

European Communities

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 1-61/83

REPORT

drawn up on behalf of the Committee on Social Affairs
and Employment

on the proposal from the Commission of the European
Communities to the Council (Doc. 1-903/82 - COM(82)
485 final)

for a regulation to implement a Council decision on
the tasks of the European Social Fund

Rapporteur: Mr G. BARBAGLI



By letter of 15 November 1982 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 126 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities concerning the review of the European Social Fund and containing a proposal for a new Council decision to replace Decision 71/66/EEC and a proposal for a Council regulation to implement the Council decision on the tasks of the European Social Fund.

On 19 November 1982 the President of the European Parliament referred this proposal to the Committee on Social Affairs and Employment as the committee responsible and to the Committee on Budgets, the Committee on Regional Policy and Regional Planning and the Committee of Inquiry into the Situation of Women in Europe for their opinions.

At its meeting of 26 February 1982 the Committee on Social Affairs and Employment appointed Mr Barbagli rapporteur.

On 18 January 1983 the Committee on Social Affairs and Employment decided also to take account, in the context of the abovementioned report, of the motion for a resolution tabled by Mr Pininfarina on the revision of the criteria for the use of the European Social Fund in the vocational training sector, which had been referred by the President of the European Parliament to the Committee on Social Affairs as the committee responsible, pursuant to Rule 47 of the Rules of Procedure, on 5 July 1982. This motion for a resolution had also been referred to the Committee on Youth, Culture, Education, Information and Sport for its opinion.

The committee considered the Commission's proposal and the draft report at its meetings of 4/5 November 1982, 30 November/1 December 1982, 17/18 January 1983, 15/16 February 1983, 24/25 February 1983 and 14/15 March 1983.

At its meeting of 24/25 February 1983 the committee decided to recommend to Parliament that it approve the Commission's proposal with the following amendments.

Present: Mr Papaefstratiou, chairman; Mr Pattison and Mr Frischmann, vice-chairmen; Mr Barbagli, rapporteur; Mr Brok, Mr Ceravolo, Mr Chanterie, Mr Damette, Mr Del Duca (deputizing for Mrs Cassanmagnago-Cerretti), Miss De Valera, Mr Dido, Mr Eisma, Mr Ghergo, Mrs Maij-Weggen, Mrs T. Nielsen, Mr Patterson, Mr Phlix (deputizing for Mr Estgen), Dame Shelagh Roberts (deputizing for Sir David Nicholson), Mrs Salisch, Mr Simpson and Mr Tuckman.

At its meeting of 14 and 15 March 1983 the committee unanimously adopted the draft report as a whole.

The following took part in the vote: Mr Papaefstratiou, chairman; Mr Pattison and Mr Frischmann, vice-chairmen; Mr Barbagli, rapporteur; Mr Boyes, Mr Brok, Mr Calvez, Mrs Cassanmagnago-Cerretti, Mr Ceravolo, Mr Chanterie, Ms Clwyd, Mr Dalsass (deputizing for Mr McCartin), Mr Damette, Mr Dury (deputizing for Mrs Duport), Mr Eisma, Mr Ghergo, Mrs Maij-Weggen, Mrs T. Nielsen, Mr Patterson, Mr Phlix (deputizing for Mr Estgen), Mr Rieger (deputizing for Mr Peters), Mr Salisch, Mr Taylor (deputizing for Mr Simpson), Mr Vernimmen (deputizing for Mr van Minnen) and Mr Vgenopoulos (deputizing for Mr Charzat).

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The opinions of the Committee on Budgets and the Committee of Inquiry into the Situation of Women in Europe are attached, as is the opinion of the Committee on Youth, Culture, Education, Information and Sport on the motion for a resolution by Mr Pininfarina.

The opinion of the Committee on Regional Policy and Regional Planning will be published separately.

The report was tabled in its final version on 17 March 1983.

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The Committee on Social Affairs and Employment hereby submits to the European Parliament the following amendments to the Commission's proposal and motion for a resolution together with explanatory statement:

I. Draft Council Decision on the tasks of the European Social Fund (COM(82) 485 final)

Amendments tabled by the Committee on Social Affairs and Employment

Recitals

Text proposed by the Commission of the European Communities

Recitals

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 126 thereof,

Having regard to the opinion of the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas Council Decision 71/66/EEC of 1 February 1971 on the reform of the European Social Fund¹ as amended by Decision 77/801/EEC² has been the subject of a review on the basis of an opinion of the Commission as provided for in Article 11 of that Decision which it would be appropriate to replace by a new Council Decision establishing rules for the Fund;

¹ OJ No. L28 of 4.2.1971, p. 15

² OJ No. L337 of 27.12.1977, p. 8

Amendments tabled by the Committee
on Social Affairs and Employment

Text proposed by the Commission
of the European Communities

Amendment No. 21/New recital

'Whereas the Fund is an instrument of social policy whose operations must be based on the principle of Community solidarity and therefore help to eliminate structural imbalances that exist between the Community regions by assisting areas and sectors affected by chronic unemployment;'

Amendment No. 22/Second recital

'Whereas the task of the Fund is to participate in particular in the financing of vocational training, employment promotion and geographical mobility, it being understood that its action cannot contravene the Treaty provisions;'

(3 words deleted)

Amendment No. 1/Third recital

'Whereas in carrying out its tasks the Fund should assist in the implementation of Community employment policies and should contribute to the social and vocational integration of young people and disadvantaged workers, to the adaption of the workforce to labour market developments and technological change, and in particular to the promotion of new and profitable employment opportunities for men and women and to the reduction of regional imbalances;

Whereas the task of the Fund is to participate in particular in the financing of vocational training, employment promotion and geographical mobility, it being understood that its action cannot contravene the Treaty provisions regarding State aids;

Whereas in carrying out its tasks the Fund should assist in the implementation of Community employment policies and should contribute in particular to the social and vocational integration of young people and disadvantaged workers, the adaption of the workforce to labour market developments and technological change, to the promotion of new employment opportunities and to the reduction of regional imbalances;

Amendments tabled by the Committee
on Social Affairs and Employment

Text proposed by the Commission
of the European Communities

whereas particular effort must be devoted to support for operations conducted in the Member States as part of their labour market policy and in accordance with Community priorities;
(n.b. not in Eng. Comm. text)

Amendment No. 1 (see PE 81.811)

New recital

'whereas the resources of the European Social Fund must be used as far as possible for the equal benefit of the men and women of Europe;'

Amendment No. 18/Fourth recital

'whereas the means should be provided to finance operations which are concerned with specific aspects of Community action programmes in the area of employment policy, vocational training and training for managers of SMUs and which aim at promoting innovatory policy in areas of common interest to Member States;'

whereas the means should be provided to finance operations which are concerned with specific aspects of Community action programmes in the area of employment policy and vocational training and which aim at promoting innovatory policy in areas of common interest to Member States;

Amendment No. 2 (see PE 81.811)

New recital

'whereas account must be taken here of (i) the action programme on the social integration of disabled people (COM(81) 633 final) of 29 October 1981 and (ii) the new Community programme on the promotion of equal opportunities for women (COM(81) 758 final) of 10 December 1981;'

Amendments tabled by the Committee
on Social Affairs and Employment

Amendment No. 76/Fifth recital

Supplement the fifth recital as follows:

' ... and development agents who have a particular responsibility for boosting employment by helping to set up small businesses and cooperative undertakings involving young people and the unemployed;'

Amendment No. 59/New recital

'whereas it is appropriate to initiate and make universal in-service training contracts guaranteeing training programmes which are more rigorously aimed at the developments in the labour market and employment opportunities;'

Text proposed by the Commission
of the European Communities

whereas to enable the Fund to become a more active instrument in support of job creation policies, the range of people eligible for assistance should be enlarged so as to extend the possibility of support to those working as trainers, vocational guidance or placement experts, and development agents;

whereas in order to develop employment the Fund must make a particular effort on behalf of small and medium-sized undertakings modernizing their management or production techniques on the basis of new technology;

Amendments tabled by the Committee
on Social Affairs and Employment

Amendment No. 23/Penultimate recital

'whereas the Fund's support for operations carried out in Member States within the framework of their labour market policies must be concentrated where there are the greatest structural imbalances in employment;'

Text proposed by the Commission
of the European Communities

whereas it is appropriate on the one hand to maintain an increased rate of Fund intervention for operations to further employment in the most disadvantaged regions of the Community, and on the other to provide increased assistance for operations of particular significance for the development of Community policies;

whereas in order to simplify the procedures of granting Fund assistance, flat rates should be established in ECU for the whole of the Community in respect of certain types of expenditure;

(Penultimate recital)

whereas the Fund's support for operations carried out in Member States within the framework of their labour market policies must be concentrated where there are the greatest imbalances in employment;

whereas the Commission shall be responsible for drawing up the guidelines for the management of the Fund so as to ensure a more effective concentration on operations in accordance with Community priorities and with related action programmes in the area of employment or vocational training;

HAS ADOPTED THIS DECISION:

Amendments tabled by the Committee
on Social Affairs and Employment

Article 1 (1)

Amendments Nos. 24, 48, 3/Art. 1 (1)

1. The Fund shall assist in the implementation of policies designed to equip the workforce with the skills required to obtain or maintain stable and productive employment opportunities. It shall in particular contribute to the social and vocational integration of young people and disadvantaged workers - especially those affected by a sectoral structural crisis - to the adaption of the workforce to technological change, the reduction of working hours, and to the reduction of regional imbalances and structural unemployment.

Text proposed by the Commission
of the European Communities

Article 1

1. The Fund shall assist in the implementation of policies designed to equip the workforce with skills required for stable employment and to generate employment opportunities. It shall in particular contribute to the social and vocational integration of young people and disadvantaged workers, to the adaptation of the workforce to labour market developments and to technological change and to the reduction of regional imbalances.

Amendments tabled by the Committee
on Social Affairs and Employment

Amendments Nos. 25, 60, 49/Art. 1 (2)

2. The Fund shall participate in the financing of operations which are in keeping with the policies developed at Community level in the following areas:
- (a) vocational training and guidance aimed at employment;
 - (b) recruitment and wage subsidies as training assistance, investments and transfers to employment of equivalent status;
 - (c) resettlement and social integration in connection with geographical mobility, and aid for the reduction of working hours in order to create jobs;
 - (d) technical services, advice and other accompanying measures to provide an incentive to and promote the creation of new employment, with particular reference to the services provided by industrial organizations.

Article 2

Amendment No. 26/Art. 2

'Fund assistance shall be given for operations carried out both by public bodies and jointly managed welfare bodies and by individuals or entities governed by private law, with particular attention being paid to small and medium-sized undertakings and cooperatives. The relevant Member States shall guarantee the successful completion of the operations, in part by preparing and presenting national outline programmes.'

Text proposed by the Commission
of the European Communities

2. The Fund shall participate in the financing of operations concerning
- (a) vocational training and guidance,
 - (b) recruitment and wage subsidies,
 - (c) resettlement and social integration in connection with geographical mobility,
 - (d) technical services and advice on employment creation.

Article 2

Fund assistance shall be given for operations carried out both by public bodies and by individuals or entities governed by private law. The relevant Member States shall guarantee the successful completion of the operations.

Amendments tabled by the Committee
on Social Affairs and Employment

Article 3

Amendments Nos. 61, 77/Art. 3 (1)

1. Fund assistance may be granted for operations carried out in the Member States within the framework of Community employment policy. The Fund may also grant assistance, by indirect measures, for the harmonious development of training provision for young people between 16 and 25 years of age looking for their first job, such training being aimed at specific employment prospects, notwithstanding the fact that Member States are chiefly responsible for this matter within the scope of their education and basic training policy.

Amendments Nos. 62, 5/Art. 3 (2)

2. Fund assistance may also be granted at the rate of 2% of available appropriations each year, for specific operations, preparatory studies or analyses intended to:

- (a) facilitate the launching of innovative operations, notably in the application of a Community programme or
- (b) test new methods or
- (c) promote the dissemination of experience or
- (d) ensure that young people from secondary education onwards, are informed of future employment prospects.

Text proposed by the Commission
of the European Communities

Article 3

1. Fund assistance may be granted for operations carried out in Member States within the framework of their training and labour market policies. These operations shall include those concerned with the extension of training provision for young people immediately after their completion of compulsory schooling.

2. Fund assistance may also be granted for specific operations, preparatory studies or evaluations intended to:

- (a) facilitate the launching of innovative operations, notably in the application of a Community programme or
- (b) test new methods of
- (c) promote the dissemination of experience.

Amendments tabled by the Committee
on Social Affairs and Employment

(d) unchanged

Amendments 29, 45, 65, 66, 20/

Article 4 (2)

2. Fund assistance may equally be granted on behalf of:

(a) managers of undertakings, people who are employed, particularly in small and medium-sized undertakings and cooperatives of similar size and who require retraining owing to:

i. the introduction of new technology,

ii. industrial restructuring and/or conversion,

which substantially alter production or management techniques in those undertakings;

(aa) (new)

companies which themselves provide for the training of their workforce in various skills;

(ab) (new)

people who are to work on the development and application of advanced technologies;

(b) people to be engaged as trainers, vocational guidance or placement experts or local development agents, especially in depressed areas; including industrial organizations, provided that it is guaranteed that the services provided are of a suitable professional standard;

Text proposed by the Commission
of the European Communities

(d) disabled people who are capable of working in the open labour market.

2. Fund assistance may also be granted on behalf of:

(a) people who are employed in small and medium-sized undertakings and who require retraining owing to the introduction of new technology which substantially alters production or management techniques in those undertakings;

(b) people to be engaged as trainers, vocational guidance or placement experts, or development agents;

Amendments tabled by the Committee
on Social Affairs and Employment

Article 4

Amendments Nos. 28, 78, 19, 3

(see PE 81. 811)

Article 4 (1)

1. (unchanged)
- (a) unemployed people, those who are threatened with unemployment or who are under-employed or partially unemployed; people affected by restructuring or conversion schemes associated with Community policies or with the introduction of new technologies, including people working in small and medium-sized undertakings in difficulty who manage to retain their jobs through the conversion of those undertakings into cooperatives;
- (aa) (new)
unemployed people who, until they find work commensurate with their qualifications, undertake social or cultural activities;
- (b) young people under 25 years of age (5 words deleted) with particular emphasis being placed on linked work and training schemes;
- (ba) (new)
people with university qualifications seeking their first job;
- (c) women of or over 25 years of age who wish to return to work;

Text proposed by the Commission
of the European Communities

Article 4

1. Fund assistance may be granted on behalf of all people seeking work and particularly on behalf of:
 - (a) unemployed people, those who are threatened with unemployment or who are under-employed;
 - (b) young people under the age of 18 years who have completed compulsory schooling;
 - (c) women who wish to return to work;

Amendments tabled by the Committee
on Social Affairs and Employment

(ba) (new)

persons from rural areas having
higher education qualifications
who require support to enable
them to obtain employment in their
area of origin;

(c) migrant workers and their families
to ensure that they obtain a fair
level of education and vocational
training and are thus placed in a
stronger position on the labour
market.

