



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 28 November 2013

16270/13

**Interinstitutional File:
2011/0268 (COD)**

**CODEC 2580
FSTR 147
SOC 945
REGIO 263
CADREFIN 310
PE 518**

INFORMATION NOTE

from: General Secretariat
to: Permanent Representatives Committee/Council

Subject: Proposal for a Regulation of the European Parliament and of the Council on the European Social Fund and repealing Regulation (EC) No 1081/2006
– Outcome of the European Parliament's first reading
(Strasbourg, 18 to 21 November 2013)

I. INTRODUCTION

The Rapporteurs, Mrs Elisabeth MORIN-CHARTIER (EPP, FR) presented a report on the proposal for a Regulation on behalf of the Committee on Employment and Social Affairs. The report contained 124 amendments (amendments 1 - 124) to the proposal.

In accordance with the provisions of Article 294 of the TFEU and the joint declaration on practical arrangements for the codecision procedure ¹, a number of informal contacts have taken place between the Council, the European Parliament and the Commission with a view to reaching an agreement on this dossier at first reading, thereby avoiding the need for second reading and conciliation.

¹ OJ C 145, 30.6.2007, p.5

In this context, the Committee presented one compromise amendment (amendment 125) to the proposal for a Regulation. This amendment had been agreed during the informal contacts referred to above and was consequently intended to replace the 124 amendments previously voted by the Committee.

II. VOTE

When it voted on 20 November 2013, the plenary adopted amendment 125 to the proposal for a Regulation. No other amendments were adopted. The Commission's proposal as thus amended constitutes the Parliament's first-reading position which is contained in its legislative resolution as set out in the Annex hereto¹.

The Parliament's position reflects what had been previously agreed between the institutions. The Council should therefore be in a position to approve the Parliament's position.

The act would then be adopted in the wording which corresponds to the Parliament's position.

¹ The version of the Parliament's position in the legislative resolution has been marked up to indicate the changes made by the amendments to the Commission's proposal. Additions to the Commission's text are highlighted in *bold and italics*. The symbol "■" indicates deleted text.

European Social Fund ***I

European Parliament legislative resolution of 20 November 2013 on the proposal for a regulation of the European Parliament and of the Council on the European Social Fund and repealing Regulation (EC) No 1081/2006 (COM(2011)0607/2 – C7-0327/2011 – 2011/0268(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2011)0607/2),
- having regard to Article 294(2) and Article 164 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0327/2011),
- having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
- having regard to the opinions of the European Economic and Social Committee of 22 February 2012¹ and 22 May 2013²,
- having regard to the opinion of the Committee of the Regions of 3 May 2012³,
- having regard to the undertaking given by the Council representative by letter of 14 November 2013 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
- having regard to Rule 55 of its Rules of Procedure,
- having regard to the report of the Committee on Employment and Social Affairs and the opinions of the Committee on Budgets, the Committee on Budgetary Control, the Committee on Regional Development, the Committee on Culture and Education and the Committee on Women's Rights and Gender Equality (A7-0250/2012),

¹ OJ C 143, 22.5.2012, p. 82.

² OJ C 271, 19.9.2013, p. 101.

³ OJ C 225, 27.7.2012, p. 127.

1. Adopts its position at first reading hereinafter set out;
2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

P7_TC1-COD(2011)0268

Position of the European Parliament adopted at first reading on 20 November 2013 with a view to the adoption of Regulation (EU) No .../2013 of the European Parliament and of the Council on the European Social Fund and repealing Council Regulation (EC) No 1081/2006*

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 164 thereof,

Having regard to the proposal from the European Commission¹,

After transmission of the draft legislative act to the national Parliaments,

* TEXT HAS NOT YET UNDERGONE LEGAL-LINGUISTIC FINALISATION.

¹ OJ C , , p. .

Having regard to the opinion of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure³,

Whereas:

- (1) Regulation (EU) No [CPR] establishes the framework for action by the European Social Fund (ESF), the European Regional Development Fund (ERDF), the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and lays down, in particular, the thematic objectives, the principles and the rules concerning programming, monitoring and evaluation, management and control. It is therefore necessary to specify the mission and scope of the European Social Fund, together with the related investment priorities addressing the thematic objectives, and to lay down specific provisions concerning the type of activities which may be financed by the ESF.

¹ OJ C , , p. .

² OJ C , , p. .

³ Position of the European Parliament of 20 November 2013.

- (2) The ESF should improve employment opportunities, *strengthen social inclusion, fight poverty*, promote education, *skills* and life-long learning and develop active, *comprehensive and sustainable* inclusion policies in accordance with the tasks entrusted to the ESF by Article 162 of the Treaty *on the Functioning of the European Union (TFEU)*, and thereby contribute to economic, social and territorial cohesion in accordance with Article 174 *TFEU*. In accordance with Article 9 *TFEU*, the ESF should take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.

- (3) The European Council of 17 June 2010 called for all common policies, including cohesion policy, to support the Europe 2020 Strategy for smart, sustainable and inclusive growth"¹. In order to ensure the full alignment of the ESF with the objectives of this strategy, particularly as regards employment, education, **training** and the fight against social exclusion, **poverty and discrimination**, the ESF should support Member States **taking account of the relevant Integrated Guidelines and relevant country-specific recommendations adopted in accordance with Article 121(2) and Article 148(4) TFEU and where appropriate at national level, the National Reform Programme underpinned by national employment strategies, the National Social Reports, the National Roma Integration Strategies and national disability strategies. The ESF** should also contribute to **relevant aspects of** the implementation of the flagship initiatives, with special regard to the "Agenda for New Skills and Jobs"², "Youth on the Move"³, and the "European Platform against Poverty and Social Exclusion"⁴. It **should** also support **relevant** activities in the "Digital Agenda"⁵ and the "Innovation Union"⁶ initiatives.

¹ COM(2010)2020, 3.3.2010

² COM(2010)0682, 23.11.2010

³ COM(2010)0477, 15.09.2010

⁴ COM(2010)0758, 16.12.2010

⁵ COM(2010)0245/2, 26.8.2010

⁶ COM(2010)0546, 6.10.2010

(4) The European Union is confronted with structural challenges arising from economic globalisation, technological change and an increasingly ageing workforce and growing skills and labour shortages in some sectors and regions. They have been compounded by the recent economic and financial crisis, which has resulted in increased levels of unemployment, hitting in particular young people and other *disadvantaged people*, such as migrants *and minorities*.

