This document is meant purely as a documentation tool and the institutions do not assume any liability for its contents

►B REGULATION (EC) No 1081/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 5 July 2006

on the European Social Fund and repealing Regulation (EC) No 1784/1999

(OJ L 210, 31.7.2006, p. 12)

Amended by:

		Official Journal		
		No	page	date
►M1	Regulation (EC) No 396/2009 of the European Parliament and of the Council of 6 May 2009	L 126	1	21.5.2009

▼B

REGULATION (EC) No 1081/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 5 July 2006

on the European Social Fund and repealing Regulation (EC) No 1784/1999

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 148 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Economic and Social Committee [1],

Having regard to the opinion of the Committee of the Regions [2],

Acting in accordance with the procedure laid down in Article 251 of the Treaty [3],

Whereas:

(1) Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund [4] establishes the framework for action by the Structural Funds and the Cohesion Fund and lays down, in particular, the objectives, principles and rules concerning partnership, programming, evaluation and management. It is therefore necessary to define the mission of the European Social Fund (ESF) in relation to the tasks prescribed under Article 146 of the Treaty and in the context of the work by Member States and the Community towards developing a coordinated strategy for employment under Article 125 of the Treaty.

(2) Specific provisions concerning the type of activities which may be financed by the ESF under the objectives set out in Regulation (EC) No 1083/2006 should be laid down.

(3) The ESF should strengthen economic and social cohesion by improving employment opportunities within the framework of the tasks entrusted to the ESF by Article 146 of the Treaty and of the tasks entrusted to the Structural Funds by Article 159 of the Treaty, in accordance with the provisions of Regulation (EC) No 1083/2006.

(4) This is all the more important in the light of the challenges arising from the enlargement of the Union and the phenomenon of economic globalisation. In this connection, the importance of the European social model and its modernisation should be acknowledged.

(5) In accordance with Articles 99 and 128 of the Treaty, and with a view to refocusing the Lisbon strategy on growth and jobs, the Council has adopted an integrated package comprising Broad Economic Policy Guidelines and Employment Guidelines, the latter setting out employment objectives, priorities and targets. In this regard, the Brussels European Council of 22 and 23 March 2005 called for the mobilisation of all appropriate national and Community resources, including cohesion policy.

---

[1] OJ C 234, 22.9.2005, p. 27.
[2] OJ C 164, 5.7.2005, p. 48.
[3] Opinion of the European Parliament of 6 July 2005 (not yet published in the Official Journal), Council Common Position of 12 June 2006 (not yet published in the Official Journal) and Position of the European Parliament of 4 July 2006 (not yet published in the Official Journal).
[4] See p. 25 of this Official Journal.

▼B

(6) New lessons have been learnt from the Community initiative EQUAL, especially in respect of the combination of local, regional, national and European action. These lessons should be integrated into ESF support. Particular attention should be paid to the participation of target groups, the integration of migrants, including those seeking asylum, the identification of policy issues and their subsequent mainstreaming, innovation and experimentation techniques, methodologies for transnational cooperation, outreach to groups marginalised in relation to the labour market, the impact of social issues on the internal market, and access to and management of projects taken on by non-governmental organisations.

(7) The ESF should support the policies of Member States which are closely in line with the guidelines and recommendations under the European Employment Strategy and the relevant objectives of the Community in relation to social inclusion, non-discrimination, the promotion of equality, and education and training, in order to better contribute to the implementation of the objectives and targets agreed at the Lisbon European Council of 23 and 24 March 2000 and at the Goteborg European Council of 15 and 16 June 2001.

(8) The ESF should also act to tackle the relevant dimensions and consequences of demographic changes in the active population of the Community, in particular through lifelong vocational training.

(9) With a view to better anticipating and managing change and increasing economic growth, employment opportunities for both women and men, and quality and productivity at work under the Regional competitiveness and employment and Convergence objectives, assistance from the ESF should focus, in particular, on improving the adaptability of workers and enterprises, enhancing human capital and access to employment and participation in the labour market, reinforcing the social inclusion of disadvantaged people, combating discrimination, encouraging economically inactive persons to enter the labour market and promoting partnerships for reform.

(10) In addition to these priorities, in the least developed regions and Member States, under the Convergence objective and with a view to increasing economic growth, employment opportunities for both women and men, and quality and productivity at work, it is necessary to expand and improve investment in human capital and to improve institutional, administrative and judicial capacity, in particular to prepare and implement reforms and enforce the *acquis*.