Article 5

1. unchanged

Amendment No. 41/Art. 5 (2)

2. In the case of operations to further employment in regions where there is a particularly serious and sudden deterioration of the employment situation, fund assistance shall be increased by 10%. The criteria for the allocation of aid shall be determined each year by the Council acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament.

Text proposed by the Commission
of the European Communities

(c) people who move to take up work in a Member State, together with members of their families.

Article 5

1. Fund assistance shall be granted at the rate of fifty per cent of eligible expenditure.

2. In the case of operations to further employment in regions where there is an especially serious and prolonged imbalance in employment, such regions to be defined by the Council, acting by a qualified majority on a proposal from the Commission, Fund assistance shall be increased by ten per cent.

3. In the case of operations under Article 3 paragraph 2, assistance shall be increased by forty per cent. Assistance for the preparatory studies or evaluations specified in Article 3, paragraph 2, may cover the total eligible expenditure.

Amendments tabled by the Committee
on Social Affairs and Employment

Amendment No. 30/Art. 5 new paragraph

3(a) In the case of operations carried
out in connection with integrated devel-
opment operations and integrated devel-
opment programmes or in conjunction with
schemes financed by other Community
Funds and financial instruments, assist-
ance from the Fund shall be increased
by twenty per cent.

Amendment No. 10/Art. 5 (4)

4. In the case of operations under
Article 3, paragraph 1, the financial
contribution of Member States' public
authorities, or of voluntary contri-
butions or funds obtained in the
Member States shall be equal to at
least thirty per cent of eligible ex-
penditure.

5. unchanged

6. unchanged

Text proposed by the Commission
of the European Communities

4. In the case of operations under
Article 3, paragraph 1, the financial con-
tribution of Member States' public auth-
orities shall be equal to at least thirty
per cent of eligible expenditure.

5. For the types of expenditure, laid
down by the Council, acting by a qualified
majority on a proposal from the Commission,
fund assistance shall be calculated on the
basis of flat rates established for the
Community as a whole in ECU per person and
per unit of time for each type of expenditure

6. Fund assistance shall not result in
financing in excess of actual expenditure.

Amendments tabled by the Committee
on Social Affairs and Employment

Article 6

Amendment No. 31/Art. 6 (1)

1. Fund assistance shall be granted, until the budget is exhausted, to operations to further employment in regions with the greatest structural imbalances in employment.

Amendments Nos. 32, 69/Art. 6 (2)

2. In order to implement paragraph 1 above, the Commission shall, before 1 May of each year, draw up a list classifying the regions of the Community, at the lowest level permitted by Community statistics, taking account of per capita GDP, long-term structural unemployment, unemployment among women and youth unemployment. Per capita GDP shall be a 50% factor in the establishment of the list. The Commission shall publish the list in the Official Journal of the European Communities. The Council, acting on a qualified majority on a proposal from the Commission, may determine the regions to appear at the head of that list.

Text proposed by the Commission
of the European Communities

Article 6

1. Fund assistance shall be granted, until the budget is exhausted, to operations to further employment in regions with the greatest imbalances in employment.

2. In order to implement paragraph 1 above, the Commission shall, before 1 May of each year, draw up a list classifying the regions of the Community, at the lowest level permitted by Community statistics, taking account both of economic capacity and of the employment situation as these are reflected in overall employment, in long-term structural unemployment and in youth unemployment. The Commission shall publish the list in the Official Journal of the European Communities. The Council, acting by a qualified majority on a proposal from the Commission, may determine the regions to appear at the head of that list.

Amendments tabled by the Committee
on Social Affairs and Employment

Amendment No. 33/Art. 6 (3)

3. Exceptionally and up to an over-
all amount not exceeding 2% of the
Fund's total endowment, the Commission
may also grant aid from the Fund for
operations to further employment in
areas for which the competent auth-
ority in the Member State has ident-
ified an unemployment rate equal to
not less than three times the national
average, irrespective of the classi-
fication on the list, provided for in
paragraph 2, of the regions in which
these areas are located.

Amendment No. 17/Art. 6
new paragraph 3(a)

3(a) In the case of assistance granted
under Article 4, paragraph 1(d), the
regional unemployment criteria shall not
apply and the assistance shall be dis-
tributed at the discretion of the Social
Fund Committee.

Amendment No. 34/Art. 6 (4)

4. The provisions of paragraphs 2 and
3 shall not apply to the assistance speci-
fied in Article 3, paragraph 2.

Article 7

Amendment No. 70/Art. 7 (1)

1. The Commission, after consulting the
European Parliament, shall adopt, before
1 May (rest unchanged)

Text proposed by the Commission
of the European Communities

3. The Commission may exceptionally also
grant aid from the Fund for operations to
further employment in areas for which the
competent authority in the Member State has
identified an unemployment rate equal to not
less than three times the national average,
irrespective of the classification on the
list, provided for in paragraph 2, of the
regions in which these areas are located.

4. These provisions shall not apply to the
assistance specified in Article 3, paragraph
2.

Article 7

1. The Commission shall adopt, before
1 May of each year and for the three following
financial years, the guidelines for the manage-
ment of the Fund which shall determine those
operations to be given priority in accordance
with Community policies and in particular with
action programmes in the area of employment
or vocational training.

Amendments tabled by the Committee
on Social Affairs and Employment

2. unchanged.

Article 8

unchanged

Article 9

1. unchanged

2. unchanged

Text proposed by the Commission
of the European Communities

2. The Commission shall inform the European Parliament and the Council of the Guidelines and shall publish them in the Official Journal of the European Communities.

Article 8

The assistance provided for in Article 125 of the Treaty shall no longer be granted.

Article 9

1. This decision shall be published in the Official Journal of the European Communities and shall enter into force on 1 January 1983.

2. The Decision 71/66/EEC, as amended by Decision 77/801/EEC, is hereby repealed. However, that Decision and the Decisions taken by virtue of Article 4 of that Decision, shall remain in force in respect of operations for which applications are submitted before 1 April 1983.

Amendment No 35/Art. 9

'The Council shall re-examine this decision not later than 31 December 1989. If necessary, this decision shall be amended on the basis of the new opinion produced by the Commission pursuant to Article 126 of the Treaty.'

II. Proposal for a Regulation by the Council to implement a Council Decision on the tasks of the European Social Fund (COM(82) 485 final)

Amendments tabled by the Committee on Social Affairs and Employment

Text proposed by the Commission of the European Communities

Having regard to the Treaty establishing the European Economic Community, and in particular Article 127 thereof,

Having regard to Council Decision 82/
/EEC of 1982 on
the tasks
of the European Social Fund ,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament ,

Having regard to the opinion of the Economic and Social Committee ,

whereas the types of expenditure which may be the subject of Fund assistance should be defined;

whereas for the types of expenditure for which Fund assistance is granted by flat rates, the method of calculating those flat rates must be determined;

Whereas the regions of the Community which are economically and socially most disadvantaged must be placed at the head of the list provided for in Article 6, paragraph 2 of the Decision 82/
/EEC;

Amendments tabled by the Committee
on Social Affairs and Employment

Amendment No 5 (see PE 81.811)

New recital

Whereas the resources of the Fund should
be used as far as possible for the equal
benefit of the men and women of Europe.

Article 1

Amendments Nos 9, 6 (see PE 81.811)

Article 1 (a)

Assistance may be granted from the
Fund for expenditure in respect of:

- (a) incomes of trainees, including
those on linked work and training
schemes but excluding those
already receiving a salary from
an undertaking and if necessary
the costs incurred for home help
or child care;

Text proposed by the Commission
of the European Communities

Whereas it is appropriate to determine
the methods of submitting and approving
applications relating to operations
carried out in Member States within the
framework of their labour market policies;

Whereas it is appropriate to determine
the methods of checking and making pay-
ments in respect of approved operations;

Whereas when payments are made which are
not warranted, the original sum must be
repaid with interest;

HAS ADOPTED THIS REGULATION :

Article 1

Assistance may be granted from the Fund
for expenditure in respect of :

- (a) incomes of trainees;

Amendments tabled by the Committee
on Social Affairs and Employment

Amendment No 7/Art. 1(b)

- (b) the costs of
- the preparation, operation and administration of training courses, including courses for the unemployed and for young people in search of their first job who can be offered jobs made available by a statutory or contractual cut in working hours and the cost of training and refresher courses for teaching staff and related depreciation costs ;'
 - trainees' accommodation,
 - in the case of vocational integration of the disabled, the adaptation of workplaces,

Amendment No 7

Article 1(b) two new indents.

- the devising and application of child care provisions for women wishing to enter (or re-enter) employment,
- the organization and operation of home help services for women working in family undertakings;

Text proposed by the Commission
of the European Communities

- (b) the costs of
- the preparation, operation and administration of training courses, including the cost of training of teaching staff and of depreciation;
 - trainees' accommodation,
 - in the case of vocational integration of the disabled, the adaptation of workplaces;

Amendments tabled by the Committee
on Social Affairs and Employment

Text proposed by the Commission
of the European Communities

Amendment No 7 (see PE 81.811)

Art. 1 (c) first indent

(c) the granting for a period not exceeding twelve months of

- Premiums for the recruitment of young people aged 18 to 25, women of or over 25 years of age, disabled people, etc.

- unchanged.

(c) the granting for a period not exceeding twelve months of

- premiums for the recruitment of young people aged 18 to 25, women, disabled people ~~and those unemployed for~~ over six months in newly created jobs which will enable the workers concerned to improve their skills through further training and work experience, or
- assistance towards the wage costs of those who, having been out of work for more than twelve months, are engaged on projects for the creation of additional jobs which fulfil a public need, or

Amendment No 8/Art. 1(c)

New indent

- subsidies for companies which themselves provide training for their workforce in various skills;

Amendments tabled by the Committee
on Social Affairs and Employment

Text proposed by the Commission
of the European Communities

Amendment No 10/Art. 1(c)

New indent

- complementary aid for industrial projects closely linking the training of newly-recruited employees, a reduction in working time, technological innovation and further training schemes for employees;

- assistance towards the remuneration of development agents and financing of the structures needed to support their activities;

- assistance towards the remuneration of development agents;

Amendment 6/Art. 1(d)

(d) benefits designed to assist the integration into new social and vocational environments of migrant workers who move to take up work in the Community and members of their families.

(d) benefits designed to assist the integration into new social and vocational environments of people who move to take up work in a Member States and of members of their families;

(e) carrying out preparatory or evaluation operations or studies.

(e) carrying out preparatory or evaluation operations or studies.

Amendment No 5/Art. 1, new point

the implementation of projects of a social or cultural nature,

Amendment No 11/Art. 1, new point

aid for a reduction in weekly working hours;

Amendments tabled by the Committee
on Social Affairs and Employment

Text proposed by the Commission
of the European Communities

Amendment No. 8 (see PE 81.811)

New Article

Article 1(b)

The Member States shall endeavour to ensure that participation of men and women in the various projects is as equitable as possible, subject to the provisions of Article 4(1)(c) of Decision 82/ /EEC.

Article 2

1. unchanged
2. unchanged.
3. unchanged.
4. unchanged.

Article 2

1. Fund assistance shall be granted in flat rates for the expenditure specified in Article 1(c).
2. The flat rates shall be equal to the average of the costs met by the Fund across the whole Community in respect of each relevant type of expenditure during the latest financial year for which results are available preceding the entry into force of this regulation. They shall be revised in line with the change in the cost of living.
3. The flat rates for recruitment premiums regarding the categories of people specified in Article 1(c) first indent, shall be increased by fifty per cent.
4. Before 1 May of each year, the Commission shall determine the levels of the flat rates for the following financial year and shall publish them in the Official Journal of the European Communities.

Amendments tabled by the Committee
on Social Affairs and Employment

1. unchanged

2. unchanged

3. unchanged

Article 4

1. unchanged

Text proposed by the Commission
of the European Communities

Article 3

1. Operations to further employment in the French overseas departments, Greece, Greenland, Ireland, the Mezzogiorno and Northern Ireland shall benefit from the increased rate of assistance provided for in Article 5, paragraph 2 of Decision 82/ /EEC.

In the application of Article 1(b) first indent, the depreciation of training centres established in the regions specified in paragraph 1 may be calculated over a period of six years, insofar as such a method of depreciation is compatible with that in force in the Member State concerned. In such a case, the allowance for depreciation shall be considered fully provided for at the end of the sixth year after the establishment of a centre.

3. The regions specified in paragraph 1 shall appear at the head of the list provided for in Article 6 of Decision 82/ /EEC.

Article 4

1. Applications relating to expenditure during the following year or, in the case of operations lasting more than one year, years, on measures specified in Article 3, paragraph 1, of Decision 82/ /EEC must, in order to be taken into consideration, be submitted by Member States before 1 September of each year.

Amendments tabled by the Committee
on Social Affairs and Employment

2. unchanged

3. unchanged

Article 5

Amendment No 9 (see PE 81.811)

Art. 5(1)

1. The approval of an application submitted under Article 3, paragraph 1 and Article 4, paragraph 1 of Decision 82/ /EEC shall be followed by the payment of an advance of 60 per cent of the assistance approved.

2. unchanged

Text proposed by the Commission
of the European Communities

2. The Commission shall take decisions on these applications before 31 January of the relevant financial year. If the date of adoption of the budget for that financial year is after 1 January, the Commission shall take its decisions within thirty days of that date.

3. The Commission shall draw up the arrangements for the procedure to be followed in the case of applications submitted under Article 3, paragraph 2 of the Decision 82/ /EEC and of applications of an urgent nature.

Article 5

1. The approval of an application submitted under Article 3, paragraph 1 of Decision 82/ /EEC shall be followed by the payment of an advance of sixty per cent of the assistance approved.

2. The approval of an application submitted under Article 3, paragraph 2 of Decision 82/ /EEC, even if the application concerns an operation lasting for more than one year, shall be followed by the payment of a first advance of an amount equal to forty per cent of the assistance granted. A second advance, not exceeding forty per cent, may be paid when the Member State concerned certifies that the first half of the operation has been completed in accordance with the conditions set out in the decision.

Amendments tabled by the Committee
on Social Affairs and Employment

Text proposed by the Commission
of the European Communities

3. unchanged

3. Final payment claims shall contain a detailed report on the content, results and financial aspects of the relevant operation. The Member State shall certify the accuracy of the facts and accounts in payment claims.

4. unchanged

4. The Commission shall make payments to those with financial responsibility for operations. It shall inform the relevant Member State of all payments made.

Article 6

Article 6

1. unchanged

1. When Fund assistance is not used in conformity with the conditions set out in the decision of approval, the Commission may suspend, reduce or withdraw the aid after having given the relevant Member State an opportunity to comment.

2. unchanged

2. Sums paid which are not used in accordance with the conditions laid down in the decision of approval must be repaid together with interest calculated according to the bank discount rate obtaining in the relevant Member State on the day on which the unwarranted payment was made. The relevant Member State has secondary liability for the sums to be repaid; to the extent that a Member State repays to the Community sums owed by the body financially responsible for an operation, the Community's rights in the matter are transferred to the Member State.

Article 7

Article 7

1. unchanged

1. The Commission may make checks wherever applications and payment claims are drawn up and wherever operations for which assistance is granted are carried out and administered.

