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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2.7.2009
COM(2009) 340 final

2009/0091 (COD)

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**amending Decision No 1672/2006/EC of the European Parliament and of the Council
establishing a Community Programme for Employment and Social Solidarity - Progress**

EXPLANATORY MEMORANDUM

The main impact of the recession is on people: the top challenge for the EU today must be to prevent high levels of unemployment, to boost job creation and to pave the way for economic renewal, sustainable recovery and growth. The EU reacted rapidly to the crisis through the European Economic Recovery Plan which highlighted the need to counter the effects of the crisis on jobs. The initial impact of the Plan is already promising, and social safety nets play a stabilising role. However, with labour markets continuing to deteriorate as they react to the economic downturn, additional action is needed.

Europe must not just tackle the recession but turn it into an opportunity to create a more productive, more innovative, higher skilled and low carbon economy; with open and inclusive labour markets, offering a more cohesive and equal society and jobs that respond to age, gender equality and work/life balance concerns. The measures needed to combat the social and employment impact of the current crisis must go hand-in-hand with the structural reforms needed to address the long-term challenges of globalisation and demographic and climate change.

Europe's labour markets will be changed by the crisis. Workers and companies must be given the necessary means to adjust to these changing realities: to retain jobs, enhance skills at all levels, get people back to work and create the conditions for new jobs.

The Commission Communication "Driving European recovery"¹ outlined a number of points to help Member States design and implement effective employment policies. Working on this basis, the Spring European Council and the three employment workshops held in Madrid, Stockholm and Prague in April 2009 set three key priorities: maintaining employment, creating jobs and promoting mobility; upgrading skills and matching labour market needs; and increasing access to employment. Finally, the Employment Summit of 7 May featured an exchange of views on these priorities, and found common ground on 10 actions².

Building on this common effort, the Commission adopted a Communication on 3 June on "A shared commitment for employment"³, the aim being to step up cooperation between the European Union and the Member States as well as between EU social partners on these three key priorities, focussing on concrete initiatives and supported by all available Community instruments, in particular the European Social Fund (ESF) and the Globalisation Adjustment Fund.

In order to alleviate the social impact of the crisis, it is essential to retain and bring more people into the labour market, especially women, older workers and other groups facing discrimination, and to prevent long-term unemployment and inactivity. The best way out of exclusion is employment: social Europe starts with jobs – yet even before the crisis, far too many EU citizens who were willing and able to join the labour market did not have access to jobs.

¹ COM(2009) 114, 4.3.2009

² See: <http://ec.europa.eu/social/main.jsp?catId=103&langId=en&eventsId=173&furtherEvents=yes>

³ COM(2009) 257, 4.6.2009

To give the unemployed the chance of a new start and to open the way to entrepreneurship for some of Europe's most disadvantaged groups, including the young, the Commission has proposed a new European microfinance facility for employment and social inclusion - Progress⁴, designed to help develop micro-enterprises and the social economy. This new facility will extend the range of targeted financial support to new entrepreneurs in the current context of reduced credit supply. Founders of microenterprises will also be assisted by way of mentoring, training, coaching and capacity building, in addition to interest-rate support from the ESF.

In line with the Inter-institutional Agreement of 17 May 2006⁵ between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management, the Commission proposes to reallocate EUR 100 million from the existing budget which could leverage more than EUR 500 million, in a joint initiative with international financial institutions, in particular the EIB Group.

The Community Programme for Employment and Social Solidarity - Progress (2007-2013)⁶ provides financial support for the implementation of the European Union's objectives in the areas of employment, social affairs and equal opportunities, as set out in the Social Agenda⁷ and in the renewed Social Agenda⁸.

The mission of the Progress Programme is to assist Member States in their efforts to create more and better jobs and to build a more cohesive society. In concrete terms, Progress is instrumental in:

- (1) providing analysis and policy advice;
- (2) monitoring and reporting on the implementation of EU legislation and policies;
- (3) promoting policy transfer;
- (4) creating a platform for the exchange of experience between Member States;
- (5) relaying the views of stakeholders and society at large.