(11) Within the range of these priorities, the selection of ESF interventions should be flexible in order to address the specific challenges in each Member State, and the types of priority action financed by the ESF should allow for a margin of flexibility to respond to these challenges.

(12) The promotion of innovative transnational and interregional activities is an important dimension which should be integrated in the scope of the ESF. In order to foster cooperation, Member States should programme transnational and interregional actions using a horizontal approach or through a dedicated priority axis.

(13) It is necessary to ensure that the action of the ESF is consistent with the policies provided for under the European Employment Strategy and to concentrate ESF support on the implementation of the guidelines and recommendations under that strategy.

(14) Efficient and effective implementation of actions supported by the ESF depends on good governance and partnership between all relevant territorial and socio-economic actors, and in particular the social partners and other stakeholders, including those at

▼B

national, regional and local level. The social partners have a central role in the broad partnership for change, and their commitment to strengthening economic and social cohesion by improving employment and job opportunities is essential. In this context, where employers and workers collectively contribute to financially supporting ESF actions, this financial contribution, although private expenditure, would be included for the purposes of calculating ESF co-financing.

(15) The ESF should support actions in line with the guidelines and relevant recommendations under the European Employment Strategy. However, changes to the guidelines and recommendations would require the revision of an operational programme only where a Member State, or the Commission in agreement with a Member State, considered that the operational programme should take account of significant socioeconomic changes or take greater or different account of major changes in Community, national or regional priorities, or in the light of evaluations or following implementation difficulties.

(16) The Member States and the Commission are to ensure that the implementation of the priorities financed by the ESF under the Convergence and Regional competitiveness and employment objectives contribute to the promotion of equality and the elimination of inequalities between women and men. A gender mainstreaming approach should be combined with specific action to increase the sustainable participation and progress of women in employment.

(17) The ESF should also support technical assistance, with a particular focus on encouraging mutual learning through exchanges of experience and dissemination of good practice and on highlighting the contribution of the ESF to the policy objectives and priorities of the Community in relation to employment and social inclusion.

(18) Regulation (EC) No 1083/2006 provides that rules on eligibility of expenditure are to be established at national level, with certain exceptions for which it is necessary to lay down specific provisions. Specific provisions should therefore be laid down for the exceptions related to the ESF.

(19) In the interest of clarity, Regulation (EC) No 1784/1999 of the European Parliament and of the Council of 12 July 1999 on the European Social Fund ([1]) should therefore be repealed,

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter

1. This Regulation establishes the tasks of the European Social Fund (ESF), the scope of its assistance, specific provisions and the types of expenditure eligible for assistance.

2. The ESF is governed by Regulation (EC) No 1083/2006 and by this Regulation.

Article 2

Tasks

1. The ESF shall contribute to the priorities of the Community as regards strengthening economic and social cohesion by improving employment and job opportunities, encouraging a high level of

([1]) OJ L 213, 13.8.1999, p. 5.

▼B

employment and more and better jobs. It shall do so by supporting Member States' policies aiming to achieve full employment and quality and productivity at work, promote social inclusion, including the access of disadvantaged people to employment, and reduce national, regional and local employment disparities.

In particular, the ESF shall support actions in line with measures taken by Member States on the basis of the guidelines adopted under the European Employment Strategy, as incorporated into the Integrated Guidelines for Growth and Jobs, and the accompanying recommendations.

2. In carrying out the tasks referred to in paragraph 1, the ESF shall support the priorities of the Community as regards the need to reinforce social cohesion, strengthen productivity and competitiveness, and promote economic growth and sustainable development. In so doing, the ESF shall take into account the relevant priorities and objectives of the Community in the fields of education and training, increasing the participation of economically inactive people in the labour market, combating social exclusion — especially that of disadvantaged groups such as people with disabilities — and promoting equality between women and men and non-discrimination.

