

## **Pillar III - area "people and skills" - the European Social Fund**

Jader Canè  
Senior expert

European Commission, Directorate General Employment, Social Affairs and Inclusion

Ladies and Gentlemen,

Building a more competitive, inclusive and fairer Union is a key priority for this European Commission; our goal is clear: to get the economy back on the path of growth and to create new and decent jobs. Investments in intangible assets such as human capital, or in R&D, management efficiency and more in general in people and skills, are strategic not only for European citizens and companies, but for the economy as a whole. As a matter of fact, human capital is possibly Europe's greatest asset. So, definitely it makes sense to invest in it, not least because low investment in this area can jeopardise our present and future economic competitiveness.

Within the III pillar of the Danube Strategy, "Building prosperity", we stress the relevance of people and skills.

Indeed, building prosperity passes through a higher employment rate, especially tackling youth and long-term unemployment, as well as improved educational outcomes and relevant skills and competences. Learning outcomes for employability, entrepreneurship, innovation, as well as quality and efficiency of education, training and labour market systems are central elements of this picture, not forgetting the importance of keeping our European model of inclusive systems of education and training.

Co-operation is surely a cross-cutting issue which allows us to reach further in all these fields.

### **Council conclusions on the Implementation of EU Macro-Regional Strategies (25 April 2017)**

The Union's macro-regional strategies are a relevant framework to address these challenges, as recognised and stressed by the Council conclusions on the Implementation of EU Macro-Regional Strategies, adopted on 25 April 2017.

The Danube area is definitely benefiting from the strong cooperation for economic, social and territorial cohesion provided within such a framework.

We all know that macro-regional strategies are based on the principles of no new EU funds, no additional EU formal structures and no new EU legislation; we should then operate to make better use of existing institutions, implement existing legislation and make optimal use of existing financial resources. Each macro-regional strategy faces common and individual challenges. To address them, it is paramount to further develop governance, result-orientation, purposeful funding, communication and cooperation.

It is therefore important to maintain a strong political commitment together with a high sense of ownership for the implementation of the macro-regional strategies and to improve coordination and cooperation; this is particularly true for our area of interest "people and skills" in the Danube macro regional area, where we encompass from the most highly skilled workforce to the least educated, as well as some of the EU's most competitive regions to some of the poorest.

It is then worthwhile to do an effort to mobilize regions, institutions and any possible stakeholder and to encourage them to network, cooperate and participate in the implementation and development of this macro-regional strategy.

All relevant EU and national funding sources should be mobilized by the participating countries and their regions to ensure that adequate funding is available to implement the strategies and achieve results.

Coming to the funding possibilities for the Danube macro-regional strategy, a relevant legal framework is provided by the European Structural and Investment Funds (ESI Funds) 2014-2020; as a matter of fact, it is vital to make best use of all available funding sources, in particular the Structural Funds.

As you may imagine, for pillar III of the Danube Strategy, and in particular for the area "people and skills", the European Social Fund may play a central role.

#### **European Social Fund (ESF)**

Now more than ever ESF missions are at the heart of European citizens' concerns: the ESF contributes to the priorities of the European Union linked with strengthening economic, social and territorial cohesion by:

- o Improving employment and job opportunities
- o Investing in education and training
- o Reinforcing the social inclusion of disadvantaged people in the EU
- o Enhancing efficient public administration

The ESF is a major instrument to support the competitiveness and growth of the EU and the main instrument to invest in human capital. It has played a significant role in mitigating the negative effects of the crisis and, being flexible, it has responded effectively to the associated emerging challenges.

In 2014-2020, the actual ESF allocations amount to 24.8% of the Structural Funds (ESF & ERDF) budget and is endowed with more than 80 billion of EU contribution, covering all Members States with 187 programmes at national or regional level.

The ESF projects funded under these programmes may help people improve their work skills and job prospects. To get detailed information and apply, public and private organisations should contact the ESF managing authorities, since the European Commission, while contributing in setting the funding priorities, is not directly involved in selecting the projects.