Under the terms of the 2006 Inter-institutional agreement, an additional amount of EUR 114 million (current prices)⁹ was allocated to the Progress programme. The total budget for 2007-2013 was therefore increased from EUR 628 800 000 (current prices) in the Commission's initial proposal to EUR 743 250 000 (current prices). After examining all possible options, the Commission proposes to reallocate EUR 100 million from the Progress Programme to the new European microfinance facility for employment and social inclusion – Progress.

⁴ COM(2009) xxx, xx.xx.2009

⁵ (2008/818/EC)

⁶ Decision No 1672/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Community Programme for Employment and Social Solidarity — Progress OJ L 315, 15.11.2006, p. 1–8

⁷ COM(2005) 33, 9.2.2005

⁸ COM(2008) 412, 2.7.2008

⁹ EUR 100 million in 2004 prices.

The proposal to reallocate part of the budget will not compromise the objectives of the Progress programme. It will, however, require Progress to be more effective in its operations, more strategic in its planning and more focused in its activities. This will also require further promoting cross-cutting across policy sections and linkages with other EU instruments, such as transnational cooperation under the European Social Fund or support for social dialogue. Finally, it will increase the efficiency and consistency of EU action in support of EU objectives and priorities in the areas of employment and social solidarity.

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Decision No 1672/2006/EC of the European Parliament and of the Council establishing a Community Programme for Employment and Social Solidarity - Progress

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 13(2), 129, 137(2) (a) thereof,

Having regard to the proposal from the Commission¹⁰,

Having regard to the opinion of the European Economic and Social Committee¹¹,

Having regard to the opinion of the Committee of the Regions¹²,

Acting in accordance with the procedure laid down in Article 251 of the Treaty¹³,

Whereas:

- (1) On 3 June 2009, the Commission adopted a Communication on "A shared commitment for employment"¹⁴, the aim being to step up cooperation between the European Union and the Member States as well as between EU social partners, on three key priorities: maintaining employment, creating jobs and promoting mobility; upgrading skills and matching labour market needs; and increasing access to employment.
- (2) To give the unemployed the chance of a new start and to open the way to entrepreneurship for some of Europe's most disadvantaged groups, including women and the young, the Commission has proposed a new European microfinance facility for employment and social inclusion¹⁵ in a joint initiative with international financial institutions, in particular the EIB Group, to develop micro-enterprises and the social economy.

¹⁰ OJ C , , p. .

¹¹ OJ C , , p. .

¹² OJ C , , p. .

¹³ OJ C , , p. .

¹⁴ COM(2009) 257, 3.6.2009

¹⁵ COM(2009) xxx, xx.xx.2009

- (3) In line with the Inter-institutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management¹⁶, EUR 100 million needs to be reallocated from the existing budget to finance the new European microfinance facility for employment and social inclusion – Progress.
- (4) After examining all possible options, the amount of EUR 100 million should be reallocated from the Progress Programme, set up by Decision No 1672/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Community Programme for Employment and Social Solidarity –Progress, to the new European microfinance facility for employment and social inclusion – Progress.
- (5) Decision No 1672/2006/EC should be amended accordingly.

HAVE DECIDED AS FOLLOWS:

Article 1

In Article 17 of Decision No 1672/2006/EC paragraph 1 is replaced by the following:

"1. The financial envelope for implementing the Community activities referred to in this Decision for the period from 1 January 2007 to 31 December 2013 is hereby set at EUR 643 250 000."