2. unchanged

2. Checks on the content of a payment claim may be made by sampling. Before making a check the Commission shall determine in advance the sample size with reference to the physical and technical aspects of the operation concerned. To the extent

Amendments tabled by the Committee
on Social Affairs and Employment

Text proposed by the Commission
of the European Communities

that a sample leads to a reduction, this shall be applied proportionally to the whole of the amount claimed.

3. unchanged

3. The Commission shall have access to all sources of information necessary to enable it to appraise both the aims and content of applications and of claims, and the progress, financing and results of operations. Member States shall make available to the Commission the material justifying the certification specified in Article 5, paragraphs 2 and 3.

4. unchanged

4. The relevant Member State shall provide the Commission with any assistance necessary to carry out checks. The Commission shall give the Member State due notice of checks. Representatives of the Member State may participate in such checks.

5. unchanged

5. At the request of the Commission and with the agreement of the relevant Member State, checks may be carried out by the competent authorities of the State. Representatives of the Commission may participate in such checks.

Article 8

unchanged

Article 8

The Commission shall present to the European Parliament and to the Council before 1 July of each year a report on the activities of the Fund during the preceding financial year.

Article 9

1. unchanged

The Commission shall draw up the necessary arrangements for the implementation of this regulation.

2. unchanged

Article 10

1. This Regulation comes into force on 1 January 1983.

2. The regulations (EEC) No 2396/71¹, as amended by the regulation (EEC) No 2893/77², No 2895/77³ and No 858/72⁴, as amended by regulation (EEC) No 2894/77⁵, are hereby repealed. However, they shall remain in force

¹ OJ No L 249, 10.11.1971, p.54

² OJ No L 337, 27.12.1977, p.1

³ OJ No L 337, 27.12.1977, p.7

⁴ OJ No L 101, 28.4.1972, p.3

⁵ OJ No L 337, 27.12.1977. p.5

Amendments tabled by the Committee
on Social Affairs and Employment

Text proposed by the Commission
of the European Communities

for operations for which applications are submitted before 1 April 1983.

3. unchanged

3. In order to ensure equal treatment of all operations carried out with assistance from the Fund, when the first decision on applications is taken under this regulation, the decisions previously taken concerning operations to be carried out after 31 December 1983 shall be the subject of a new Commission decision.

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

III. Draft Decision by the Council on the Rules of the Committee of the European Social Fund (COM(82) 485 final)

THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 124 and 153 thereof,

Having regard to the opinion of the Commission,
Whereas Council Regulation (EEC) No..... /82 of 1982 lays down new methods of operation for the European Social Fund deriving from the tasks of the Fund as defined by Council Decision 82/..... /EEC of 1982(2);

Whereas it is appropriate to revise the rules of the Committee of the Social Fund to enable it to become more efficient taking account of the new methods of operation of the Fund;

Whereas in the interests of greater clarity and legal certainty it is appropriate for the Council Decision of 25 August 1960 on the rules of the Committee of the European Social Fund¹, amended by Council Decision 68/188/EEC of 9 April 1968² and by the Acts of Accession of 1972 and 1979, to be replaced by a new decision.

¹ OJ No L 56, 31.8.1960, p. 1201/60

² OJ No L 91, 18.4.1968, p. 25

Amendments tabled by the Committee
on Social Affairs and Employment

Text proposed by the Commission
of the European Communities

HAS DECIDED AS FOLLOWS :

Article 1

Amendment No 3/Art. 1 (1)

1. The Committee shall at the request of the Commission give its opinion on (a) proposals and drafts concerning the rules governing the tasks and operation of the Fund, and in particular on the application of Article 6 of the new regulation on the tasks of the European Social Fund.'

(b) unchanged

(c) unchanged

(d) the preliminary draft of the budget relating to the Fund and the preliminary draft of the report of its activities

(e) unchanged

2. unchanged

Article 2

Amendment No. 1/Art. 2

The Committee shall be composed of two representatives of the Government, two representatives of Trade Unions and two representatives of Employers' Organizations for each Member State; the members of the Bureau of the European Parliament Committee on Social Affairs and Employment may attend its proceedings as observers.

Article 1

1. The Committee shall at the request of the Commission give its opinion on (a) proposals and drafts concerning the rules governing the tasks and operation of the Fund.

(b) decisions applying the rules governing the tasks and operation of the Fund,
(c) the guidelines for the management of the Fund,

(d) the preliminary draft of the budget relating to the Fund,

(e) applications for assistance from the Fund.

2. The Committee may, at its own initiative, present opinions to the Commission on any question concerning the tasks and operation of the Fund.

Article 2

The Committee shall be composed of two representatives of the Government, two representatives of Trade Unions and two representatives of Employers' Organizations for each Member State.

Amendments tabled by the Committee
on Social Affairs and Employment

Article 3

1. unchanged

2. unchanged

Article 4

1. unchanged

2. unchanged

Article 5

1. unchanged

2. unchanged

Article 6

1. unchanged

2. unchanged

Article 7

1. unchanged

Text proposed by the Commission
of the European Communities

Article 3

1. For each Member State, one alternate member shall be appointed for each category referred to in Article 2.

2. In the absence of one or both members, their alternate shall be automatically entitled to take part in the deliberations of the Committee.

Article 4

1. The term of office for members and alternates shall be two years. Their appointments may be renewed.

2. After expiry of their term of office, members and alternates shall remain in office until they are replaced or until their appointments are renewed.

Article 5

1. Only nationals of Member States may be appointed Committee members or alternates.

2. The duties of a member or alternate shall be incompatible with those of a member of an institution of the European Communities or of the Economic and Social Committee and with those of an official of the European Communities.

Article 6

1. Members and alternates shall be appointed by the Council. In appointing the Committee, the Council shall make every effort to achieve fair representation within the various groups concerned.

2. The list of members and alternates shall be published in the Official Journal of the European Communities.

Article 7

In the event of the death or resignation of a member or alternate or if he is no longer qualified to serve on the Committee, a new member or alternate shall be appointed in accordance with the procedure provided for in Article 6 for the remainder of the term of office.

Article 8

The member of the Commission responsible for chairing the Committee may delegate this duty to a senior official of the Commission.

Amendments tabled by the Committee
on Social Affairs and Employment

Article 9

1. unchanged

2. unchanged

Article 10

1. unchanged

2. unchanged

3. unchanged

Article 11

Amendment No. 6/Art. 11

Before meetings where the agenda provide for the examination of applications for assistance, each Member State shall organize a meeting, to be attended by the members of the Committee who are nationals of that State, during which shall be considered any problems which, in the opinion of the social partners, might be raised by the submission of certain applications. The minutes of this meeting shall be forwarded to the chairman of the Committee and to the members of the European Parliament's Committee on Social Affairs and Employment. The chairman of the Committee shall convene a meeting of each national consultative committee once a year.

Text proposed by the Commission
of the European Communities

Article 9

1. The Committee may delegate the duty of issuing an opinion on applications for assistance to a sub-Committee composed for each Member State of one member for each category referred to in Article 2.

2. The provisions governing the operation of the Committee shall apply to the sub-Committee.

Article 10

1. The Committee shall be convened by its chairman either on his own initiative or at the request of a third of the members.

2. Notices of meetings shall contain the agenda decided on by the chairman for discussion. The Committee may decide to discuss other matters falling within its competence.

3. The meetings of the Committee shall not be public.

Article 11

Before meetings where the agenda provide for the examination of applications for assistance, each Member State shall organize a meeting, to be attended by the members of the Committee who are nationals of that State, during which shall be considered any problems which, in the opinion of the social partners, might be raised by the submission of certain applications. The minutes of this meeting shall be forwarded to the chairman of the Committee.

Amendments tabled by the Committee
on Social Affairs and Employment

Article 12

unchanged

Article 13

unchanged

Article 14

unchanged

Article 15

1. unchanged

2. unchanged

Article 16

unchanged

Article 17

Amendment No. 8/Art. 17

The Commission shall inform the
Committee on a regular basis of the
progress achieved - particularly in
terms of the creation of permanent,
qualified jobs - on projects which
have received aid from the Community.

Text proposed by the Commission
of the European Communities

Article 12

The Committee shall take all decisions by an absolute majority of the votes validly cast.

Article 13

On a proposal from the chairman, the Committee may hear experts.

Article 14

The Committee shall present to the Commission a summary of the opinions which it has formulated; this summary shall also mention minority opinions expressed.

Article 15

1. The Commission may consult the Committee in writing when consultation is of an urgent nature and is appropriate for such a procedure. The Committee shall be informed without delay of the opinions expressed by its members.

2. If one third of the members of the Committee so request, the written procedure shall be suspended and the chairman shall convene the Committee without delay.

Article 16

When the Commission disagrees with an opinion of the Committee it shall inform the Committee within forty days of the reasons for its disagreement.

Article 17

The Commission shall inform the Committee regularly of the principal aspects of Community policy on economic and social affairs.

Amendments tabled by the Committee
on Social Affairs and Employment

Article 18

unchanged

Article 19

1. unchanged
2. unchanged

Article 20

unchanged

Text proposed by the Commission
of the European Communities

Article 18

Secretarial services shall be provided for the Committee by the Commission. The Commission shall make available to the Committee the premises and facilities needed for its operation.

Article 19

1. The Committee shall establish its rules of procedure.
2. The rules of procedure shall be approved by the Council, after consulting the Commission.

Article 20

The Council Decision of 25 August 1960, as amended by Council Decision 68/188/EEC and by the Acts of Accession of 1972 and 1979, is hereby repealed.

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation to implement a Council decision on the tasks of the European Social Fund

The European Parliament,

- having regard to the proposal from the Commission to the Council (COM(82) 485 final)¹,
- having been consulted by the Council (Doc. 1-903/82),
- having regard to the motion for a resolution tabled by Mr Pininfarina and others (Doc. 1-388/82),
- having regard to the report by the Committee on Social Affairs and Employment and the opinions of the Committee on Budgets, the Committee on Regional Policy and Regional Planning, the Committee of Inquiry into the Situation of Women in Europe and the Committee on Youth, Culture, Education, Information and Sport (Doc. 1-61/83),
- having regard to the result of the vote on the proposal from the Commission,
 - A. considering the persistent nature of the crisis within the Community and the serious repercussions it is having on social problems and in particular on the labour market,
 - B. considering the dramatic rise in unemployment in the EEC and the pessimistic forecasts,
 - C. whereas in the current harsh socio-economic climate respect for the principle of Community solidarity is increasingly necessary,
 - D. considering in particular that this solidarity should find expression through social policies of which the Social Fund is one financial instrument,
 - E. Considering that the European Social Fund is the most important instrument of employment policy established by the Treaties, and that

¹ OJ No. C 308, 25.11.1982, p. 4 ff.

insufficient or inadequate vocational training restricts the development of initiative and thus the preservation and creation of new jobs,

- F. whereas for the same reasons training in new technologies should be developed,
- G. considering, however, that the creation and preservation of employment calls for a global policy involving the participation of all the financial instruments of the EEC,
- H. whereas the present critical circumstances of the employment situation the Social Fund should take particular account of the most vulnerable groups such as women, young people, the disabled, widowed persons with dependents and older people unemployed for a long duration thus requiring a certain number of changes in its methods of operation,
- I. whereas the search for greater effectiveness must not rule out the priority given to any social policy aimed at redistribution in favour of the most underprivileged groups: young people ending their compulsory education without vocational training, the young unemployed aged between 18 and 25, women, the disabled, immigrants and the long-term unemployed,
- J. whereas the resources of the European Social Fund have hitherto not been used for the equal benefit of the men and women of Europe, whereas specific operations on behalf of women would therefore be very useful if the funds for such action were to go some way toward redressing this imbalance,
- K. whereas the Commission, in consultation with the Member States, should make every effort to ensure that funds for specific operations on behalf of women are mainly directed towards regions with relatively high female unemployment,
- L. whereas it is however more important that all ESF budget items be used for the equal benefit of men and women,
- M. considering that the European Parliament in its resolution of 11 February 1981 on the situation of women in Europe asked the Commission that the implementation of the directives on equal pay and equal treatment - and

of the social security directive from 1984 onwards - be an essential precondition for the granting of support from the Community's regional and social funds,

- N. whereas the present rules of the Fund do not permit aid to be granted to projects in pockets of high unemployment in otherwise prosperous regions,
1. Shares the opinion of the Commission that the review of the Fund - as laid down in Article 11 of Decision 71/66/EEC¹, amended by Decision 77/801/EEC² - should be wide-ranging in order to make it flexible and responsive to the changes in the labour market and to correct some of the inconsistencies in its methods of operation;
 2. Feels that the reform should aim to make the Social Fund an influential instrument - among others - of social policy concerned not only with the geographical and professional mobility of workers but also with safeguarding and stimulating employment, particularly productive employment whenever possible;
 3. Stresses however, that the Fund should retain the original features and objectives it was given by the Treaties and that its principal aim should continue to be the elimination of structural unemployment and under-employment - an objective which has so far been thwarted in part by the recent surge in unemployment due to technological progress - through job-creation policies pursued at national and Community level;
 4. Welcomes the Commission's proposal for broadening the range of intervention by the Fund to include new categories of eligibility which will be decisive in the context of preserving and stimulating employment; considers also that the CEDEFOP should be associated with the assessment and exchange of experiences with regard to training;
 5. Considers it essential, in view of the wider sphere of competence for the Fund proposed by the reform and the inevitable increase in applications for aid, that the financial appropriations for the Fund as shown in the budget should be doubled without this being to the detriment of other financial instruments of the Community;

¹ OJ No. L 28, 4.2.2971, p. 15

² OJ No. L 337, 27.12.1977, p. 8

6. Shares the Commission's view that the Fund should play a greater role in stimulating not only productive but lasting employment opportunities through supportive labour market measures particularly among young people who currently represent 40% of the Community's unemployed;
7. Would like to stress, however, that Fund assistance for young people as proposed in the reform should be aimed at their practical integration into the labour market and not provide a form of welfare which would be in direct contrast to the true vocation of the Fund;
8. Emphasizes moreover the need for the specific inclusion, in the context of measures to combat youth unemployment, of training programmes by 'alternance' for young people immediately after compulsory schooling up to the age of 25;
9. Feels that in the search for solutions and specific measures in response to the problems of youth unemployment the new Social Fund should encourage spontaneous initiatives on the part of young people for opportunities and forms of work-sharing which meet a public need, such as youth workers cooperatives;
10. Regrets that the resources of the Social Fund have not hitherto been allocated proportionally between men and women and urges the Commission to take particular account, when allocating financial support for operations in specific areas of Community action programmes related to employment and vocational training, of the 'new Community action programme on the promotion of equal opportunities for women'¹ and of the 'action programme on the social integration of disabled people'²;
11. Calls upon the Commission:
 - to ensure that within 5 years the number of women participating in projects subsidized by the Fund is equal to the number of participating men, so that specific operations on behalf of women can be phased out,
 - to introduce an appropriate prior condition to this effect for applications for Fund assistance;

