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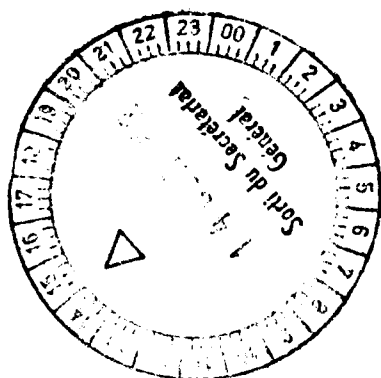
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COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 485 final

Brussels, 8th October 1982



OPINION OF THE COMMISSION ON THE REVIEW OF THE EUROPEAN SOCIAL FUND

PROPOSAL FOR A COUNCIL REGULATION TO IMPLEMENT
A COUNCIL DECISION ON THE TASKS OF THE EUROPEAN SOCIAL FUND

OPINION OF THE COMMISSION ON THE RULES OF THE
COMMITTEE OF THE EUROPEAN SOCIAL FUND

(presented from the Commission to the Council)

COM(82) 485 final

Opinion of the Commission on the review of the European Social Fund

1. Introduction

General issues

- 1.1 Article 11 of Council Decision 71/66/EEC (1), as amended by Decision 77/801/EEC (2) provides for a review of the European Social Fund by the Council not later than 31 December 1982. If necessary, the Decision may be amended on the basis of an opinion of the Commission based on Article 126 of the Treaty. The Commission considers that amendments are needed to enable the Fund to play a more forward-looking and creative role in improving employment opportunities, taking account of changing features of labour market and vocational training systems within the Community and the development of Community employment policy. In this opinion the Commission suggests a number of changes to the Fund and explains why it regards them as necessary.
- 1.2 The Commission has also drafted a new decision to replace 71/66/EEC. Although some parts of the existing decision should, in the Commission's view, be retained more or less unchanged, other parts require substantial alteration and it is therefore procedurally simpler to consider a complete new decision than a series of amendments to the existing one. This opinion and the draft basic decision should be considered with the Commission's proposal for a regulation to implement the new decision and with the draft for a new decision on the rules of the Social Fund Committee. Together these instruments would form the basis of the Fund after the review(3).

(1) OJ no. L 28 of 4.2.1971, p. 15

(2) OJ no. L 337 of 27.12.1977, p. 8

(3) These proposals do not prejudice the work in progress following the response given by the Commission to the memorandum put forward by Greece, which has specific problems regarding its participation in the Fund as a result of its particular economic and social structure.

Context of the review

- 1.3 The specific action of the Social Fund to improve employment opportunities should be reviewed in the context of the recent development of Community employment policy (1) which has taken on a new urgent dimension given that there are now over 10 500 000 unemployed in the Community and that there are still few signs of any recovery in the employment situation. The Social Fund, through its support of labour market measures, should be used to complement and not to substitute for concerted action on a broader level to promote a recovery in employment-creating economic growth and to encourage a more equitable distribution of employment opportunities.
- 1.4 The Social Fund should continue to play a role in support of corrective labour market measures such as those designed to reduce the mismatch between the demand and supply of manpower and to facilitate the employment of disadvantaged groups. It should also continue to concentrate its resources in areas of greatest need, taking account of the persistently high level of unemployment in the less developed regions and in those areas now experiencing a marked decline of traditional industries which were a major source of employment. The Social Fund will also need, however, to adjust to the more recent emphasis given by the Community to measures designed to stimulate the creation of new employment opportunities, whether through wage subsidies, or training programmes in management skills or through the provision of specialised advice and counselling on setting up new economic activities.
- 1.5 The Social Fund should be equipped to adapt to and support the changing orientation of labour market measures which are likely to diversify further in response to the varying pace of technological change and the specific potential for employment growth in different parts of the Community. The Fund must also be able to adapt to meet the new labour market requirements which will arise after the next enlargement of the Community.

(1) Council Resolution of 27.5.1982

Objectives of the review

1.6 The major objective of the review is to establish a closer coordination between the Fund and Community priorities in respect of employment and vocational training. Similarly, greater consistency must be sought between the Fund's interventions and the economic, industrial and sectoral policies pursued by the Community. Finally, the review must enable more effective coordination between the Fund and the Community's other financial instruments to be guaranteed.

Thus the principal objectives of the review derive from analysis both of the employment situation and of the functioning of the current Fund and may be summarised as follows :

- to provide support for the implementation of a training guarantee for all young people and to promote a dynamic response to the problem of youth unemployment;
- to adapt the Fund to enable it to stimulate investment in human resources and to encourage equality of opportunity for all workers;
- to enable the Fund to play a more active role on behalf of local initiatives concerned with employment and to stimulate job creation, particularly in small and medium-sized undertakings, including cooperatives;
- to take account of the consequences, both positive and negative, which the introduction of new technology may have on the level of employment, and to contribute in particular to raising the standard of training to meet the requirements of the development of such technology;
- to improve and perfect the Fund's mechanisms so as to allow it to have greater impact where unemployment problems are most acute;
- to increase the flexibility and efficiency of the Fund to enable it to respond rapidly to the changing requirements of the labour market and in line with Community policies in the area of employment and vocational training;
- to develop the role of the Fund in supporting innovative training and employment measures and their wider application within Member States and throughout the Community.

2. Structure of the Fund

2.1 The structure of the current Fund is complicated, comprising a division into two parts under Articles 4 and 5 of Decision 71/66/EEC, together with subdivision into 9 separate fields of intervention plus the small section for preparatory studies and pilot schemes. This has proved somewhat rigid.

