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**NOTE D'INFORMATION
NOTA D'INFORMAZIONE
TER DOCUMENTIE**

Brussels, July 1974

SUMMARY OF SECOND REPORT ON THE ACTIVITIES OF THE NEW EUROPEAN
SOCIAL FUND IN 1973¹

This report covers the operations of the Social Fund in 1973, undertakes a detailed review of these operations and highlights the main problems encountered. The report recalls that the primary aim of the Social Fund is to promote the improvement of the employment situation within the Community by encouraging measures designed to prepare workers more effectively to play their rightful role in the productive activities of the Community. In the majority of cases its interventions deal with training and readaptation schemes.

The 90 claims for aid from the Social Fund submitted to the Commission in 1973 covered a wide range of operations and were a broad sample of the efforts by the Member States to develop their employment and training policies.² The report recalls that the Commission on 28 November 1973 adopted guidelines for the administration of the Social Fund which under the new system is characterised both by the selectiveness of the interventions (in place of the automatic actions of the old Fund) and by the effort to reinforce their "incentive" character.

During 1973 the Commission forwarded to the Council two proposals aimed at extending Article 4 of the Social Fund to cover new categories, namely, handicapped persons and migrant workers and in January 1974 a further proposal concerning shipbuilding workers. The proposals concerning the handicapped and the migrant workers were approved with some amendments by the Council of Ministers on 10 June 1974. Previously the only categories who benefitted under Article 4 were workers leaving agriculture and textile workers.

(Under Article 4 aid from the Social Fund can be requested when Community policies affect or threaten to affect the level of employment or when specific joint action is called for to improve the balance between supply and demand of manpower within the Community. Under Article 5 the Fund can take action to correct unsatisfactory employment situations, especially in declining regions and in industries affected by technical progress and to help the employment of the handicapped, older workers, women and young workers.)

Resources of the Fund

The initial appropriation for 1973 was 177.5 million units of account (68.8 million u.a. for Article 4, 108 million u.a. for Article 5 and 0.7 million for pilot studies). The large number of applications submitted under Article 5

¹SEC(74)2400.

²Sec Annex.

prompted the Commission to request an additional 120 million u.a. for this Article. The actual increase granted by the Council was 45 million u.a.

The financial situation at the end of 1973 clearly showed an imbalance between the two articles as the applications submitted under Article 4 amounted to less than the appropriations available (approximately 28 million u.a. compared to 76 million u.a.) whereas applications under Article 5 were substantially in excess of appropriations (236 million u.a. compared with 158 million u.a.).

Improvement of Methods of Administration

During the year the Commission finalised a number of measures to improve the administration of the Fund, the principal ones being:

- (1) the practical implementation of the principle that applications should be made before the projects are started;
- (2) arrangements for the supervision of expenditure.

In examining the various applications the Commission and the Social Fund Committee try to assess the merits of the actions taken in the different countries and fix their relative priority. In this respect one of the main problems was caused by the considerable number of "global" applications submitted by certain national administrations. These applications, representing in financial terms more than four-fifths of total applications submitted, frequently cover the financing of the whole range of operations undertaken by these administrations in the priority areas. Given their nature and size, the priority character of these operations is difficult to assess from the point of view of the promotional role of the Fund.

In spite of this the Commission believes it would be undesirable to proscribe completely these global applications, as such a prohibition could penalise unduly a large section of the public training and retraining sector. On a provisional basis the Commission tried in 1973 to apply greater strictness in the application of regional criteria. In the case of the seven major global regional applications it proved possible to reduce the total value of the amounts approved from 180 to 120 million u.a. by excluding certain areas which were judged to be of lesser priority.

This method of reduction is, however, far from ideal and the Commission is exploring the possible improvement of selection methods by trying to adopt two approaches:

- (1) Granting a degree of priority to those part of global applications concerned with certain areas of particular interest or certain categories corresponding to the guidelines of the Social Action Programme such as women, young people and older workers.
- (2) Linking the support of the Fund in such cases to specific programmes which indicate the aims followed by the promoting institution, e.g. job opportunities.

Conclusions

The balance-sheet for the first full year of operation of the reformed Social Fund can be regarded as satisfactory from the quantitative point of view. In particular the division of the interventions between different Member States is noticeably more in keeping with the intensity of their needs than in the past. From the qualitative point of view, the areas where improvements are called for are fairly clear and indicated in the report. The majority of these improvements do not directly concern the regulations as such and the report states that the Commission and Member States should direct their efforts towards developing better applications and improved selection procedures.

TABLE SHOWING AMOUNT OF AID, NUMBERS OF WORKERS AND NUMBER OF SCHEMES APPROVED, BY COUNTRY AND TYPE IN 1975

Table 1 (a) Amount of Assistance (in E.u.c.c.) Table 1 (b) Nbs. of workers (in 100s) Table 1 (c) No. of schemes approved

Country	Ag.	Text.	Reg-ions	Tech-nical Pro-gress	H'cap-ped	Total Art. 4-5	Ag.	Text.	Reg. T.P.	H'cap-ped	Total	Ag.	Text.	Reg.	T.P.	H'cap-ped	Total
Belgium	0.13	0.59	5.00	-	1.47	7.19	1	6	125	20	153	1	1	2	-	1	5
Denmark	-	-	1.57	0.28	3.20	5.05	-	-	35	60	95	-	-	2	1	1	4
Germany	9.56	-	3.96	-	6.42	19.94	35	-	50	50	185	1	-	3	-	1	5
France	13.47	0.89	7.78	6.57	7.41	36.12	202	58	269	228	757	1	1	3	5	1	11
Ireland	0.10	0.61	8.60	0.06	0.44	9.81	1	13	500	38	550	1	2	5	2	8	18
Italy	-	0.04	41.11	0.88	1.70	43.73	-	1	1355	12	1367	-	1	18	3	3	25
Luxembourg	-	-	-	-	0.04	0.04	-	-	-	7	7	-	-	-	-	3	3
Netherlands	0.81	-	3.32	0.43	2.21	6.77	5	-	49	32	85	1	-	3	3	2	9
United Kingdom	0.41	1.46	47.06	-	8.45	57.40	7	19	910	220	1147	1	2	2	-	2	7
TOTAL	24.50	3.59	118.40	8.22	31.34	186.05	30	97	3291	674	4362	6	7	38	14	22	87

Note: The totals are not based on the rounded figures in the table.
The figures do not include commitments made for 1974 and 1975.

Ag. = Agriculture
Text. = Textiles