¹ COM(81) 758 final

² COM(81) 633 final

12. Urges that assistance for migrant workers and their families be clearly defined as including the improvement of their general and linguistic knowledge, vocational training providing access to the labour market and more adequate education for their children;
13. In view of the importance of voluntary and charitable bodies in the field of social policy, believes that access to the Social Fund by such bodies should be improved by enabling voluntary or internally raised finance to take the place of public funds under Article 5(a) of the proposed Council decision;
14. In the light of the new programmes for the handicapped following the International Year of the Disabled in 1981, calls upon the Commission to accept that;
 - (i) finance from the Social Fund can be made available for training the handicapped who are capable of earning a living in either an open or sheltered environment,
 - (ii) the criteria for making grants from the Social Fund to projects for the handicapped should be separated from the general system of allocation outlined in Article 6(1) of the proposed Council decision;
15. Welcomes wholeheartedly the proposal for Social Fund assistance for persons employed in small and medium-sized undertakings including co-operatives and who require training and retraining as a result of the introduction of new technology, and including craft industries which also require an up-grading of training and skills and believes in addition that support for the training of persons for higher qualifications in the priority regions should be retained;
emphasizes, however, the necessity of maintaining Fund assistance for persons who require retraining, to meet the demands of changing management techniques;
16. Urges that specific support also be provided for persons employed in those small and medium-sized undertakings in difficulties whose jobs can be protected by the conversion of these undertakings to cooperatives;
17. Urges that in order to retain the structural nature of the Fund the regional classification system for selecting applications be drawn up as follows: per capita GDP (50%), long-term unemployment (25%) and youth unemployment (25%);

18. Invites the Member States to submit outline programmes that closely coordinate vocational training for young people, in conjunction with job creation, lowering the age of retirement, the reduction of working hours and technological innovation;
19. Urges furthermore that a ceiling of 2% of the overall allocations of the Fund be fixed for the operations proposed in Article 6(3) and stresses the essential nature of this measure for assistance in economic situations resulting from the disparity between the rate at which new technology is being introduced and new job opportunities created; to this end, calls for statistical data to be compiled on a four-monthly basis to improve the effectiveness of the operations;
20. Welcomes the Commission's proposal for recruitment premiums for young people aged between 18 and 25, women, the disabled and those unemployed for over six months and feels that investment facilities should be made conditional on recruitment as a practical way of encouraging employment;
21. Urges that, as a general rule, all Community intervention be subject to a rigorous selection procedure and that priority be given to projects implementing Community policies;
22. Invites the Member States to present national-framework programmes corresponding to this requirement and to the need to coordinate aid within their territory;
23. Urges finally that priority be given to those operations involving the participating of other Community financial instruments such as the EAGGF, ERDF, EIB, NCI and to integrated development programmes and possible future 'solidarity programmes';
24. Considers it essential that a further review of the Fund be undertaken five years after the reform under consideration comes into force;
25. Calls on the Council to apply the procedures for consultation ratified by the Agreement between the three Institutions of 4 March 1975 and points out that, should the Council intend to depart from the opinion adopted by Parliament the application of this procedure, in accordance with paragraph 4 of the Agreement, is mandatory;

26. Instructs its President to forward to the Commission and the Council a proposal from the Commission as voted by Parliament and the corresponding resolution as Parliament's opinion.

EXPLANATORY STATEMENTI. Evolution of the role and the tasks of the European Social Fund

1. Before proceeding to an analysis of the review of the European Social Fund, it would be useful to recall the current role played by the Fund.

Under the terms of Articles 123-128 of the Treaty of Rome the Social Fund was established with the aim of increasing the geographical and occupational mobility of workers as well as the re-employment of workers who were obliged to change their type of employment. These objectives reflected the climate of economic expansion in which the Treaties were drawn up.

It was a period of reconstruction and the vast industrial expansion of the 1950s and 1960s enabled the countries of Northern and Central Europe to guarantee employment for their labour force. Industrialization came more slowly to southern Europe but the demand in the central and northern countries was such that those workers who were able to emigrate could find jobs without swelling the ranks of the unemployed in the host countries.

2. Thus at the outset, the scope of activities of the Fund was relatively limited. Besides the Treaty of Rome could not have provided in detail for all the types of fund aid over the long term to cope with trends in social problems nor could it have predicted the energy crisis which was to hit Europe in 1973 causing disruptions in its economy and seriously affecting the employment situation. The authors of the Treaty did however provide for a revision procedure under Article 126, thereby giving the Fund the opportunity to adapt its activity to changes in the economy and the labour market.

3. In 1971 and 1977 the Fund was profoundly modified having rapidly proved to be too limited and inflexible to cope with developments in the problems of employment and rising unemployment.

As a result of the 1971 reform and the 1977 review of its tasks and operation the role of the Fund is now basically two-fold: its aim on the one hand is to support Community policy by intervention in the labour market and the coordination of job supply and demand throughout the Community, and on the other to contribute to the fight against structural unemployment and under-employment.

In brief, two major elements of the reform have substantially altered the function of the original mechanism, notably the idea of regular adjustment to economic and social imperatives (Article 11 of the Decision 71/66/EEC)¹ and that of medium-term forecasts for employment to permit the coordination of economic policy with employment policy (Article 3(2) of Reg. 2396/71/EEC)².

Finally, it should be noted that the 1977 reform attempted in particular to alter the mechanisms regulating the Fund's activities by which it has become a kind of 'equalization fund', in order to transform it into an instrument of Community solidarity, an essential requirement for a community in crisis whose duty is to protect the fundamental social rights of all its citizens and the preservation of whose identity is associated with the re-distribution of employment and a new style of life.

II: Main elements of the proposed reform

4. Not even the worthy intentions of the 1977 reform have succeeded in overcoming either at source or in practice some of the inflexibilities of the Fund.

5. Under the terms of Article 11 of Decision 71/66/EEC³, amended by Decision 77/801/EEC⁴, the Council was to have conducted a review of the European Social Fund by no later than 31 December 1982. The article also provides for the Decision to be amended if necessary on the basis of a further opinion of the Commission based on Article 126 of the EEC Treaty.

The Commission only adopted the opinion on the review of the European Social Fund⁵ on 7 October 1982. The Commission has also drafted a new decision on the tasks of the European Social Fund as a basis for the new Fund together with a proposal for a regulation to implement the new decision and a new draft decision on the Rules of the Committee of the Social Fund.

¹ OJ L 28, 4 February 1971

² OJ L 249, 10 November 1971

³ OJ L 28, 4 February 1971

⁴ OJ L 337, 27 December 1977

⁵ OJ C 308, 25 November 1982

6. The delay in the presentation of the draft reform of the Fund - justified to some extent by the fact that the Commission's proposal substantially alters the existing structure of the Fund - has prevented compliance with the terms of the Decision quoted above which envisaged the review taking place before the end of 1982. It is therefore highly unlikely that the new Fund will come into force before 1984.

7. The principal objectives of the proposed reform are :

- (a) closer coordination between the Fund and Community priorities in respect of employment and vocational training.
- (b) a search for greater consistency between the Fund's interventions and the economic, industrial and sectoral policies pursued by the Community.
- (c) more effective coordination between the Fund and the Community's other financial instruments

8. In order to achieve these objectives the Commission's draft reform is mainly concerned with simplifying the existing structure of the Fund which, with nine separate fields of intervention and a separate section for preparatory studies and private schemes, has proved too rigid. In order to rectify these shortcomings, three categories of intervention have been proposed, notably

- (a) support for initiatives linked to the development of employment opportunities for all those aged 18 and over, including the most vulnerable groups;
- (b) progressive extensions of vocational training provisions in order to meet the needs of young people under the age of 18 who have completed compulsory schooling;
- (c) funding of specific operations linked to the Community employment and vocational training policies and action programmes.

Included among these newly eligible for aid from the Fund are :

- young people under the age of 18 who have completed compulsory schooling;
- people who are employed in small and medium-sized undertakings and who require retraining owing to the introduction of new technology which substantially alters production or management techniques in those undertakings;
- people to be engaged as trainers, vocational guidance or placement experts or development agents.

9. Another new feature of the proposal concerns the criteria for geographical selectivity for applications which would be defined according to a new index based on four components : per capita GDP, overall unemployment, long-term unemployment and youth unemployment.

10. With regard to the rates of intervention by public authorities, the Commission proposes the adoption of a more flexible procedure suggesting that the Fund should continue to contribute up to 50% of eligible expenditure - rate increased by 10% for priority areas - while, with the exception of pilot projects, the contribution of public authorities should be equal to at least 30% of eligible expenditure. The intervention rate of 50% for eligible expenditure may be increased by up to 40% for innovatory projects carried out by private bodies.

11. Lastly the Commission's proposal provides for intervention by the Fund, in exceptional cases, on behalf of geographical units with high rates of unemployment even where they form part of regions not classified as disadvantaged.

III. Observations on the new reform

12. The Committee on Social Affairs and Employment notes with satisfaction that in drawing up its overall draft reform of the European Social Fund, the Commission has been particularly mindful of the need to :

- enable the Fund to play a more active role - by providing assistance for measures connected with the labour market - in the creation of new jobs, particularly for the young unemployed;

- widen the sphere of competence of the Fund to include new categories thereby giving fresh impetus to the vocational training programme which the Treaty considers almost a pre-condition for 'harmonious' economic development which in light of current technological progress could actively contribute to reviving economic growth and creating jobs;
- provide for specific assistance from the Fund for the training and retraining of workers in small and medium-sized undertakings and cooperatives which are now recognized unquestionably as vital and progressive sectors of the economy in any country.

13. The Committee on Social Affairs and Employment shares the Commission's concern about the dramatic rise in unemployment in the EEC and the pessimistic view of the forecasts.

Nonetheless, while acknowledging that the European Social Fund can and must, however indirectly, stimulate job creation, it emphasizes that the Fund should lose none of the distinctive features and objectives ascribed to it by the Treaties.

14. The Fund should be an instrument of social policy and Community solidarity contributing through its various forms of aid to the achievement of Community objectives, to the regulation of the labour market and to the elimination of structural unemployment and underemployment in dealing with problems which arise only indirectly from the functioning of the Common Market.

Your committee feels therefore that the essential structural nature of the Fund should be clearly defined.

15. Given that the Fund has so far been unable on account of its limited financial resources, to satisfy the demands it has received the Committee on Social Affairs and Employment feels that the broader range of intervention by the Fund advocated by the Commission calls for an increase in the budgetary appropriations for the Fund. This can only be achieved by easing the current restrictions on the budget thereby making Community solidarity more effective at the financial level and spreading the load more evenly between the Member States.

16. The Committee on Social Affairs and Employment is well aware that the employment prospects are particularly bleak for young people who represent more than 40% of the Community unemployed. It therefore accepts quite readily that a portion of the projects be dedicated to this group. However, your committee emphasizes the need for fund assistance to this category to be directed towards operations aimed at the practical integration of young people into the labour market rather than to pre-professional training programmes for their own sake. Otherwise the Fund would be functioning in contrast to its true vocation as a provider of welfare, as well as risking an inequitable distribution of its resources.

17. Your committee would also like to emphasize that the hitherto widespread confidence in systems of vocational training as a practical means of increasing job opportunities among the young unemployed is dwindling. Measures which may be useful for retraining the temporary redundant or mobile adult work force are frequently proving ineffective for the hordes of young first-time job seekers. Far more often young people are unable to find work not merely because of their lack of training, but because of the heavy competition due, with some exceptions, to an excess of supply. This competition on the job market has resulted in the selection process which penalizes those who are less well prepared and particularly those who have no work experience.

It should not be forgotten that technical training which corresponds to the requirements of the world of production can be acquired through experience which neither school alone nor generalized training courses can provide. Hence the need for linking education and vocational training firmly to production and working life through a system of training by 'alternance' on a school-work basis from the end of compulsory schooling to the age of 25, with special emphasis on young people between 16 and 18 years of age.

18. Furthermore, given the change of attitude towards work among young people and the unrealistic prospects for employment, your committee is of the opinion that support should be given to projects aimed at promoting facilities for young people in types and opportunities of job sharing to enable them to gain practical experience and at the same time discover their aptitudes and abilities.

19. The Committee on Social Affairs and Employment welcomes the Commission's proposal in the draft decision for specific, although not exclusive, assistance from the Fund for the training and retraining of employees of small

and medium-sized undertakings which acknowledges the key roles that these firms can play in helping to overcome the current crisis within the Community. The major capacity of the small and medium-sized undertakings for stimulating job creation and for expansion in the disadvantaged regions of the Community was clearly underlined by the Commission in the Mandate of 30 May 1980¹ and it will be remembered that the European Parliament, in the resolution adopted on 16 February 1982², supported the initiative for making 1983 the year of the craftsman and of small and medium-sized undertakings.

However, your committee feels that cooperative enterprises should also benefit from this special assistance since as corporately owned bodies they are an important part of the production system. It should also be stressed that the expansion of the cooperative movement cannot rely entirely on spontaneity and the free play of market forces but must be supported by appropriate economic policies. As a general rule a strictly selective approach should be applied to all Community intervention, with priority being given to projects aimed at implementing Community-wide policies; in order to ensure a more effective response and to coordinate intervention within their territories, Member States should be invited to present programmes on a national basis. Strict priority should also be given to any initiative involving the participation of other financial institutions of the EEC such as the EAGGF, ERDF, EIB, NCI, etc.,

A flexible Community programme of loans and reduced interest rates is urgently needed particularly for small and medium-sized undertakings and cooperatives which usually lack the necessary financial capital, both to provide assistance for the reconversion of production and investments for expansion and the rationalization of production.

20. Your committee is also convinced of the need for the Fund to provide specific assistance to firms in difficulties which by setting up as cooperatives could ease their present acute position and protect the jobs of workers who would otherwise face the threat of redundancy.

1 Bulletin of the European Communities - Supplement 1/81

2 OJ C 66, 15.3.1982, p.97

21. On the question of migrant workers and their families, the Committee on Social Affairs and Employment stresses the frequently low level of education and lack of vocational training found in this group. Assistance from the Fund is needed to enable these workers to improve their general and linguistic knowledge, to provide them with vocational training suited to access to the labour market and to provide their children with a more adequate education.

22. Your committee welcomes the type of Fund assistance to be given to those to be engaged as trainers, vocational guidance or placement experts or development agents, on condition that the technical services are provided professionally and serve the general interest. Priority in any aid programme should therefore be given to employers associations or other bodies which they have set up. These programmes should be subject to the control of the public authorities.

23. As regards the selection criteria for applications for aid, the Committee on Social Affairs and Employment feels that as a fair replacement to the existing criteria for geographical selectivity the new index should be based on the following components weighted as follows : per capita GDP (50%), long-term unemployment (25%) and youth unemployment (25%).

Your committee feels that overall unemployment should not be included in the index since statistics vary rapidly while applications for aid to be allocated during the following year or in the case of multi-annual operations for subsequent financial years, are to be made only once a year. If overall unemployment were to be included in the criteria for geographical selectivity, it would inevitably mean only a generalized assessment which would bear little relation to reality.

It should also be pointed out that the effects of overall unemployment are included in the GDP which cannot carry the same weighting as the two other indicators since this would prejudice the weaker regions which are already penalized in the proposed reform by the abolition of the budgetary implications automatically provided for under Art. 9(2) of the Decision 71/66/EEC currently in force.

