

COUNCIL DECISION

of 1 February 1971

on the reform of the European Social Fund

(71/66/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 126 thereof;

Having regard to the Opinion of the Commission¹;

Having regard to the Opinion of the European Parliament²;

Having regard to the Opinion of the Economic and Social Committee³;

Whereas Article 123 of the Treaty assigns to the European Social Fund (hereinafter called the 'Fund') the task of rendering the employment of workers easier and of increasing their geographical and occupational mobility within the Community, and whereas the measures now in force have proved to be inadequate to permit the Fund to accomplish this task effectively;

Whereas, in pursuing this task, account must be taken of the demands of social progress in the face of technical development;

Whereas an interdependence exists between social policy and economic policy;

Whereas it is important to continue efforts to remedy the structural unemployment and underemployment still existing in various areas of the Community;

Whereas for this purpose there is also need to intensify preventive action against unemployment and underemployment;

Whereas the Fund must likewise contribute to the furtherance of existing measures for securing for all workers employment that best corresponds to their abilities, and to ensure continuity of employment and of income;

Whereas it is therefore necessary that the Fund should be able to intervene to meet situations arising from Community Decisions or requiring action at Community level and to meet also situations arising indirectly from the functioning of the common market or impeding the harmonious development of the Community;

Whereas the Decision of 21 April 1970⁴ provided for the replacement of financial contributions from Member States by the Communities' own resources;

HAS ADOPTED THIS DECISION:

I. ABOLITION OF THE ASSISTANCE PROVIDED FOR IN ARTICLE 125 OF THE TREATY

Article 1

Subject to the provisions of Article 10 of this Decision, the assistance provided for in Article 125 of the Treaty shall no longer be granted.

II. DEFINITION OF THE NEW TASKS OF THE FUND

Article 2

The new tasks of the Fund, which are in accordance with the objectives laid down in Article 124 of the Treaty, are set out in Articles 3, 4 and 5.

¹ OJ No C 131, 13.10.1969, p. 4.

² OJ No C 2, 8.1.1970, p. 7.

³ OJ No C 26, 4.3.1970, p. 6.

⁴ OJ No L 94, 28.4.1970, p. 19.

A. Scope as regards persons*Article 3*

1. The Fund may grant assistance for members of the labour force who, having benefited from a measure taken under the powers of the Fund, are to pursue activities as employed persons.

2. The Fund may also grant, in special cases to be determined by the Council, assistance for persons who are to pursue activities as self-employed persons.

B. Areas of intervention*Article 4*

1. The Fund can take action when the employment situation:

- is affected or in danger of being affected either by special measures adopted by the Council in the framework of Community policies, or by jointly agreed operations to further the objectives of the Community; or
- calls for specific joint action to improve the balance between supply of and demand for manpower within the Community.

The Fund shall be authorised to intervene by a specific Decision taken by the Council, acting by a qualified majority on a proposal from the Commission, the latter acting either on its own initiative or at the request of the Council or of one or more Member States.

2. The Council, in taking specific Decisions of the type referred to in paragraph 1, shall state as one of the grounds of such Decisions the fact that the existing or foreseeable imbalance in the field of employment:

- is on a scale justifying Community intervention;
- is such that it leads, or may lead, to the necessity for a considerable number of workers to change employment, to acquire new qualifications, or to move their homes within the Community.

In such Decisions, the Council:

- (a) shall determine the areas in which the Fund may intervene;
- (b) shall state which of the types of aid defined in provisions laid down pursuant to Article 127 may qualify for assistance from the Fund;

- (c) shall determine, where appropriate, the categories of persons who are to pursue activities as self-employed persons to whom assistance may be granted from the Fund.

Article 5

1. The Fund can also take action where the employment situation in certain regions, in certain branches of the economy or in certain groups of undertakings is affected by difficulties which do not arise from any particular measure taken by the Council within the framework of a Community policy, but which result indirectly from the working of the common market or impede the harmonious development of the Community.

In any such cases, assistance shall be granted to eliminate long-term structural unemployment and underemployment, to train a highly skilled labour force and, furthermore, for measures for the absorption and reabsorption into active employment of the disabled, and of older workers, women and young workers.

2. The provisions required to implement this Decision, to be adopted in accordance with Article 127 of the Treaty, shall:

- define the assistance referred to in paragraph 1 which shall be granted forthwith to meet already existing situations or needs that require immediate long-term action; and
- determine the precise criteria which an operation must satisfy to be eligible for assistance from the Fund.

Assistance thus defined shall be granted without further action by the Council, subject only to the approval provided for in Article 7.

C. Submission by Member States of schemes or of applications for assistance and their approval by the Commission*Article 6*

The Member State or States concerned shall submit to the Commission their schemes for meeting the situations referred to in Article 4, and any applications made in advance for assistance to meet the situations referred to in Article 5; each scheme or application shall propose a set of specific measures, and shall also give details of their methods, scope and duration.

Article 7

The Commission shall submit the schemes and applications referred to in Article 6 for consideration by the Economic and Social Committee, as provided for in Article 124 of the Treaty, and shall approve them up to the amount of the credits available if they comply with the conditions laid down in the Regulation implementing the provisions of Article 127 of the Treaty and the Decisions taken by the Council under that Regulation.

D. Rate of contribution*Article 8*

1. Assistance from the Fund shall be granted at the rate of 50% of eligible expenditure in support of operations by public authorities, bodies governed by public law and joint social institutions entrusted with tasks in the public interest.

2. Assistance shall also be granted in respect of operations by bodies or other entities governed by private law, on condition that the public authorities of the Member State or States concerned guarantee the completion of such operations. In such case, the Fund shall contribute an amount equal to any expenditure taken over by the public authorities.

E. Budgetary procedure*Article 9*

1. Each year, on the basis of the preliminary draft budget drawn up by the Commission, credits authorised for the functioning of the Fund during the current financial year shall be included in the budget of the European Communities.

The financial regulations adopted in pursuance of Article 209 of the Treaty shall determine the methods whereby the expenditure may be authorised for a further two-year period after the end of the current financial year.

2. Credits for action by the Fund under Article 4 shall be separate from those for action under Article 5.

Credits for action under Article 5 shall not in any year be less than 50% of the total credits available. This apportionment of credits shall be reviewed by the Council within the time limit laid down in Article 11, it being understood that in the long term the greater part of the available credits must be reserved for action under Article 4.

III. TRANSITIONAL AND FINAL PROVISIONS*Article 10*

1. The provisions of this Decision shall apply from the date of entry into force of the provisions required to implement this Decision, which shall be adopted in accordance with Article 127 of the Treaty.

2. Assistance from the Fund, as provided for in Article 125 of the Treaty, shall be granted in support of operations completed at latest on a date to be fixed by the provisions referred to in paragraph 1.

The periods within which the Member States must submit their applications for reimbursement in respect of these operations shall also be determined by those provisions.

Article 11

The Council shall review this Decision not later than five years after the date of its entry into force as provided in Article 10 (1). If necessary, this Decision shall be amended on the basis of a further Opinion of the Commission based on Article 126 of the Treaty.

Article 12

This Decision shall enter into force on the fifth day following its publication in the *Official Journal of the European Communities*.

Done at Brussels, 1 February 1971.

For the Council

The President

M. SCHUMANN