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AK Position Paper

The European Social Fund Plus (ESF+)

Strengthening Europe's social dimension?

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About us

The Austrian Federal Chamber of Labour is by law representing the interests of about 3.7 million employees and consumers in Austria. It acts for the interests of its members in fields of social-, educational-, economical-, and consumer issues both on the national and on the EU-level in Brussels. Furthermore the Austrian Federal Chamber of Labour is a part of the Austrian social partnership. The Austrian Federal Chamber of Labour is registered at the EU Transparency Register under the number 23869471911-54.

The AK EUROPA office in Brussels was established in 1991 to bring forward the interests of all its members directly vis-à-vis the European Institutions.

Organisation and Tasks of the Austrian Federal Chamber of Labour

The Austrian Federal Chamber of Labour is the umbrella organisation of the nine regional Chambers of Labour in Austria, which have together the statutory mandate to represent the interests of their members.

The Chambers of Labour provide their members a broad range of services, including for instance advice on matters of labour law, consumer rights, social insurance and educational matters.

Renate Anderl
President

More than three quarters of the 2 million member-consultations carried out each year concern labour-, social insurance- and insolvency law. Furthermore the Austrian Federal Chamber of Labour makes use of its vested right to state its opinion in the legislation process of the European Union and in Austria in order to shape the interests of the employees and consumers towards the legislator.

All Austrian employees are subject to compulsory membership. The member fee is determined by law and is amounting to 0.5% of the members' gross wages or salaries (up to the social security payroll tax cap maximum). 816.000 - amongst others unemployed, persons on maternity (paternity) leave, community and military service - of the 3.7 million members are exempt from subscription payment, but are entitled to all services provided by the Austrian Federal Chambers of Labour.

Christoph Klein
Director

Executive Summary

Following its Proposal for a Multiannual Financial Framework, the European Commission has now issued a Proposal for a Regulation on the European Social Fund.

The European Social Fund is the central instrument for implementing the social dimension of the European Union, as it directly targets people in the policy areas of employment, education and social inclusion. The structure of the new Social Fund in terms of budget and content is, therefore, of vital importance.

One of the goals of the European Commission's proposal is to improve European cohesion by strengthening cohesion policy. BAK welcomes this approach in principle. However, the specific plans do not reflect that goal to the necessary extent, particularly in terms of the organisation of the new European Social Fund Plus (ESF+).

The scope of the tasks that are to be carried out under the European Social Fund (ESF) has expanded significantly. Four more funds are to be combined with the original ESF. In absolute terms the budget for the ESF+ will rise to EUR 101 billion; however, the expansion of its tasks means a de facto cut in funding for the ESF+. BAK considers a budget of at least 10% of the EU budget and 30% of the cohesion funds to be necessary in order to adequately carry out the tasks. More funding is required to combat youth unemployment in particular.

BAK is firmly opposed to linking the ESF+ to implementation of the country-specific recommendations within the framework of the European Semester.

The proposal that additional factors, such as the extent of unemployment or the integration of refugees, should be considered when allocating funds is to be welcomed. BAK has long been calling for that .

AK's position in detail

Budget:

The ESF+ budget is to be set at EUR 101 billion for the next budgetary period (2021–2027). This figure is slightly higher than in the current period (EUR 88 billion). However, a total of five funds are to be merged in the new ESF+. This means that – in addition to the ESF – the Youth Employment Initiative, the Fund for European Aid to the Most Deprived, the Programme for Employment and Social Innovation and the Health Programme will have to be financed from the funds allocated to the ESF. The proposed budget means a de facto decrease in resources. This is far from adequate. Given the urgent and far-reaching challenges that the ESF has to tackle, a share of 10% of the EU budget (and 30% of the European Structural Funds budget) would be needed. According to the European Commission's proposal, the new ESF+ will only amount to 7.9% of the EU budget (27% of ESIF), even though it will have several additional tasks to perform. That percentage must therefore be raised. The reason given for merging various social, educational and employment initiatives in the new fund is that of overcoming the fragmentation of financing instruments in the field of social policy. Clearer structures and simplified finance instruments are to be welcomed in principle. However, merging those initiatives does not in itself guarantee that. Instead, in view of the insufficient budget increase, conflicts of interest will arise between the tasks to be implemented, in particular due to the addition of comprehensive health initiatives and objectives.

By contrast, we expressly welcome the fact that in future additional factors will be considered when allocating funds, such as the extent of unemployment or the integration of refugees. BAK has long been calling for that. The criterion of integrating refugees in particular should be given greater emphasis. The integration of refugees into society and the labour market is an important tool for future social cohesion.

