**. It was ensured that the **geographical distribution** was balanced: 12 different Member States are represented (i.e CY, DK, ES, FI, FR, GR, IT, NL, PL, PT, SE, UK).

This study - which is the outcome of the survey – intends to **draw conclusions about the experience of CPMR member regions with ESF and YEI** and gather **general recommendations (these can be found on page 9 of this study)**.

KEY MESSAGES

- The **ESF has an essential territorial dimension that mirrors areas of regional competence** (lifelong learning, training, social inclusion to name a few) across all European regions.
- The **involvement of local and regional stakeholders in the ESF should be strengthened** as they are best placed to know the social and economic needs at regional level
- **Smart Specialisation Strategies should be reinforced** as they have proved to be useful to guide the development of ESF regional programmes
- **Greater cohesion is needed between the ESF and the European Semester**
- **Areas of intervention for the ESF are suitable for the 2014-2020 period, but more flexibility at regional level** is required for the sake of results and efficiency. More flexibility for regional authorities will lead to **efficiencies and cost savings in terms of ESF implementation**
- **Building on the potential of the Youth Employment Initiative (YEI)**. Regions largely support the YEI but there is **room to improve the mechanism**.

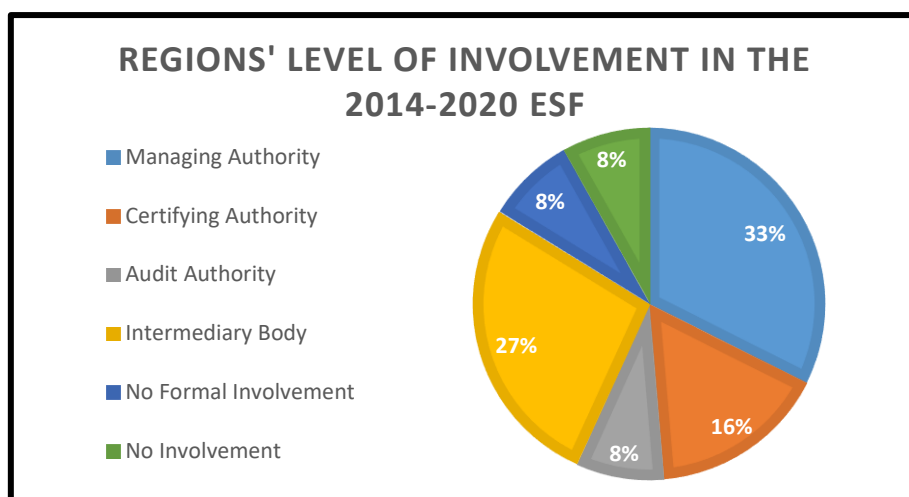
II. Observations and key findings

Message 1: The ESF has an essential territorial dimension that mirrors areas of regional competence

- **CPMR Member Regions seem to have had a positive experience of the 2014-2020 ESF programme thus far.** Those that felt most strongly against this statement, cited challenges related to a national programme, and hence a lack of understanding of the regional context.

52% of respondents agreed that the ESF had contributed to a sense that their region was “less peripheral”. A further 41% were undecided on the matter, but just 7% felt negatively.

- The majority of respondents, 97% and 83% respectively, agreed that **local stakeholders were involved in the design and delivery of the ESF Operational Programme.**



1.1 Integrated Territorial Investments add value

- There seems to have been rather low take-up of the territorial instruments, Integrated Territorial Investment (ITI) and Community Led Local Development (CLLD), with around 7% of respondents employing these tools.

On the ITI instrument:

- ✓ In regions that used an ITI, there was a sense that the ITI helped to bring a regional context to a national programme.
- ✓ The added value of the ITI was reflected again when respondents were asked about the involvement of their regional administration in the design and delivery of the ESF Operational Programme. One respondent said that “the ITI Board has ensured that the Managing Authorities have considered local strategic fit when making funding decisions.” Of those regions that had “no formal involvement” in the administration of the programme, those with an ITI responded more favourably about their inclusion in the design and delivery of the Operational Programme than those without an ITI.
- ✓ There is strong evidence arising from the survey suggesting that regions need greater guidance and support in understanding the benefits of an ITI and in preparing and using the instrument.