#### **ESF and MRS**

The legal basis for transnational cooperation in the ESF during the 2014-2020 programming period is Article 10 in the ESF regulation (EU 1304/2013). The cooperation between ESIF and EU MRS is provided by Article 2(31) of the Common Provision Regulation - CPR (EU 1303/2013).

The CPR (art 15(2)(a)(ii) and Annex I point 7.3) calls for Macro-Regional Strategies to be taken into account in the partnership agreements (Pas) and OPs, where appropriate.

ESF-cofinanced OPs can support projects that contribute to MRS. As a matter of fact, some operational programmes explicitly envisage specific operation dedicated to MRS, as it is the case for the “Danube Partnerships for Growth”, planned under the Bulgarian OP Human Resource Development 2014-2020.

It is also worth pointing out that transnationality in the context of EU MRS differs from transnational cooperation within the ESF in many aspects:

- o Nature: MRS are a strategic framework, not an instrument;
- o Objective: MRS are designed to address common challenges of a macro-region;
- o Scope: transnational cooperation in the ESF is limited to the implementation of the ESF priorities;
- o Partners: MRS involve third countries;
- o Funding: MRS use diverse sources of financing (ESIF, national, public, private).

Despite these important differences, transnational cooperation under Art. 10 of ESF can be a tool to enhance the contribution of ESF to the implementation of the EU MRS.

We will never stress sufficiently that the proactive role of the ESF Managing Authorities within Macro Regional Strategies is fundamental: M.A. may find it profitable to focus transnational cooperation on specific regions or Member States by creating synergies with EU MRS. This may indeed happen where regions or MS are involved in a MRS that covers key labour market (e.g. improving skills) and social inclusion challenges (e.g. migrants) which also correspond with themes that may be selected for transnational cooperation.

#### **Financial instruments**

Now I would like to outline one more potential strand of funding, "financial instruments" within the ESF; as a matter of fact, they can also play a role within this framework, particularly in a context where efficiency and effectiveness of public policies need to be strengthened and public budgets are under pressure; FIs may really provide a useful complement while helping leveraging additional resources for specific investments. These instruments aim to finance an economically viable project helping to achieve a Union policy objective and have two major advantages:

Revolving nature: it is the capacity of the financial instrument to generate additional flows of money – either through repayments or through the realisation of investments. This revolving nature may allow public authorities to benefit from increased resources.

Leverage: they can attract additional resources, both public and private.

In the ESF, we are now in a phase of promotion and implementation of this approach, and we try to address its complexity and the difficulty to access the financial markets for ESF stakeholders (often not revenue-generating) as well as some discouragement by the Managing Authorities.

To address these issues, the European Commission in partnership with the European Investment Bank is making use of "fi-compass", a platform for advisory services on financial instruments under the European Structural and Investment funds which is designed to support ESIF managing authorities, EaSI microfinance providers and other interested parties, by providing practical know-how and learning tools on financial instruments.

Moreover, a new approach is being implemented within "fi-compass", an ad hoc "capacity building service", aimed at FIs for ESF MAs, with two main streams: initial and advanced capacity building. In both cases it would be tailored-made for those MAs wanting to move forward in the matter.

Indeed financial instruments should not be considered as an alternative to grants under the European Social Fund operations nor should they be seen as instruments taking away financial resources from the ESF: this is not at all the case. On the contrary, they represent a resource-efficient way of deploying cohesion policy resources in pursuit of the Europe 2020 Strategy objectives, targeting projects with potential financial viability. In such a context, they may play a role also for Macro Regional strategies.

Let me finish by underlining once again that the role of ESF Managing Authorities for the implementation of our priorities is vital, particularly in a complex setting as the one provided by the MRS, were so many States and Regions are involved.

It is of paramount importance to keep developing partnerships amongst all the stakeholders involved and I invite you all to make full use of all the potentialities offered by the ESF (and its financial instruments) and to contact us and our services to know more about them and get further support in your initiatives.

We will surely maintain a strong commitment together with a high sense of ownership in building prosperity by developing people and skills and contributing to a more competitive, inclusive and fairer Union.