(4a) The ESF should aim to promote employment, *improve access to the labour market, paying particular attention to those who are the furthest from the labour market and support voluntary labour mobility. The ESF should also support active and healthy ageing, including through innovative forms of work organisation, and by promoting health and safety at work and increasing employability.* In promoting the better functioning of labour markets by enhancing the transnational geographical mobility of workers, the ESF should, in particular, support European Employment Services (EURES activities) in relation to recruitment and the related information, advice and guidance services at national and cross-border level. *Operations financed by the ESF should comply with Article 5(2) of the EU Charter of Fundamental Rights stating that no one shall be required to perform forced or compulsory labour.*

- (4b)** *The ESF should promote social inclusion and prevent and combat poverty with a view to breaking the cycle of disadvantage across generations which implies mobilising a range of policies targeting the most disadvantaged people regardless of their age (including children, the working poor and older women). Attention should be paid to the participation of those seeking asylum and refugees. The ESF may also be used to enhance access to affordable, sustainable and high quality services of general interest, in particular in the fields of health care, employment and training services, services for the homeless, out of school care, childcare and long-term care services. Services supported can be public, private and/or community-based, delivered by different types of providers (public administrations, private companies, social enterprises, non-governmental organisations).*
- (4c)** *The ESF should undertake to tackle early school leaving and promote equal access to good quality education, invest in vocational education and training, improve the labour market relevance of education and training systems and enhance life-long learning, including formal, non-formal and informal learning pathways.*
- (4d)** *Support under the investment priority "community-led local development" may contribute to all thematic objectives as set out in Article 3.1 of this regulation. Community-led local development strategies supported by the ESF should be inclusive with regard to disadvantaged people present on the territory, both in terms of governance of the local action group and in terms of content of the strategy.*

- (5) In addition to these priorities, in the less developed regions and Member States, and with a view to increasing economic growth and employment opportunities, the efficiency of public administration *at national and regional level, as well as the ability of a public administration to act in a participative manner*, should be improved and the institutional capacity of stakeholders, *including NGOs*, delivering employment, education, *training* and social policies, *including the field of anti-discrimination*, should be strengthened.
- (6) At the same time, it is crucial to support the development and competitiveness of European *micro-*, small and medium-sized enterprises and to ensure that people can adapt, through acquiring appropriate skills and through lifelong learning opportunities, to new challenges such as the shift to a knowledge-based economy, the digital agenda, and the transition to a low-carbon and more energy-efficient economy. By pursuing its primary thematic objectives, the ESF should contribute to addressing these challenges. In this context, the ESF should support the labour force transition *from education to employment* towards greener skills and jobs *and addressing skills shortages, including those* in the energy efficiency, renewable energy and sustainable transport sectors. *The ESF should also contribute to cultural and creative skills. Socio-cultural, creative and cultural sectors are important in indirectly addressing the aims of the ESF; their potential should therefore be better integrated into ESF projects and programming.*

- (6a) *Member States are encouraged to report ESF-funded initiatives in their National Social Reports annexed to the National Reform Programmes, in particular as regards marginalised communities, such as the Roma and migrants.*
- (6b) In light of the persistent need to make an effort to address youth unemployment in the Union as a whole, a Youth Employment Initiative (YEI) should be created for the most affected regions. It should support in those regions young people not in employment, education or training (NEET), who are unemployed or inactive. ***The YEI may also support actions to combat early school leaving. It will thus*** reinforce and accelerate the delivery of activities supported by ESF funding. Additional funds should specifically be attributed to the YEI and should be matched with funding from the ESF in the above mentioned regions. By targeting individual persons rather than structures, the YEI should aim to complement other ESF –funded operations and national actions targeting young people not in education or training who are inactive or unemployed, including through the implementation of the Youth Guarantee in line with Council's Recommendation¹, ***which provides that young people should receive a good-quality offer of either employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education. Access to welfare benefits for the young person and his/her family or dependents should not be conditioned by the young person's participation in the YEI***

¹ Council Recommendation on Establishing a Youth Guarantee, OJ C20 of 26/4/2013.

- (6c) *The YEI should be fully integrated in ESF programming, but where appropriate specific provisions related to YEI should be envisaged with a view to achieving its objectives. In particular, it is necessary to simplify and facilitate its implementation, notably with regard to financial management provisions and thematic concentration arrangements. In order to ensure that the results of the Initiative will be clearly demonstrated and communicated, specific monitoring and evaluation, as well as information and publicity arrangements should be envisaged. Youth organizations should be involved in the monitoring committees' discussions on the preparation and implementation, including evaluation, of the YEI.*
- (7) The ESF should contribute to the Europe 2020 Strategy, ensuring greater concentration of support on the priorities of the European Union. *A minimum share for the ESF is established in Accordance with Article 84(3) of Regulation (EU) No [...] /2013 [CPR].* The ESF *must* in particular increase its support for the fight against social exclusion and poverty, through a minimum ring-fenced allocation *of 20% of the whole ESF resources of each Member State*. According to the level of development of the supported regions, the choice and number of investment priorities for ESF support should also be limited.

- (8) In order to ensure closer monitoring and improved assessment of the results achieved at European level by actions supported by the ESF, a common set of output and result indicators should be established *in this Regulation. Those indicators should correspond to the investment priority and type of action supported in accordance with this Regulation and the relevant provisions of Regulation (EU) No [...] /2013 [CPR]. Those indicators should be complemented where necessary by programme-specific result and/or output indicators.*
- (8a) *Taking into account data protection requirements linked to collecting and storing sensitive data of participants, Member States and the European Commission shall regularly evaluate the effectiveness, efficiency and impact of ESF support to promoting social inclusion and combating poverty, in particular with regard to disadvantaged people such as the Roma.*

Member States are encouraged to report on the effect of ESF investments on equal opportunities, equal access and integration of the marginalised groups in all operational programmes.

- (9) Efficient and effective implementation of actions supported by the ESF depends on good governance and partnership between all relevant territorial and socio-economic actors, *taking into account those who act at the regional and local levels, in particular the umbrella associations representing local and regional authorities, organised civil society, economic and* in particular the social partners and non-governmental organisations. It is therefore necessary that Member States *should ensure* the participation of social partners and non-governmental organisations in the *strategic governance* of the ESF, *from shaping priorities for operational programmes to implementing and evaluating ESF results.*
- (9a) *With a view to fostering an integrated and holistic approach in terms of employment and social inclusion, the ESF should support cross-sectoral and territorial based partnerships.*
- (10) The Member States and the Commission should ensure that the implementation of the priorities financed by the ESF contribute to the promotion of equality between women and men in accordance with Article 8 TFEU. Evaluations have shown the importance of taking the gender *equality objectives* aspect into account in all dimensions *and in all stages of the preparation, monitoring, implementation and evaluation* of *operational* programmes, *in a timely and consistent manner* while ensuring that specific actions are taken to promote gender equality, *the economic independence of women, education and skills upgrading and the reintegration of women victims of violence. in the labour market and in society.*

