

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation European Social Fund (ESF): new types of costs eligible for a contribution from the ESF Amending Regulation (EC) No 1081/2006 2004/0165(COD)	Procedure completed
Subject 4.10.05 Social inclusion, poverty, minimum income 4.10.10 Social protection, social security 4.10.15 European Social Fund (ESF), Fund for European Aid to the Most Deprived (FEAD) 4.15.02 Employment: guidelines, actions, Funds	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	EMPL Employment and Social Affairs		02/12/2008
		PSE JÖNS Karin	
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets		20/09/2004
		ALDE GRIESBECK Nathalie	
	CONT Budgetary Control	The committee decided not to give an opinion.	
	REGI Regional Development		19/01/2009
		PSE MADEIRA Jamila	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2940	05/05/2009
European Commission	Commission DG	Commissioner	
	Employment, Social Affairs and Inclusion	ŠPIDLA Vladimír	

Key events			
26/11/2008	Legislative proposal published	COM(2008)0813	Summary
15/12/2008	Committee referral announced in Parliament, 1st reading		
02/03/2009	Vote in committee, 1st reading		Summary
04/03/2009	Committee report tabled for plenary, 1st reading	A6-0116/2009	
01/04/2009	Debate in Parliament		

			
02/04/2009	Results of vote in Parliament		
02/04/2009	Decision by Parliament, 1st reading	T6-0200/2009	Summary
05/05/2009	Act adopted by Council after Parliament's 1st reading		
06/05/2009	Final act signed		
06/05/2009	End of procedure in Parliament		
21/05/2009	Final act published in Official Journal		

Technical information

Procedure reference	2008/0232(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation (EC) No 1081/2006 2004/0165(COD)
Legal basis	EC Treaty (after Amsterdam) EC 148
Stage reached in procedure	Procedure completed
Committee dossier	EMPL/6/70361

Documentation gateway

Legislative proposal		COM(2008)0813	26/11/2008	EC	Summary
Committee draft report		PE418.258	20/01/2009	EP	
Committee opinion	REGI	PE418.452	13/02/2009	EP	
Amendments tabled in committee		PE420.144	16/02/2009	EP	
Committee opinion	BUDG	PE419.942	23/02/2009	EP	
Committee report tabled for plenary, 1st reading/single reading		A6-0116/2009	04/03/2009	EP	
Text adopted by Parliament, 1st reading/single reading		T6-0200/2009	02/04/2009	EP	Summary
Draft final act		03618/2009/LEX	06/05/2009	CSL	

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

[Regulation 2009/396](#)
[OJ L 126 21.05.2009, p. 0001](#) Summary

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

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.

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

The Committee on Employment and Social Affairs adopted the report drawn up by Karin JÖNS (PES, DE) approving unamended, the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1081/2006 on the European Social Fund to extend the types of costs eligible for a contribution from the ESF.

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

The European Parliament adopted by 604 votes to 16, with 10 abstentions, a legislative resolution approving unamended, under the first reading of the codecision procedure, the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1081/2006 on the European Social Fund (ESF) to extend the types of costs eligible for a contribution from the ESF.

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

PURPOSE: to amend the ESF Regulation to facilitate access to grants co-financed by the European Social Fund (ESF).

LEGISLATIVE ACT: Regulation (EC) No 396/2009 of the European Parliament and of the Council amending Regulation (EC) No 1081/2006 on the European Social Fund to extend the types of costs eligible for a contribution from the ESF.

CONTENT: following a first reading agreement with the European Parliament, the Council adopted a regulation facilitating access to grants co-financed by the European Social Fund (ESF) in order to mitigate the social impact of the financial crisis. The main objective of the Regulation is to simplify the management, administration and control of ESF operations by simplifying the justification of indirect costs (i.e. costs which are not directly linked to the project, but which are necessary for its implementation, such as phone or electricity costs) and by reducing the workload and number of supporting documents required to justify expenditure.

The European Court of Auditors recommended in its 2007 annual report that the legislative authorities and the Commission should be prepared to reconsider the design of future expenditure programmes by giving due consideration to simplifying the basis of calculation of eligible cost and making greater use of lump-sum or flat-rate payments instead of reimbursement of 'real costs'. In accordance with these recommendations, the Regulation extends the scope of Regulation (EC) No 1081/2006 (the ESF Regulation) to 3 additional forms of eligible costs:

- indirect costs, declared on a flat-rate basis, of up to 20% of the direct costs of an operation;
- flat-rate costs calculated by the application of standard scales of unit cost as defined by Member States;
- lump sums to cover all or part of the costs of an operation, within a limit of EUR 50 000.

These options 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 must be established in advance on the basis of a fair, equitable and verifiable calculation.

Previously, the reimbursement of ESF expenditure was based on the "real cost" principle. This meant that EUR 1 of grant must correspond to at least EUR 1 of justified paid expenditure. The justification of expenditure was based on invoices and other accounting documents showing what had actually been done, which could amount to hundreds of documents. Furthermore, all supporting documents had to be kept available

for 3 years after the closure of the programme.

APPLICATION: the new rules, which form a part of the [European Economic Recovery Plan](#), will apply retroactively from 01/08/2006.

ENTRY INTO FORCE: 22/05/2009