

**OPERATIONAL PROGRAMME UNDER THE
"INVESTMENT FOR GROWTH AND JOBS" GOAL**

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1. STRATEGY FOR THE CONTRIBUTION OF THE OPERATIONAL PROGRAMME TO THE UNION STRATEGY ON SMART, SUSTAINABLE AND INCLUSIVE GROWTH AND TO THE ACHIEVEMENT OF ECONOMIC, SOCIAL AND TERRITORIAL COHESION

1.1. Strategy for the contribution of the Operational Programme to the Union strategy on smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion

1.1.1 Description of the programme's strategy for contributing to the delivery of the Union strategy for smart, sustainable and inclusive growth and for achieving economic, social and territorial cohesion.

In accordance with the tasks entrusted to the ESF by Article 162 of the Treaty on the Functioning of the European Union (TFEU), the European Social Fund (ESF) should improve employment opportunities, and therefore contribute to economic, social and territorial cohesion in accordance with Article 174 TFEU. In the 2014-2020 programming period, the ESF will place emphasis on promoting social inclusion, combating poverty, promoting education, skills and life-long learning, and developing measures for active, comprehensive and lasting inclusion and for combating poverty.

The strategy of the German federal Operational Programme for the implementation of the ESF in the 2014-2020 programming period aligns the interventions in accordance with the tasks entrusted to the ESF with the Europe 2020 strategy [1] along the support needs identified. The headline targets of the Europe 2020 strategy set the standards for smart, sustainable and inclusive growth in the European Union (EU), for overcoming the economic and financial crisis and for creating the foundation for an even more competitive economy. The strategy of the German ESF-OP at federal level has been informed by a socio-economic analysis [2] and

- Germany's 2011, 2012 and 2013 National Reform Programmes (NRP)
- the employment policy guidelines pursuant to Article 148 (2) TFEU
- the 2011, 2012 and 2013 country-specific recommendations issued by the Council to Germany pursuant to Article 148 (4) TFEU
- the European Commission's position paper for Germany [3]
- the Regulation laying down common and general provisions on the Structural Funds [4] and the Regulation on the European Social Fund[5]
- the Partnership Agreement between Germany and the European Commission

- the European Commission's Strategy for Equality between Women and Men and the European Council's Pact for Gender Equality
- existing national and regional strategies.

The safeguarding and expansion of jobs is one of the central objectives of German policy. The Europe 2020 strategy contains an employment headline target of raising the employment rate in the 20-64 age category to 75% by 2020. Following an analysis of goal-related conditions, Germany set a target of 77%. Due to the specific need for action in certain areas, the EU target was defined even further such that the employment rate for women is to be at least 73% by 2020 and that of older workers aged 55-64 at least 60%. [6] In the third quarter of 2012, the figures for Germany were as follows: total employment rate: 77.1 %; women: 71.7% and older workers: 62.1%. [7] The figures indicate that the rate of employment has increased continuously since the crisis in 2009 and that the number of persons in active employment reached a record high in 2012, with around 40.2 million individuals employed. [8]

Compared with the rest of Europe, German economic output has developed well since the months of the financial and economic crisis in 2009 and 2010. Germany managed to weather the effects of the recession brought on by the financial crisis, secure economic growth and boost employment. At the same time, the number of unemployed persons under both Book II and Book III of the Social Code decreased. The Federation and the *Länder* have stepped up reform efforts in the education systems and there is a clear trend towards higher general and vocational educational qualifications. Accordingly, the risk of poverty of large parts of the population has declined on average. However, not everyone in Germany has been able to take part in these positive developments so target groups for ESF support can be identified.

Tackling the demographic change and securing the skilled labour base

The aim of the headline targets for employment and education defined in the Europe 2020 strategy is to drive inclusive growth and, in particular, unlock labour potential.

The European Commission and the Council recommend that Germany should take action to [...] facilitate the transition from non-standard forms of employment, such as mini-jobs, to more stable forms of employment; improve incentives to work and the employability of workers, particularly for second-earners and low-wage earners, also with a view to increasing their income; [...]. [9], [10]

The position paper also identifies "addressing more efficiently shortages of skilled workers" as a priority for the delivery of the ESI Fund. [11] Tapping unused human capital, especially among well qualified women, as well as the up-skilling and re-skilling of disadvantaged people and supporting their sustainable integration into the labour market are cited as essential investment areas for the ESF in Germany. Furthermore, there is a need to address structural obstacles which people from a migrant background face when accessing the labour market, particularly issues regarding the recognition of qualifications and experience acquired abroad. In addition, Germany is also advised

to promote measures to maintain the employability of older workers.