- (11) In accordance with Article 10 TFEU, the implementation of the priorities financed by the ESF should contribute to combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation ***by paying particular attention to those facing multiple discriminations; discrimination on the ground of sex should be interpreted in a broad sense so as to cover other gender-related aspects in line with the jurisprudence of the Court of Justice of the European Union.*** The ESF should support the fulfilment of the obligation under the UN Convention on the Rights of Persons with Disabilities with regard inter alia to education, work and employment and accessibility. The ESF should also promote the transition from institutional to community-based care. ***The ESF should not support any action that contributes to segregation or to social exclusion.***
- (12) Support for social innovation ***contributes to*** making policies more responsive to social change ***and to encourage and support innovative social enterprises. The ESF should encourage and support innovative social enterprises and entrepreneurs and projects taken on by non-governmental organisations and other actors within the social economy.*** In particular, testing and evaluating innovative solutions before scaling them up is instrumental in improving the efficiency of the policies and thus justifies specific support from the ESF. ***Innovative solutions could include, provided they prove to be effective, development of social metrics (such as for example social labelling).***

- (13) Transnational cooperation has a significant added value and ***should therefore be supported by all Member States with the exception of duly justified cases taking account of the principle of proportionality. It is necessary to reinforce the Commission's role in*** facilitating exchanges of experience and coordinating implementation of relevant initiatives.
- (14) The mobilisation of regional and local stakeholders ***should help*** to deliver the Europe 2020 Strategy and its headline targets. Territorial pacts, local initiatives for employment and social inclusion, ***sustainable and inclusive*** community-led local development strategies ***in urban and rural areas as well as*** sustainable urban development strategies may be used and supported to involve more actively regional and local authorities, cities, social partners and non-governmental organisations ***throughout the preparation and*** implementation of ***operational*** programmes.

- (15) Regulation (EU) No [...] 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 with regard to the ESF.
- (16) With a view to simplifying the use of the ESF and reducing the risk of errors, and with regard to the specificities of the operations supported by the ESF, it is appropriate to lay down provisions which complement Articles 57 and 58 of Regulation (EU) No [...].
- (16a) *The use of lump sums and standard scales of unit costs should lead to simplification for the beneficiary and should lower the administrative burden for all ESF project partners.***
- (16b) *It is important to ensure the sound financial management of the programme and its implementation in the most effective and user-friendly manner possible. Member States should refrain from adding rules which complicate the use of funds for the beneficiary.***
- (17) The Member States and regions should be encouraged to leverage the ESF through financial instruments in order to support for example students, job creation, mobility of workers, social inclusion and social entrepreneurship.

- (17a) *The ESF should complement other Union programmes and close synergies shall be developed between the ESF and other Union financial instruments.*
- (18) The power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission for establishing the definition of standard scales of unit costs and lump sums and their maximum amounts according to different types of operations **■** . It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure the simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and the Council.
- (18a) *Ensuring investment in human capital is the main lever on which the Union can rely to ensure its international competitiveness and the sustainable recovery of its economy. No type of investment can produce structural reforms unless it is accompanied by a coherent, growth-oriented human capital development strategy. It is therefore necessary to ensure that the resources intended to improve skills and raise employment levels in the programming period 2014-2020 allow action to be taken on an adequate scale.*

- (18c) *The Commission should be assisted in its tasks by the ESF Committee provided for in Article 163 TFEU.*
- (19) This Regulation replaces Regulation (EU) 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 1784/1999¹. That Regulation should therefore be repealed. *Nevertheless, this Regulation should not affect either the continuation or modification of assistance approved by the Commission on the basis of Regulation (EC) No 1081/2006 or any other legislation applying to that assistance on 31 December 2013, which should consequently apply thereafter to that assistance or the projects concerned until their closure. Applications to receive assistance made under Regulation (EC) No 1081/2006 should therefore remain valid.*

HAVE ADOPTED THIS REGULATION:

¹ OJ L 210, 31.7.2006, p. 12.

Chapter I

General provisions

Article 1

Subject matter

This Regulation establishes the mission of the European Social Fund (ESF), ***including the Youth Employment Initiative (YEI)***, the scope of its ***support***, specific provisions and the types of expenditure eligible for assistance.

Article 2

Missions

1. The ESF shall promote high levels of employment and job quality, ***improve access to the labour market***, support the geographical and occupational mobility of workers ***and*** facilitate their adaptation to ***industrial change and changes to production system needed for sustainable developments***, encourage a high level of education and training ***for all and support the transition between education and employment for young people***, **■** ***combat poverty*** and **■** enhance social inclusion, ***promote gender equality, non-discrimination and equal opportunities***, thereby contributing to the priorities of the European Union as regards strengthening economic, social and territorial cohesion.

2. It shall do so by supporting Member States in pursuing the priorities and headline targets of the Europe 2020 strategy for smart, sustainable and inclusive growth **and by allowing Member States to address their specific challenges with regard to achieving the Europe 2020 objectives**. The ESF shall support the design and implementation of policies and actions **in connection with its missions**, taking account of the **relevant** integrated guidelines **and the relevant country-specific recommendations adopted in accordance with Article 121(2) and Article 148(4) of the TFEU and where appropriate at national level**, the National Reform Programmes **as well as other relevant national strategies and reports**.

3. The ESF shall benefit people, including disadvantaged **people** such as the long-term unemployed, people with disabilities, migrants, ethnic minorities, marginalised communities and people **of all ages** facing **poverty and** social exclusion. The ESF shall also provide support to **workers**, enterprises, **including actors in the social economy, and entrepreneurs, as well as to** systems and structures with a view to facilitating their adaptation to new challenges, **including reducing skill mismatches** and promoting good governance, **social progress** and the implementation of reforms, in particular in the fields of employment, education, **training** and social policies.