Instead the Commission suggests that the Fund rules should in future define a broad range of eligible people and operations; from within the eligible operations specific target groups and areas of the Community would be selected for a concentration of Fund aid. The selection would be made through a set of geographical criteria in the statutes combined with priorities set out in the Guidelines. The Guidelines would continue to be updated annually by the Commission, after consultation with the Fund Committee, to ensure Fund support for the achievement of Community objectives in the area of training and employment policies.

2.2 In order to meet the requirements arising from the latest developments in the labour market and in employment policies, the Fund's interventions will need to be concentrated in three distinct areas of activity:

- (a) The first area comprises support for initiatives linked to the development of employment opportunities for people aged 18 and over belonging to the working population, including vulnerable groups such as migrants and members of their families, and the disabled. The types of operation eligible for funding in this category would include practically all those eligible under the existing provisions of the Fund. These essentially concern training operations, but also include recruitment subsidies linked to job creation, integrated training and employment measures as part of the restructuring or conversion of undertakings related to the introduction of new technology, resettlement and integration measures, and job adjustment for disabled people. This area of Fund activity should also in future extend to support for specific operations designed to stimulate the creation of new employment opportunities through the development of advice and counselling facilities especially for those involved in setting up new economic activities or extending them.

2.2 (b) The second area of activity concerns support for the progressive extension of vocational training provisions in order to meet, in principle within a period of five years (1), the needs of all young people under the age of 18 who have completed compulsory schooling. The objective would be to contribute to the efforts by Member States to establish a coherent strategy on the social and vocational preparation of young people for adult and working life. Fund aid on behalf of those under 18 would take the form of support to schemes combining training and work experience provisions (2). These schemes may be developed on the basis of existing systems of vocational training (whether or not they are specifically designed for unemployed young people) for instance by extending apprenticeship training or by adapting existing wage subsidy schemes to incorporate an appropriate training component. The specific character of this type of Fund intervention, which is directly linked to the development of Community policy on vocational training (3) should not provide a precedent for a proliferation of other separate categories of intervention for particular groups of unemployed people to be catered for under 6(a) above.

(1) cf. Conclusions of the European Council of 29/30 March 1982.

(2) Council Resolution of 18.12.1979 on linked work and training for young people.

(3) cf. Commission communication on the subject, COM(82) 637 of 6.10.1982.

2.2(c) Finally as a third area of activity, there is the funding of specific operations linked to the Community employment and vocational training policies and action programmes. The aim here would be to enable the Fund to play a more active role in the development of innovatory policies throughout the Community. More emphasis should in particular be placed on the comparative evaluation of demonstration projects, the exchange of experience and the dissemination of information for the benefit of both policy makers and practitioners. Such operations should be:

- of limited size and duration;
- related to particular aspects of employment policy and vocational training; and
- of potential interest to other Member States.

For example, the launching of a group of projects within the framework of the action programme recently approved by the Council (1) on behalf of disabled people would come under this heading as would the action projects proposed in the Commission Communication on training and new technology (2).

Equally, as a part of this area of activity the Fund should continue to support innovative projects and experimental or pilot schemes in preparation for full-scale programmes which may in turn become the subject of applications for Fund aid.

Similarly, the Fund should continue its action under this heading in support of experimental and pilot schemes of training for development which help those responsible in a local community to design and carry out projects introducing new economic activities or revitalising existing activities.

(1) OJ No C 347 of 31.12.1981.

(2) COM(82)296 final of 3.6.1982

2.3 The activities described in points 2.2(a) and 2.2(b) above are those to be carried out by Member States within national, regional or local manpower programmes financed jointly by the Fund and specific public budgetary provisions in Member States. The major part of the Fund's resources must be allocated to the support of these activities, which should be identified under two separate Articles within a single Chapter of the Budget. The activities described in point 2.2(c), which are different in nature and origin from the other operations of the Fund, should come under a separate Chapter in the Budget.

2.4 Although the majority of Member States' manpower policy measures under 2.2(a) and 2.2(b) may be carried out by public bodies, and many of the experimental projects under 2.2(c) may be undertaken by private organisations, it would not be appropriate to establish separate criteria on this basis. It is therefore considered that no restrictions should be placed on the types of bodies eligible for Fund support: both public and private bodies should continue to be eligible, as at present.

3. Categories of people eligible for Fund aid

3.1 In determining which categories of people should be eligible for Fund aid, the starting point is all those seeking employment and those groups known to be especially susceptible to unemployment. Individuals' employment prospects can be improved through vocational preparation, training or retraining, through incentives to employers (recruitment subsidies) and through aids to geographical mobility. As a Community instrument, the Fund has a particular responsibility to support the free movement of workers between Member States and the integration of migrant workers within the host country. The families of migrant workers should therefore also continue to be eligible for Fund aid. It is therefore proposed that the

following categories of people should continue to be eligible for Fund aid:

- unemployed or under-employed people and those threatened with unemployment;
- other people seeking employment such as women who wish to resume work, and disabled people capable of working in the open economy;
- people who change their place of residence in order to work in a Member State, together with members of their families.

3.2 In addition the following categories should be specifically included amongst those eligible:

- 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 in the following intermediary occupations on the labour market: trainers; vocational guidance or placement experts; development agents.