Article 2

Entry into force

This Decision shall enter into force on the [...] day following that of its publication in the *Official Journal of the European Union*.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

¹⁶ (2006/C 139/01)

UPDATED LEGISLATIVE FINANCIAL STATEMENT

1. NAME OF THE PROPOSAL:

Community Programme for Employment and Social Solidarity - Progress (2007-2013)

2. ABM / ABB FRAMEWORK

Policy Area concerned and associated Activity

EMPLOYMENT, SOCIAL AFFAIRS and EQUAL OPPORTUNITIES
ABB 04 04 Employment, Social solidarity and Gender Equality

3. BUDGET LINES

3.1. Budget lines

04 04 01 PROGRESS

04 01 04 10 PROGRESS – Administrative expenditure

3.2. Duration of the action and of the financial impact

01/01/2007 – 31/12/2013

3.3. Budgetary characteristics

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
04 04 01	Non-comp	Diff ¹⁷	YES	YES	YES	1a

¹⁷ Differentiated appropriations

4. SUMMARY OF RESOURCES

4.1. Financial Resources

4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 2 decimal places)

Expenditure type			2007 to 2009	2010	2011	2012	2013	> 2013	Total
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Operational expenditure¹⁸

Commitment Appropriations (CA)	Initial profile	a	268.05	105.44	109.00	112.33	117.76		712.58
	adjustment		-	-24.37	-24.37	-24.37	-24.37		-97.48
	New profile		268.05	81.07	84.63	87.96	93.39		615.10
Payment Appropriations (PA)		b	154.30	82.00	87.00	87.00	87.00	117.70	615.10

Administrative expenditure within reference amount¹⁹

Technical & administrative assistance (NDA)	Initial profile	c	12.15	4.63	4.63	4.63	4.63		30.67
	adjustment		-	-0.63	-0.63	-0.63	-0.63		-2.52
	New profile		12.15	4.00	4.00	4.00	4.00		28.15

TOTAL REFERENCE AMOUNT

Commitment Appropriations	Initial profile	a + c	280.20	110.07	113.63	116.96	122.39		743.25
	adjustment		-	-25.00	-25.00	-25.00	-25.00		-100.00
	new profile		280.20	85.07	88.63	91.96	97.39		643.25
Payment Appropriations		b + c	166.45	86.00	91.00	91.00	91.00	117.70	643.25

Administrative expenditure not included in reference amount²⁰

¹⁸ Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

¹⁹ Expenditure within article xx 01 04 of Title xx.

²⁰ Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05.

Human resources and associated expenditure (NDA)	8.2.5	d		-0.122	-0.122	-0.122	-0.122		-0.488
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6	e							

Total indicative financial cost of intervention

TOTAL CA including cost of Human Resources	a+c+d+e	280.200	84.948	88.508	91.838	97.268		642.762
TOTAL PA including cost of Human Resources	b+c+d+e	166.450	85.878	90.878	90.878	90.878	117.80	642.762

4.1.2. Compatibility with Financial Programming

- Proposal is compatible with existing financial programming. The proposal is linked with the proposal of a new programme Progress microfinance facility for which an amount of EUR 100 Million is allocated.
- Proposal will entail reprogramming of the relevant heading in the financial perspective.
- Proposal may require application of the provisions of the Interinstitutional Agreement²¹ (i.e. flexibility instrument or revision of the financial perspective).

4.1.3. Financial impact on Revenue

- Proposal has no financial implications on revenue
- Proposal has financial impact – the effect on revenue is as follows:

NB: All details and observations relating to the method of calculating the effect on revenue should be shown in a separate annex.

²¹ See points 19 and 24 of the Interinstitutional agreement.

4.2. Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.

Annual requirements	2010	2011	2012	2013		
Total number of human resources	-1	-1	-1	-1		

5. CHARACTERISTICS AND OBJECTIVES

5.1. Need to be met in the short or long term

No change to initial decision.

5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy

No change to initial decision.

5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

No change to initial decision.

5.4. Method of Implementation (indicative)

X *Centralised Management*

X Directly by the Commission

í Indirectly by delegation to:

í Executive Agencies

í Bodies set up by the Communities as referred to in art. 185 of the Financial Regulation

í National public-sector bodies/bodies with public-service mission

6. MONITORING AND EVALUATION

6.1. Monitoring system

No change to initial decision.