Article 3

Scope of support

1. Under the thematic objectives in Article 9, **points (8), (9), (10) and (11)** of Regulation (EU) No [CPR...], listed **accordingly** below **in (a), (b), (c) and (d) and in** accordance with **its mission**, the ESF shall support the following investment priorities:
 - (a) **for the thematic objective** Promoting **sustainable and quality** employment and supporting labour mobility through:
 - (i) Access to employment for job-seekers and inactive people, including **long-term unemployed and people who are far from the labour market, also through** local employment initiatives and support for labour mobility;
 - (ii) Sustainable integration of young people, **in particular those** not in employment, education or training, **including young people at risk of social exclusion and young people from marginalised communities**, into the labour market, **including through the implementation of the Youth Guarantee**;

- (iii) Self-employment, entrepreneurship and business creation *including innovative small, medium sized and micro enterprises*;
- (iv) Equality between men and women *in all areas, including in access to employment and career progression*, reconciliation between work and private life *and promotion of equal pay for equal work*;
- (v) Adaptation of workers, enterprises and entrepreneurs to change;
- (vi) Active and healthy ageing;
- (vii) Modernisation ■ of labour market institutions, *such as public and private employment services, improving matching to the needs of the labour market*, including actions enhancing transnational labour mobility *through mobility schemes and better cooperation between institutions and relevant stakeholders*;

(b) *For the thematic objective 'Promoting social inclusion, combating poverty and any discrimination' through:*

- (i) Active inclusion, *including with a view to promoting equal opportunities, active participation and improving employability;*
- (ii) *Socio-economic* integration of marginalised communities such as the Roma;
- (iii) Combating *all forms of* discrimination ■ *and promoting equal opportunities;*
- (iv) Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest;
- (v) Promoting social ■ *entrepreneurship* and *vocational integration in* social enterprises *and the social and solidarity economy in order to facilitate access to employment;*
- (vi) Community-led local development strategies;

- (c) *For the thematic objective 'Investing in education, **training and vocational training** for skills and life-long learning' through:*
- (i) Reducing **and preventing** early school-leaving and promoting equal access to good quality early-childhood, primary and secondary education **including (formal, non-formal and informal) learning pathways for reintegrating into education and training;**
 - (ii) Improving the quality, efficiency and **access to** tertiary and equivalent education with a view to increasing participation and attainment levels, **especially for disadvantaged groups;**
 - (iii) Enhancing **equal** access to lifelong learning **for all age groups in formal, non-formal and informal settings**, upgrading the **knowledge**, skills and competences of the workforce, and **promoting flexible learning pathways including through career guidance and validation of acquired competences;**

- (iv) ***improving*** the labour market relevance of education and training systems, ***facilitating transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work-based learning systems, including dual learning systems and apprenticeship schemes;***
- (d) ***For the thematic objective 'Enhancing institutional capacity of public authorities and stakeholders and efficient public administration' through:***
 - (i) Investment in institutional capacity and in the efficiency of public administrations and public services ***at national, regional and local level*** with a view to reforms, better regulation and good governance;

This investment priority is only applicable in Member States eligible for Cohesion Fund support, or in ■ Member States which have ■ one ***or more*** NUTS level 2 ***regions*** as defined in Article 82(2)(a) of Regulation (EU) No [...].

- (ii) Capacity building for ***all*** stakeholders delivering education, ***lifelong learning, training and*** employment and social policies, ***including through*** sectoral and territorial pacts to mobilise for reform at national, regional and local level.

2. Through the investment priorities listed in paragraph 1, the ESF shall also contribute to the other thematic objectives listed in Article 9 of Regulation (EU) No [...], primarily by:
- (a) Supporting the shift towards a low-carbon, climate-resilient, resource-efficient and environmentally sustainable economy, through *the improvement* of education and training systems *necessary for the* adaptation of skills and qualifications, up-skilling of the labour force, and the creation of new jobs in sectors related to the environment and energy;
 - (b) Enhancing the accessibility, use and quality of information and communication technologies, through the development of digital literacy *and e-learning*, , investment in e-inclusion, e-skills and related entrepreneurial skills;
 - (c) Strengthening research, technological development and innovation, through the development of post-graduate studies *and entrepreneurial skills*, the training of researchers, networking activities and partnerships between higher education institutions, research and technological centres and enterprises;

- (d) Enhancing the competitiveness **and long-term sustainability** of small and medium-sized enterprises, through promoting the adaptability of enterprises, **managers** and workers and increased investment in human capital **and support for bodies providing practice-oriented vocational education or training**.

Article 4

Consistency and thematic concentration

1. Member States shall ensure that the strategy and actions set out in the Operational Programmes are consistent and **respond to** the challenges identified in the National Reform Programmes, **as well as, where relevant, in their other national strategies that aim to fight unemployment, poverty and social exclusion** and the relevant Council Recommendations made under Article 148(4) of the Treaty, in order to contribute to achieving the headline targets of the Europe 2020 strategy on employment, education and poverty reduction.
2. At least 20 % of the total ESF resources in each Member State shall be allocated to the thematic objective "promoting social inclusion, combating poverty **and any discrimination**" set out in Article 9(9) of Regulation (EU) No [...].

3. Member States shall pursue thematic concentration according to the following modalities:
- (a) For more developed regions, Member States shall concentrate **at least** 80 % of the ESF allocation to each operational programme on up to **five** of the investment priorities set out in Article 3(1).
 - (b) For transition regions, Member States shall concentrate **at least** 70 % of the ESF allocation to each operational programme on up to **five** of the investment priorities set out in Article 3(1).
 - (c) For less developed regions, Member States shall concentrate **at least** 60 % of the ESF allocation to each operational programme on up to **five** of the investment priorities set out in Article 3(1).
4. ***The priority axes referred to in Article 11 (1) shall be excluded from the calculation of the percentages specified in paragraphs(2) and (3).***

Article 5
Indicators

1. Common ***output and result*** indicators and, ***where relevant***, programme-specific indicators shall be used in accordance with Article 24(3) and 87(2)(b)(ii) ***and (iv)*** of Regulation (EU) No [...] /2013 [CPR].. ***All common output and result indicators set out in Annex I are to be reported for all Investment Priorities. The result indicators set out in Annex II are to be reported in accordance with Article 5(1)bis. Whenever applicable, data shall be broken down by gender.***

For common and programme-specific output indicators ***baselines shall be set at zero***
Where relevant to the nature of the operations supported, cumulative quantified target values ***for these indicators*** shall be fixed for 2023. ***Output indicators*** shall be expressed in absolute numbers.

For those common and programme-specific result indicators, for which a cumulative quantified target value for 2023 has been set, baseline values shall be fixed using the latest available data or other relevant sources of information. Programme-specific result indicators and related targets may be expressed in quantitative or qualitative terms.

- 1 bis In addition to paragraph 1, result indicators as set out in Annex II to this Regulation shall be used for all operations supported under the investment priority referred to in Article 3(1)(a)(ii) *for the implementation of the Youth Employment Initiative*. All indicators set out in Annex II to this Regulation shall be linked with a quantified cumulative target value for 2023 and a baseline.
2. At the same time as the annual implementation reports, the managing authority shall transmit electronically structured data for each priority axis broken down by investment priority. The data shall *be submitted for the categories of intervention in accordance with Article 87(2)(b)(vi) of Regulation (EU) No [...]/2013 [CPR]* and the output and result indicators. *By derogation from Article 44(2) of Regulation (EU) No [...]/2013 [CPR], data transmitted for output and result indicators shall relate to values for partially or fully implemented operations.*

Chapter II

Specific provisions for programming and implementation

Article 6

Involvement of partners

1. The *participation* of the ■ partners■ referred to in Article 5 of Regulation (EU) No [CPR] *in the implementation of the operational programmes* may take the form of global grants as defined in Article 113(7) of Regulation (EU) No [CPR]. In such a case, the operational programme shall identify the part of the programme concerned by the global grant, including an indicative financial allocation from each priority axis to it.
2. To encourage adequate participation of the social partners in actions supported by the ESF, managing authorities of an operational programme in a region as defined in Article 82(2)(a) *and (b)* of Regulation (EU) No [CPR] or in Member States eligible for Cohesion Fund support shall ensure that, *according to the needs*, an appropriate amount of ESF resources is allocated to capacity-building activities, in the form of training, networking measures, and strengthening of the social dialogue, and to activities jointly undertaken by the social partners.