Germany will face pressing challenges in the years ahead, particularly in the form of demographic change. Rural areas and eastern Germany with the exception of Berlin and its surrounding area will be hardest hit. Demographic change also carries with it the problem of an aging population and an appreciable decline in the total active population. Within this context, the priority is to cushion the foreseeable impact by making every effort to unlock all workforce potential so Germany can safeguard and build on the positive developments of recent years. Therefore a policy that secures the long-term supply of skilled labour is a central element of Germany's employment strategy.

Labour-force potential has increased appreciably in Germany in recent years, with the labour market participation of women, in particular, rising significantly. Since the introduction of the parental allowance in 2007 and the continued expansion of childcare facilities, there has been a particular rise in the labour force participation of mothers with children aged one and over. Despite this, there is still a large "hidden reserve" among women (and also among men, but not to the same extent). Women constitute the biggest untapped potential workforce. While labour force participation has increased considerably in recent years, at 71.1% in 2011 and 71.7% in Q3 2012 [12] the female labour force participation rate is the only area of employment policy that still misses the national targets defined in the NRP. In 2011, the employment rate of older women aged 55-64 stood at just 52.9% and was therefore around 7 percentage points short of the target set in the NRP (target: 60%; men aged 55-64: 66.6%). [13]

It will be particularly necessary to move women from marginal employment to employment subject to social security contributions and to facilitate an increase in the volume of work performed by women. The gender bias — i.e. the difference of the full-time equivalent employment rate between men and women in percentage points — amounted to 21.9 percentage points in 2010.[14] In this context, it is important to take a look at the forms of employment. While the share of "non-standard employment" [15] among the entire working population has increased significantly in the last 20 years - having risen continuously from 12.8% to 22.6% between 1991 and 2007 and remaining above 22% through to 2011 - there was a more pronounced increase (+4.5%) in the number of standard employment contracts among women compared to non-standard employment forms (+2.3%) in the period between 2009 and 2011. On the other hand the trend is the exact opposite among men (number of standard employment contracts: +1.9%, non-standard employment: +9.3%). Despite this, the percentage of women in non-standard employment stood at 33.6% in 2011 while that of men was just 12.2%. It is therefore particularly common for women to be in marginal, short-term or part-time employment.[16],[17] Studies[18],[19] show that many people in marginal and part-time employment — particularly mothers, migrant women and individuals returning to work and re-entering the labour market — would like to work more and have more challenging work but these wishes are often not feasible.

Older citizens (55-64 year-olds) are another potential workforce. The Federal Government addresses the ageing of the population in the Demography Strategy, among other measures. This strategy bundles the activities of all social interest groups for an age-appropriate working environment where work is organised in a way that meets age-related needs. Between 2005 and 2012 the number of economically active older persons

increased by 2.115 million to 6.556 million (+47.6 %)[20] and the number of older workers in employment subject to compulsory social security contributions rose by 1.448 million to 4.082 million (+50.0%).[21] On the other hand the number of unemployed older persons dropped slightly by around 37,000 to roughly 544,000 in the same period.[22] The numbers indicate that more and more older persons are available to the labour market. While the population in this age group also increased by 914,000 to 10.7 million between 2005 and 2012 (+9.3%),[23], this increase is considerably smaller compared to the active labour force. The labour force participation rate of older persons therefore increased significantly from 45.4% in 2005 to 61.2% in 2012.[24]

Immigration can also help offset the aforementioned negative impact of demographic developments on economic growth. The importance of inward migration to Germany is reflected in the fact that, contrary to forecasts, Germany's population grew in 2011 and 2012, an increase which can be attributed almost exclusively to the high level of immigration in these years. However, activity rates by migration status clearly demonstrate that people from a migrant background have, at times, far lower activity rates than people without a migration background. This applies for both men and women in all age groups. In 2011, the labour force participation rates of male and female migrants of working age (15-64 years) were almost nine percentage points (70.0%) below that of persons living in Germany and not from a migrant background (78.8 %).[25]

To counteract the effects of the demographic change, the Federal Government has developed a Skilled Workers Strategy [26], which takes a five-pronged approach to securing the skilled labour base, namely: activation and the safeguarding of employment; better work-life balance; educational opportunities for all right from the start; skills development - initial and further training; and integration and immigration of skilled workers.

