

## **UNICE position paper on the revision of the European Social Fund Regulation**

On 18 March 1998, the Commission presented its proposals for the reform of the structural fund regulation, which stem from the Agenda 2000 communication. A major challenge in this reform is the redefinition and distribution of the European Social Fund (ESF). The following comments reflect UNICE's view on how the ESF should be organised to maximise the contribution it can make to Europe's economic and social cohesion. These elements should be read in conjunction with UNICE's overarching position on the reform of the structural funds.\*

### **The ESF should promote labour market integration and human resource development**

UNICE believes that the ESF is the Community's main instrument to support and promote the development of a dynamic and productive labour market and active labour market policies. As such, the focus of the ESF's activities should essentially concentrate on developing the employability and adaptability of the workforce. In particular, the key characteristic of the fund should be the support it can provide in tackling the training needs of people looking for employment and those who are threatened with unemployment.

The purpose of training for the individual is to increase his or her employability to facilitate integration into the workforce and to maintain this throughout working life. It is therefore important to develop initial training, including work-linked training, and to improve opportunities for continuing training in the workplace.

UNICE is concerned however that the ESF regulation should not give the impression that training can be an alternative to employment. Using ESF funds to provide artificial and temporary solutions for unemployed people would not only be unproductive, but would also waste much needed resources which could otherwise better contribute to integration into the labour market. Decisions on the detailed activities and target groups of the ESF should therefore be taken at Member State level, to ensure the essential link with the needs of each labour market.

The Commission's proposal for the revision of the ESF aims to "increase the concentration" of the fund. UNICE considers that far from achieving this aim, the current proposal in fact extends the remit of the ESF. Article 123 of the Treaty on European Union which is the legal base for the ESF states that "it shall render the

employment of workers easier and... increase their geographical and occupational mobility within the Community, and to facilitate their adaptation to industrial changes and to production systems, in particular through vocational training and retraining.” UNICE considers that the proposal goes beyond this remit by including as objectives of the ESF, for example, “a high level of ... social protection” and the development of education systems. Employers strongly believe that it is not the role of the ESF to intervene in these areas. Including such actions in the activities of the ESF constitutes a broadening of its role, at the expense of concentrated action where it is most needed.

It is essential at this juncture to establish a clear division of tasks. The Commission proposal sets out to achieve a “clearer division of responsibilities” but the modifications proposed in the new regulation do not achieve this aim. Questions of social protection, provision of basic education and the organisation of vocational training systems are national responsibilities. The principle of subsidiarity should be strictly applied in this matter, to ensure that there is no dilution of this responsibility due to Community involvement.

UNICE would like to add that the concentration on the concept of “systems” in the new ESF regulation reflects a state oriented rationale, which does not correspond to training arrangements in the workplace. The ESF should be an instrument to support human resource development in the labour market as a whole with the priority to support people who are unemployed or threatened with unemployment, and activities including the development of continuing workplace training. UNICE therefore believes that the fund should concentrate on policies rather than systems.

The Commission’s intention to use the finances of the ESF to support the Employment Guidelines is consistent with the aims of the employment strategy at European level. The development of employability is clearly a key area of the ESF’s work, but action to improve adaptability, entrepreneurship and equal opportunities are also relevant. Regarding the ways in which adaptability can be addressed, UNICE is concerned that actions formerly undertaken under Objective 4 should be integrated more explicitly in the revised proposal.

In this respect, UNICE underlines that companies are best placed to assess the quality and quantity of labour needed and to assess likely training and retraining needs for their workers. Therefore, any programme should be based on a bottom up approach. Any external intervention into an individual company staff and training policy would be unacceptable.

Concerning the simplification of the next phase of the ESF, UNICE welcomes the reduced number of objectives and Community initiatives. In this regard, the number of measures under each objective should also be limited. Simplification of the programme should improve the impact of the ESF through achieving greater transparency regarding the aims and achievements of the Fund. However, employers underline the importance that they attach to the horizontal nature of the fund’s application. The horizontal approach ought to mean that companies and organisations with valid initiatives can access ESF support under all three objectives. UNICE does not support the proposal to reserve objective 3 funds to regions outside objectives 1 and 2 only.

## **Developing Partnership**

UNICE is concerned that partnership should be a real and valued foundation of the actions undertaken in the ESF. The social partners at all levels should be actively involved in the planning, implementation, follow-up and evaluation of the European Social Fund, including the Community Initiative. Involvement should take place effectively in Member States, in accordance with national practices. Concerning the partnership at EU level, UNICE is opposed to the proposed changes in the nomination procedure for membership of the ESF Committee. The decision on the composition of the tri-partite national delegations should be taken by the Council on the proposal of the Member States.

## **Additionality and Complementarity**

The principle of additionality must be strongly expressed in the ESF regulation in order to ensure that the ESF funds cannot be used to replace existing sources of funding. UNICE is concerned that safeguards should be built into the ESF regulation to ensure that available resources are provided in addition to funding already available in the Member States.

Employers are also concerned that there is currently too little complementarity and coherence between the ESF and other human resource related programmes. In particular, UNICE notes the considerable overlap between the revision of the ESF and the proposal for the second phase of the Community programme for vocational training Leonardo da Vinci programme. It is of paramount importance that programmes should complement each other in such a way as to ensure a clear division of tasks and to avoid duplication of action.

## **The Community Initiative**

Employers welcome the proposal to create a single Community Initiative to combat discrimination and inequalities in access to the labour market. Discrimination in the work place based on irrelevant factors is bad practice and economically damaging, since it can have a negative impact on the smooth running of labour markets. UNICE believes that the European Social Fund can play a major role in promoting good practice and exchange of ideas in promoting equal opportunities through adequate training and guidance.

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\* UNICE comments on proposed reform of EU structural funds beyond the year 2000; October 1998