On the CLLD instrument:

- ✓ Respondents appeared rather reserved on their experience of the CLLD, with at least two feeling it was too early to judge.

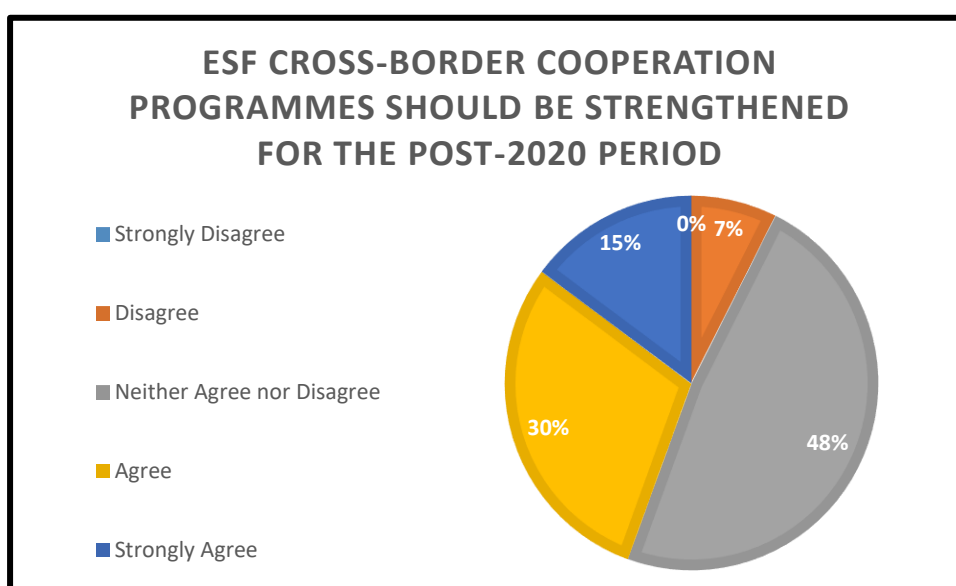
1.2 Current areas of intervention of the ESF are suitable, but more flexibility is needed

- Most respondents broadly supported the areas of intervention of the ESF and their appropriateness to the social context in Europe.

- However, **specific issues confirmed the need for a more territorial approach tailored to the specific needs of the region**. Decisions on where to target the funds should be therefore decided at regional or local level.
- This was reflected again when regions were asked to what extent the skills development and training programmes established under the ESF 2014-2020 Operational Programme reflected the local labour market needs in their area:
 - ✓ In one case, the national programme allocated money to youth where youth unemployment was not the major concern in the region, but rather other significant challenges existed, such as migration, or long-term work incapacity.
 - ✓ Another region highlighted the fact that it was the ITI that ensured calls were made to fit local need and helped the programme to overcome delays experienced at national level.

1.3 Cross-border cooperation will help to achieve ESF objectives, and employment in particular

- **A majority of respondents supported a stronger focus on ESF cross-border programmes post-2020**