Young people

- 3.3 The change in eligibility as regards young people under 18 to include young people who are not necessarily registered job-seekers is necessary in order to enable the Fund to assist Member States more effectively in rationalising and developing existing training provisions for young people who have completed compulsory schooling, as mentioned in para 2.2(b) above. In the past, young people under 25 have been eligible for two types of assistance from the Fund: vocational training (principally for first job-seekers) and for job creation through wage subsidies. However, the Fund was specifically precluded from financing the initial training of young people immediately after the completion of compulsory schooling and therefore restricted its support to programmes specifically designed for those registered as unemployed. By removing this limitation, the Social Fund would be able to support efforts to make available a broad-based vocational training including work experience to all young people at the end of compulsory schooling.

This provision would not detract from the support given by the Fund to measures on behalf of young job seekers aged between 18 and 25. They would be eligible under the same conditions as at present and would be catered for within the general area of Fund activity referred to under para 2.2(a) above.

Small and medium-sized undertakings

- 3.4 The Commission suggests a specific provision to enable the Fund to support the training or retraining of employees of small and medium-sized undertakings (SMU) which is made necessary by the introduction of new technology into production or management. This provision would not affect the Fund's capacity to intervene on behalf of employees in other firms when they find themselves threatened with unemployment as a result of changes in the employment situation, stemming for instance from technological developments. There is nevertheless a two-fold justification for a particular emphasis on smaller-scale undertakings. First, although these firms have considerable potential for industrial innovation, they often require extra incentives, particularly in the form of training provisions, to facilitate the adoption of new techniques and processes. But secondly, and more important in the context of employment within the Community, experience shows that small-scale firms have a considerable capacity for job creation. In many areas small firms are stepping in to fill the gaps left by the closure of traditional large employers such as steel, textile and shipbuilding firms. The diversity of small firms' activities provides a sound base for industrial restructuring by ensuring that areas are no longer heavily dependent on a single industry.

Trainers

- 3.5 Hitherto the Fund has been able to support the training and employment of trainers only in so far as this was an integral part of programmes on behalf of specific categories of workers. But an adequate supply of qualified training personnel is important both for the quality and quantity of training. The Fund should therefore be able, in special cases, to assist programmes for the training of trainers which are not related to the subsequent training of particular workers but where there is a specific shortage of trainers, able, for instance, to combine teaching in business and technical skills.

Vocational guidance and placement experts

- 3.6 The Commission proposes that, in cases of obvious need, the Fund should be able to assist with the training of experts of the vocational guidance and placement services. In some parts of the Community, these services are not always sufficiently developed to ensure that the labour market functions really efficiently. Adequate training for the experts involved is necessary if these services are to be improved and operate more effectively for instance in matching workers to jobs and filling vacancies.

Development agents

- 3.7 The Commission sees a role for development agents, to stimulate job creation at local level particularly in small and medium-sized undertakings. Managers of small firms have training needs which are usually much broader and less easily defined than purely vocational skills. People starting small firms and cooperatives need advice on marketing, raising capital, accountancy and commercial and employment law.

In most cases it would be sensible for such services to be provided at a local level, by development agents, so as to be best adapted to the needs of the small firms within a given area. Hitherto the Fund has been able to support the training of such specialist advisers only on a limited scale, where this resulted in a clear and necessary improvement in local training structures. The Commission considers that the availability of Fund aid for such agents should be increased because of their potential to generate employment.

- 3.8 Through the Guidelines the Commission would identify the circumstances in which the Fund could assist operations involving trainers, vocational guidance and placement experts, and development agents. Priority would be given to operations designed to remedy clearly identified shortcomings in specific labour markets and to projects with a clear potential for job creation in areas of high unemployment.

4. Selection of applications for funding

4.1 At present the Fund's rules provide for a substantial part of its assistance to be directed to those parts of the Community which are eligible for aid from the European Regional Development Fund. In addition the Commission has established a list of regions of high youth unemployment and has given priority under the young people field of intervention to applications from those regions. However, the adoption of the Commission's suggestion to abolish separate fields of intervention would necessitate a revised system of geographical priorities. The essential characteristics of such a system should be :

- to concentrate Fund aid on the parts of the Community where it is most needed, the level of need being established by an objective assessment both of the level of unemployment and of the underlying economic resources of an area as indicated by its GDP per head;
- to provide a method of allocating the Fund's limited resources in the most efficient and equitable manner.

4.2 To meet these requirements the Commission proposes to compile a new index to replace the existing criteria for geographical selectivity. This index would give an equal weight to the following four components : GDP per head of population, overall unemployment, long-term unemployment and youth unemployment.

The aim is to identify these components for smaller geographical units than those currently used for Community purposes. In practice this would mean moving from the large level II regions for which Community statistics are currently compiled and establishing a ranking of the Community's level III regions (1). This ranking would be published in the Official Journal well before the annual closing date for the submission of applications

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(1) The following are level III regions : Belgium - arrondissements; Denmark - amtskommune; France - départements; Ireland - planning regions; Italy - provincie; Netherlands - regio's; United Kingdom - counties. Level III has not been defined for Greece. For the purposes of the Fund it should be possible to use Arbeitsamtsbezirke for Germany. The Grand Duchy of Luxembourg is considered as a level III region.

to the Fund, so as to enable potential applicants to gauge their chances of receiving Fund aid. The Council, acting on a proposal from the Commission, would designate the regions to be placed at the head of the list, i.e. the regions with the most acute problems. This provision is necessary to safeguard the position of regions which currently benefit from the Fund's increased rate of intervention. The designation could be reviewed in the light of subsequent economic and labour market developments and of new accessions to the Community.