Article 3

Scope of assistance

1. Within the framework of the Convergence and Regional competitiveness and employment objectives, the ESF shall support actions in Member States under the priorities listed below:

(a) increasing adaptability of workers, enterprises and entrepreneurs with a view to improving the anticipation and positive management of economic change, in particular by promoting:

  (i) lifelong learning and increased investment in human resources by enterprises, especially SMEs, and workers, through the development and implementation of systems and strategies, including apprenticeships, which ensure improved access to training by, in particular, low-skilled and older workers, the development of qualifications and competences, the dissemination of information and communication technologies, e-learning, eco-friendly technologies and management skills, and the promotion of entrepreneurship and innovation and business start-ups;

  (ii) the design and dissemination of innovative and more productive forms of work organisation, including better health and safety at work, the identification of future occupational and skills requirements, and the development of specific employment, training and support services, including outplacement, for workers in the context of company and sector restructuring;

(b) enhancing access to employment and the sustainable inclusion in the labour market of job seekers and inactive people, preventing unemployment, in particular long-term and youth unemployment, encouraging active ageing and longer working lives, and increasing participation in the labour market, in particular by promoting:

  (i) the modernisation and strengthening of labour market institutions, in particular employment services and other relevant initiatives in the context of the strategies of the European Union and the Member States for full employment;

  (ii) the implementation of active and preventive measures ensuring the early identification of needs with individual action plans and personalised support, such as tailored training, job search, outplacement and mobility, self-employment and business creation, including cooperative enterprises, incentives to

▼B

encourage participation in the labour market, flexible measures to keep older workers in employment longer, and measures to reconcile work and private life, such as facilitating access to childcare and care for dependent persons;

(iii) mainstreaming and specific action to improve access to employment, increase the sustainable participation and progress of women in employment and reduce gender-based segregation in the labour market, including by addressing the root causes, direct and indirect, of gender pay gaps;

(iv) specific action to increase the participation of migrants in employment and thereby strengthen their social integration and to facilitate geographic and occupational mobility of workers and integration of cross-border labour markets, including through guidance, language training and validation of competences and acquired skills;

(c) reinforcing the social inclusion of disadvantaged people with a view to their sustainable integration in employment and combating all forms of discrimination in the labour market, in particular by promoting:

(i) pathways to integration and re-entry into employment for disadvantaged people, such as people experiencing social exclusion, early school leavers, minorities, people with disabilities and people providing care for dependent persons, through employability measures, including in the field of the social economy, access to vocational education and training, and accompanying actions and relevant support, community and care services that improve employment opportunities;

(ii) acceptance of diversity in the workplace and the combating of discrimination in accessing and progressing in the labour market, including through awareness-raising, the involvement of local communities and enterprises and the promotion of local employment initiatives;

(d) enhancing human capital, in particular by promoting:

(i) the design and introduction of reforms in education and training systems in order to develop employability, the improvement of the labour market relevance of initial and vocational education and training and the continual updating of the skills of training personnel with a view to innovation and a knowledge-based economy;

(ii) networking activities between higher education institutions, research and technological centres and enterprises;

(e) promoting partnerships, pacts and initiatives through networking of relevant stakeholders, such as the social partners and non-governmental organisations, at the transnational, national, regional and local levels in order to mobilise for reforms in the field of employment and labour market inclusiveness.

2. Within the framework of the Convergence objective, the ESF shall support actions in Member States under the priorities listed below:

(a) expanding and improving investment in human capital, in particular by promoting:

(i) the implementation of reforms in education and training systems, especially with a view to raising people's responsiveness to the needs of a knowledge-based society and lifelong learning;

(ii) increased participation in education and training throughout the life-cycle, including through actions aiming to achieve a reduction in early school leaving and in gender-based segre-

▼B

gation of subjects and increased access to and quality of initial, vocational and tertiary education and training;

(iii) the development of human potential in research and innovation, notably through post-graduate studies and the training of researchers;

(b) strengthening institutional capacity and the efficiency of public administrations and public services at national, regional and local level and, where relevant, of the social partners and non-governmental organisations, with a view to reforms, better regulation and good governance especially in the economic, employment, education, social, environmental and judicial fields, in particular by promoting:

(i) mechanisms to improve good policy and programme design, monitoring and evaluation, including through studies, statistics and expert advice, support for interdepartmental coordination and dialogue between relevant public and private bodies;

(ii) capacity building in the delivery of policies and programmes in the relevant fields, including with regard to the enforcement of legislation, especially through continuous managerial and staff training and specific support to key services, inspectorates and socio-economic actors including social and environmental partners, relevant non-governmental organisations and representative professional organisations.