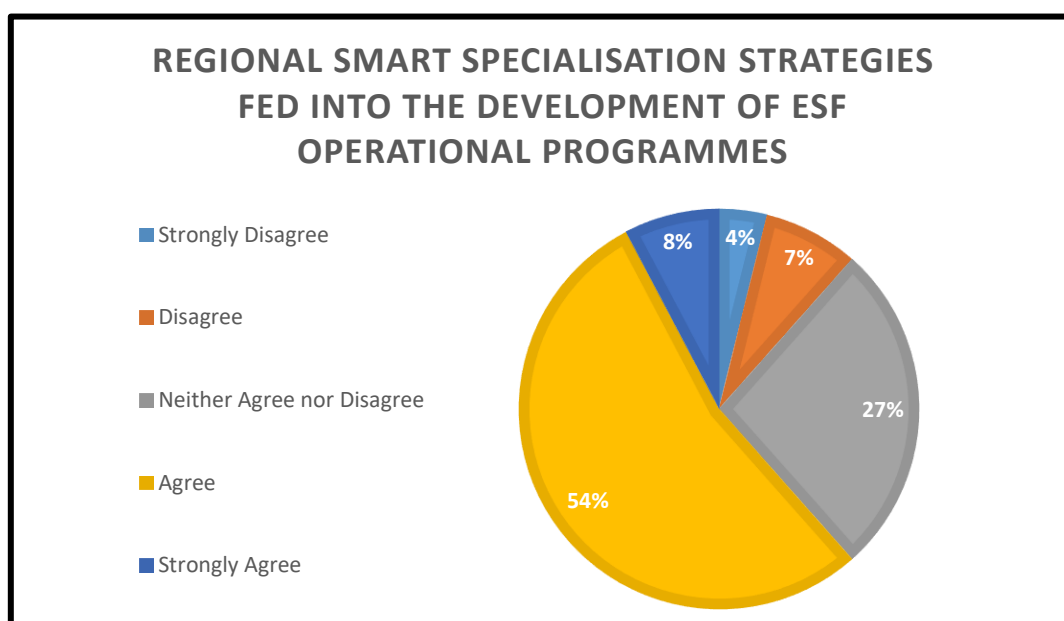
Two-thirds of respondents who supported strengthened ESF cross-border cooperation programmes post-2020, felt that employment was the most important area of cross-border cooperation, including the recognition of foreign qualifications.

- Other important areas for cross-border cooperation cited by respondents included, **training and education, social protection, science and medicine, administrative capacity-building, and culture**.

- In the context of the current challenges facing the EU, this aspect of regional policy becomes all the more significant as regards the **integration of migrants, unemployment** and the **apparent skills mismatch that exists in some territories**, and the potential new challenges in cross-border mobility with third countries that may arise post-Brexit.

1.4 Smart Specialisation Strategies are useful to guide the development of ESF regional programmes

- **Local and regional authorities are best placed to identify relevant stakeholders and to strengthen cooperation among them.** Indeed, many regional authorities have already done so through the development of their **Smart Specialisation Strategies**.
- ✓ **62% of respondents stated that their regional smart specialisation strategies fed into the development of their ESF operational programme.** Those that did not agree with this statement were regions that had the least involvement in the management and delivery of their operational programmes.



Message 2: Greater coherence is needed between the ESF and the European Semester

- A majority of respondents to the CPMR survey - 69% - were in favour of **greater coherence between the EU's political objectives and its economic governance framework within the context of the ESF**. One respondent felt that "the Stability Pact had led to difficulties in implementing the policies foreseen to be cofinanced", hence greater coherence may address this.

- **The CPMR recognises many country-specific recommendations touch on areas of intervention related to the ESF.** Deep structural issues across Member States need to be addressed while maintaining a genuine and substantive territorial dimension. This means there must be clear coordination and coherence between the national, regional, and local levels in order to see substantive economic and social gains that will address the immediate effects of high unemployment, and build resilient institutions that can survive future shocks and tackle the growing challenges of today.
- However, this link can only be made if there is **real dialogue with the regional and local level**. One region was explicit that “the increased [coherence] must be accompanied by a clear definition of responsibilities between different levels of government”. Standardised policies will be insufficient to respond to the challenges of a local area. Although ESF policies have wide macro-economic consequences, the ESF addresses what are essentially local problems affecting individuals’ lives, such as unemployment, poverty, social exclusion, and education.

Message 3: More flexibility for regional authorities will lead to efficiencies and cost savings in terms of ESF implementation

- **ESF funding must be tailored to the specific needs of the territory.** Thus, according to respondents, the number of controls at national level, such as ring-fencing of funds and designation of target groups should be reduced, giving **greater flexibility to local and regional authorities to target allocations** where it is most needed.
- **The ESF must be made more user-friendly both for Managing Authorities and for beneficiaries**, by keeping administration and audit relative to the size of the project, and streamlining application forms, regulations, and audit requirements across the ESF funds.
- **The creation of new businesses, to fund enterprises and to support SMEs should be made easier**, a single IT platform would help reduce administration, and it must be ensured that regulations are approved well in advance of the start of the programmes.
- **The need to simplify the funds at all stages** of their operation is all the more pressing in the context of reduced resources and increased pressure on those resources to tackle a broader swathe of challenges. **Simplification will lead to efficiencies and cost savings** right through from management and audit to the success of projects on the ground. “The level of administration strongly weakens the capacity of the ESF to have an impact on regional growth”.