3. To encourage adequate participation of and access by non-governmental organisations to actions supported by the ESF, notably in the fields of social inclusion, gender equality and equal opportunities, the managing authorities of an operational programme in a region as defined in Article 82(2)(a) **and (b)** of Regulation (EU) No [CPR] or in Member States eligible for Cohesion Fund support shall ensure that an appropriate amount of ESF resources is allocated to capacity-building for non-governmental organisations.

Article 7

Promotion of equality between men and women

The Member States and the Commission shall promote equality between men and women through mainstreaming as referred to in Article 7 of Regulation (EU) No [CPR] ***throughout the preparation, implementation, monitoring and evaluation of the programmes. Through the ESF, they shall also support*** specific targeted actions ***within any of the investment priorities*** as referred to in ***Article 3, and*** in particular Article 3(1)(a)(iv), with the aim of increasing the sustainable participation and progress of women in employment, ***thus combating the feminisation of poverty,*** reducing gender-based segregation ***and*** combating gender stereotypes ***in the labour market and*** in education and training, promoting reconciliation of work and personal life for ***all and equal sharing of care responsibilities between men and women.***

Article 8

Promotion of equal opportunities and non-discrimination

The Member States and the Commission shall promote equal opportunities for all, ***without discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation*** through mainstreaming the principle of non-discrimination, as referred to in Article 7 of Regulation (EU) No [CPR]. ***Through the ESF, they shall also support*** specific actions within ***any of*** the investment priorities as defined in Article 3, and in particular Article 3(1)(b)(iii). Such actions shall ***aim to combat discrimination for all as well as to improve accessibility for persons*** with disabilities, with a view to ***improve*** their ***integration into employment, education and training, thereby*** enhancing their social inclusion, reducing inequalities in terms of educational attainment and health status and facilitating the transition from institutional to community-based care ***in particular for those who face multiple discrimination.***

Article 9
Social innovation

1. The ESF shall promote social innovation within all areas falling under the scope of the ESF, as defined in Article 3 of this Regulation, in particular with the aim of testing, ***evaluating and*** scaling up innovative solutions, ***including at local or regional level,*** to address social needs, ***in partnership with the relevant partners and, in particular social partners.***
2. Member States shall identify ***fields*** for social innovation, corresponding to their specific needs in their operational programmes ***or at a later stage during implementation.***
3. The Commission shall facilitate capacity building for social innovation, in particular through supporting mutual learning, establishing networks, and disseminating ***and promoting*** good practices and methodologies.

Article 10

Transnational cooperation

1. Member States shall support transnational cooperation with the aim of promoting mutual learning and thereby increasing the effectiveness of policies supported by the ESF.
Transnational cooperation shall involve partners from at least two Member States.

Ibis. ***By way of derogation from paragraph 1, Member States with a single operational programme supported by the ESF or a single multi - Fund operational programme, in duly justified cases and taking account of the principle of proportionality, may exceptionally choose not to support transnational cooperation actions.***

2. Member States, ***in partnership with the relevant partners***, may select themes for transnational co-operation from a list proposed by the Commission and endorsed by the ESF Committee ***or other themes corresponding to their specific needs.***

3. The Commission shall facilitate transnational cooperation on the themes *of the list* referred to in paragraph 2 *and where appropriate other themes selected by Member States* through mutual learning and coordinated or joint action. In particular, the Commission shall operate an EU-level platform to facilitate *the setting up of transnational partnerships*, the exchange of experience, capacity building and networking, *and the capitalisation on and the dissemination of the relevant outcomes*. In addition, the Commission shall develop a coordinated implementation framework, including common eligibility criteria, types and timing of actions, and common methodological approaches for monitoring and evaluation, with a view to facilitating transnational cooperation.

Article 11

Fund-specific provisions for operational programmes

1. By way of derogation from Article 87(1) of Regulation (EU) No [CPR], operational programmes may set out priority axes for the implementation of social innovation and transnational cooperation as referred to in Articles 9 and 10.

2. By way of derogation from Article 110(3) of Regulation (EU) No [CPR], the maximum co-financing rate for a priority axis shall be increased by ten percentage points, but not exceeding 100%, where the whole of a priority axis is dedicated to social innovation or to transnational cooperation, or a combination of both.
3. In addition to the provision made in Article 87(3) of Regulation (EU) No [CPR], operational programmes shall also set out the contribution of planned ESF-supported actions:
 - (a) to the thematic objectives listed under Article 9(1) to (7) of Regulation (EU) No [...] by priority axis, as appropriate;
 - (b) to social innovation and transnational cooperation, as referred to in Articles 9 and 10, where they are not covered by a dedicated priority axis.

Article 12

Specific provisions on the treatment of particular territorial features

1. The ESF may support community-led local development strategies ***in urban and rural areas***, as referred to in Articles 28 ***to 30*** of Regulation (EU) No [CPR], territorial pacts and local initiatives for employment, ***including youth employment***, education and social inclusion, as well as Integrated Territorial Investments (ITI) as referred to in ***ex*** Article 99 of Regulation (EU) No [CPR].
2. Complementing ERDF interventions as referred to in Article 7 of Regulation (EU) No [ERDF], the ESF may support sustainable urban development through strategies setting out integrated actions to tackle the economic, environmental and social challenges affecting ***the urban areas decided by the Member States on the basis of the principles defined in the Partnership Agreement.***

Chapter III

Specific provisions for financial management

Article 13

Eligibility of expenditure

1. The ESF shall provide support for eligible expenditure, which, notwithstanding Article 110(2)(b) of Regulation (EU) No [CPR], may include any financial resources collectively constituted by employers and workers.
2. The ESF may provide support for expenditure incurred for operations which take place outside the programme area, but within the Union, provided that the two following conditions are satisfied:
 - (a) the operation is for the benefit of the programme area;

(b) the obligations of the authorities for the programme in relation to management, control and audit concerning the operation are fulfilled by the authorities responsible for the programme under which that operation is supported or they enter into agreements with authorities in the Member State in which the operation is implemented provided that the conditions set out in paragraph 2 (a) and the obligations in relation to management, control and audit concerning the operation are fulfilled.