Further to this, the Federal Government also supports companies' efforts to ensure the employability of workers through a number of measures including the "New Quality of Work Initiative - INQA". In addition to the development of individual company- and industry-specific solutions for age-appropriate working environments organised to meet age-related needs, the extensive statutory benefits under Books II and III of the Social Code will also be further refined. Added to this, specific funding programmes have also been put in place for older people, such as "*Perspektive 50plus*" or "*WeGeBau*", which are also specifically geared towards older workers in need of further training. The elimination of early retirement schemes and the gradual increase of the retirement age to 67 create a suitable framework for older persons to remain economically active for longer. As a result of these national measures, more and more older people are available to the labour market. In light of the wide range of national activities already in place, the reduced level of funding and the call to concentrate efforts, the Federal Government has not included older persons as a separate priority in federal ESF funding despite the recommendation in the European Commission position paper to prioritise investment in "active and healthy aging" [27]. However, older persons are to be taken into consideration and supported in all the priority axes. The sections of the programme in the investment priority areas "Adaptation of workers, enterprises and entrepreneurs to change", "Active inclusion (...)" and "Enhancing equal access to life-long learning for all age groups (...)" will also focus on the particular needs of older persons. Measures will

centre in particular on age-appropriate human resources development, maintaining staff employability, preventive measures for a safe and healthy working environment and the organisation of age-appropriate production and business processes. Further to this, older persons should be considered across the board in all ESF funding areas and in all phases from development and execution to monitoring and evaluation so that an appropriate response to the support needs of older persons can be guaranteed.

Against this backdrop, with the help of the ESF the Federal Government is pursuing a tiered approach as a contribution to securing the skilled labour base. This approach comprises the following key points in all priority axes:

Unlocking employment potential

- Support for the Professional Qualifications Recognition Act to unlock the employment potential of migrants and integrate them into the labour market in line with their qualifications.
- Increase the working hours of women in part-time and marginal employment.
- Strengthen equal opportunities in the labour market, particularly the removal of barriers on the path to employment (subject to compulsory social insurance contributions).
- Increase the participation rate of women in the labour force, particularly of economically inactive women and of mothers from a migrant background.

Alignment of SMEs with demographic developments

- Strengthen the entrepreneurial base of SMEs and business start-ups in the areas of competitiveness, securing and developing the business, and sustainability.
- Optimise processes to find foreign young persons to fill apprenticeship vacancies and foreign skilled professionals to fill jobs.
- Establish a staff-oriented, age-appropriate HR policy in SMEs that is fit for the future for the organisation of working and production conditions that are highly motivating and performance-enhancing with the active involvement of the workers.
- Ensure businesses in the social economy sector are better aligned with demographic developments, particularly with regard to maintaining the employability of workers.
- Support social partners in firmly establishing systematic continuing vocational education and training in businesses, organisations and industries.

Preventive approach

- Transition from school to work: support for lower-attaining and/or disadvantaged young people, measures to strengthen the rate of engagement of SMEs in the provision of training and apprenticeships.

The ESF measures to address demographic change and the secure the supply of skilled labour will be concentrated, in particular, in the following investment priorities:

- "Self-employment, entrepreneurship and business creation including innovative micro, small and medium sized enterprises "
- "Adaptation of workers, enterprises and entrepreneurs to change"
- "Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability"
- "Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems (...)"

On the whole, therefore, the federal ESF strategy to tackle demographic change and secure the skilled labour base directly addresses the Europe 2020 headline targets for employment and education as well as the "Innovation Union" and "Youth on the Move" flagship initiatives and, with its preventive approach, also addresses the European Platform against Poverty and Social Marginalisation. Employment policy guidelines 7 "Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality", 8 "Developing a skilled workforce responding to labour market needs and promoting lifelong learning" and 9 "Improving the quality and performance of education and training systems at all levels (...)" are addressed directly and guideline 10 "Promoting social inclusion and combating poverty" is addressed indirectly.

Social inclusion and combating poverty

The promotion of social inclusion and the fight against social marginalisation constitute a headline target of both the Federal Government and the Europe 2020 strategy. In its NRPs, Germany has articulated its goal of reducing the number of people at risk of poverty and social exclusion by reducing the number of long-term unemployed. The aim is to reduce the level of long-term unemployment by 20%, or 320,000 persons, compared with figures for 2008.[28] The NRPs for 2011 to 2013 clearly illustrate that this also benefits household members, thereby multiplying the success in preventing and fighting poverty.

The European Commission and the European Council recommend that Germany should promote the continuity of suitable activation and integration measures, particularly for the long-term unemployed.[29][30] The European Commission's position paper identifies the "Enhancement of employment and income opportunities of long-term unemployed and the provision of activation and integration measures for people at risk of poverty"[31] as funding priorities for Germany.

