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*Committee on Budgetary Control*

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## **DRAFT REPORT**

on: Are tools in place to monitor the effectiveness of European Social Fund spending on older workers? (Court of Auditors Special Report 25/2012) (2013/2173(INI))

Committee on Budgetary Control

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on: Are tools in place to monitor the effectiveness of European Social Fund spending on older workers (Court of Auditors Special Report 25/2012) (2013/2173(INI))**

*The European Parliament,*

- having regard to the European Court of Auditors Special Report 25/2012 ‘Are tools in place to monitor the effectiveness of European Social Fund spending on older workers?’,
  - having regard to the European Foundation for the Improvement of Living and Working Conditions, and, more particularly, its 2012 analysis of employment trends and policies for older workers in the recession,
  - having regard to the contribution of the European Agency for Health and Safety at Work on priority groups, in particular older workers,
  - having regard to the 2013 Eurofound study on the role of governments and social partners in keeping older workers in the labour market,
  - having regard to the first international survey on adult skills carried out by the Commission and the OECD in 2013 as part of the Programme for the International Assessment of Adult Competencies (PIAAC),
  - having regard to the guiding principles of the new European Social Fund regulations for the 2014-2020 programming period adopted by Parliament on 20 November 2013,
  - having regard to Rules 48 and 119(2) of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A7-0000/2014),
- A. whereas population ageing, incentives for early retirement, the financial crisis and changes in production patterns require strong responses to enable older workers to remain active in the labour market;
- B. whereas the Lisbon Agenda defined an ‘older worker’ as any person of working age between 55 and 64 years old;
- C. whereas the employment rate for people aged 55 to 64 in the European Union in 2012 was less than 50 %;
- D. whereas the Lisbon Agenda<sup>1</sup> and the Europe 2020 strategy<sup>2</sup> adopted in 2010, which

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<sup>1</sup> The aim of the Lisbon Agenda was to make the EU ‘the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion’ by 2010.

<sup>2</sup> Europe 2020, launched in 2010, replaces the Lisbon Agenda. It is about delivering [smart](#), [sustainable](#), and [inclusive](#) growth. The strategy focuses on five goals to be achieved by 2020 in the areas of employment, innovation, education, poverty reduction and climate/energy.

establishes the European Union's economic and social strategies, include action plans for greater growth and more jobs, and set goals, in particular regarding employment;

- E. whereas the Europe 2020 strategy sets the goal of increasing the employment rate to 75 % for those aged 20 to 64;
  - F. whereas it is necessary, in order to support recent changes in pension systems resulting from the raising of the retirement age, to introduce measures in the labour market and in the workplace to encourage longer careers and enable people to continue working until the retirement age;
  - G. whereas, as a result of the current demographic shift, with a rise in the average age of the population, those aged 55 to 64 will make up an ever increasing share of workers in Europe;
  - H. whereas several years of financial crisis have meant that the European Social Fund's (ESF) measures are more important than ever as one of the tools for tackling high unemployment, and lessons learned from implementing previous measures will be vital when the new programmes are put in place from 2014;
  - I. whereas the ESF remains a key financial instrument set up to help Member States achieve EU employment policy objectives;
  - J. whereas reliable data are necessary to determine how effectively ESF resources are spent;
  - K. whereas the ESF aims to promote integration of unemployed and disadvantaged people into the labour market, primarily by supporting training activities, in particular life-long learning;
  - L. whereas, during the 2007-2013 programming period ESF spending amounted to over EUR 75 000 million, which represents approximately 8 % of the total EU budget, and was implemented by the Commission using shared management and by way of multiannual Operational Programmes (OPs) prepared by the Member States following consultations with stakeholders and bilateral meetings with the Commission and which were finally adopted in the form of Commission decisions;
  - M. whereas the Member States designate Managing Authorities (MAs) to implement the OPs, which set up and maintain systems for financial management and control systems to carry out programming, checks, monitoring and reporting;
  - N. whereas OPs generally cover various groups of unemployed people (young people, older workers, the long-term unemployed and those not in employment, education or training (NEETs));
  - O. whereas the implementation of the ESF must comply with the EU's Financial Regulations, in particular the fundamental principles of sound financial management, i.e. economy, efficiency and effectiveness;
1. Regrets the fact that in the OPs, the definition of 'older workers' is not used consistently;

notes that many MAs do not use in their respective OPs the definition of ‘older workers’ as defined in the Lisbon Agenda, namely any person of working age between 55 and 64 years old, but instead use different age groups;