- 4.3 In view of the need to ensure a more effective concentration of Fund resources in the areas most affected by unemployment, the Commission attaches great importance to the improved collection of statistics to facilitate the compilation of an index based on smaller geographical units than the regions currently used. Until Member States make arrangements to supply the necessary information for level III regions, the Commission will use the best estimates derived from the available statistics. Nevertheless, it is unlikely that such a refinement of the method of identifying areas will enable account to be taken of all those areas in the Community with employment problems justifying Fund intervention. The Commission therefore considers that it should retain the right to take any measures necessary in order to ensure that the Fund may continue to intervene, in exceptional cases, on behalf of clearly defined operations relating to local unemployment 'black spots' which, for the purposes of the statistics used to compile the index, are disguised by surrounding areas with less serious problems.
- 4.4 The proposed method, with its accent on the identification of smaller geographical areas, is intended to take account of the increase in structural unemployment in certain areas, as a result mainly of the rapid decline of large-scale labour-intensive industries. The ERDF regions in which the Fund's aid is at present largely concentrated are characterised by structural unemployment of long standing; by subdividing the large regions into smaller areas and introducing the element of overall unemployment, which is far from being simply an indicator of the economic cycle, the Fund will become able to contribute to resolving certain problems which are not covered by the current regional priorities. The decline of important sectors

of activity has had serious consequences even in more prosperous parts of the Community which are now faced with the need to undertake major industrial restructuring where former principal activities are disappearing. The proposed index must enable the areas with the most serious employment problems to be identified and included amongst those able to benefit from Fund intervention.

- 4.5 The index would be used to classify applications on behalf of young people under 18 and for operations forming part of normal labour market policy (cf. points 2.2(a) and (b) above). The method of using the index would be as follows : the Commission would identify those schemes meeting the criteria for priority set out in the Guidelines for the management of the Fund. The commitments budget would then be distributed among the priority applications, beginning with the regions at the head of the index and working down until the point was reached where the budget was exhausted. Such a system has the advantage of concentrating Fund aid where it is most needed, but also avoids a problem of the current Fund whereby there are often insufficient resources to meet all the applications in a given level of priority and Fund aid is spread thinly amongst all applications.
- 4.6 It is not intended that the operations, studies and evaluations specified in point (c) of para 2.2 above should be subject to these regional criteria. The logic for Fund support for experimental and innovative schemes is different to that for more conventional labour market measures. Fund support for the former is designed to support small-scale action research and the development of innovative approaches in employment and vocational training policy. The exchange of experience and the dissemination of information would be further developed in order to enable policy-makers throughout the Community to draw on the results of such projects. The considerations of concentration in those parts of the Community with the greatest employment problems would not therefore apply to these projects of limited number and size aimed at improving standards throughout the Community.

5. Guidelines for the management of the Fund

5.1 The Commission proposes that it should continue to draw up the Guidelines annually. These would contain qualitative criteria, to be used in combination with the regional index, and their regular revision would enable priorities to be adjusted to maintain close coordination with Community training and employment policies. They would also ensure that Fund interventions were consistent with other Community policies, such as those relating to industrial sectors. The Commission's services would discuss the Guidelines in outline with each Member State before they are finalised by the Commission. The Guidelines would in practice serve two purposes: on the one hand they would contain general criteria reflecting broad policy and management objectives which would permit the identification and financing of operations to counteract the most serious imbalances in employment; on the other hand they would contain very specific criteria reflecting certain more ambitious Community policies to enable exceptionally high quality operations to be identified which could then be moved up the index and considered for financing with a higher degree of priority than would otherwise have been the case. Although the latter provision would be intended to have only a limited impact on the classification of applications, it would provide an additional means for the Fund to continue to support innovatory projects and certain operations (e.g. those on behalf of migrant workers and women) which are traditionally located in areas of low priority.

In applying the Guidelines the Commission will ensure that close coordination is maintained between the Fund and other Community financial instruments in order both to assure the optimum use of available resources and to avoid any risk of overlap.

6. Rates of intervention

6.1 Under the current rules, the Fund finances 50% of eligible expenditure in the case of operations by public authorities and bodies governed by public law. In the case of private sponsors, the Fund contributes an amount equal to the share of expenditure borne by public authorities. In certain areas of the Community - currently the French overseas department, Greece, Greenland, Ireland, the Mezzogiorno and Northern Ireland - the rate of intervention is increased by 10 per cent (i.e. to 55 per cent of eligible costs). These rates of intervention by the Fund appear to be adequate and it is proposed that they would be retained for operations carried out in the two areas of activity described in paragraph 2.2 (a) and (b) above. As regards the rate of intervention by public authorities, the Commission suggests the adoption of a more flexible approach: instead of a matching contribution, it is proposed that public authorities should cover a minimum of 30 per cent of eligible costs, thereby ensuring that certain worthwhile projects with access to other sources of finance are not prevented from going ahead through lack of corresponding public finance.

6.2 One departure from the Fund rates of intervention proposed above will be necessary in respect of operations where the Fund's contribution is to be made on the basis of flat rates rather than as a percentage of real costs. In the first instance, it is proposed (in the implementing Regulation) that flat rates should be applied in the case of employment aids. Flat rates should be calculated in ECU and expressed as an amount per person per unit of time, (as is currently the case for the ceiling rates for employment aids concerning young people). The introduction of flat rates for other types of expenditure would bring considerable advantages in terms of administrative efficiency and simplicity both for Fund applicants and for the Fund's management. The opportunity for the Commission to submit further proposals to the Council in this respect is therefore provided for.