While Germany is one of the three EU states to have experienced a decline in the number of persons at risk of poverty between 2008 and 2011 (-1.7 %, or -271,000),[32] an analysis of the at-risk-of-poverty rates in Germany, however, reveals the following:

- By far the biggest factor in people being at risk of poverty in Germany is unemployment, followed by single-parent households and low levels of education (ISCED 0 to 2). The biggest increases in the at-risk-of-poverty rate between 2005 and 2011 were recorded in these three demographic groups, while the overall at-risk-of-poverty rate in this period remained largely unchanged at around 15%. [33]
- At 28.2% in 2011, people from a migrant background were more than twice as likely to be at risk of poverty than people who are not from a migrant background (11.6 %).[34] Being from a migrant background often goes hand in hand with additional socio-demographic factors that are relevant to the risk of experiencing poverty, particularly with regard to skill level, gainful employment, age or size of household.
- Gender-specific differences in the poverty risk are reflected, for one, in a regional east/west distinction: women are only at a slightly higher risk of poverty than men in western Germany. On the other hand, at 19.5% the overall level in eastern Germany for both men and women is far higher than the rate of 14.0% in western Germany. While jobless men are at a higher risk of poverty than jobless women, the poverty risk of working women and women of pensionable age is higher than that of working men and male pensioners.[35]
- Young people aged between 18 and 25 face a higher risk of poverty than all other age groups, particularly in eastern Germany.[36] This can be explained by the fact that these individuals are in all likelihood in a single-person household and have not yet completed their vocational training.

Joblessness and, in particular, long-term unemployment are factors that significantly increase the risk of people in Germany facing poverty. Between 2008 and 2011, the number of long-term unemployed persons dropped from 1.623 million in 2008 to 1.043 million in 2011 (-580,000).[37] The steady reduction in the level of long-term unemployment in the reporting period also means an increasing share of persons with (multiple) placement difficulties in the remaining numbers of long-term unemployed. This is also reflected in the overall increase in the percentage of long-term unemployed individuals in 2010 and 2011. Around 47% of the long-term unemployed do not have any formal vocational training [38] and roughly 39% are 50 years or over. Single parents also tend to claim basic benefits for job-seekers for a particularly long time without necessarily being (long-term) unemployed. Foreigners and individuals with health impairments are also at a higher risk of being unemployed for long. In eastern Germany, on the other hand, qualifications that have been earned evidently cannot be put to use as the levels of unemployment are far higher here than in western Germany but the percentage of unemployed persons without any formal vocational training is far lower. Furthermore, integration into work depends heavily on the labour demand side, i.e. on

the ability of the labour markets to absorb workers, which varies from region to region.

The persistently poor opportunities of particularly disadvantaged young people become apparent during the transition from school to training and employment. The number of unplaced applicants who do not end up with a vocational training place or an alternative to vocational training increased by 38.2% from 2011 to 2012 (from 11,322 to 15,648).[39] On the other hand, the number of young people aged between 20 and 29 without a formal professional qualification has only declined slightly.[40] These conditions reflect the major need for action for young people outside the regular systems as their opportunities on the labour market are far worse than those of young people with a professional qualification. Gender-specific segregation is also characteristic of the transition from education to work. [41]

An individual's migration status regularly proves to be a factor that increases the risk of poverty. Some 19.5% of people living in Germany are from a migrant background,[42] but their share in unemployment is far higher than their share in the population.[43] There are many people from a migrant background in the young age cohorts, in particular. This means that they will constitute an increasing share in the working-age population in the years ahead. The course for a successful professional life is set particularly at the transition between school and training and employment: however data indicate that young foreigners are still more than twice as likely to leave school without a qualification than their German counterparts and only start an apprenticeship half as often as German youth.[44] Lack of basic qualifications, such as poor or insufficient command of German, are often one of the main reasons why migrants do not successfully integrate in the labour market or encounter difficulties in embarking on training or continuing education. Refugees, individuals with a right to stay, asylum seekers and relatives of minorities require particular support.

Further to this, labour market problems are often concentrated in certain disadvantaged urban districts. This not only holds true for integration into employment but also for preparation for and integration into longer-term education processes. For young people, in particular, education is a fundamental requirement for longer-term integration into the labour market, social participation and for reducing their frequently above-average risk of experiencing poverty.

Through the more effective and more efficient use of labour market instruments, the Federal Government has consistently strengthened the functioning of the labour market in recent years. This benefits disadvantaged groups in the labour market in particular. The number of labour market instruments has been reduced, while the scope for action has been maintained or even expanded further. As a result of the latest reform of active integration instruments, [45] which was adopted in 2012, the employment agencies and the job centres can now act with greater freedom and in a way that better fits regional needs. Less successful instruments were removed from the catalogue of regular support.

Active employment promotion services seek, in particular, to prevent long-term unemployment through the targeted support of continuing vocational training, for example. The (re)integration into the labour market comprises instruments focussing

on activation and vocational integration, choice of occupation and vocational training, continuing vocational education and training (CVET), the taking up of employment, specific measures geared towards the participation of people with a disability and job creation measures.