24. Your committee also feels that a ceiling of 2% of the overall allocations of the Fund should be fixed for the operations proposed in Art. 6(3), since, in addition to escaping any criteria of regional selectivity, such

operations in view of the crisis confronting all the Member States could absorb a major part of the Fund's resources, thereby distorting its essential structural function.

25. With regard to the proposal for a regulation on the tasks of the European Social Fund, the Committee on Social Affairs and Employment feels it is essential, in addition to the welcome amendments which harmonize the proposed changes to the draft decision, that Art. 11 of the Decision 71/66/EEC, amended by Decision 77/801/EEC, which provides for a review of the Social Fund should be updated as an indispensable precondition for maintaining the flexibility attributed to this important Community financial instrument under Art. 126 of the EEC Treaty.

26. Finally, with regard to the Rules of the Committee of the European Social Fund, the Committee on Social Affairs and Employment appreciates the Commission's attempt to speed up the administrative procedures for the operation of the Fund.

MOTION FOR A RESOLUTION

tabled by Mr PININFARINA

pursuant to Rule 47 of the Rules of Procedure

on the revision of the criteria for the use of the European Social Fund
in the vocational training sectorThe European Parliament,

- A Whereas the funds granted by the European Social Fund should be designed to support the Community's economic policy measures with an employment policy, adjust supply and demand on the labour market between and within Member States and contribute to combating unemployment and underemployment which has arisen - to a greater or lesser extent - in almost all the States of the Community;
- B Noting that in practice there has been abuse of this instrument since contributions from the European Social Fund are often used to finance normal courses of vocational training designed for school leavers,
- C Recalling that an improper use of the European Social Fund is particularly serious in the present time of crisis and that the fact that funds are spread thinly often makes it impossible to implement specific projects in vocational training and job creation,
- D Noting that the economic crisis which has arisen in recent years in Europe and particularly in Italy has highlighted the difficulty for companies of maintaining the level of employment and that the progressive reduction in the numbers in employment has had more serious effects on young people, both those who have had university training and further education and - albeit in a different manner - school leavers,
- E Stressing that in this context an important feature of the present difficulties is the disparity between demand and supply on the labour market, arising in the first place from the wide qualitative gap between formal schooling and employment prospects,

- F Noting furthermore that one of the most obvious results of the crisis as it affects youth employment is a questioning of the structure of education, particularly of upper secondary education, as it has been conceived so far in many European countries and in particular in Italy since on the one hand the existing school system provides primarily an educational and cultural training while on the other hand we have a fast moving manufacturing sector which requires specific professional training adapted to constant technological innovations,
- 1 Affirms therefore that the management of the fund should be designed to create a new approach to the relationship between education, training and work and that vocational training represents the point of departure for this,
 - 2 Calls therefore, within the Community's field of responsibility, for the integration of the various funds and the implementation of projects to assist firms not only in quantitative or financial terms but also in a qualitative manner; that is to say the Community must first carefully evaluate what types of firm are best suited to protecting jobs through retraining measures and changes in the production and organizational structure,
 - 3 Points to the need to carry out a review of the sectors in which the Fund operates. The Fund must identify not only priority geographical areas but above all priority production sectors. At the present time the only production sector considered by the fund is textiles but it is felt that it is essential to assess ways of extending and reviewing this sector, considering it as the 'textile and clothing' sector with particular regard to medium and high level production, and at the same time defining areas of intervention in production sectors which an analysis of the economic situation of the Member States and of the Community shows to be priority sectors, either because of the technologies they use or, here too, because of the level of the product,
 - 4 Suggests, as an example, the possibility of creating an intervention sector to lay down specific priorities for the financing of training of management in small and medium-sized undertakings, aimed at achieving better and more efficient organization of production and human resources, as well as a detailed programme for the energy, electronics and engineering sectors, bearing in mind that steel is already covered by the ECSC,

- 5 Expresses the need for greater flexibility in the 'guidelines' laid down annually for the management of the ESF, guidelines which are essential for identifying priorities but which should not be rigidly applied to the acceptance or rejection of certain financing programmes. While noting that some selection of projects submitted is necessary if available funds are to be used properly it must be stressed that the assessment of each application for aid should not be made on purely formal or bureaucratic grounds,
- 6 Bearing in mind the importance of the guidelines for the management of the Social Fund and for the analysis of the situation of individual firms when applications are being submitted, stresses the need for Community definition of certain types of intervention. More specifically, as regards 'technical progress', more precise definitions of 'technological innovation' should be drawn up both to avoid excessive growth in the number of projects in this sector and to ensure that the management of funds corresponds more closely the economic situation in each country. Furthermore, as regards young people, the age band of those eligible to participate in training programmes financed by the Social Fund should be extended. This is necessary because further training and qualifications are necessary not only for workers, but for management and technicians. In particular, with regard to the problem of youth employment, attention has already been drawn to the need, at these educational levels, for specific and up-to-date industrial training.

As regards the 'regional' sector there must be a redefinition at Community level of priority intervention areas in the light of economic and social changes over recent years in many areas of Italy outside of the area of the 'Mezzogiorno',

- 7 Account should be taken of the fact that the problem of employment is not separate from the general economic context of individual firms, and therefore the financial instruments available to the countries of the European Community should form part of a policy for stimulating growth and recovery in industry. The European Parliament therefore believes that the Social Fund in particular should not merely provide a fallback for critical employment situations where no adequate solutions appear in the immediate future, but should be used as an instrument of renewal (in production, technology and organization) and support (for training and employment of young people) for all firms. It is therefore clear that technological innovation is not the only qualitative advance in production:

innovation and training of skilled workers should be pursued at the same time and be continuously linked within the production structure;

8 Believes that priority should be given to all operations directed towards:

- (a) the creation and continuation of 'active' training, through alternating theoretical study and practical application, providing for the direct involvement of existing know-how in the firms concerned;
- (b) the setting up of new firms in areas where financial incentives or facilities are offered at national or local level;
- (c) the training of middle management and more generally training at further education and even post-graduate levels;
- (d) career guidance for young school leavers to determine on the one hand their individual aptitude and abilities and on the other the professional areas where openings exist and the sectors with greatest potential for growth;
- ^{re} (e) the introduction and use in small and medium-sized undertakings of new technology which will simultaneously improve their competitive position and raise the professional level of those employed there;
- (f) the maintenance of employment in areas (Mezzogiorno and other regions to be determined) where industrial restructuring and reconversion is under way;
- (g) maintenance of employment levels through mobility between firms in areas marked by serious employment problems.

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman: Mr BAILLOT

On 23 November 1982 the Committee on Budgets appointed Mr Baillot draftsman.

At its meeting of 16 February 1983 the committee considered the draft opinion and unanimously adopted the conclusions contained therein.

The following took part in the vote: Mr Lange, chairman; Mr Notenboom and Mrs Barbarella, vice-chairmen; Mr Baillot, draftsman; Mr Barbagli, Mr Croux, Mrs Hoff, Mr Jackson, Mr Langes, Mr Lega, Mr Louwes, Mr Orlandi, Mr Price, Sir James Scott-Hopkins (deputizing for Mr Balfour), Mr Simonnet and Mrs Van Hemeldonck (deputizing for Mr Lalumière).

1. The European Social Fund, established by the EEC Treaty, has the task of 'rendering the employment of workers easier and of increasing their geographical and occupational mobility within the Community' (Article 123 of the EEC Treaty). Thus, from the beginning it has set out to be an instrument whose main purpose is to improve the balance between the supply of and demand for manpower within the Community.
2. The reform of 1971 widened and diversified the European Social Fund's scope for action and gave it its present structure. In accordance with Council Decision 71/66/EEC of 1 February 1971¹, a further review was carried out in 1977 (Decision 77/801/EEC of 20 December 1977²), one result of which was the placing of greater emphasis on the regional criterion when determining the Fund's areas of activity.
3. The review proposals put forward by the Commission are based on Article 126 of the EEC Treaty and Article 11 of the Council Decision 71/66/EEC of 1 February 1977, as amended by Decision 77/801/EEC of 20 December 1977, which provides for the operating rules of the European Social Fund to be reviewed every five years. The proposals come at a time when the number of unemployed in the Community has reached 12 million, or 10.8% of the working population.

Three texts have been submitted to Parliament for consideration: a draft Council decision on the tasks of the ESF, a proposal for an implementing regulation and a draft decision on the rules of the Committee of the European Social Fund.

I. General objectives of the review

The purpose of the Commission's proposals is to strengthen the national aspect of Community action and to redistribute responsibilities among the institutions.

A. Strengthening the national aspect of Community action

4. At present the ESF has three functions:

- It takes action to assist operations which are carried out in the Member States as part of their labour market policy and which concern the regions,

¹ OJ No. L 28 of 4 February 1971

² OJ No. L 337 of 27 December 1977

branches of economic activity and groups of undertakings or the entry or re-entry of the handicapped into economic activity (Article 5 of Decision 71/66 amended). Half of the Social Fund appropriations must be allocated to these operations and paid to regions which, 'because they are less developed or there is a decline in their main activities, suffer a serious and prolonged imbalance in employment'. In practice these are the same regions as those aided by the ERDF, i.e. the priority regions as defined in national aid programmes.

- The ESF also takes action, on a specific decision by Council, when the employment situation is affected or in danger of being affected either by special measures adopted by the Community or where it appears necessary in order to improve the balance between supply of and demand for manpower within the Community (Article 4 of Decision 71/66 amended).
- Lastly, the Fund helps to finance preparatory studies and pilot schemes (Article 7 of Regulation 2396/71).

5. Although the schemes provided for in Article 7 of Regulation 2396/71 are maintained in more or less their original form, the Commission proposal alter drastically the way in which the ESF now operates:

- measures of a specifically Community nature have been dropped;
- measures in support of national policy are to constitute the most important aspect of ESF operations from now on.

As stated in Article 3 of the proposal for a decision:

- '1. Fund assistance may be granted for operations carried out in Member States within the framework of their training and labour market policies. These operations shall include those concerned with the extension of training provision for young people immediately after their completion of compulsory schooling.
2. Fund assistance may also be granted for specific operations, preparatory studies or evaluations intended to
 - (a) facilitate the launching of innovatory operations, notably in the application of a Community programme or

(b) test new methods or

(c) promote the dissemination of experience.'

6. The nature of the assistance referred to in Article 3(2) is left unspecified. It is to be hoped that the operations carried out under this heading will be specific Community operations which are likely to have a real impact on unemployment and to shed light on developments in the Member States of the Community.

7. The proposal to abolish specifically Community operations is bound to give rise to serious reservations.

First, the operations carried out under Article 4 of Decision 71/66 amended (Chapter 50 of the budget) are the only ones to show a satisfactory rate of utilization: 99.47% in payment appropriations for 1981 as against 85.53% for Community action in support of national policies (Chapter 51) and 43.88% for pilot schemes (Chapter 52). Indeed, experience has shown that the rate of payment of Community aid is slowed down by the delays in implementing national aids¹.

Above all, this constitutes a fundamental departure from the principle of Community action, which now is only to be found in the limited framework of Article 3(2). However, this does not mean that the operations carried out so far on the basis of Article 4 and the specific decisions by the Council will be abandoned. Once these measures have been incorporated into national programmes and into the annual guidelines laid down by the Commission (see below), they could continue to be implemented.

B. A redistribution of responsibilities

The Commission's proposal may lead to a strengthening of the roles of the Commission and the European Parliament.

8. As the ESF currently operates, social policy is based on a number of legal acts:

¹ See report by the Court of Auditors for the 1981 financial year, OJ No. C 344 of 31.12.82

- in the case of operations under Article 5, the basic regulations of the ESF constitute the legal basis; the Commission lays down three-year guidelines in the light of which the operations falling within the national programmes are considered,

- Community operations under Article 4 are based on specific Council decisions and implemented according to the guidelines laid down by the Commission,

- the preparatory studies and pilot schemes are carried out by the Commission with the agreement of the countries concerned.

9. Under the Commission's proposal, only the procedure of the former Article 5 would remain, i.e. the guidelines adopted by the Commission - each year for a period of three years, after informing Parliament and Council - will define the conditions of eligibility for all operations.

Consequently, one of two developments is likely:

- either the Commission intends to pursue a specific policy aimed at shaping the orientations of the national programmes; in that case the disappearance of the operations under Article 4 would in fact be of secondary importance;

- or the Commission is adapting its guidelines according to the national programmes already in force; in that case the Social Fund would be nothing more than at best an instrument to finance the different national programmes, and at worst a means of redistributing Community resources in response to pressures brought to bear by the Member States. This is why Parliament must make full use of its prerogatives.

10. At present the budgetary decisions taken by Parliament concerning the ESF have to satisfy two criteria:

- appropriations earmarked for operations under Article 5 and carried out in regions covered by the ERDF may not be less than 50% of the total appropriations available (Article 9 of Decision 71/66 amended).

- within Article 5 at least 60% of available appropriations are earmarked as a priority for operations carried out in the ERDF regions.

These rules, which limit Parliament's budgetary powers, are effectively turning the ESF into a second Regional Fund. In 1981, for example, these regions not covered by the ERDF received only 36.5 m ECU under Article 5 compared with the 481.5 m ECU allocated to the ERDF regions.

11. The Commission's proposals contain no detailed budgetary breakdown. This is a positive factor, which helps to restore the full importance of the budgetary authorization. With this in mind, it is important that the procedures should enable a proper degree of consistency to be achieved between the guidelines laid down by the Commission and the budgetary choices made by Parliament within its margin for manoeuvre. Consequently, it is essential that:

- * the Commission should consult Parliament as it is required to do with the Committee of the Social Fund, prior to adopting the annual guidelines

- * having received the applications for aid (before 1 September) the Commission should give Parliament details, during the debate on the budget, of the volume of funds required under each budgetary item.

These measures are essential to guarantee consistency between the legislative and budgetary aspects of Community action.

II. Content of the reform of the ESF

The amendments proposed by the Commission cover the following main points:

A. Beneficiaries

12. The categories which have been eligible for aid from the ESF in the past will continue to be eligible. However, the proposals submitted by the Commission no longer refer to aid paid to workers over the age of 50 to maintain their salaries during the first six months of their professional re-adaptation.

Furthermore, the Commission proposes to include the following categories:

- young people under the age of 18 who have completed compulsory schooling (this category is not eligible for assistance under the existing ESF),

- people who are employed in small and medium-sized undertakings and who require retraining owing to the introduction of new technology,

- trainers, vocational guidance or placement experts, development agents.

These provisions respond to a real need and require no specific comments from the Committee on Budgets.

B. Eligible expenditure

13. Article 1 of the draft regulation gives an exhaustive list of the operations eligible for assistance. They include, in particular, 'the granting for a period not exceeding 12 months of ... premiums for the recruitment of young people aged 18 to 25, women, disabled people and those unemployed for over six months, in newly created jobs which will enable the workers concerned to improve their skills through further training and work experience'.

We have very serious misgivings about this type of aid, since experience in a number of Member States has shown that it tends to be a form of aid to undertakings - and a very expensive one into the bargain - rather than a lasting solution to the situation of the unemployed.