3. Within the priorities referred to in paragraphs 1 and 2, Member States may concentrate on those which are the most appropriate to address their specific challenges.

4. The ESF may support actions set out in Article 3(2) of this Regulation throughout the territory of the Member States eligible for support or transitional support under the Cohesion Fund, as determined respectively in Articles 5(2) and 8(3) of Regulation (EC) No 1083/2006.

5. In implementing the objectives and priorities referred to in paragraphs 1 and 2, the ESF shall support the promotion and mainstreaming of innovative activities in the Member States.

6. The ESF shall also support transnational and interregional actions in particular through the sharing of information, experiences, results and good practices, and through developing complementary approaches and coordinated or joint action.

7. By way of derogation from Article 34(2) of Regulation (EC) No 1083/2006, the funding of measures under the social inclusion priority referred to in paragraph 1(c)(i) of this Article and within the scope of Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund [1] may be raised to 15 % of the priority axis concerned.

Article 4

Consistency and concentration of support

1. The Member States shall ensure that the actions supported by the ESF are consistent with and contribute to actions undertaken in pursuance of the European Employment Strategy. In particular, they shall ensure that the strategy set out in the national strategic reference framework and the actions set out in the operational programmes promote the objectives, priorities and targets of the strategy in each Member State within the framework of the national reform programmes and national action plans for social inclusion.

The Member States shall also concentrate support, where the ESF can contribute to policies, on the implementation of the relevant

[1] See p. 1 of this Official Journal.

▼B

employment recommendations made under Article 128(4) of the Treaty and of the relevant employment-related objectives of the Community in the fields of social inclusion, education, and training. Member States shall do so in a stable programming environment.

2. Within operational programmes, resources shall be directed towards the most important needs and focus on those policy areas where ESF support can have a significant effect in attaining the objectives of the programme. To maximise the efficiency of ESF support, operational programmes shall, where appropriate, take particular account of the regions and localities facing the most serious problems, such as deprived urban and outermost regions, declining rural and fisheries-dependent areas, and areas particularly adversely affected by business relocations.

3. Where appropriate, a concise section on the contribution of the ESF to promoting the relevant labour market aspects of social inclusion shall be included in Member States' national reports under the open method of coordination on social protection and social inclusion.

4. The indicators included in the operational programmes co-financed by the ESF shall be strategic in nature and limited in number and shall reflect those used in the implementation of the European Employment Strategy and in the context of the relevant Community objectives in the fields of social inclusion and education and training.

5. Evaluations undertaken in relation to ESF action shall also assess the contribution of the actions supported by the ESF to the implementation of the European Employment Strategy and to the Community objectives in the fields of social inclusion, non-discrimination and equality between women and men, and education and training in the Member State concerned.

Article 5

Good governance and partnership

1. The ESF shall promote good governance and partnership. Its support shall be designed and implemented at the appropriate territorial level taking into account the national, regional and local level according to the institutional arrangements specific to each Member State.

2. The Member States shall ensure the involvement of the social partners and adequate consultation and participation of other stakeholders, at the appropriate territorial level, in the preparation, implementation and monitoring of ESF support.

3. The managing authority of each operational programme shall encourage adequate participation of the social partners in actions funded under Article 3.

Under the Convergence objective, an appropriate amount of ESF resources shall be allocated to capacity-building, which shall include training, networking measures, strengthening the social dialogue and activities jointly undertaken by the social partners, in particular as regards adaptability of workers and enterprises referred to in Article 3(1)(a).

4. The managing authority of each operational programme shall encourage adequate participation and access by non-governmental organisations to the funded activities, notably in the domains of social inclusion, gender equality and equal opportunities.

Article 6

Gender equality and equal opportunities

The Member States shall ensure that operational programmes include a description of how gender equality and equal opportunities are

▼B

promoted in the preparation, implementation, monitoring and evaluation of operational programmes. Member States shall promote a balanced participation of women and men in the management and implementation of operational programmes at local, regional and national level, as appropriate.

Article 7

Innovation

In the framework of each operational programme, particular attention shall be paid to the promotion and mainstreaming of innovative activities. The managing authority shall choose the themes for the funding of innovation in the context of partnership and shall define the appropriate implementation arrangements. It shall inform the monitoring committee referred to in Article 63 of Regulation (EC) No 1083/2006 of the themes chosen.