These instruments of active labour market policy, which are regulated in Books II and III of the Social Code, are also aimed at demographic groups particularly affected by or at risk of poverty (single parents, people from a migrant background, older individuals, people with a disability etc.) and are complemented by additional measures.

For example, the special "IFLAS" programme (Initiative to Support Structural Change) launched by the Federal Employment Agency provides targeted support to get low-skilled unemployed persons to earn a formal vocational qualification or complete modules towards obtaining formal vocational qualifications that are needed to fill the regional skills gap. Further to this, the "Initiative to Promote the Initial Vocational Training of Young Adults" ("*AusBILDUNG wird was — Spätstarter gesucht*") rolled out by the Federal Employment Agency in February 2013 seeks to significantly increase the number of skills development activities that lead to formal qualification in the 25-34 age group.

Against this backdrop, the Federation is directing its ESF interventions in the priority axis "Promotion of social inclusion and fight against poverty" at demographic groups who are particularly affected: low-skilled, long-term claimants of benefits under Book II of the Social Code who are in long-term unemployment, young people outside the regular systems and migrants facing particularly difficult personal circumstances (e.g. refugees). Attention to migrants and women is mainstreamed into all areas of funding and support.

The funding approaches are implemented, in particular, in the investment priority "Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability" where new approaches are trialled and time-tested strategies are refined further. For example, for the time being the Federation will cease to pursue the additional employment forms which are in the public interest and do not contribute to the unemployment insurance system and have been funded through the ESF up to now. The planned redirection of support for low-skilled, long-term claimants of benefits under Book II of the Social Code who are in long-term unemployment specifically aims to create realistic and sustainable employment opportunities for the long-term unemployed on the general labour market. Furthermore, in future municipal central organisations and selected local authorities will be closely involved in the planning stage for measures for structurally weak urban and district areas.

Complementing this, preventive measures to support the fight against poverty will be implemented in the other priority axes as part of the investment priorities "Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems (...)" and "Adaptation of workers, enterprises and entrepreneurs to change". These measures are aimed, inter alia, at lower-attaining pupils at lower-secondary and special needs schools and at women in marginal and part-time employment.

By placing a priority on measures in the area of social inclusion and poverty alleviation, the Federation is making a significant contribution to ensuring that the target of spending at least 20% of ESF funding on this thematic objective at the member state level will be clearly exceeded in Germany.

The federal ESF strategy to promote social inclusion and tackle poverty therefore immediately addresses the Europe 2020 headline target to alleviate poverty, the European Platform against Poverty and Social Exclusion flagship initiative and employment policy guideline 10 "Promoting social inclusion and combating poverty" by encouraging exits from unemployment where individuals are at risk of poverty, preventing individuals from repeatedly entering unemployment, and by providing targeted support for the integration of migrants into the labour market. A reduction in the number of early school-leavers can also be expected as a result of the support given to particularly disadvantaged young people; the support makes both a direct and indirect contribution to increasing the rate of employment and directly addresses the "Youth on the Move" flagship initiative of the Europe 2020 strategy.

Self-employment, entrepreneurship and business creation

Strengthening entrepreneurship constitutes another strategic priority of the Operational Programme. The European Commission introduced the European Semester with the publication of the Annual Growth Report at the end of 2013. As in the Innovation Union flagship initiative of the Europe 2020 strategy, the European Commission formulated the promotion of forms of financing for SMEs as one of its priorities in this report.[46] In its position paper the European Commission therefore recommends that better access for SMEs to finance [47] should also be supported with the ESI funds to strengthen entrepreneurial potential in addition to complementary support such as consulting, coaching and market access.

Germany's good economic performance can be put down to the comparatively good development in output and the utilisation of business capacities. Therefore in the years ahead the priority must be to further strengthen the entrepreneurial base and address the need of many businesses - particularly smaller and younger ones - to close the gap in entrepreneurial activities. At the same time, it is essential to encourage and promote entrepreneurship and the innovative capacity of SMEs and the continued modernisation and integration of the eastern German economy. One way to deliver on this goal is to establish a stronger culture of entrepreneurship. In terms of the number of business licences that have been registered and surrendered, the number of people entering and giving up self-employment, and the number of business start-ups and liquidations, the situation that is presented is very dynamic. Recently fewer and fewer self-employed activities and businesses have folded,[48] but at the same time fewer and fewer business start-ups are being registered. This drop in start-up activities is likely to be attributable to the simultaneous effect of a decline in economic development in 2011 and 2012 (weaker pull effect) coupled with favourable (dependent) employment opportunities (weaker push effect). In Germany, growth in the number of self-employed persons was modest between 2005 and 2011 such that, according to the micro-census, the self-employment rate even dropped slightly by 0.2 percentage points to 11.0%. However as there was also a decline in the number of business liquidations and cases of failed self-employment, the balances remained positive with the exception of 2008. Further to this, women still offer enormous potential with regard to business start-up activity.