6.3 As regards the operations and studies referred to under paragraph 2.2 (c) above, there would be no requirement for a public contribution to such operations, as is presently the case for Fund pilot projects and studies. For the specific innovatory projects, it is proposed that the Fund's normal rate of intervention (50 per cent and 55 per cent) may be increased by up to 40 per cent (i.e. 70 per cent and 77 per cent). The intention of this change is to encourage innovatory experiences carried out by private bodies. As regards preparatory studies and evaluations, the Fund should continue, as at present, to be able to cover the entire cost, if necessary.

Conclusions

7. The changes proposed would remove existing statutory rigidities in the Fund and make it a more flexible instrument of Community employment policy. The establishment of a broad basis of eligibility would enable precise priorities for Community policies to be adapted and modified in response to the latest developments and policies affecting employment and vocational training. The concentration of resources in structurally disadvantaged regions would be maintained and the Fund would continue to support vocational training, employment promotion and the geographical mobility of workers, wherever possible with a closer relationship to labour market needs. Specific provision would be made to support new operations flowing from Community action programmes and to promote experimentation and innovation in labour market measures.

Council Decision 82/ /EEC of
on the tasks of the European Social Fund

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 (1),

Having regard to the opinion of the Economic and Social Committee (2),

Whereas Council Decision 71/66/EEC of 1 February 1971 on the reform of the European Social Fund (3) as amended by Decision 77/801/EEC (4) has been the subject of a review of the basis on 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;

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, to the adaptation of the workforce to labour market developments and technological change, to the promotion of new employment opportunities and to the reduction of regional imbalances;

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;

(1) OJ No. L28 of 4.2.1971 p.15

(2) OJ No. L337 of 27.12.1977 p.8

(3) OJ No. L 28 of 4.2.1971, p.15

(4) OJ No. L 337 of 27.12.1977, p.8

79

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 take a particular effort on behalf of small and medium-sized undertakings modernising their management or production techniques on the basis of new technology

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;

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 :

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.

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.

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

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 underemployed;
- (b) young people under the age of 18 years 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.

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;
- (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 percent 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 percent.
3. In the case of operations under Article 3 paragraph 2, assistance shall be increased by forty percent. Assistance for the preparatory studies or evaluations specified in Article 3, paragraph 2, may cover the total eligible expenditure.
4. In the case of operations under Article 3, paragraph 1, the financial contribution of Member States' public authorities shall be equal to at least thirty percent 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.

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.

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 management 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.
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.

Done in Brussels on

for the Council

Proposal

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

205

Proposal for a Council Regulation to implement
Council Decision 82/ /EEC on the tasks of the
European Social Fund - Explanatory Memorandum

Introduction

1. In its opinion on the review of the Social Fund, together with the accompanying draft for the basic decision on the Fund's tasks, the Commission has set out its general policy objectives for the Fund. In its proposal for a regulation to implement that decision the Commission has concentrated on the major administrative provisions which have a direct bearing on the financial shape of Fund interventions. Such further administrative arrangements as may be necessary are of less significance and may be dealt with by means of Commission decisions. The proposed regulation is intended to replace Council Regulation (EEC) No. 2396/71 (1) as amended by Regulation (EEC) No. 2893/77 (2) and Council Regulation (EEC) No. 858/72 (3) as amended by Regulation (EEC) No. 2894/77 (4).

Article 1

2. The first Article deals with the types of expenditure eligible for Fund assistance and corresponds to Article 3 of Regulation 2396/71 as amended. The Commission proposes a simplification and rationalisation of the eligible expenditure under the Fund's current rules. All the main forms of eligible expenditure under the existing rules are maintained but in revised forms. Certain minor categories of expenditure which have either not been implemented or which have seldom been used are abolished. All expenditure which is not specifically declared eligible by this Article is by implication ineligible.
3. The most important types of expenditure, in volume terms, are those in respect of vocational training. They are available for all the categories of people eligible for Fund support and are divided into (a) trainees' incomes and (b) all other costs involved in running training courses, including depreciation costs of buildings and equipment and, in the case of the vocational integration of disabled people, the cost of adapting jobs.

(1) OJ No. L 249 of 10.11.1971, p. 54
(2) OJ No. L 337 of 27.12.1977, p. 1
(3) OJ No. L 101 of 28.4.1972, p. 3
(4) OJ No. L 337 of 27.12.1977, p. 5

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4. The present Fund has three main types of employment aid: one for newly-engaged workers in the regions eligible for assistance from the Regional Development Fund (Article 3(1)(e) of Reg. 2396/71) and two for young people under Council Regulation (EEC) No. 3039/78 of 18 December 1978 (5). These are replaced by three new types of aid, one for recruitment premiums for people aged 18 and over; one for the employment of those out of work for more than twelve months on projects for the creation of additional jobs which fulfil a public need; and one for assisting in the remuneration of development agents. All three would be limited to a maximum period of twelve months per person benefitting from Fund aid.
5. The recruitment premiums for people aged 18 and over are similar to the two types of aid currently available to promote the recruitment of young people under 25 and of workers in regions with a serious and prolonged imbalance in employment (ERDF regions). In future a single form of recruitment premium would be available. Far from being an operating subsidy, such assistance should continue to be used to encourage the selective granting of recruitment premiums: assistance would effectively be reserved for young people aged between 18 and 25, women, disabled people and those unemployed for over six months. As at present, recruitment should be into newly created jobs likely to enable workers to improve their vocational qualifications through additional training and work experience. The Commission should continue to include precise priorities in the Guidelines for the management of the Fund for the use of recruitment premiums.
6. The aid for employment on projects of social benefit is similar to the other type of aid for young people under the existing rules. However, the Commission believes that such aid should be made available to adult workers as well as young people, but only for those who have been unemployed for more than 12 months. This restriction is necessary to ensure that such projects do not absorb an exaggerated share of the Fund's resources. This type of aid is intended to help those who are difficult to place in employment because they have been unemployed for a long period.

