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From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2021) 298 final
Subject:	COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT pursuant to Article 294(6) of the Treaty on the Functioning of the European Union concerning the position of the Council on the adoption of a Regulation of the European Parliament and of the Council on the European Social Fund Plus (ESF+)

Delegations will find attached document COM(2021) 298 final.

Encl.: COM(2021) 298 final

EUROPEAN
COMMISSION

Brussels, 3.6.2021
COM(2021) 298 final

2018/0206 (COD)

**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT**

pursuant to Article 294(6) of the Treaty on the Functioning of the European Union

concerning the

position of the Council on the adoption of a Regulation of the European Parliament and of the Council on the European Social Fund Plus (ESF+)

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position of the Council on the adoption of a Regulation of the European Parliament and of the Council on the European Social Fund Plus (ESF+)

1. BACKGROUND

Date of transmission of the proposal to the European Parliament and to the Council (document COM(2018) 382 final - 2018/0206(COD) (2018)[1]	30 May 2018
Date of the opinion of the Committee of the Regions	5 December 2018 and 14 October 2020
Date of the opinion of the European Economic and Social Committee	17 October 2018 and 18 September 2020
Date of Council agreement on a Partial general approach	3 April 2019
Date of the position of the European Parliament, first reading	4 April 2019
Date of transmission of the amended proposal to the European Parliament and to the Council (document COM(2020) 447 final 2018/0206(COD) [2]	28 May 2020
Date of Council agreement on a Partial general approach for the amended proposal	22 July 2020
Date of the trilogues	9 December 2019 23 November 2020 10 December 2020 28 January 2021
Date of political agreement in the Committee of Permanent Representatives	3 March 2021

[1] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2018:382:FIN
[2] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020PC0447

Date of adoption of the Council first reading position 27 May 2021

2. OBJECTIVE OF THE PROPOSAL FROM THE COMMISSION

The European Social Fund Plus (ESF+) is the EU's main fund for investments in people. The ESF+ aims to support Member States to achieve high employment levels, fair social protection and a skilled and resilient workforce ready for the future world of work, as well as inclusive and cohesive societies aiming to eradicate poverty and deliver on the principles set out in the European Pillar of Social Rights.

The key novelties proposed by the Commission in 2018 in order to make the fund more effective and efficient were:

- **Merging of funds focusing on investments in people:** the European Social Fund (ESF), the Youth Employment Initiative, the Fund for European Aid to the Most Deprived (FEAD), the European Union Programme for Employment and Social Innovation (EaSI) and the Health Programme.
- **Stronger alignment with the European Semester** in line with principles of **the European Pillar of Social Rights.**
- **More flexibility on thematic concentration requirements**: adjusted to Member States' needs.
- **Broader scope** but **fewer and more streamlined specific objectives**.
- **Stronger social inclusion dimension**, by integrating the FEAD and the ESF. This should facilitate the combination of provisions of food/material assistance with support for social inclusion and active measures.
- **Introduction of conditions for eligibility of direct staff costs** and **purchase of equipment, furniture and vehicles.**
- **Obligations on monitoring and reporting are simplified and indicators are reduced.**

In May 2020, within the scope of the Recovery Package, it was considered pertinent to amend the ESF+ proposal to reflect the changing circumstances caused by the COVID-19 pandemic and to help Member States to recover in the mid-/long-term from the ongoing crisis.

The key changes were the following:

- **New and revised thematic concentration requirements[3]:**

[3] Calculated against the ESF+ shared management national allocations

- The thematic concentration requirement on support to **youth employment was increased from 10% to 15%** for Member States with a rate of young people aged 15 to 29 not in employment, education or training above the EU average.
- A new fixed thematic concentration requirement of **5% on addressing child poverty** for all Member States was introduced.

- **A new empowerment for temporary measures** to respond to exceptional and unusual circumstances.
- **Enhanced emphasis on green and digital twin transitions** and **gender equality**.
- **Deletion of the Health strand**, which became a separate EU4Health Programme.

3. COMMENTS ON THE POSITION OF THE COUNCIL

The Council's position reflects the agreement reached in the trilogues. The most important changes introduced compared to the Commission's proposal include:

- **Article 4(3) on the temporary measures for the use of the ESF+ in response to unusual and exceptional circumstances**. The Council introduced a time limit of 18 months for the Commission implementing decision adopting temporary measures such as short-time work schemes upon request of a Member State. The agreed text also states that the Commission may propose amendments to the ESF+ Regulation following an assessment of the use of temporary measures, and this proposal may include amendments to thematic concentration requirements except those relating to support to youth employment, and support to the most deprived.
- **Article 5 on the budget.** The total budget of the ESF+ is set at 88 billion (2018 prices). Of this 88 billion, 87.3 billion is allocated to the ESF+ shared management strand, and 676 million to the EaSI directly managed strand. As part of the shared management strand, there will be 473 million allocated to outermost regions and northern sparsely populated areas due to their specific needs, as well as 175 million for transnational cooperation actions, which will be managed under indirect management.
- **Article 7 on thematic concentration requirements**. The Council decided on the following thematic concentration requirements:
  - **Social inclusion**: at least 25% for all Member States.
  - **Support to the most deprived**: at least 3% for all Member States (on top of the 25%), as well as a fixed co-financing rate of 90%. The Commission had proposed at least 2% to be included as part of the 25% on social inclusion.
  - **Child poverty:** at least 5% for Member States where child poverty is particularly present (Member States having an average rate of children of less

than 18 years old at risk of poverty or social exclusion for the period between 2017 and 2019 above the Union average for that period, on the basis of Eurostat data) and an obligation for all other Member States to allocate an appropriate amount. The Commission had proposed a fixed rate of 5% for all Member States.

- **Youth Employment**: at least 12.5% for all Member States where youth unemployment is particularly present (Member States having a rate of young people 15 to 29 not in employment, education or training for the period between 2017 and 2019 above the Union average for that period on the basis of Eurostat data) and an obligation to allocate an appropriate amount for all other Member States. The Commission had proposed 15% for Member States with an above average NEET rate.

- **Capacity building for social partners and civil society organisations:** all Member States need to allocate an appropriate amount, and Member States with relevant country-specific recommendations need to allocate at least 0.25%. The Commission had proposed 'an appropriate' amount for all Member States.

- **Article 8 on the link between the ESF+ and the Charter of Fundamental Rights.** This new article includes cross-references to the relevant provisions in the Common Provisions Regulation in order to enhance the visibility of the Charter of Fundamental Rights.

- **Adoption of the EaSI Work Programme** - the Council decided that the Commission shall gather expertise on the preparation of the annual work programmes by consulting the Working Group of the EaSI strand established under the ESF+ Committee (a committee established by the Treaty on the Functioning of the European Union), and involving also other stakeholders. The content of the Work Programme will be defined in line with Articles 25 and 26 (amended Article 31), and the Commission will adopt the annual work programme by a simple Commission Decision.

The Commission welcomes that the agreement reached generally preserves the overall objectives of the Commission's original proposal.

The Commission will issue two statements which underline the Commission's commitment to ensure that Member States programme an appropriate amount of their ESF+ resources to tackle youth unemployment and child poverty, and also use other EU funding instruments and national resources available to support adequate investments in these areas.

The statements will be issued for the European Parliament plenary vote and were announced at the COREPER of 3 March, and will be added to the Council minutes upon adoption of the act. They will be requested to be published in the C series of the Official Journal of the European Union. The statements are annexed.

4. CONCLUSION

The Commission accepts the proposal of the Council.