2. Is concerned about the absence of quantitative data, to a greater or lesser degree, in the needs analysis, which made it difficult to ascertain the situation at national or regional level; notes, in particular, that context indicators providing quantified information on the socio-economic situation by area are not used systematically in the OPs; calls for the causal link between the actions described and undertaken and the objectives pursued to be included and made clear in the OPs;
3. Notes that the regulatory framework (2007-2013) provides for financial data at priority axis level only and that none of the OPs under review has a priority axis specifically for ‘older workers’; regrets the difficulty in assessing precisely how much funding has been allocated to the actions to which it was dedicated, in particular for ‘older workers’;
4. Notes that no priority theme dealing with initiatives for older workers, such as ‘encouraging active ageing and prolonging working lives’, is included in the OPs, mainly because of differing interpretations of the form a priority of this kind should take;
5. Is concerned about the fact that, in the OPs, ‘older workers’, although identified as a target group, did not always have their own indicators or target values, leading to a situation where it is difficult or even impossible to assess the effectiveness of the measures addressing the needs of older workers; notes that, when indicators are in fact present in projects, they refer mostly to output such as the number of participants, and results rather than to any specific impacts;
6. Is concerned about the fact that some of the goals and indicators used in the projects had no direct connection with the ESF interventions, making it difficult to assess their performance, for example determining their success or failure with regard to achieving the macro-economic targets set in the OPs, given that this is beyond the control of the ESF’s actions, as they depend to a large extent on external factors such as the economic environment, social protection schemes and conditions for local public or private investment;
7. Finds it regrettable that none of the OPs included medium-term milestones, nor established an appropriate hierarchy among the different quantified goals to be reached, which would have allowed MAs to implement corrective action as soon as possible;
8. Deplores the fact that the Commission is therefore unable to report adequately on the overall results and impact of activities aimed at improving the situation for older workers in Member States funded by the ESF;
9. Strongly believes that the Commission should reinforce the way OP performance is assessed; strongly encourages the introduction of a clearly stated set of standardised performance data (which is reliable, verifiable and timely) for future programmes, which could be, when appropriate, aggregated at EU level for the programming period 2014-2020;

10. Calls for the systematic use of relevant performance indicators such as result targets and specific impact targets to be included from the project condition stage so that the 2014-2020 ESF programmes can improve not only the amount and quality of the data collected on ‘older workers’ in the labour market but also the decision-making process;
11. Recalls that, overall, it is necessary for the projects to properly reflect the OPs’ goals in order to reduce the risk of not meeting the initial objectives set; calls for MAs to systematically check the existence of this link in order to select the best projects;
12. Strongly encourages stakeholders to improve methodology where appropriate in order to move on from a simplistic approach concerning disbursement or actual costs to an integrated approach towards best performance in management projects;
13. Invites the Commission to verify the submission and quality of the data supplied by the OPs more thoroughly and to produce a guide containing operational advice which is made available to the Member States;
14. Takes the view that any monitoring system should rely on the effective documentation of checks carried out on the OPs in order to obtain a satisfactory level of insurance;
15. Welcomes the fact that MAs generally defined the monitoring data they required clearly; recalls, nevertheless, that monitoring and evaluation systems should allow for the timely and periodic verification of progress made towards the established objectives;
16. Calls for more precise regulatory requirements regarding the evaluations requested from the MAs, and for OPs a minimum set of topics, to be covered in the evaluation process to be defined; calls for efforts to be made to ensure that lessons learned from programme management are duly taken into account in future decision making;
17. Calls on the Commission gradually to rebalance and enhance its management tools so as to move from simply monitoring compliance – on the basis of legality/regularity principles – towards measuring the performance of the use of ESF in the forthcoming period 2014-2020; recalls that successfully establishing a robust performance framework, with clear and measurable aims and targets which provide accountability and results, is key to maximising the impact on growth and jobs and requires common and equivalent efforts from the Commission and the Member States;
18. Encourages the Commission, in this regard, to step up its collaboration with other international institutions, such as the OECD, on the basis of specific assessments for disadvantaged groups or vulnerable workers categories and by identifying concrete measures to help Member States better define key priorities, strategies and sustainable projects eligible for ESF funding in the forthcoming 2014-2020 period;

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19. Instructs its President to forward this resolution to the Council and the Commission.