3.1 More use of simplified cost options

Of the 75% of respondents that used Simplified Cost Options (SCO), around 67% were very satisfied or satisfied with the approach to managing costs, with calls for the use of SCO to be extended and made “systematic”.

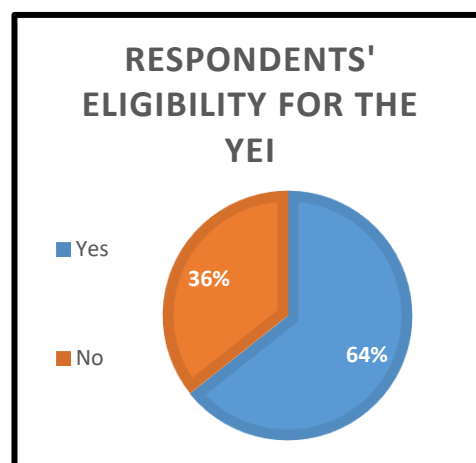
- However, one respondent was concerned that Managing Authorities “do not always have the capacity to prepare [their] own methodology for calculating a lump sum, and simplified costs should therefore mainly be used in small projects or type of projects with less risk”.

3.2 Multi-fund operations need more streamlined processes to be a success

- 32% of respondents felt that multi-fund programmes and operations led to a more integrated approach to spending in the region.
- However, **some regions felt multi-fund operations were too complicated**. In at least one case, the Managing Authority “recommend[ed] the stakeholders make two different projects”. Thus, preventing the use of multi-fund operations in that region. Others complained that separate application processes and contracting arrangements did not support multi-fund operations.
- This suggests that **further guidance and support, including the sharing of best practice, would be necessary in this area**. There would be a **need to streamline processes** to ensure that **regions and programmes can benefit from synergies** and a **more cost-effective approach**.

Message 4: Building on the potential of the Youth Employment Initiative

- Overall, the responses were **largely positive regarding the basis for the initiative** but just under **half of respondents felt the YEI had achieved expectations so far**. The remainder were mostly undecided, some feeling it was too early to know. While others felt it was “difficult [to implement] in practice”.
- 75% of the respondents felt there would be a **need for additional resources for the YEI** for the remainder of the programming period and for the post-2020 period.