In this respect opportunities afforded to women to launch and grow their own business must be strengthened and the entrepreneurial readiness of women increased.

In Germany there are still failures in the extension of loans to cover equity capital and for necessary business investments. This affects young and small businesses in particular, especially those run by women and/or people from a migrant background. It is important to offer these business groups, in particular, additional ways to be able to cover their borrowing needs at moderate conditions.

In light of this, federal ESF interventions will be focussed on the support of technology-oriented start-ups and on securing the sustainability of business start-ups and jobs. Business consulting support at federal level which is geared towards all SMEs and liberal professions nationwide and addresses a host of different topics will be supplemented by in-depth, complementary and special advisory services within the framework of the ESF *Länder* programmes. The *Länder* will be actively involved in the promotion of advice to individual business start-ups in the pre-startup phase, while the Federation will offer support in the field of coaching for the business start-up phase up to two years after the establishment of the business. Through federal support, new opportunities for the procurement of funds will also be created while a nationwide system to improve business access to low-volume mezzanine capital will be established at the same time. The measures cited will be implemented in the investment priority "Self-employment, entrepreneurship and business creation including innovative micro, small and medium-sized enterprises."

Therefore the federal ESF strategy to promote self-employment, entrepreneurship and business creation directly addresses the Europe 2020 headline targets in the field of employment and research and development, employment policy guidelines 7 "Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality" and 8 "Developing a skilled workforce responding to labour market needs and promoting lifelong learning", guideline 4 of the broad economic policy guidelines "Optimising support for research, development and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy" as well as the "Innovation Union" flagship initiative and the Entrepreneurship 2020 plan of action.

Achieving a work-life balance and improving equal opportunities

Within the context of the Europe 2020 strategy, Germany has set itself the goal of increasing the labour force participation rate of women to 73%. In their appraisal of the 2013 National Reform Programme, the European Commission[49] and the European Council [50] recommend that Germany should increase the availability of all-day child day-care facilities and schools. The European Commission also addresses this issue in its position paper, with an additional focus on improving the quality of care through the training of teaching staff.[51] In addition, the European Commission also identifies a need for action with regard to equal access to high-quality early childhood education and care services for children from disadvantaged families and children from a migrant background and the need to address deficiencies in children's command of the German

language at an early stage in the child's life.[52] At the recommendation of the European Commission, the ESF should also be directed towards facilitating women's reintegration into high quality employment after career breaks due to care duties. It also urges the Federal Government to improve conditions for workers to reconcile work and private life by promoting innovative ways of work organization and tackling gender inequality in the labour market.[53]

Standing at 71.1% in 2011 and 71.7% in Q3 2012, the employment rate of women is the only NRP target not yet to be reached. The gap between the actual and target figure is narrowing steadily, however.[54] That said, the employment rate of women - having started at a lower level - is carried, in particular, by an above-average increase in part-time and marginal employment. There has been a far sharper increase in marginal employment than employment in jobs subject to compulsory social security contributions, with numbers reaching a record high of approximately 7.4 million persons in 2011.[55] Marginal employment is far more widespread among women. This is true both for people who are only marginally employed and people in part-time work.[56]

Improving conditions to achieve a better work-life balance also includes the creation of more and increasingly better-quality child care facilities to give families greater freedom of action. The positive effects of high-quality childcare at an early stage in the child's life have been scientifically - and empirically - proven and are supported by the state; in addition, childcare also removes the burden of care responsibilities from households with children.

Having started off at quite a low level, the number of child day-care facilities increased at a tremendous pace through to 2013 - particularly in western Germany - with the introduction of the legal entitlement to child care.[57] The rapid expansion in the number of child day-care facilities goes hand in hand with an increase in the average attendance rate, i.e. with the need to invest in the quality of care and educational partnerships with parents. The expansion of childcare facilities in Germany carries with it additional challenges both in terms of the quality and quantity of childcare. While on the one hand more educators are needed, the focus is also on quality both with regard to the care itself and the quality of educational partnerships with families. This involves a greater need for initial and further training of early childhood educators. The skills gap for the necessary further expansion of child day-care facilities in Germany cannot be filled by the training of school-leavers alone - also in light of demographic developments. Given the need for action, several action and investment promotion programs will be implemented outside the ESF at the federal level in the area of early childhood education, among them the "Child day-care facilities focussing on language and schooling" federal programme, several modules of the child day-care programme of action as well as federal investment promotion programmes and funding programmes of the *Kreditanstalt für Wiederaufbau* (KfW) - Germany's state-owned development bank.