2a. *Within 3% of the budget of an ESF operational programme or the ESF part of a multi fund operational programme , expenditure under such operations and provided they concern the thematic objectives under Article 3 (1) (a) or Article 3 (1) (c), shall be eligible outside the Union if the monitoring committee has given its agreement to the operation or types of operations concerned.*

3. In addition to the expenditure referred to in Article 59(3) of Regulation (EU) No [CPR], the purchase of infrastructure, land and real estate shall not be eligible for a contribution from the ESF.

4. Contributions in kind in the form of allowances or salaries disbursed by a third party for the benefit of the participants in an operation may be eligible for a contribution from the ESF provided that its value does not exceed the cost borne by the third party and that it is incurred in accordance with national rules, including accountancy rules.

Article 14
Simplified cost options

1. In addition to the methods referred to in Article 57 of Regulation (EU) No [CPR], the Commission may reimburse expenditure paid by Member States on the basis of standard scales of unit costs and lump sums defined by the Commission. The amounts calculated on this basis shall be regarded as public support paid to beneficiaries and as eligible expenditure for the purpose of applying Regulation (EU) No (...) /2013 (CPR).

For this purpose the Commission shall be empowered to adopt delegated acts in accordance with Article 16 concerning the type of operations covered, the definitions of the standard scales of unit costs and lump sums and their maximum amounts, which may be adjusted according to the applicable commonly agreed methods, ***taking due account of experience gained during the previous programming period.***

Financial audit shall exclusively aim at verifying that the conditions for reimbursements by the Commission on the basis of standard scales of unit costs and lump sums have been fulfilled.

Where these forms of funding are used, the Member State may apply its accounting practices to support operations. For the purpose of this regulation and Regulation (EU) No [CPR] these accounting practices and the resulting amounts shall not be subject to audit by the audit authority or by the Commission.

2. In accordance with Article 57(1)(d) and (4)(d) of Regulation (EU) No [CPR], a flat rate of up to 40 % of the eligible direct staff costs may be used in order to cover the remaining eligible costs of an operation *without a requirement for the Member State to execute any calculation to determine the applicable rate.*
3. *In addition to the methods stipulated* in Article 57(4) of Regulation (EU) No [CPR], where the public support *for grants and repayable assistance* does not exceed EUR 100 000, *the amounts referred to in points (b), (c) and (d) of Article 57(1) of Regulation (EU) No [CPR]* may be *established* on a case-by-case basis by reference to a draft budget agreed ex-ante by the Managing Authority.

4. ***Without prejudice to Article 57 (3) of Regulation (EU) No (...) /2013 (CPR)***, grants for which the public support does not exceed EUR 50 000 shall take the form of lump sums, standard scales of unit costs in accordance with paragraph 1 or Article 57 of Regulation (EU) No (...) /2013 (CPR) ***or flat rates***, except for operations receiving support within the framework of a state aid scheme. ***Where flat rate financing is used, the categories of costs which are used to calculate the rate, may be reimbursed in accordance with Article 57(1) (a) of Regulation (EU) No (..) /2013 (CPR).***

Article 15

Financial instruments

Pursuant to Article 32 of Regulation (EU) No [...], the ESF may support actions and policies falling within its scope through financial instruments, ***including micro-credits and*** guarantee funds ■ .

■

Chapter III bis

Youth Employment Initiative

Article 15 i

Objective of the Youth Employment Initiative

The Youth Employment Initiative shall support the fight against youth unemployment in the eligible regions of the Union, ■ through support to actions under Article 3 (1) (a) (ii) of this Regulation. It shall target all young persons ***under the age of 25*** not in employment, education or training, residing in the eligible regions, who are inactive or unemployed (including long-term unemployed), and registered or not as seeking work. ***On a voluntary basis the Member States may decide to extend the target group to include young people under the age of 30.***

For the purpose of the Youth Employment Initiative, "eligible regions" are those NUTS 2 level regions that have youth unemployment rates for young persons aged 15-24 of more than 25% in 2012 or, for Member States where the youth unemployment rate has increased by more than 30% in 2012, NUTS 2 level regions that have a youth unemployment rate of more than 20% in 2012.

The resources for the YEI may be revised upwards for the years 2016 to 2020 in the framework of the budgetary procedure in accordance with Article 14 of Regulation [Council Regulation laying down the multiannual financial framework for the years 2014-2020]. For the determination of the regions eligible to the YEI for the period 2016-2020, the reference to 2012 data in the above definition shall be construed as a reference to the latest available annual data. The breakdown by Member State of the additional resources shall follow the same steps as the initial allocation in accordance with Annex IIIter of Regulation (EU) No [CPR].

In agreement with the Commission, the Member State may decide to allocate a limited amount not exceeding 10% of the funds under the YEI for young persons residing in sub-regions which experience high youth unemployment levels and which are outside the eligible NUTS 2 regions.

Article 15 ii

Thematic concentration

The specific allocation for YEI shall not be taken into account for the purpose of calculating the thematic concentration referred to in Article 4.

Article 15 iii

Programming

The Youth Employment Initiative is integrated in the programming of the ESF under Article 87 of Regulation (EU) No [CPR]. Where appropriate, Member States shall set out the programming arrangements for the YEI in the partnership agreement and in the Operational programme.

The arrangements may take one or several of the following forms:

- (a) a dedicated operational programme;
- (b) a dedicated priority axis within an operational programme;
- (c) a part of *one or more* priority axes.

The provisions of Article 9 and 10 shall also apply to the YEI.

Article 15 iv

Monitoring and evaluation

1. In addition to Article 100 of Regulation (EU) No [CPR], at least once per year, the monitoring committee shall examine the implementation of the Youth Employment Initiative in the context of the programme and progress towards achieving its objectives.
2. The Annual Implementation Report and the final report as referred to in Article 44(1) and (2) of Regulation (EU) No [CPR] shall include additional information on the implementation of the Youth Employment Initiative. ***The Commission shall transmit to the European Parliament a summary of these reports as referred to in Article 46 bis(1) of the above Regulation.***

The Commission will attend the European Parliament's annual debate of this report.