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(5) OJ No. L 361 of 23.12.1978, p.3

7. The proposed income support for development agents follows from the suggested extension of eligibility to include them (cf. article 4(f) of the Commission's draft basic decision). The intention is to assist the first twelve months of programmes to create jobs through the stimulation, development and counselling particularly of small firms and cooperatives.
8. Finally the Article provides for expenditure on the social and vocational integration of migrant workers and their families, and on the operation of studies and pilot projects, to be eligible for fund support. This is a continuation of the existing position and derives from the categories of people and types of operation defined as eligible in the draft basic decision.

Article 2

9. This Article contains provisions relating to flat-rate payments. Article 5 (5) of the draft basic decision enables the Council, acting on a Commission proposal, to determine certain types of expenditure for which the Fund will pay a fixed amount, rather than 50% of the real cost. The purpose of flat-rate payments is to simplify the financial aspects of applications and of payments, both for applicants themselves and for the Fund. The maximum simplification would be achieved by adopting flat rates for all types of expenditure. However, analysis of existing Fund applications shows very large variations in the different types of expenditure. The immediate application of the flat-rate system would therefore result in anomalous and arbitrary levels of Fund support for some applications. Accordingly the Commission proposes that the flat-rate system should be applied initially to expenditure relating to employment aids (Article 1 (c) of the proposed regulation).

10. A safeguard is provided by Article 5 (4) of the Commission's draft basic decision. This provides that for operations within the framework of Member States' manpower policies, whether carried out by public or private bodies the public authority contribution must equal at least 30% of the total eligible expenditure. In addition Article 5 (6) of the draft decision provides that the Fund's contribution must not lead to funding in excess of the real cost of an operation. This means that it may in some circumstances be necessary to reduce the amount paid by the Fund - whether this amount is a flat rate or 50% of forecast eligible expenditure - in order to avoid over-funding.

11. Paragraph 2 of Article 2 sets out the method of calculating the flat-rate amounts. For the expenditure to be covered by a flat rate, the average expenditure borne by the Fund per person per day or week will be calculated from all the applications submitted to the Fund during the most recent financial year for which results are available preceding the commencement of the regulation. The flat rates would therefore be averages, expressed in ECU, of the share of costs which is met by the Fund across the whole of the Community; they would be updated annually in line with the change in the cost of living averaged across the Community as a whole.

12. Paragraph 3 provides for a 50% increase in the flat rates for recruitment premiums. The objective of this provision is to provide increased incentives for operations on behalf of groups of people of particular priority.

Article 3

13. This Article provides for the regions which under the current rules benefit from the increased rate of Fund intervention to continue to do so and for them to be placed ex aequo at the head of the List of priority regions. This provision, intended to replace the Fund's existing geographical selection criteria, is made by virtue of Articles 5 (2) and 6 (2) of the draft basic decision which enable the Council, acting by a qualified majority on a proposal from the Commission, to determine the regions to benefit from the increased rate of intervention (55% instead of 50%) and to be placed at the head of the list of priority regions. The accelerated depreciation of recently established training centres is maintained for these regions.
14. It is intended that the designation of Greece, Greenland, the French overseas departments, Ireland, the Mezzogiorno and Northern Ireland as heading the priority ranking of regions should remain in force until such time as changes in the economic and employment situation in the Community justify a review of this provision, on the basis of a proposal from the Commission.

Article 4

15. This Article is concerned with procedures for the submission of applications for assistance. Paragraph 1 provides that, in order to be considered, applications for operations taking place within the framework of national manpower policies (i.e. those covered by Article 3 (1) of the draft basic decision) must be submitted by Member States before 1 September of the year preceding that during which the operations take place. At present applications are submitted in two batches and this has led to delays in the Commission's decision approving or refusing assistance. The Commission cannot judge the relationship between applications and budget until examination of the second batch has been completed. This means that decisions on many first batch applications must be delayed until the final budget position is known, at which point the Commission can decide which levels of priority can be financed and to what extent. As a result of this inevitable delay, the Commission's decision on some applications cannot be taken until several months after the scheduled start date.

16. In order to ensure that applicants receive a decision as quickly as possible, and in many cases before their operations are due to begin, the Commission proposes that all applications should be submitted in one batch during the year preceding the start of schemes. This would enable all applications to be considered simultaneously, thereby avoiding the problem of the second batch. The advance of the submission date by some 7 weeks, together with administrative improvements, notably through the adoption of flat rates for some forms of expenditure and through increasing computerisation of applications by Member States and the Commission, would enable the Commission to take its decision by 31 January, provided that the Community budget, including the Social Fund budget, has been finalised by 1 January. If the budget is finalised after that date, the Commission will decide within 30 days of the announcement of the definitive budget. 130

17. The above timing is not intended to apply to the innovatory operations or preparatory studies or evaluations cited in Article 3 (2) of the draft decision. Paragraph 3 of Article 4 of the Commission's proposed regulation would enable the Commission to adopt the necessary administrative arrangements for such schemes. These arrangements would be designed to take account of the needs of promoters of small, experimental projects and should be more flexible than the provisions in respect of established labour market measures. The paragraph also enables the Commission to make arrangements to consider applications of a particularly urgent nature. The object of this provision is to enable the Fund to support operations which conform to the criteria of eligibility and priority in the ordinary way, but for which applications could not have been submitted by the normal deadline. Such applications may be submitted when a sudden emergency occurs which threatens the level of employment in an area, for example, a decision to close a large factory.