These national efforts are supported by the federal ESF in targeting as yet untapped workforce potential of people wishing to change careers and become an educator. While some middle-age individuals - particularly men - could imagine changing careers to become an educator, they cannot afford to do so financially as there is no regular training allowance in the German educator training programme, which is regulated through a school-based system, and there is no adequate funding that is independent of age and previous work experience when applying for financial support for vocational

initial and continuing training in training professions where training is provided in a school environment (as opposed to in-company training). The Federation will therefore use the ESF to trial new training structures in the educator profession and therefore extend the framework of possibilities for life-long vocational learning for professions in the field of early childhood education and contribute to increasing gender diversity in the educator profession over the long term. In addition, with the up-skilling of professionals in facilities for early childhood care and education, specific support will be provided for educational decisions at transition points in the education system, with particular attention given to families with a migrant background and families from unskilled backgrounds. The measures cited will be implemented in the investment priority "Enhancing equal access to life-long learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce".

In many cases, potential for improving conditions to reconcile family and career commitments is offered in the form of organisational changes at SMEs, also with a view to facilitating a return to work after a family-related career break. This also includes an increase in working hours to help safeguard the economic independence of women and men. Therefore, the ESF support is also to contribute to strengthening the framework within companies for workers to achieve a better work-life balance and to improve equality of opportunities on the labour market. ESF pilot measures are also to be trialled to determine how the labour market participation and working hours of women can be increased, particularly of women who are not in gainful employment or women in marginal employment, and of mothers with a migrant background. To this end, the aim is to unlock the potential of women and men working in a mini-job before/during or after a family-related career break and move these individuals into a job subject to compulsory social security contributions. Further to this, the aim is also to sensitise employers to sustainable return-to-work management policies and encourage them to offer support services so workers can avoid having to quit their job to care for a family member or so workers can increase their volume of work if family members are in need of care or long-term care.

The measures are implemented in the investment priorities "Equality of men and women in all areas, including in access to employment, career progression, reconciliation of work and private life (...)" and "Enhancing equal access to life-long learning for all age groups in formal, non-formal and informal settings (...)". In line with the European Pact for Gender Equality and the Strategy for Equality between Men and Women, a dual strategy with specific equality-oriented programmes and an integrated equality approach is being pursued in all ESF programmes.

The planned interventions seek to be a catalyst to delivery on the EU equality goals with regard to the economic independence of women and men and the promotion of employment that secures a livelihood, and follow employment policy guideline 7, "Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality."

Improving the level of educational attainment and life-long learning

The Europe 2020 strategy also contains a headline target for educational policy, namely that of raising the level of educational attainment. Progress towards this goal is measured by two indicators: the reduction in the number of early school-leavers [58] to under 10%, and the increase in the share of 30-34 year-olds with tertiary or comparable education [59] to 40%. In their appraisals of Germany's National Reform Programmes for 2012 and 2013, the European Commission and the European Council recommend that Germany should take action [...] "to raise the educational achievement of disadvantaged groups".[60],[61] In addition, the appraisals of the National Reform Programme for 2012 also highlighted the need to safeguard equality of opportunity in the general and vocational system of education.[62] Due to the specific characteristics of the German education system, this would immediately benefit both key indicators of educational policy. Individual assistance, improvements in the quality of structural capacities in the overall education system and easier access to educational programmes and services are needed. Not least, education plays a decisive role in delivery on the sustainability targets of the Europe 2020 strategy.

In light of this, the European Commission identifies support for a better transition from school to work for disadvantaged young people, particularly young people from a migrant background, as one of the funding priorities in its position paper on the use of structural funds in the 2014-2020 period. The European Commission also recommends that Germany should step up its education efforts, particularly with a view to socially weak cohorts, remove gender stereotyping in the systems of general and vocational education and promote the choice of less gender-specific professions.[63]

Within the context of the European Semester, following an analysis of the starting conditions Germany set its targets in the NRPs to reduce the number of early school-leavers to under 10% and to increase the share of 30-34 year-olds with a tertiary or comparable education to 42%. In the NRP 2013, current figures informed by data for 2011 reveal that the share of early school-leavers stands at 11.5%, while that of individuals with a higher education is at 42.2%.[64] Compared against the other headline targets of the Europe 2020 strategy, the biggest gap between current figures and target values is seen in the headline target for early school-leaving. There is also a need gain ground in the educational results of disadvantaged groups.