Article 8

Transnational and interregional actions

1. Where Member States support actions in favour of transnational and/or interregional actions as set out in Article 3(6) of this Regulation as a specific priority axis within an operational programme, the contribution from the ESF may be increased by 10 % at the priority axis level. This increased contribution shall not be included in the calculation of the ceilings set out in Article 53 of Regulation (EC) No 1083/2006.

2. Member States shall, with the assistance of the Commission where appropriate, ensure that the ESF does not support specific operations being concurrently supported through other Community transnational programmes, in particular in the field of education and training.

Article 9

Technical assistance

The Commission shall promote, in particular, exchanges of experience, awareness-raising activities, seminars, networking and peer reviews serving to identify and disseminate good practice and encourage mutual learning and transnational and interregional cooperation with the aim of enhancing the policy dimension and contribution of the ESF to the Community objectives in relation to employment and social inclusion.

Article 10

Reports

The annual and final implementation reports referred to in Article 67 of Regulation (EC) No 1083/2006 shall contain, where appropriate, a synthesis of the implementation of:

(a) gender mainstreaming as well as of any gender-specific action;

(b) action to increase participation of migrants in employment and thereby strengthen their social integration;

(c) action to strengthen integration in employment and thereby improve the social inclusion of minorities;

(d) action to strengthen integration in employment and social inclusion of other disadvantaged groups, including people with disabilities;

(e) innovative activities, including a presentation of the themes and their results, dissemination and mainstreaming;

(f) transnational and/or interregional actions.

▼B

Article 11

Eligibility of expenditure

1. The ESF shall provide support towards eligible expenditure which, notwithstanding Article 53(1)(b) of Regulation (EC) No 1083/2006 may include any financial resources collectively contributed by employers and workers. The assistance shall take the form of non-reimbursable individual or global grants, reimbursable grants, loan interest rebates, micro-credits, guarantee funds and the purchase of goods and services in compliance with public procurement rules.

2. The following expenditure shall not be eligible for a contribution from the ESF:

(a) recoverable value added tax;

(b) interest on debt;

(c) purchase of furniture, equipment, vehicles, infrastructure, real estate and land.

3. The following costs shall be expenditure eligible for a contribution from the ESF as defined in paragraph 1 provided that they are incurred in accordance with national rules, including accountancy rules, and under the specific conditions provided for below:

(a) the allowances or salaries disbursed by a third party for the benefit of the participants in an operation and certified to the beneficiary;

▼M1

(b) in the case of grants:

(i) indirect costs, declared on a flat-rate basis, of up to 20 % of the direct costs of an operation;

(ii) flat-rate costs calculated by application of standard scales of unit cost as defined by the Member State;

(iii) lump sums to cover all or part of the costs of an operation.

▼B

(c) the depreciation costs of depreciable assets listed under paragraph 2(c), allocated exclusively for the duration of an operation, to the extent that public grants have not contributed towards the acquisition of those assets.

▼M1

The options referred to in points (i), (ii) and (iii) of point (b) may be combined only where each of them covers a different category of eligible costs or where they are used for different projects within the same operation.

Costs referred to in points (i), (ii) and (iii) of point (b) shall be established in advance on the basis of a fair, equitable and verifiable calculation.

The lump sum referred to in point (iii) of point (b) shall not exceed EUR 50 000.

▼B

4. The eligibility rules set out in Article 7 of Regulation (EC) No 1080/2006 shall apply to actions co-financed by the ESF which fall within the scope of Article 3 of that Regulation.

Article 12

Transitional provisions

1. This Regulation shall not affect either the continuation or modification, including the total or partial cancellation, of assistance approved by the Commission on the basis of Regulation (EC) No 1784/1999 or any other legislation applying to that assistance on 31 December 2006,

▼B

which shall consequently apply thereafter to that assistance or the projects concerned until their closure.

2. Applications made under Regulation (EC) No 1784/1999 shall remain valid.

Article 13

Repeal

1. Without prejudice to the provisions laid down in Article 12 of this Regulation, Regulation (EC) No 1784/1999 is hereby repealed with effect from 1 January 2007.

2. References to the repealed Regulation shall be construed as references to this Regulation.

Article 14

Review clause

The European Parliament and the Council shall review this Regulation by 31 December 2013 in accordance with the procedure laid down in Article 148 of the Treaty.

Article 15

Entry in force

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Union*.

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