Article 5

18. Article 5 of the proposed regulation makes provisions relating to advance and final payments. Paragraph 1 provides that the approval of an application under Article 3(1) of the draft decision (operations within the framework of national manpower policies) will automatically be followed by the payment of an advance of 60% of the amount approved. Paragraph 2 provides that for applications under Article 3(2) of the draft decision (pilot projects, studies and evaluations) the Commission's approval will automatically be followed by an advance of 40% of the total aid committed, even where operations are due to last for more than one year, with a further advance of 40% payable when

the Member State concerned certifies that half of the operation has been completed. For both types of operation the balance is payable when the operations have been completed and a full report on their content and financial aspects has been submitted.

19. These arrangements for advance payments represent a change to the existing system whereby, at the request of the promoter and Member State concerned, annual advances of 30% may be paid when an operation has begun, followed by a further advance of up to 30% when the Member State certifies that the planned activities for the year in question are half completed. The proposed changes to this system are intended both to simplify and reduce the administrative burden on the Fund, Member States and applicants, and to overcome the cash flow difficulties which some applicants, notably those running pilot projects etc., have encountered because of the delay in receiving a large proportion of the aid committed.
20. Such a system of automatic advances may lead to a slight increase in the risk of overpayments from the Fund which must subsequently be recovered. However, there are two safeguards in Article 6 (described below): the new requirement for unwarranted payments to be repaid with interest, and the fact that Member States have subsidiary responsibility for sums owed to the Fund. These safeguards are an essential precondition for the improved system of advance payments.
21. Paragraph 4 provides for the Commission to make payments directly to those with financial responsibility for operations. At present many payments are made via national authorities and this can delay the receipt by applicants of Fund assistance. The Commission therefore proposes that it should in future make payments directly to beneficiaries but should continue to notify Member States of all payments made as at present.

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Article 6

22. This Article deals with cases where the Fund's assistance is not used in accordance with the conditions laid down in the Commission's decision. Paragraph 1 provides that in these circumstances the Commission may suspend, reduce or withdraw Fund assistance, after having given the relevant Member State an opportunity to comment. This provision repeats that in the existing rules (Regulation 858/72 as amended, Article 4 (3)).
23. Paragraph 2 provides that where payments have been made which are subsequently shown not to have been warranted, because operations have not been carried out to the extent or in accordance with the conditions laid down in the decision approving Fund assistance, the amounts involved must be repaid with interest calculated according to the bank rate obtaining in the Member State concerned at the time of the unwarranted payment. This sanction is necessary to ensure the prompt restitution by applicants of Fund assistance which they no longer intend to use, since without such a provision advance payments which are not used for the purpose intended could become a form of soft loan to applicants. Under the existing rules, which do not contain such a provision, a significant proportion of Fund assistance is not taken up by applicants and in some cases advances must be partly repaid. If restitutions are not made by the end of the year following that to which the decision granting Fund assistance applies, then those resources are lost. If, on the other hand, restitutions are made quickly, they can be used to finance projects which would otherwise have to be refused.
24. Paragraph 2 also maintains the provisions of the existing rules (in Article 4 (3) of Council Regulation (EEC) No. 858/72 as amended) whereby Member States have secondary liability for sums owed to the Community. Where a Member State repays to the Community an amount owed by an applicant, the rights of the Community in the matter are transferred to the Member State. In other words, where an applicant has received an unwarranted payment from the Fund and the Commission has not been able to secure its return,

the Commission may require the Member State to pay the amount owed. When the Member State has done so, it acquires the right to proceed against the applicant in question to recover the amount which it has repaid on the applicant's behalf.

Article 7

25. This Article is concerned with checks to be carried out on operations and payment claims. The main purpose of the Article is to maintain the existing provisions (in Article 5 of Regulation 858/72 as amended) which empower the Commission's representatives to go wherever necessary and to have access to all materials and documents relating to applications in order to check the accuracy of applications and payment claims. Two new provisions are contained in paragraph 2, which enables checks to be made by sampling, and paragraph 5, which enables the Commission to request officials of the Member State to carry out checks, accompanied by Commission officials where appropriate. Paragraph 2 gives legal backing to a practice which occurs under the present rules with the consent of some Member States and applicants. Sampling is the most efficient method checking claims where, for example, not all participants in a programme are eligible for Fund aid and the ratio of eligible to non-eligible must be verified. A random sample of all participants can be examined for eligibility and the resulting percentages applied to the whole claim.

26. Since Member States themselves have a responsibility to verify applications and payment claims, it may on occasions be appropriate for the Commission to entrust the verification of details to Member States, thereby reducing administrative effort and avoiding duplication. Paragraph 5 provides the necessary legal basis for such a division of responsibility.

Article 8

27. This Article maintains the existing requirement for the Commission to present a report to the Parliament and Council before 1 July of each

24

year on the activities of the Fund during its preceding financial year.

Article 9

28. This Article empowers the Commission to adopt administrative arrangements necessary both for the implementation of the proposed regulation and for all the subsequent management functions of the Fund.

Article 10

29. The final Article provides for commencement on 1 January 1983 and repeals the regulations which it replaces (Nos. 2396/71 as amended and 858/72 as amended) while providing that these regulations shall remain in force in respect of applications submitted before 1 April 1983. This transitional period is necessary because Fund applicants will have prepared their applications for 1983 on the basis of the existing rules.
30. Paragraph 3 of this Article contains a technical provision to enable the Commission to re-approve under the new rules any applications previously approved which continue into the period where applications are dealt with under the new rules. The purpose of this provision is to ensure that the Fund does not have to apply simultaneously two different sets of rules and procedures, eg in respect of final payment claims. Applications already approved would continue to be funded for the period laid down in the Commission's original decision but would be subject to the provisions of the new rules on payment forms, method of presentation and verification of expenditure, flat rate payments etc.