3. *As from April 2015 and for subsequent years, at the same time as the annual implementation report referred to in Article 44(1) and (2) of Regulation (EU) No [CPR], the managing authority shall transmit electronically to the Commission structured data for each priority axis or a part thereof supporting the Youth Employment Initiative. Indicator data transmitted shall relate to values for the indicators set out in annex 1 and 2 of this Regulation and, where applicable, to programme specific indicators. They shall relate to partially or fully implemented operations.*

4. *The implementation reports referred to in Article 44 (4) of Regulation (EU) No [CPR], or, where applicable, the progress report referred to in art. 101(3) of Regulation (EU) No [CPR] and the annual implementation report submitted in May 2016, shall present the main findings of evaluations referred to in paragraph 6 of this article. The reports shall also set out and assess the quality of employment offers received by YEI participants, including the disadvantaged, those from marginalized communities and those leaving education without qualifications. The reports shall also set out and assess their progress in continuing education, finding sustainable and decent jobs, or moving into apprenticeship or quality traineeship.*

5. The progress reports as referred to in Article 46 of Regulation (EU) No [CPR] shall include additional information on and assess the implementation of the Youth Employment Initiative. ***The Commission shall transmit to the European Parliament a summary of these reports as referred to in Article 46 bis(2) of the above Regulation and will attend the European Parliament's debate of this report***

6. At least twice during the programming period, an evaluation shall assess the effectiveness, efficiency and impact of joint support from the European Social Fund and the specific allocation for YEI including for the implementation of the Youth Guarantee.

The first evaluation shall be completed by end 2015 and the second by the end of 2018.

Article 15 v

Information and publicity measures

1. The beneficiaries shall ensure that those taking part in an operation are specifically informed of the YEI support ***provided through the ESF funding and the specific YEI allocation.***
2. Any document ***relating to the implementation of an operation which is used for the public or for participants,*** including an attendance or other certificate, shall include a statement to the effect that the operation was supported under the YEI.

Article 15 vi

Technical assistance

The specific allocation for YEI may be taken into account by the Member States in the calculation of the limit to the total amount of the Funds allocated to technical assistance of the Member State

Article 15 vii
Financial support

1. The Commission decision adopting an operational programme shall fix the maximum amount of support from ***the specific allocation for YEI and the corresponding ESF support in total and by category of regions*** for each priority axis. The ***corresponding*** ESF support shall at least match the support from the specific allocation for YEI for each priority axis.
2. On the basis of the amounts referred to in paragraph 1, the Commission decision shall also fix the ratio between the ***categories of regions for the ESF support for each priority axis***.
3. Where the YEI is implemented by a specific priority axis covering eligible regions from more than one category, the highest co-financing rate shall apply with regard to the ESF allocation.

The specific allocation for YEI shall not be subject to the national co-financing requirement.

The overall co-financing rate of the priority axis fixed by the Commission decision referred to in paragraph 1 shall be calculated taking into account the co-financing rate of the ESF allocation together with the special allocation for the ***YEI***.

Article 15 viii

Financial management

In addition to the provisions of Article 120 of Regulation (EU) No [CPR], when the Commission reimburses interim payments and pays the final balance for the Youth Employment Initiative by priority axis, it shall allocate the reimbursement from the Union budget *equally* between the ESF and the specific allocation for YEI. ***Once all resources from the specific allocation for YEI have been reimbursed, the Commission shall allocate the remaining reimbursements from the Union budget to the ESF.***

The Commission shall allocate the reimbursement from the ESF between categories of regions according to the ratio laid down in Article 15 vii (2).

Chapter IV

Delegations of power and final provisions

Article 16

Exercise of delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power *to adopt delegated acts* referred to in Article 14(1) shall be conferred *on the Commission from the date of entry into force of this Regulation until 31 December 2020*.
3. The delegation of power referred to in Article 14(1) may be revoked at any time by the European Parliament or by the Council. A decision *to revoke* shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
5. A delegated act adopted pursuant to Article 14(1) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of 2 months of notification of that act to the European Parliament and the Council, or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by 2 months at the initiative of the European Parliament or of the Council.

Article 17

Committee under Article 163 TFEU

- 1. The Commission shall be assisted by a Committee (hereinafter, the "ESF Committee") set up under Article 163 of the Treaty on the Functioning of the European Union.*
- 2. The Member of the Commission responsible for chairing the ESF Committee may delegate that responsibility to a senior Commission official. The Secretariat of the ESF Committee shall be provided by the Commission.*
- 3. Each Member State shall appoint one government representative, one representative of the workers' organisations, one representative of the employers' organisations and one alternate for each member for a maximum period of seven years. In the absence of the member, the alternate shall be automatically entitled to take part in the proceedings.*
- 3a The ESF Committee shall include one representative from each of the EU level organisations representing workers' organisations and employers' organisations.*
- 4. The ESF Committee may invite non-voting representatives of the European Investment Bank and the European Investment Fund as well as non-voting representatives of the relevant civil society organizations, if the agenda of the meeting requires their participation.*

5. *The ESF Committee shall:*

- (a) *be consulted on the draft Commission decisions relating programming and to operational programmes in the case of support from the ESF;*
- (b) *be consulted on the planned use of technical assistance in the case of support from the ESF and other relevant issues having an impact on the implementation of strategies at EU level relevant to the ESF;*
- (c) *endorse the list of common themes for transnational cooperation provided for in Article 10(2).*

6. *The ESF Committee may deliver opinions on:*

- (a) *questions related to the ESF contribution to the implementation of the Europe 2020 Strategy for smart, sustainable and inclusive growth;*
- (b) *issues concerning Regulation No ... [CPR] relevant for the ESF;*
- (c) *questions related to the ESF referred to it by the Commission other than those referred to in paragraph (5).*

7. *The opinions of the ESF Committee shall be adopted by an absolute majority of the votes validly cast, and shall be communicated to the European Parliament for information. The Commission shall inform the ESF Committee of the manner in which it has taken account of its opinions.*

Article 18

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 1081/2006 or any other legislation applying to that assistance on 31 December 2013, which shall consequently apply thereafter to that assistance or the projects concerned until their closure.*
2. *Applications to receive assistance made or approved under Council Regulation (EC) No 1081/2006 shall remain valid.*

Article 19

Repeal

Without prejudice to the provisions laid down in Article 18, Regulation (EC) No 1081/2006 is hereby repealed with effect from 1 January 2014.

References to the repealed Regulation shall be construed as references to this Regulation *and shall be read in accordance with the correlation table set out in Annex X*.

Article 20

Review

The European Parliament and the Council shall review this Regulation by 31 December 2020 in accordance with Article 164 of the Treaty on the Functioning of the European Union.

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Article 21
Entry in force

This Regulation shall enter into force on the day following that of 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.

Done at ...,

For the European Parliament
The President

For the Council
The President

ANNEX I

Common output and result indicators for ESF investments

Common output indicators on participants

Participants¹ refer to persons benefiting directly from an ESF investment and who can be identified and asked for their characteristics, and for whom specific expenditure is earmarked. Other beneficiaries should not be counted as participants.