C. Community participation

14. The Commission has proposed the following amendments:

- the share of expenditure borne by national public authorities must be equivalent to at least 30% of eligible costs; this is a step forward with regard to the operations carried out by private entities, which previously have been eligible only for an amount equal to the share of expenditure borne by the public authorities,

- the Commission intends to develop the system of contributions from the fund on a flat-rate basis, expressed as an amount per person per unit of time; this mainly affects recruitment premiums,

- aid will be paid directly by the Community to those responsible for the financial management of the operations; apart from shortening the time taken for payment, this initiative will help to publicize ESF-funded projects,

- the Commission has proposed measures aimed at simplifying and speeding up payments from the Fund; in the case of operations under Article 3(1), for instance, a single advance of 60% will be paid as soon as the operation has been authorized, the balance being paid following the submission of a detailed report on the content and financial aspects of the operation.

D. Geographical distribution of aid

15. The geographical distribution of aid proposed by the Commission applies only to Community measures in support of national policies (Article 3(1)). It is based on an objective criterion; each 'region', the smallest unit it is possible to calculate on the basis of Community statistics, is given an index calculated on the basis of four parameters: per capita GNP, general unemployment, long-term structural unemployment and youth unemployment. The Commission will publish the classification of regions drawn up in this way in the Official Journal by 1 May. Appropriations are allocated to the regions according to their place on the list until the funds are exhausted. Two riders are added to this objective criterion:

(1) Greenland, Greece, the French Overseas Departments, the Republic of Ireland, the Mezzogiorno and Northern Ireland head the list, whatever happens, and the rate of Community intervention for these regions is also to be increased by 10% to 55%. The Commission points out in its remarks that this provision implements Article 6(2) of the draft decision which states that 'the Council, acting by a qualified majority on a proposal from the Commission, may determine the regions to appear at the head of that list'. There is therefore little likelihood of new decisions by the Council modifying the order determined on the basis of the objective criterion outlined above.

(2) The Commission may exceptionally also grant aid from the Fund in areas particularly affected by unemployment (unemployment rate three times the national average), irrespective of the classification on the list.

16. This procedure calls for a number of comments:

(1) The present system is based in the main on the ERDF regions. However, for each operation, provided there are still appropriations for the lowest level of priority laid down in the Commission's three-year guidelines, the applications for funds are dealt with by means of a 'weighted reduction' mechanism, which gives preferential treatment to regions with low per capita GNP and high unemployment rates. Nevertheless, this is still a pro rata distribution which leads to available appropriations being spread thinly. The mechanism proposed by the Commission avoids this major drawback: the applications submitted from the less-favoured regions are not dealt with until those of the least-favoured regions have been satisfied;

(2) In its remarks the Commission seems to consider the geographical criterion as a secondary criterion, which is simply a means of allocating a limited volume of funds. Is there not a risk here, however, that the political orientations of the ESF will be shaped on the basis of the needs of priority regions to the point where the social policy would, in fact, be nothing more than the 'vocational training' section of the regional policy? Without wishing to prejudge the merits or risks of such a development, your draftsman feels bound to draw the attention of the Committee on Budgets to the ambiguous situation arising from the juxtaposition of a geographical criterion (classification of the regions) and a material criterion (annual guidelines);

(3) Before allocating funds to regions at the head of the lists according to their index, the Commission must have satisfied the applications submitted by the six priority regions - which amounted to nearly 44% of the funds granted in 1981; furthermore, it may grant aid, irrespective of the classification, to areas particularly affected by unemployment. When one considers that in 1981 the overall amount of aid submissions exceeded the amount of resources by nearly 74%, one may well ponder how much aid is likely to be granted in the regions which are not at the top of the list;

(4) Do not the criteria used to calculate the index, which are aimed at helping above all the regions hardest hit by unemployment, in fact help to perpetuate this phenomenon? Would it not be better to take greater account

of the efforts made and results obtained in stemming the rising tide of unemployment and in encouraging improvements in the labour market situation: e.g. the measures taken to reduce working hours, to lower the retirement age and to promote the vocational training of young people?

E. Verification

17. In addition to the possibility already open to the Commission to have access to accounting documents and to carry out on-the-spot checks, the proposal contains two new provisions:

- the possibility of checking a random sample of participants in a programme and, if the results of the sample lead to a reduction, to apply this percentage reduction to the whole claim,

- the possibility for the Commission to entrust the task of verification to the Member States.

18. The sanctions proposed have not been changed: repayment of unused amounts in accordance with the conditions laid down in the decision approving Fund assistance, and secondary liability of the Member States.

Although the Committee on Budgets has no specific remarks to make on these provisions, it must underline the risks involved in the proposals relating to advance payments.

X X X X

19. The reform of the Social Fund will come into force on 1 January 1983, although the previous regulations will still apply to operations for which applications were submitted before 31 December 1983.

20. There is no authorization in the general budget, as adopted by Parliament, for implementing the new proposed measures. The Commission should indicate as soon as possible what the structure of the revised Social Fund budget will be and provide an indicative breakdown of appropriations which it will propose in an amending and supplementary budget for 1983.

CONCLUSIONS

The Committee on Budgets

- (a) Recalls the priority accorded by Parliament to the fight against unemployment and the budgetary measures adopted to enable the European Social Fund to satisfy requirements more effectively;
- (b) Considers it essential that there be consistency between the guidelines of the Social Fund and budgetary decisions and that, to this end, the Parliament should be consulted on those guidelines and given specific information about the financial requirements;
- (c) Calls for a strengthening of the coherence of Community policies, improved coordination of their financial instruments and the stepping up of direct Community action in order to combat unemployment more effectively;
- (d) Approves the Commission's view that the Fund should 'become a more active instrument in support of job creation policies'; hopes, therefore, that in the drawing up of the list of priority regions criteria will also be used which take account of the efforts and the progress made by the Member States in curbing the rise in unemployment and in encouraging improvements in the employment situation;
- (e) Doubts the effectiveness of emphasizing the importance of regional selection criteria in the definition of the areas in which the Fund can take action; wonders, in particular, in view of the resources at the Fund's disposal, about the amounts which it will be possible to allocate to regions which do not appear at the head of the list;
- (f) Rejects the proposed abandonment of Community programmes and believes that pilot schemes likely to have a direct impact on unemployment and the dissemination of such schemes within the Community should be continued, while nevertheless maintaining a certain participation by the Member State concerned;

- (g) Welcomes the fact that the Commission draft no longer specifies in advance how the budgetary appropriations are to be allocated to the various operations to be carried out;
- (h) Requests that the granting of financial aid to undertakings for the purpose of recruitment be accompanied by thorough checks on the vocational training given;
- (i) Welcomes the speeding up of procedures for the payment of funds, provided appropriate checks are made with the assistance of the national administrations;
- (j) Approves the direct payment of aid to those responsible for the financial management of the operations as this shortens the circuits for the distribution of funds;
- (k) Requests the Committee on Social Affairs and Employment to associate itself with the conclusions of this opinion and to incorporate them in the resolution which it is to put before Parliament.

OPINION OF THE COMMITTEE OF INQUIRY INTO THE SITUATION
OF WOMEN IN EUROPE

Draftsman: Mrs MAIJ-WEGGEN

At its meeting of 23 November 1981 the Committee of Inquiry into the Situation of Women in Europe decided to draw up reports on 17 different subjects. One of these concerns the review of the European Social Fund in terms of its effect on women, on which Mrs MAIJ-WEGGEN was appointed rapporteur.

In the meantime the Commission had put forward a proposal for a Regulation to implement a Council Decision on the tasks of the European Social Fund (Doc. 1-903/82), on which the Council asked the European Parliament for its opinion on 15 November 1982.

On 19 November 1982 the President of the European Parliament referred the proposal for a regulation to the Committee on Social Affairs and Employment as the Committee responsible.

As this subject was directly linked to Mrs MAIJ-WEGGEN's report, the Committee of Inquiry into the Situation of Women in Europe at its meeting of 18/19 October 1982 instructed her to draw up an interim report incorporating an opinion on the Commission's proposal for a Regulation to implement a Council Decision on the tasks of the European Social Fund insofar as this concerns women.

On 19 November 1982 the Bureau of the European Parliament formally authorized the Committee of Inquiry to deliver an opinion on the proposal for a regulation.

The Committee of Inquiry considered the proposal for a Regulation and the draft opinion at its meeting of 20/21 January 1983. At its meeting of 21 January 1983 it adopted the attached opinion and amendments together with explanatory statement unanimously.

The following took part in the vote: Mrs CINCIARI RODANO, Chairman; Dame Shelagh ROBERTS, Vice-Chairman; Mrs von ALEMANN, Vice-Chairman; Mrs MAIJ-WEGGEN, draftsman; Mr EISHA, Mr ESTGEN, Mr DEL DUCA (deputizing for Mrs GAIOTTI DE BIASE), Mrs SPAAK and Mrs WIECZOREK-ZEUL.

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ANNEXES

1. Amounts committed from the Fund in 1981 broken down by Member State and by budget item
2. Two tables listing the number of projects concerning women submitted by Member States and sums applied for and the number of projects concerning women selected and sums approved by the Commission (1979-1980-1981)
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A. AMENDMENTS and OPINION

On the basis of the arguments contained in the explanatory statement, the Committee of Inquiry into the Situation of Women in Europe hereby submits to the Committee on Social Affairs and Employment the following proposals for amendments and opinion.

Amendments to the draft Council Decision on the tasks of the European Social Fund

Amendment No. 1

Insert the following after the 4th recital:

'Whereas the resources of the European Social Fund must be used for the equal benefit of the men and women of Europe'.

Amendment No. 2

Insert the following after the 5th recital:

'Whereas account must be taken here of (i) the action programme on the social integration of disabled people (COM(81) 633 final) of 29 October 1981 and (ii) the new Community action programme on the promotion of equal opportunities for women (COM(81) 758 final) of 10 December 1981'.

Amendment No. 3

Amend Article 4(1) to read as follows:

' Fund assistance may be granted on behalf of all people seeking work and particularly on behalf of:

- (a) unemployed people, those who are threatened with unemployment or who are underemployed;
- (b) young people under the age of 18 years who have completed compulsory schooling;
- (c) young people between 18 and 25 years of age who are unemployed or seeking employment;
- (d) women of or over 25 years of age who wish to return to work;
- (e) disabled people who are capable of working in the open labour market.

Amendment No. 4

Amend Article 6(2) to read as follows:

'In order to implement paragraph 1 above the Commission shall, before 1 May of each year, draw up a list classifying the regions of the Community, at the lowest level permitted by Community statistics, taking account both of economic capacity and of the employment situation as these are reflected in overall employment, in long-term structural employment, in youth unemployment and in unemployment among women.'

Amendments to the proposal for a Council Regulation to implement the Council Decision on the tasks of the European Social Fund

Amendment No. 5

Insert the following after the 3rd recital:

'Whereas the resources of the Fund should be used for the equal benefit of the men and women of Europe'.

Amendment No. 6

Amend Article 1(a) to read as follows:

'(a) incomes of trainees, where there is a loss of wages or state benefits or where costs are incurred for home help and/or child care.'

Amendment No. 7

Article 1 b

Add two new indents to read as follows:

- " - the drawing up and implementation of dispositions for child-care for women wishing to take up (or return to) employment,
- the organisation and implementation of replacement services to benefit women working in family businesses;"

Amendment No. 8

Amend the first indent of Article 1(c) to read as follows:

'- premiums for the recruitment of young people aged 18 to 25, women of or over 25 years of ages, disabled people etc.'

Amendment No. 9.

Insert the following new article after Article 1:

'The Member States shall endeavour to ensure that participation of men and women in the various projects is equitable subject to the provisions of Article 4(1)(c) of Decision 82/ /EEC.'

Amendment No. 10

Amend Article 5(1) to read as follows:

'The approval of an application submitted under Article 3, paragraph 1 and Article 4, paragraph 1 of Decision 82/ /EEC shall be followed by the payment of an advance of 60% of the assistance approved.'

Amendments to the draft Council Decision on the rules of the Committee of the European Social Fund

Amend Article 2 to read as follows:

'The Committee shall be composed of two representatives of the Government, one representative of Trade Unions, one representative of Employers' Organizations, one representative of Women's Organizations and one representative of Youth Organizations for each Member State.'

Further, the Committee of Inquiry asks the Committee on Social Affairs and Employment to include the following passages in its Resolution:

Whereas:

- The resources of the European Social Fund have hitherto not been used for the equal benefit of the men and women of Europe.
- Specific operations on behalf of women would therefore be very useful if the funds for such action were to go some way toward redressing this imbalance.
- The Commission, in consultation with the Member States, should make every effort to ensure that funds for specific operations on behalf of women are mainly directed towards regions with relatively high female unemployment.

- It is however more important that all ESF budget items be used for the equal benefit of men and women.
- considering that the European Parliament in its resolution of 11 February, 1981 on the situation of women in Europe (1) asked the Commission that the implementation of the directives on equal pay and equal treatment - and of the social security directive from 1984 onwards - be an essential precondition for the granting of support from the Community's regional and social funds (2).

Calls upon the Commission

- To ensure that within 5 years the number of women participating in projects subsidized by the Fund is equal to the number of participating men, so that specific operations on behalf of women can be phased out.
- To introduce an appropriate prior condition to this effect for applications for Fund assistance.

1) OJ C 50 of 9.3.1981

2) see par. 4 of the resolution

B

EXPLANATORY STATEMENT

1 Aims and operation of the 'old' Fund

1.1 The European Social Fund was established in 1958 on the basis of Article 123 of the Treaty of Rome 'in order to improve employment opportunities for workers in the common market and to contribute thereby to raising the standard of living'. It was given the task of 'rendering the employment of workers easier and of increasing their geographical and occupational mobility within the Community'.

1.2 The legal provisions defining the scope and operation of the Fund have been revised a number of times to bring it in line with economic and social developments in the Community. The last review was in December 1977 and a new review is now due.

1.3 The current Fund, in operation since 1977, pays particular attention to the geographical and occupational mobility of specific groups of workers. Assistance is granted under Article 4 of the amended Council Decision reforming the European Social Fund to projects designed to aid

- persons leaving agriculture to look for work in other sectors,
- persons who are working in the textile and clothing industry or are about to leave this sector,
- migrant workers,
- young people under 25 who are unemployed or looking for work,
- women over 25 who are unemployed or looking for work.

In addition, assistance is given under Article 5 to projects involving

- workers who are unemployed or threatened with unemployment in less-developed regions or areas suffering from a decline in economic activity,
- workers in branches with problems as a result of technological progress,
- workers affected by problems facing groups of firms,
- the reintegration of handicapped persons.

Finally, the Fund also subsidizes preparatory studies and pilot schemes with a view to future interventions by the Fund.

1.4 The amount contributed by the Fund to projects is equal to the share paid by national governments. The Fund will thus pay up to 50%

provided that the national government concerned also contributes 50%. If a private body bears part of the cost of a project (e.g. 30%), the Fund will share the remaining costs with the national government (e.g. 35% each). Regions with a severe, long-term imbalance in employment may however receive an additional subsidy of 10% from the Fund towards the cost of projects.