Council Regulation (EEC) No. /82
of 1982

concerning the implementation of Council Decision 82/ /EEC
on the tasks of the European Social Fund

THE COUNCIL 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 (1),

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament (2),

Having regard to the opinion of the Economic and Social Committee (3),

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;

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
payments in respect of approved operations;

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

(1)

(2)

HAS ADOPTED THIS REGULATION :

Article 1

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

- a) incomes of trainees;
- b) the costs of
 - the preparation, operation and administration of training courses, including the cost of the training of teaching staff and of depreciation;
 - trainees' accommodation,
 - in the case of vocational integration of the disabled, the adaptation of workplaces;
- 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
 - assistance towards the remuneration of development agents;
- d) 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;
- e) carrying out preparatory or evaluation operations or studies.

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.

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.
2. 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, in so far 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.
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 percent 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 percent of the assistance granted. A second advance, not exceeding forty percent, 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.
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. 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

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. 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

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

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

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

Article 10

1. This Regulation comes into force on 1 January 1983.
2. The regulations (EEC) No. 2396/71, as amended by the regulation (EEC) No. 2893/77 (4), No. 2895/77 (5) and No. 858/72, as amended by regulation (EEC) No. 2894/77 (6), are hereby repealed. However, they shall remain in force for operations for which applications are submitted before 1 April 1983.
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.

Done at Brussels,

For the Council

(4) OJ No L 249, 10.11.1971, p. 54 and L 337, 27.12.1977, p.1.

(5) OJ No L 337, 27.12.1977, p. 7.

(6) OJ No L 101, 28.04.1972, p. 3 and L 337 of 27.12.1977, p. 5.

Opinion of the Commission
on the rules of the Committee
of the European Social Fund

2

Opinion of the Commission concerning the rules of the Committee of the
European Social Fund

1. Council Decision /82 /EEC of 1982 and Council Regulation (EEC) No. /82 of 1982 lay down new rules governing the tasks of the Committee of the Fund. The duties of the Committee must be adapted to those new rules. The Commission therefore considers that it would be appropriate to replace the existing rules, in force with only minor amendments since 1960, by new rules taking account of the need for the Committee to assist the Commission in the administration of the Fund as provided for in Article 124 of the Treaty.

2. The duties of the Committee are essentially threefold:

- it has a part in the drafting of the Fund's annual budget. In view of both the growth of the Fund in recent years and the Community's new financial order, there are two important aspects to this role: first, since it is essential to adapt the budget to developments in labour markets and to Community priorities, Committee members must be in a position to undertake thorough studies of the employment situation in their respective countries; and secondly the Committee must help the Commission by advising of the results of its research which are of assistance in making the political choices inherent in the preparation of the budget;
- it can assist the Commission to determine any operating rules of the Fund. Here the Committee has an important role to play in the process of drawing up proposals to the Council for new regulations, of fixing flat rates for Fund assistance and of drafting the annual Guidelines for the management of the Fund;
- it can assist the Commission to decide which applications for assistance submitted by Member States should be approved. Approval should depend not only on whether applications conform to the rules in force but also on the extent to which proposed operations are consistent with Community priorities.

3

3. The duties of the Committee, whether they concern the budget, the Guidelines or applications for assistance, all require that, for decisions to be taken, all the necessary information on employment within countries, regions and industrial sectors should be available at the Community level. Members of the Committee representing Governments and the Social Partners should therefore relay to the Community information on the areas and problems for which they are responsible. The role of the Committee increases in importance with the acceleration of economic and social developments and as the employment effects of these rapid developments become increasingly serious; at the same time the adaptation of the workforce to new technology and the ratio between job vacancies and unemployment play an ever growing role in determining the speed of economic growth and social progress. In this context the representatives of the Social Partners have a particularly important contribution to make.

4. Turning to the Committee's methods of operation, the Commission suggests that the full Committee should delegate its responsibilities for the day-to-day management of the Fund to a sub-committee, drawn from its membership, which would have the duty of assisting the Commission to examine applications. The full Committee would then be better able to devote itself to the study of budgetary problems linked to the implementation of Community priorities.

5. In order for the Fund Committee to fulfil its duties properly, the Commission considers that the existing rules should be replaced by new statutory provisions, a draft of which is attached as an annex to this opinion. The proposed new rules contain the following principal new elements:
 - the grouping into a single legal instrument of all the rules concerning the Committee;
 - the exercise of the chairmanship;
 - the possibility of creating a sub-committee responsible for issuing an opinion on applications for assistance;
 - the obligations on members before applications are considered within the Committee.

Draft

47

COUNCIL DECISION

ON THE RULES OF THE COMMITTEE OF THE EUROPEAN SOCIAL FUND

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 (1) 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 Fund (3), amended by Council Decision 68/188/EEC of 9 April 1968 (4) and by the Acts of Accession of 1972 and 1979, to be replaced by a new decision

HAS DECIDED AS FOLLOWS :

(1)

(2)

(3) OJ No. 56, 31.08.1960

(4) OJ No. L 91, 18.04.1968

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.

Article 3

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

6

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.

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49

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.

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 organise 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.

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 principle aspects of Community policy on economic and social affairs.

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.

Done at Brussels

for the Council