- unemployed, including long-term unemployed*
- long-term unemployed*
- inactive*
- inactive, not in education or training*

¹ *Managing authorities shall establish a system that records and stores individual participant data in computerised form as set out in Art. 114(2)(d) CPR.* The data processing arrangements put in place by the Member States *shall be consistent* with the provisions of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (*OJ L 281, 23.11.1995, p. 31*), in particular Articles 7 and 8 thereof.

Data reported under the indicators marked with * are personal data according to Article 7 of Directive 95/46/EC. Their processing is necessary for compliance with the legal obligation to which the controller is subject (Article 7(c)). For the definition of controller, see Article 2 of *that* Directive.

Data reported under the indicators marked with ** are a special category of data according to Article 8 of Directive 95/46/EC. Subject to the provision of suitable safeguards, Member States may, for reasons of substantial public interest, lay down exemptions in addition to those laid down in Article 8(2) of *that Directive*, either by national law or by decision of the supervisory authority (Article 8(4) of *that Directive*).

- employed, including self-employed*
- below 25 years*
- above 54 years*
- *Participants above 54 years who are unemployed, including long-term unemployed, or inactive not in education or training **
- with primary (ISCED 1) or lower secondary education (ISCED 2)*
- with upper secondary (ISCED 3) or post-secondary education (ISCED 4)*
- with tertiary education (ISCED 5 to 8)*
- migrants, people with a foreign background, minorities (including marginalised communities such as the Roma)**
- participants who live in jobless households*
- participants who live in jobless households with dependent children*;

- participants who live in a single adult household with dependent children;
- *homeless or affected by housing exclusion*¹
- disabled**
- *from rural areas*²;
- other disadvantaged**

The total number of participants is calculated automatically on the basis of the output indicators.

These data on participants entering an ESF supported operation are to be provided in the annual implementation reports as specified in Article 44(1) and (2) and Article 101(1) of Regulation (EU)

No [...]. All data are to be broken down by gender.

¹ The data on participants under the above indicator are to be provided in the annual implementation reports as specified in Article 44(3) of Regulation (EU) No [...] CPR. They are to be collected based on a representative sample of participants within each investment priority. Internal validity of the sample should be ensured in such a way that the data can be generalised at the level of investment priority. All data are to be broken down by gender

² ***The data shall be collected at the level of LAU 2, Regulation (EC) No 1059/2003 on the establishment of a common classification of territorial units for statistics (NUTS)*** The data on participants under the above indicator are to be provided in the annual implementation reports as specified in Article 44(3) of Regulation (EU) No [...] CPR. They are to be collected based on a representative sample of participants within each investment priority. Internal validity of the sample should be ensured in such a way that the data can be generalised at the level of investment priority. All data are to be broken down by gender.

(I) Common output indicators for entities

- number of projects fully or partially implemented by social partners or non-governmental organisations
- *number of projects dedicated to sustainable participation and progress of women in employment;*
- number of projects targeting public administrations or public services *at national, regional or local level*
- number of *supported* micro, small and medium-sized enterprises (*including cooperative enterprises, enterprises of the social economy*)

These data are to be provided in the annual implementation reports as specified in Article 44(1) and (2) and Article 101(1) of Regulation (EU) No [...].

(2) Common immediate result indicators on participants

- inactive participants ■ engaged in job searching upon leaving*
- participants in education/training upon leaving*
- participants gaining a qualification upon leaving*
- participants in employment, *including self-employment*, upon leaving*
- *disadvantaged participants engaged in job searching, education/ training, gaining a qualification, or in employment, including self-employment , upon leaving***

These data are to be provided in the annual implementation reports as specified in Article 44(1) and (2) and Article 101(1) of Regulation (EU) No [...]. All data are to be broken down by gender.

(3) Common longer-term result indicators on participants

- participants in employment, *including self-employment*, 6 months after leaving*
- █
- participants with an improved labour market situation 6 months after leaving*
- *participants above 54 years in employment, including self-employment, six months after leaving**
- *disadvantaged participants in employment, including self-employment, 6 months after leaving***

These data are to be provided in the annual implementation reports as specified in Article 44(4) of Regulation (EU) No [...]. They are to be collected based on a representative sample of participants within each *investment* priority█. Internal validity of the sample should be ensured in such a way that the data can be generalised at the level of *investment* priority█. All data are to be broken down by gender.

Annex II

Indicators for the Youth Employment Initiative (YEI)

These data are to be provided in the annual implementation reports as *specified* in Article 44(1) and (2) of Regulation (EU) No [CPR] *and in the report submitted in April 2015 as specified in Article 15iv(3)*. All data are to be broken down by gender.

Participants¹ refer to persons benefiting directly from a Youth Employment Initiative (YEI) investment and who can be identified and asked for their characteristics, and for whom specific expenditure is earmarked.

The following immediate result indicators shall apply:

- *Unemployed participants who complete the YEI supported intervention**
- Unemployed participants who receive an offer of employment, continued education, apprenticeship or traineeship *upon leaving**;

¹ Managing authorities shall establish a system that records and stores individual participant data in computerised form as set out in Art. 114(2)(d) CPR. The data processing arrangements put in place by the Member States shall be consistent with the provisions of Directive 95/46 of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, in particular Articles 7 and 8 thereof.

Data reported under the indicators marked with * are personal data according to Article 7 of the above Directive. Their processing is necessary for compliance with the legal obligation to which the controller is subject (Article 7(c)). For the definition of controller, see Article 2 of the above Directive.

Data reported under the indicators marked with ** are a special category of data according to Article 8 of the above Directive. Subject to the provision of suitable safeguards, Member States may, for reasons of substantial public interest, lay down exemptions in addition to those laid down in Article 8(2), either by national law or by decision of the supervisory authority (Article 8(4)).

- *Unemployed participants who are in education/training, gaining a qualification, or in employment, including self-employment, upon leaving**;

*Long-term unemployed participants who complete the YEI supported intervention**

- Long-term unemployed participants who receive an offer of employment, continued education, apprenticeship or traineeship *upon leaving**;
- *Long-term unemployed participants who are in education/training, gaining a qualification, or in employment, including self-employment, upon leaving**;
- *Inactive participants not in education or training who complete the YEI supported intervention**.*
- Inactive participants not in education or training who receive an offer of employment, continued education, apprenticeship or traineeship *upon leaving**
- *Inactive participants not in education or training who are in education/training, gaining a qualification, or in employment, including self-employment, upon leaving**;

The following longer-term result *indicators* shall apply

- Participants in continued education, training programmes leading to a qualification, an apprenticeship or a traineeship 6 months after leaving*.



- Participants in employment, *including self-employment*, 6 months after leaving*;
- Participants in self-employment 6 months after leaving*.'

The data for longer-term result indicators are to be collected based on a representative sample of participants within each investment priority. Internal validity of the sample should be ensured in such a way that the data can be generalised at the level of investment priority.