

European Social Fund (ESF): new types of costs eligible for a contribution from the ESF

2008/0232(COD) - 26/11/2008 - Legislative proposal

PURPOSE: to amend the ESF Regulation to introduce elements necessary to the simplification of its administration and use.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

CONTENT: in the face of the current financial crisis and economic downturn, the Commission proposes to amend the European Social Fund Regulation (ESF Regulation (EC) No 1081/2006) in order to ensure that the latter is used to its full potential to alleviate problems of the unemployed, in particular the most vulnerable. The Commission notes that everything must be done to encourage the effective, efficient and fast uptake of available resources, without compromising the principles of sound financial management.

In this framework the aim of this proposal is to add a further, simpler, method of spending the European Social Fund, so that its contribution to addressing the economic and social challenges facing Europe can be faster and more effective.

Flat-rate payments from ESF have been possible for indirect costs since 2007. 23 Member States take advantage of this provision. However, payment of lump sums is not yet eligible within the ESF rules. In order to ensure the necessary simplification in the management, administration and control of operations receiving an ESF grant, particularly when linked to a result-based reimbursement system, the Commission proposes to add two additional forms of eligible costs, namely, lump sums and flat-rate standard scales of unit cost. This proposal aims to:

- extend flat-rate financing to direct costs;
- widen its scope to scales of standardised units of cost;
- enable the use of lump sum payment systems.

In parallel to this proposal the Commission proposes some [changes to the Structural Funds Regulations](#) (in particular, to the General Regulation) to enable the latter to be used in the most effective manner possible as part of the response to the crisis. One issue which will affect the ESF is the proposal that increased advance payments should be made available to Managing Authorities, to ensure that they can kick-start new operations.