Payments from the Fund are usually made in three phases: an initial advance at the start of a project, a second when the first half of the project is completed, and the rest when it is finished.

An advance never exceeds 30% of the total assistance granted.

- 1.5 The financial endowment of the Fund has become gradually larger over the past few years partly thanks to amendments made by the European Parliament. In 1981 expenditure was 1003.67 million ECUs, i.e. about 5% of the total Community budget. It should be noted that the volume of applications is much higher than the amounts approved. In 1981 for example, applications for assistance totalled 1928.76 million ECUs.

For a breakdown of expenditure according to budget items and Member States, see Annex 1.

(Annex 1: p. 86, Tenth Report on the activities of the European Social Fund, 1981)

2. The ESF and women

- 2.1 It goes without saying that assistance provided by the Fund should be of equal benefit to both men and women in the Community, taking into account the target groups specified in Articles 4 and 5. The Member States thus have to submit an annual report to the Commission on the activities of the Fund in their countries, specifying among other things the number of people concerned subdivided according to field of intervention and sex.
- 2.2. The latest available data on the percentage of women per field of intervention are for 1979 and are contained in the reports by the Member States published as a supplement to the Ninth Report on the activities of the Fund (COM(82) 211). On the basis of these statistics,

the proportion of women per field was as follows:

Article 4

agriculture 43%
textile sector 55%
young people 36%
migrant workers 40%
women 100%

Article 5

regions 17%
groups of firms 73%
techn. progress 6%
handicapped 36%

Subtracting the specific item for women, the average proportion of women benefitting from the activities of the Fund was thus about 38%

- 2.3 The data for 1980 will be published as a supplement to the Tenth Report on the activities of the Fund when the Commission has received all the national reports from the Member States. The provisional data supplied by the Member States however indicate that women accounted for about 30% of the beneficiaries of the total activities of the Fund during 1980 (source: DG V, Commission).
- 2.4 It may be concluded from the above that women do not benefit from Fund assistance as much as they should, given that they form 52% of the Community population. This is even more the case when one considers that unemployment is higher among Europe's women than among Europe's men. (For women, 8.9% of the working population and for men, 7.3% - average figure for 1981.)

3. Specific operations by the European Social Fund on behalf of women

- 3.1 As early as May 1972, partly because women received insufficient benefit from the Fund, it was decided that assistance could be granted to specific projects to promote vocational training for women of or over 35 wishing to re-enter working life after, say, a period of work in the home. These projects came under Article 5. However not one such project was actually implemented, mainly as a result of the regional character of this article. It applies namely to 'priority regions' and experience showed that there was little enthusiasm in regions with severe employment problems for projects specifically for women.

3.2 When the Fund was reformed in 1977, the Commission therefore proposed to make the conditions for operations specifically aimed at women more flexible by transferring the provisions for women from Article 5 to Article 4 and lowering the age requirement to 25.

This proposal was made possible by a declaration of intent by the Council on 25 and 26 March 1977 in Rome concerning the need for a solution to training and employment problems affecting women.

The Commission's proposal was approved by the Council as Decision 77/804/EEC and entered into force on 1 January 1978.

3.3 This Decision now allows assistance to be given to projects for women aged 25 or over

- with no vocational qualifications or insufficient vocational qualifications and
- who have lost their employment or who wish to exercise an occupation after a long break.

In its guidelines for the management of the European Social Fund, the Commission later decided to give priority to projects for occupations in which women were under-represented with the aim of improving the mix between men and women workers in the various sectors of the labour market, in the various occupations and at all career levels.

3.4 Although Decision 77/804/EEC has proved to be more successful than the previous Article 5 arrangement for women, this success is limited: in 1979 the new Article 4 provisions benefitted 14,316 women, in 1980 11,300 and in 1981 10,900. The new arrangement in no way compensates for the low proportion of women assisted by other Fund operations. The table below shows that the provisions for women under Article 4 applied to less than 1% of the total number of persons assisted by Fund operations during 1980 and 1981.

**ESTIMATED NUMBER OF BENEFICIARIES
BY SECTOR OF INTERVENTION, 1980 AND 1981**

<u>Sector</u>	<u>Beneficiaries</u>	
	<u>1980</u>	<u>1981</u>
Agriculture	16,700	5,822
Textiles and clothing	17,300	8,800
Migrant workers	267,500	258,300
Young people	655,000	436,760
Women	11,300	10,900
Regions	488,000	500,000
Technical progress	16,586	23,997
Groups of firms	2,800	6,029
The handicapped	57,500	55,280
	1,532,686	1,305,888

Table p. 111 (Tenth Report on activities of fund)

- 3.5 If the benefit to women from Decision 77/804/EEC is expressed in money terms, it appears modest indeed. In 1981, for example, 1003.67 million ECUs were spent on various Fund operations. Of this figure, 22.66 million ECUs were allocated to the budget item 'women', i.e. less than 0.25% (see Annex 1).
4. The effects of Decision 77/804/EEC in detail
- 4.1 Even though the area covered by Decision 77/804/EEC compared with other Fund operations is very limited both with regard to the number of people assisted and in financial terms, relatively large groups

of women (about 35,000 in 1979/80/81) and substantial amounts of money (over 22 million ECUs in 1981) are nevertheless involved. It is therefore worthwhile investigating the interest shown in this subsidy, the number of applications approved and the breakdown of applications and approvals by Member State. At the request of the draftsman DG V of the Commission provided two tables (see Annex 2).

4.2 The figures contained in these tables prompt some critical comments:

- The number of applications for projects for women was larger than the number approved: - 62 compared with 56 in 1979, 22/21 in 1980 and 25/22 in 1981.
- The aid requested was significantly higher than the amount approved:-
in 1979: 31.259m compared with 18.348m ECUs,
in 1980: 71.480m compared with 21.092m ECUs,
in 1981: 103.052m compared with 22.546m ECUs.
- The number of applications varied greatly from country to country.

4.3 On the subject of these data, the Commission was asked why certain projects had been rejected and why so little money had been made available for those that had been approved. The Commission gave a detailed answer (see Annex 3) from which the following conclusions could be drawn:

- Projects had to be rejected because the amounts applied for far exceeded the funds available.
As a result, only projects with the highest priority ratings received full approval.
- All non-priority programmes were either subject to a weighted reduction or rejected.

4.4 In reply to the draftsman's question as to why there was such a large variation in applications per Member State, the Commission answered that this was mainly due to the differing interest shown in this budget item by the various Member States.

The Commission has tried a three-pronged approach to correct this imbalance:

- a special campaign in cooperation with national women's organizations;
- a special campaign aimed at national trade unions through European Regional Information days;
- regular information in the bi-monthly magazine 'Women of Europe'.

Despite these efforts, it has to be noted however that one Member State (West Germany) still received 57% of all the funds under this budget item, followed by France and Italy as the next major beneficiaries. Belgium, Ireland, the Netherlands and the United Kingdom draw only marginal amounts, while Luxembourg and Greece receive nothing (at least not in 1981) (see Annex 2).

4.5 Given that the Commission has been reasonably active over the past few years in trying to distribute the available funds more fairly, the question arises as to why the interest shown by Member States in the budget item concerned varies so much and whether there is a connection between the extent of unemployment among women in the Member States and the interest shown by Member States in this form of aid. This question, when put by the rapporteur, also elicited a detailed response from the Commission (see Annex 4).

4.6 These replies yield a remarkable picture. Taking 1981 as an example, of those Member States with a rate of female unemployment close to or greater than the European average (8.9%), Belgium (17.7%), Ireland (8.7%), the United Kingdom (7.7%), Denmark (7.8%) and the Netherlands (7.6%), made only marginal use of the funds available. France (10.2%) and Italy (12.4%), both susceptibly higher than the European average, and Germany (6.1%), lower than average, received fair to generous amounts while one country (Luxembourg) drew nothing at all. The latter has, indeed, the lowest female unemployment rate in the Community. The figures for 1980 and 1979 show a similar picture.

N.B. Greece, which joined the Community in January 1981, had not yet made use of this budget item either.

5. Conclusions regarding the position of women with respect to the existing Fund

5.1 The European Social Fund should be of equal benefit to both men and women in the Community. This is not the case however. Men benefit much more from the Fund than women.

5.2 Specific action in favour of women would thus be extremely helpful - but only if it is effective. The existing Decision 77/804/EEC in no way redressed the current imbalance.

- 5.3 Given that the number of applications for specific action under Decision 77/804/EEC more than exhausts the funds available, an increase in the amount set aside for this budget item is extremely desirable.
- 5.4 The Commission must however, ensure the optimum distribution of resources so that Member States with relatively high unemployment among women benefit more from the Fund¹.
- 5.5 It is however just as important to ensure that all the other items in the Fund's budget are shared equitably among men and women
It would be desirable to make such a requirement a prior condition.

6. Summary of the new European Social Fund (Doc. COM(82) 485 final)

- 6.1 On 7 October 1982 the Commission of the European Communities adopted a set of three proposals intended to reform the European Social Fund.

On the same day, a summary of these proposals was presented to the European press.

The document concerned (Doc. COM(82) 485 final) was made available to Parliament on 11 November 1982 in all the official languages.

The proposals comprise:

- a draft Council Decision on the tasks of the European Social Fund,
- a proposal for a Council Regulation to implement the above Decision,
- a draft Council Decision on the rules of the Committee of the European Social Fund.

All three proposals are accompanied by an adequate explanation. However, there is no evaluation of the results achieved by the Fund over the last 5 years.

- 6.2 The 'draft Council Decision on the tasks of the European Social Fund' sets out primarily to outline the new objectives and tasks of the revised Fund.

The following points are significant:

- The 9 fields of intervention under Articles 4 and 5 of the old Fund have been partly replaced and supplemented by the following new target groups (new Article 4).

¹ The rapporteur intends to hold further discussions on this matter with the officials concerned in the national Ministries.

- a. unemployed people, those who are threatened with unemployment or who are underemployed;
- b. young people under the age of 18 who have completed compulsory schooling;
- c. women who wish to return to work;
- d. disabled people who are capable of working in the open labour market;
- e. people who are employed in small and medium-sized undertakings and who require retraining owing to the introduction of new technology;
- f. migrant workers and members of their families;
- g. people to be engaged as trainers or vocational guidance or placement experts etc., for the above groups.

- In addition, Fund assistance may be granted for general operations carried out in Member States within the framework of their labour market policies and for specific operations in the form of preparatory studies or evaluations (Article 3).

- Funding arrangements (Article 5) have been significantly modified and improved:

Fund aid may in future be granted in the form of flat-rate payments.

- Article 6 seems to place important restrictions on the granting of aid, with preference given to priority regions determined according to economic capacity and the employment situation, as reflected in overall employment, in long-term structural unemployment and in youth unemployment.

6.3 The proposal for a 'Council regulation to implement the decision on the tasks of the European Social Fund' concentrates on the major administrative provisions relating to the granting of Fund aid.

The main points are as follows:

- Assistance may be granted from the Fund (Article 1) to cover expenditure relating to e.g.
 - a. incomes of trainees
 - b. preparation, operation and administration of training courses
 - c. recruitment and accommodation of trainees
 - d. integration of the disabled
 - e. projects for the social and vocational integration of migrant workers and their families.

- The flat rates are calculated on the basis of the average costs of the Fund for the last financial year plus an adjustment for the rise in the cost of living (Article 2).
- The flat rates for the recruitment of vulnerable groups - young people aged from 18 to 25, women, disabled people and long-term unemployed - are to be increased by 50% (Article 2).
- Some projects may receive advances of 60% or 40% before they are started (Article 5).
- Alongside the normal certification requirements halfway through and at the end of a project, sample checks will also be carried out.

The draft Council decision on the rules of the Committee of the European Social Fund contains two elements worthy of note:

- The Committee is to be composed of two representatives of the Government, two representatives of Trade Unions and two representatives of Employers' Organizations for each Member State (Article 3).
- Article 6 states that the Council shall make every effort to achieve fair representation within the various groups concerned on the Committee.

7. The position of women in the new Fund

7.1 The draft Council decision on the tasks of the European Social Fund

7.1.1 Earlier it was concluded that assistance from the old Fund did not benefit men and women in the Community equally. On the contrary, men do better out of the Fund than women.

Although the Commission is certainly well aware of this state of affairs, it makes no mention of it in its opinion on the review of the European Social Fund. It is therefore recommended that this point be included in the recitals of the draft decision.

7.1.2 The Commission's opinion makes no reference to its new policy on women's rights either. The 'new Community action programme on the promotion of equal opportunities for women 1982-1985' is not mentioned even though several parts of the programme have to be implemented with aid from the Fund. It would therefore be useful if this action programme (Doc. COM(81) 758 final) could be included in the recitals of the draft decision. The same applies to the action programme for disabled people (Doc. COM(81) 633 final).

7.1.3 Article 4 of the draft decision lists the target groups of the new Fund. One of these, as in the old Fund, is a group specifically for women, although the age requirement 'older than 25', included in the old text, has been dropped. The reason for having this restriction in the old Fund was to establish a clear demarcation between the budget item for young people between 18 and 25 and the item for women.

As the new fund no longer contains any reference to a specific target group for 'young people from 18 to 25', there is now no need for an age limitation for the target group 'women'. The list in Article 4 does however contain a target group consisting of 'young people under the age of 18 years who have completed compulsory schooling'.

The question is whether the Commission's new definitions are justified.

The inclusion of a specific budgetary provision for young school-leavers up to the age of 18 is to be welcomed without reservation. Investigations have moreover shown that this group contains more girls than boys. However, the dropping of the specific provision for young people from 18 to 25 is to be regretted, given the very high unemployment among this group. In April 1982, 43% of the unemployed in Europe were younger than 25, with the young unemployed women representing a significantly higher proportion than young unemployed men (51.3% / 37%).

The danger is that there will be an enormous pressure from applications for young unemployed women on the resources originally set aside for women over 25, although these funds are quite inadequate even now (see 4.2). The result will also be increased pressure from applications for young unemployed men and women on the budget item for the unemployed in general.

It is quite possible that the Commission will trigger a competition for funds among various vulnerable groups, which can hardly be justified.

It would therefore be more sensible to return to the old definitions by including young people from 18 to 25 as a separate target group in the draft decision and restoring the age limit for women. The budget items may then be subdivided according to groups.

7.1.4 The modification of funding arrangements by going over to flat rates will probably benefit women (Article 5) - the draftsman's examination of the old Fund (see 3.5) showed that average expenditure on participants in projects for women is low compared with average expenditure on participants in other projects.

The use of flat rates will in future ensure a more equitable distribution of funds among the various projects.

7.1.5 There is a large question mark against Article 6, which gives an absolute priority to projects in disadvantaged regions. Earlier (see 3.1 and 3.2) it was seen that there is little enthusiasm in disadvantaged regions for activities specifically designed to aid women. This is probably due to the cultural and historical tradition that the problems facing women are neglected in difficult times with more attention being devoted to the difficulties of men and young people, regardless of the severity of the problems facing each group. The Committee of Inquiry into the position of women in Europe has no objection to extra support for disadvantaged regions. However, it does demand guarantees that funds will be distributed as fairly as possible among the various groups in these regions. Room should also be left for specific projects to aid women in other regions where unemployment among women is very high. The criteria set out in Article 6 for determining disadvantaged regions (see 6.2) should accordingly be expanded to include 'unemployment among women'.