6.2. Evaluation

6.2.1. Ex-ante evaluation

No change to initial decision.

6.2.2. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)

No change to initial decision.

6.2.3. Terms and frequency of future evaluation

No change to initial decision.

7. ANTI-FRAUD MEASURES

No change to initial decision.

8. DETAILS OF RESOURCES

8.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 2 decimal places)

		2007 to 2009		2010		2011		2012		2013		TOTAL	
		MEUR	%	MEUR	%	MEUR	%	MEUR	%	MEUR	%	MEUR	%
- section 1	Employment	63.89	22.8	19.54	23.0	20.48	23.1	21.25	23.1	22.79	23.4	147.95	23.0
- section 2	Social protection and inclusion	83.19	29.7	25.75	30.3	26.98	30.4	27.71	30.1	29.34	30.1	192.97	30.0
- section 3	Working conditions	31.26	11.1	8.12	9.5	8.20	9.3	8.30	9.0	8.44	8.7	64.32	10.0
- section 4	Antidiscrimination and diversity	65.26	23.3	19.44	22.8	20.09	22.7	21.08	22.9	22.10	22.7	147.97	23.0
- section 5	Gender equality	30.74	11.0	10.50	12.4	11.18	12.6	11.93	13.0	12.84	13.2	77.19	12.0
- section 6	Support to the implementation of the programme	5.86	2.1	1.70	2.0	1.70	1.9	1.71	1.9	1.88	1.9	12.85	2.0
TOTAL		280.20	100.0	85.07	100.0	88.63	100.0	91.96	100.0	97.39	100.0	643.25	100.0

8.2. Administrative Expenditure

8.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources (number of posts/FTEs)					
		2010	2011	2012	2013		
Officials or temporary staff ²² (XX 01 01)	A*/AD	-1	-1	-1	-1		
	B*, C*/AST						
Staff financed ²³ by art. XX 01 02							
Other staff ²⁴ financed by art. XX 01 04/05							
TOTAL		-1	-1	-1	-1		

The post will be reallocated to the PROGRESS Microfinance Facility.

8.2.2. Description of tasks deriving from the action

8.2.3. Sources of human resources (statutory)

- Posts currently allocated to the management of the programme to be replaced or extended
- Posts pre-allocated within the APS/PDB exercise for year n
- Posts to be requested in the next APS/PDB procedure
- Posts to be redeployed using existing resources within the managing service (internal redeployment)
- Posts required for year 2010 although not foreseen in the APS/PDB exercise of the year in question

²² Cost of which is NOT covered by the reference amount

²³ Cost of which is NOT covered by the reference amount

²⁴ Cost of which is included within the reference amount

8.2.4. *Financial cost of human resources and associated costs not included in the reference amount*

EUR million (to 3 decimal places)

Type of human resources	2010	2011	2012	2013		Total
Officials and temporary staff (XX 01 01)	-0.122	-0.122	-0.122	-0.122		-0.488
Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.) (specify budget line)						
Total cost of Human Resources and associated costs (NOT in reference amount)						

Calculation – *Officials and Temporary agents*

Reference should be made to Point 8.2.1, if applicable

$-1 * 122.000 = -122.000$ per year

8.2.5. *Other administrative expenditure not included in reference amount*

EUR million (to 3 decimal places)

	2010	2011	2012	2013			TOTAL
XX 01 02 11 01 – Missions							
XX 01 02 11 02 – Meetings & Conferences							
XX 01 02 11 03 – Committees ²⁵							
XX 01 02 11 04 – Studies & consultations							
XX 01 02 11 05 - Information systems							
2 Total Other Management Expenditure (XX 01 02 11)							
3 Other expenditure of an administrative nature (specify including reference to budget line)							
Total Administrative expenditure, other than human resources and associated							

²⁵ Specify the type of committee and the group to which it belongs.

costs (NOT included in reference amount)							
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Calculation - *Other administrative expenditure not included in reference amount*