Specific objectives:

The target groups and issues set out in the specific objectives are welcomed in principle, in particular the implementation of the European Pillar of Social Rights. BAK also welcomes the fact that it makes inclusion and fighting poverty one of the key objectives of the new Social Fund, and expressly mentions providing people with training to help them adjust to digitalisation, as this is one of the most far-reaching challenges in today's world of work.

However, the following objectives require improvement in order to focus the actions more strongly on people, in line with the ESF's long-held commitment to ensuring that

- support for vocational training and development not only considers the interests of companies and the labour market, but also the skills and inclinations of those receiving the training.

- BAK welcomes the fact that the socio-economic integration of migrants is included in the objectives. However, here too, it is necessary to focus strongly on equipping them with the skills that will allow them to integrate into the labour market, not just on ensuring high levels of employment.
- Promoting women's participation in the labour market addresses the issues of higher employment levels, improved work/life balance, and access to childcare, which is undoubtedly one of the most pressing problems faced by working women. However, unlike in the current budget period, there is no mention of integrating measures to combat the gender pay gap into the ESF+. The wording used in the current period should be adopted.

Thematic concentration:

Young people

In the current budget period, special priority is being placed on combating youth unemployment. However, based on the documents available, it is to be feared that this clear focus will be lost. Youth unemployment has dropped slightly since 2013; nevertheless, its extent continues to give rise to concern and strong efforts are required to support young people in their entry into the labour market.

The Youth Employment Initiative will be integrated into the new ESF+. This is not something to be criticised in itself, and could even increase its effectiveness. However, BAK has doubts about how it will be done in practice. As part of the thematic concentration, the Proposal stipulates that Member States must al-

locate 10% of their resources to supporting young people if their NEET rate is above the EU average. Therefore, the new definition contains three currently unknown variables (level of the Member State's ESF+ budget, national NEET rate, and European NEET rate), which makes it very difficult to assess the actual budget earmarked for young people. In addition, youth unemployment is no longer a criterion for whether special interventions are needed. We welcome the fact that more attention is being given to the NEET rate, but the youth unemployment rate is an important criterion that also should be taken into account. This priority must apply to all teenagers and young adults who have problems completing their vocational training and entering the labour market. There is a risk that the proposed Regulation will lead to significant cuts in actual funds for young people so it is necessary to allocate a fixed budget, which must under no circumstances be less than the funds allocated to the current youth employment initiative.

Link to country-specific recommendations

We firmly reject linking the ESF more closely to the implementation of the country-specific recommendations within the framework of the European Semester. This link could have serious consequences for the Member States: if EU projects are no longer subsidised because the Member States do not satisfy the requirements set out in the country-specific recommendations, that step would have a direct negative impact on workers in those countries because no EU funds for projects necessarily means no jobs. We are therefore opposed to the stronger link between the ESF+ and the implementation of country-specific recommendations within the framework of the European Semester. In ex-

treme cases, for example, the disbursement of ESF+ and other cohesion funds in Austria could be linked to an increase in the statutory retirement age, as this is the content (to be rejected) of the current country-specific recommendations for Austria. BAK rejects this approach on the grounds that it clearly goes too far and is subjective. Furthermore, the annual country-specific recommendations are incompatible with the multiannual planning for EU programmes.

National co-financing:

BAK is also opposed to the general increase in the national co-financing rate. For the economically weaker Member States, a cut in EU funds will result in less use being made of them. However, those are countries where the challenges to be addressed by the ESF+, such as combating youth unemployment or poverty, are present to an exceptional degree. The Commission's assumption that raising the national co-financing rate will encourage local players to take a more active approach must, therefore, be questioned.

Partnership:

The current Proposal calls for social partners and civil society organisations to be appropriately involved in the implementation. Compared to the current Regulation, this is a clear weakening of the position of the social partners, as the code of conduct that was agreed on the basis of the current Regulation stipulates that the social partners must be involved and have voting rights at all levels, i.e. at national and regional level, in all subject areas, and at every stage of implementation (planning of operational programmes, implementation and evaluation). The new ESF+ must have a similar provision.

Fund management:

In the introduction to the Commission's proposal, frequent mention is made of the fact that the funds will be allocated and used more effectively during the new period. A key element will be the simplification of processes for implementation and execution of programmes. If no significant improvements are made here, the effects will be limited.



Should you have any further questions
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