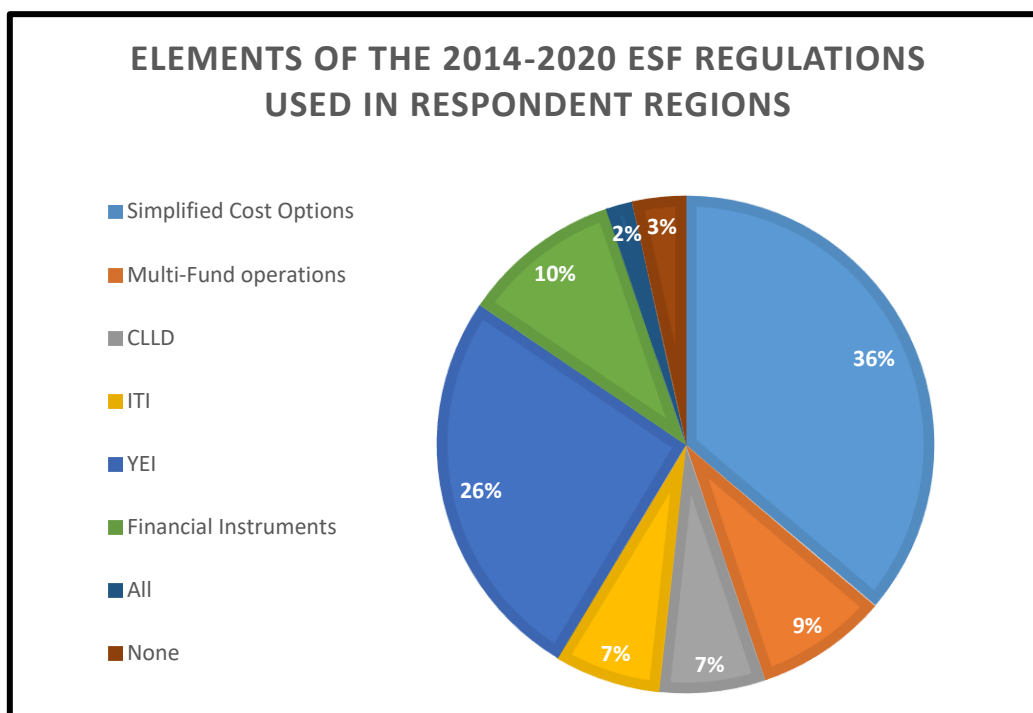
- Although a majority – 66% - were **positive about the effect of additional pre-financing on the implementation of the YEI**, only **half of respondents felt that additional pre-financing had accelerated implementation**. One reason cited was that pre-financing “helped to initiate policy, but not to execute it”, while another felt the deadline was too short, making it difficult to achieve expectations within a limited timeframe.
- **44% expressed concern that the requirement to prove the eligibility of the target group (NEETs) was not easy**. A further 37% were undecided on the issue. At least one region felt they could not give a definitive answer because the target group was self-certifying.

4.1 Mobility will tackle locational skills mismatches

- What came out of the questions around cross-border cooperation was **the importance of intra-EU worker mobility**. In the short to medium term, this would address the locational skills mismatch that has contributed to much of the difficulty of finding a 'quality offer' for youths within the Youth Employment Initiative.

4.2 Regional involvement will ensure the skills training matches the needs of the market

- In order for European economies to be able to face the challenges of today there needs to be investment in human capital, but also in those sectors that have the potential for growth and job creation. Much of the work to map out local labour market needs has already been done by local and regional authorities in their Smart Specialisation Strategies.



RECOMMENDATIONS

- **European Social Fund operational programmes should be managed at regional level, or should at least strengthen the involvement of local and regional stakeholders as they are best placed to know the social and economic needs at regional level**
- *There should be **greater flexibility in the areas of intervention of the ESF** to ensure better alignment with the specific needs of the regions.*
- *Given the diversity of the regional context within Member States and the varying levels of development between regions, the **territorial dimension of the ESF should be reinforced.***
- **The focus of ESF cross-border cooperation should be primarily on employment supply and demand, including the recognition of foreign qualifications. Other areas for cross-border cooperation should be training and education, social protection, science and medicine, administrative capacity-building, and culture.**
- **Smart Specialisation Strategies should be maintained as they have proved to be useful to guide the development of ESF regional programmes.**
- **Local and regional authorities are best placed to identify relevant stakeholders and to strengthen cooperation among them. Local and regional authorities should be trusted to plan ESF interventions that complement the initiatives supported by the ERDF and by other programmes useful for pursuing Smart Specialisation Strategies.**
- **Youth unemployment should be a priority mainstreamed within the ESF.**



**CPMR
CRPM**

Contact person: Nicolas Brookes, CPMR Director

Email: nicolas.brookes@crpm.org

The Conference of Peripheral Maritime Regions (CPMR) brings together some 160 Regions from 25 States from the European Union and beyond.

Representing about 200 million people, the CPMR campaigns in favour of a more balanced development of the European territory.

It operates both as a think tank and as a lobby group for Regions. It focuses mainly on social, economic and territorial cohesion, maritime policies and accessibility.

www.cpmr.org

CONTACT:

6, rue Saint-Martin, 35700 Rennes

Tel: + 33 (0)2 99 35 40 50

Rond-Point Schuman 14, 1040 Brussels

Tel: +32 (0)2 612 17 00

Ref :