7.2 The proposal for a Council Regulation to implement Council Decision 82/ /EEC on the tasks of the European Social Fund

7.2.1 This proposal for a regulation sets out the administrative provisions governing the granting of Fund assistance. As men and women do not receive equal benefit from Fund aid, the obvious solution would be to lay down prior conditions to guarantee a fairer distribution of funds between the two groups. This can be done by amending the recitals of the regulation and adding a separate article.

7.2.2 One of the first items listed in the regulation as eligible for assistance concerns 'the incomes of trainees' (Article 1(a)). The explanatory memorandum does not give any additional information on this point. However, the question that needs to be asked is whether payment is to be made in the form of a fixed amount for each trainee or as an allowance to compensate for loss of wages or state benefits. If the latter, the question is whether housewives wishing to follow a training course in order to re-enter the labour market will also be entitled to an income allowance. Experience shows that such an income allowance is needed, e.g., to cover the costs of home help and/or child care. It is therefore important for provision to be made for this group under this heading.

7.2.3 In accordance with what was proposed above in 7.1.3, the administrative provisions of Article 1(c) should distinguish between young people from 18 to 25 and women aged 25 or over.

7.2.4 Article 1(d) of the regulation specifies the conditions for granting assistance to migrant workers and their families. An important point is that such assistance is to be given as 'benefits designed to assist the integration into new social and vocational environments of people who move to take up work in a Member State and of members of their families'.

As a consequence of this definition, operations intended to promote the social integration of family members will also be eligible for aid, i.e. the new Fund will be able to provide assistance for courses in reading, writing, language and social skills for the wives of migrant workers. This is particularly important since the lack of education of many such women makes them especially vulnerable on the labour market.

The Commission's formulation of these provisions meets an important request of the Ad hoc Committee on Women's Rights as expressed in its resolution of 11 February 1981.

7.2.5 The increased assistance granted by Article 2(3) of the proposed regulation for the recruitment of certain categories of people (young people, women, disabled people and long-term unemployed) is equally to be welcomed.

In the case of women, it is namely all too often found that it is difficult to interest them in training courses for non-traditional occupations.

The organizations concerned will now in any event receive funds enabling them to step up their efforts on behalf of women and other groups.

7.2.6 Article 5 of the regulation states that certain projects shall be granted an advance of 60% and others 40%.

It is unfortunate that the 60% arrangement does not apply to Article 4(1) of the Council Decision but only to 3(1), since 4(1) contains all the vulnerable groups needing specific aid, who are often difficult to reach and require additional recruitment activities.

This is recognized by Article 2(3) of the regulation.

It is therefore recommended that the 60% arrangement also should apply to Article 4(1) of the Decision.

7.3 The draft Council Decision on the rules of the Committee of the European Social Fund

The Committee of the European Social Fund plays an important role in the assessment of the operation of the Fund. It is thus important that reference is made to fair representation of the various groups concerned (Article 6 of the Decision). Fairness is not however guaranteed by the relevant article (Article 2). For example, there is no provision for the representation of young people and women. It is therefore recommended that representatives of national youth and women's organizations be included in the Committee alongside those of the national governments, trade unions and employers' organizations.

VII. AMOUNTS COMMITTED - 1981

Breakdown by Member State and by Budget Item

		million ECU																						
		Belgium		Denmark		Germany		France		Greece		Ireland		Italy		Luxemb.		Netherlands		United Kingdom		TOTALS		
		MECU	%	MECU	%	MECU	%	MECU	%	MECU	%	MECU	%	MECU	%	MECU	%	MECU	%	MECU	%	MECU	%	
500	Agriculture	-	-	-	-	0,13	2,3	1,50	33,4	-	-	0,62	14,4	2,18	43,9	-	-	-	-	-	-	-	-	
501	Textiles	0,26	1,6	-	-	0,21	1,4	1,53	9,9	-	-	0,69	4,5	5,35	10,4	-	-	-	-	-	-	-	5,63	10%
5010	Young people - training	2,42	0,9	2,13	0,8	22,63	8,4	31,81	11,4	15,22	5,6	20,54	11,7	55,61	20,6	0,26	0,1	1,04	0,7	157,24	29,8	253,72	100	
5011	Young people - employment	12,00	11,6	7,50	7,3	3,15	3,0	29,76	28,7	-	-	6,04	5,9	1,06	1,0	0,27	0,3	0,93	1,0	42,74	11,2	103,69	100	
5012	Handicapped	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5013	Migrant workers	0,54	1,8	0,31	1,0	10,24	33,5	6,50	21,3	0,33	1,1	0,35	1,2	9,48	31,0	-	-	1,21	4,0	1,50	5,2	30,55	100	
5014	Women	6,78	3,4	-	-	13,23	55,6	3,02	13,3	-	-	0,45	2,0	3,77	16,6	-	-	0,49	2,2	0,67	3,8	22,53	100	
50		15,98	3,57	9,03	2,2	49,64	11,1	74,52	16,6	15,55	3,5	38,93	8,7	82,13	18,3	0,55	0,1	4,52	1,0	155,60	24,8	147,79	100	
5100	Regions	4,10	1,0	8,45	2,0	16,99	4,0	54,50	13,0	11,94	2,8	49,67	11,5	212,44	50,3	-	-	5,14	1,2	59,59	13,9	122,36	100	
5101	Groups of firms	-	-	0,36	4,4	-	-	-	-	-	-	-	-	7,37	50,9	-	-	-	-	0,39	4,5	8,11	100	
5102	Technical progress	1,41	4,4	-	-	1,50	5,9	6,55	20,4	0,56	1,7	-	-	16,45	51,3	-	-	1,37	4,3	3,86	12,0	32,14	100	
5110	Handicapped	1,23	1,4	5,56	6,2	5,16	5,8	5,14	5,7	1,53	2,0	16,99	18,1	22,35	24,9	0,01	-	1,64	1,8	29,97	32,4	10,75	100	
5120	Ind. conversion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
51		6,74	1,2	14,37	2,6	24,05	4,4	66,53	12,1	14,33	2,6	66,76	12,1	258,65	48,8	0,61	-	8,15	1,5	92,75	13,8	152,39	100	
5200	Pilot schemes	0,47	13,3	0,06	2,3	0,65	27,0	0,67	12,0	0,63	19,6	0,03	0,9	0,23	6,5	-	-	-	-	0,40	11,4	3,52	100	
50-51	TOTAL	23,19	2,3	14,49	2,4	74,64	7,4	141,76	14,1	30,57	3,1	105,72	10,5	341,01	34,0	0,56	0,1	12,67	1,3	259,05	24,5	1007,97	100	

Table 1

1.a. Numbers of projects concerning women submitted by Member States and sums approved for (mn Ecus)

Country	1979		1980*		1981*	
	Projects	Sum	Projects	Sum	Projects	Sum
Belgium	1	0.006	2	0.48	4	0.785
Denmark	1	0.431	1	0.45	1	0.524
Germany	14	24.293	7	61.21	4	89.863
Greece	-	-	-	-	0	0
France	32	2.462	2	4.75	3	4.733
Ireland	5	0.232	1	0.23	1	0.589
Italy	5	2.376	7	2.95	5	4.113
Luxembourg	0	0	0	0	0	0
Netherlands	2	0.781	1	0.95	1	1.504
UK	2	0.678	1	0.46	6	0.941
Total	62	31.259	22	71.48	25	103.052

*Applications regrouped in some cases.

Table 2

1.b. Numbers of projects concerning women selected and sums approved by Commission (mn Ecus)

Country	1979		1980*		1981*	
	Projects	Sum	Projects	Sum	Projects	Sum
Belgium	1	0.006	2	0.481	4	0.785
Denmark	1	0.431	0	0	0	0
Germany	14	11.830	7	14.084	3	12.898
Greece	-	-	-	-	0	0
France	26	2.347	2	3.674	3	3.104
Ireland	5	0.232	1	0.227	1	0.445
Italy	5	2.376	7	2.361	5	3.943
Luxembourg	0	0	0	0	0	0
Netherlands	2	0.443	1	0.165	1	0.471
UK	2	0.678	1	0.100	5	0.900
Total	56	18.348	21	21.092	22	22.546

*Applications regrouped in some cases.

1.c. Grounds for rejection (by countries)

Applications or portions thereof reaching the Commission after the deadlines laid down in Article 5(3), Title II, of Council Regulation (EEC) No 2396/71 as amended by Council Regulation (EEC) No 2893/77 (see OJ No L 337, 27.12.77, p. 1) are treated as inadmissible.

Applications or portions thereof not meeting the requirements laid down in Council Decision 77/804/EEC as amended by Council Decision 80/1117/EEC (see OJ No L 332, 10.12.80, p. 17) on European Social Fund assistance for women, viz.

- (i) where the intended beneficiaries are aged under 25,
- (ii) where they are not unemployed, and
- (iii) where the programme does not include training support arrangements,

are treated as ineligible.

The applications greatly exceeding the monies available, the Commission has been obliged to decline to fund non-priority programmes and to accord only reduced funding to second-priority ones.

Non-priority rating is given to applications or portions thereof not meeting the criteria laid down in the guidelines for the management of the European Social Fund (see OJ No C 133, 25.5.82, p. 13, and OJ No C 110, 13.5.81, p. 7), viz.

- (i) where the intended beneficiaries are educated beyond secondary-school level;
- (ii) where training for traditional "women's jobs" does not afford women the chance to obtain more skilled employment than their previous one.

Breakdown by countries and years of sums not approved by Commission (in Ecus)

Denmark	1980	non-priority application
	1981	non-priority application

Germany	1979	12.463 mn Ecus withheld by weighted reduction
	1980	47.054 mn Ecus withheld by weighted reduction 0.072 mn Ecus non-priority
	1981	76.610 mn Ecus withheld by weighted reduction 1 non-grouped application (0.355 mn Ecus) ineligible
France	1979	6 applications (0.115 mn Ecus) withdrawn by French Government
	1980	0.463 mn Ecus withheld by weighted reduction
		0.218 mn Ecus inadmissible
		0.271 mn Ecus ineligible
1981	0.124 mn Ecus non-priority 1.284 mn Ecus withheld by weighted reduction 0.008 mn Ecus ineligible 0.337 mn Ecus non-priority	
Ireland	1981	0.051 mn Ecus withheld by weighted reduction
		0.093 mn Ecus non-priority
Italy	1980	0.110 mn Ecus withheld by weighted reduction 0.479 mn Ecus ineligible
	1981	0.170 mn Ecus withheld by weighted reduction
Netherlands	1979	0.092 mn Ecus withheld by weighted reduction
		0.241 mn Ecus non-priority
	1980	0.756 mn Ecus withheld by weighted reduction 0.029 mn Ecus non-priority
1981	0.994 mn Ecus withheld by weighted reduction	
	0.039 mn Ecus non-priority	
United Kingdom	1980	0.015 mn Ecus withheld by weighted reduction
		0.345 mn Ecus non-priority
	1981	0.024 mn Ecus withheld by weighted reduction 0.017 mn Ecus non-priority

1.d. Numbers of women beneficiaries under Decision 77/804/EEC

See Table 3 annexed.

1. f. Comparison between applications submitted by Member States under the budget item for women and unemployment among women

Member State	1979		1980		1981		Average no. of applications submitted per country during 1979-1981 as percentage of all applications submitted to Fund
	% female unemployment	% applications submitted for field of intervention 'women'	% female unemployment	% applications submitted for field of intervention 'women'	% female unemployment	% applications submitted for field of intervention 'women'	
Belgium	14.5	0.01	15.5	0.67	17.7	0.76	2.2
Denmark	5.9	1.--	6.3	0.62	7.8	0.50	2.--
Germany	4.6	78.--	4.6	85.63	6.1	87.20	8.--
Greece	1.3	-	1.5	-	1.6	0	3.1
France	8.1	8.--	8.9	6.64	10.2	4.59	16.5
Ireland	6.1	1.-	7.1	0.32	8.7	0.57	8.3
Italy	9.8	8.--	10.8	4.12	12.4	3.99	34.--
Luxembourg	1.1	-	1.2	-	1.5	-	0.1
Netherlands	5.-	2.--	5.5	1.32	7.6	1.45	1.6
United Kingdom	4.1	2.--	5.4	0.64	7.7	0.91	24.2
Community (10)	6.-	100.--	7.2	100.--	8.9	100.--	100.-

OPINION OF THE COMMITTEE ON YOUTH, CULTURE, EDUCATION,
INFORMATION AND SPORT

Draftsman: Mr ARFE'

On 5 July 1982 the Committee on Youth, Culture, Education, Information and Sport was asked to draw up an opinion for the Committee on Social Affairs and Employment on the motion for a resolution by Mr PININFARINA (Doc. 1-388/82) on the revision of the criteria for the use of the European Social Fund in the vocational training sector.

At its meeting of 19-20 January 1983 the committee appointed Mr ARFE' draftsman.

At its meeting of 22-23 February 1983 it considered the present opinion and adopted it unanimously.

The following took part in the vote: Mr BEUMER, chairman; Mr FAJARDIE, Mr HAHN, Mr SCHWENCKE, vice-chairmen; Mr ARFE', rapporteur; Mr ALEXIADIS, Mr BØGH; Miss BROOKES, Mr GEROKOSTOPOULOS, Mr HUTTON, Mr PAPAPIETRO, Mrs PERY, Mr SIMMONDS and Mrs VIEHOFF.

The motion for a resolution by Mr PININFARINA concerns the revision of the criteria for the use of the European Social Fund in the vocational training sector.

Any reservations about the tendency to regard the training of young people solely in relation to the requirements of industry do not undermine the validity of the criticisms of the criteria for the use of the Social Fund which are not at present based on any general guidelines.

The committee supports:

- the call to question the existing structure of education so as to go beyond the concept which keeps educational and cultural activities quite separate and distinct from vocational training designed to adapt to constant technological innovation and new industrial requirements;
- the proposal to extend the age band of young people eligible for vocational training courses, since the need for qualifications is felt when compulsory schooling comes to an end but also includes young people continuing their studies who go into middle management or become technicians and executives;
- the need to abandon the welfare criteria which have predominated in the past and to provide aid only for measures with specific objectives;
- the desirability of redefining the priority geographical areas, taking account of the need to tackle the problems of regions with long-standing structural unemployment and also new problems arising from the economic crisis and technological innovations.

The committee therefore agrees with the conclusions, in which the Social Fund is urged to give priority to operations directed towards the creation or continuation of active training based on the alternation of theoretical study and practical application, the training for middle management of young people who have completed advanced secondary or university education, and career guidance for young school leavers who are faced with the task of reconciling their aspirations or aptitudes with the demands of the labour market.

The committee recommends that particular attention be devoted to the training of workers in the cultural field, who have an increasingly important role to play for example in the context of development policy in the least prosperous regions, and endorses the points made in the Commission document of 25 November 1982 on stronger Community action in the cultural sector.