Through to 2020, better educated cohorts will continue to enter the age group which is relevant for the second headline target of educational policy.[65] In recent years, a trend towards better school-leaving qualifications could be observed in Germany. While there has been an appreciable decline in the share of graduates from general education schools with and without a lower secondary school qualification, the percentage of individuals holding a school-leaving certificate that qualifies them to enter third-level education (university or advanced technical college) increased by more than 10 percentage points to almost 37% between 2005 and 2011.[66] The dual vocational training system also

benefits from the well-educated school-leavers. At the same time, there has been a sharp increase in the rates of first-year university entrants and students.[67]

The framework conditions in the German training market have changed significantly in the last decade. Demographic change has meant a decline in the number of people applying for training places, particularly in eastern Germany. In many cases, businesses are already unable to fill training places, and specifically SMEs in a range of industries and regions are reporting increasing difficulties in filling training positions .[68] Despite this, lower-attaining young people still find it difficult to enter vocational training. Against this backdrop, while the number of young people in measures focussed on the transition between school and training has dropped significantly in recent times,[69] it is still at a high level. In particular, being from a migrant background or having a disability are significant factors that define a young person's general or vocational education path. According to the data of the statistical offices of the Federation and the *Länder*, young people with a foreign background are more likely to attend lower-secondary schools and leave general-education schools without a school-leaving qualification than their German counterparts.[71],[72]

The continuing high number of training contracts that are cancelled prematurely is also an issue worth mentioning.[73],[74] The number of premature cancellations increases the lower the school-leaving qualification.[75] Moreover, school-leavers without any school-leaving qualifications, or with only poor school-leaving qualifications, face particular difficulties in finding a training place. While this situation primarily concerns males, the priority also remains that of helping female school-leavers to leverage their often better school-leaving qualifications in making the transition to working life.

With regard to the development of continuing education and training (CET), federal interests also centre on the establishment of systematic continuing education and training including a nationwide improvement in participation in and opportunities for CET. In 2012, the rate of participation in CET measures for 18-64 year-olds stood at 49%.[76] In Germany, participation in continuing education and training continues to be influenced in a positive way by an individual's school-leaving and professional qualification, professional status and income.[77] In contrast, there is still pronounced under-participation of low-skilled workers, migrants, women and older citizens - particularly older women - in continuing training and education.[78]

In light of this, a series of measures are already being rolled out on a national basis. For example, the Federal Government has removed time limits on regulations in the Social Code concerning CVET support for older workers in small and medium-sized enterprises (SMEs), has made the scope of support more flexible and strengthened the framework for SMEs to be involved in further training measures.

Safeguarding an adequate range of training and up-skilling services and programmes for all young people willing and able to participate in training is a stated goal of the Federal Government. This applies equally to both high-achieving and lower-attaining young people as this is the only way to secure the supply of skilled labour in Germany. For this reason, the Federal Government agreed the "National Pact for Training and Skilled Labour Supply" with central organisations of the business community for the first time in June 2004. This Pact makes provisions for more business involvement in training and additional

efforts on the part of the public sector. In particular, continued support for in-company vocational training and ensuring businesses remain committed to offering training programmes will be of central importance in the future in order to further strengthen Germany's dual system of vocational education and training which has been a key contributor to the relatively low level of youth unemployment in Germany. The Pact has been extended through to 2014 and places particular emphasis on support for lower-attaining pupils in their search for a training place.[79]

In Germany, the *Länder* have responsibility for educational affairs. In this capacity, they have successfully put measures in place in their education systems and initiated processes of reform. As early as 2008, the Federal Government and the *Länder* adopted a comprehensive programme with the Skills Development Initiative for Germany, which strengthens education and training in Germany with specific measures in the central action areas of the education systems. The aim is to make the education systems in Germany more equipped to master the challenges of the future and ensure they are increasingly integrated, given that the sometimes meteoric pace of technological and economic change places new demands on how individuals can maintain or increase their level of employability. In this context, it must be noted that the skills and experience of older workers, in particular, are currently not being utilised to the full in society and the business environment. [80]

The Federation and the *Länder* have assembled their ESF interventions in the transition between school and work into a coherent set of measures comprising target groups, goals and actions. Against this backdrop, the Federation will concentrate its efforts, inter alia, on the provision of individual support for lower-attaining pupils at general education schools who are attempting to earn a lower secondary school certificate (*Hauptschulabschluss*) and are likely to have difficulty doing so, and/or will have problems transitioning from school to vocational training. Pupils seeking to earn a school-leaving qualification from a special needs school also form part of the target group to the extent that vocational training after the school-leaving qualification appears to be an attainable goal. Furthermore, one focus of the interventions will be on youths and young people who are no longer reached or served by the regular institutional range of services provided in the field of education, vocational training, basic provision for jobseekers and employment promotion. Complementing this, action will be taken to strengthen in-company vocational training and ensure that SMEs remain willing to provide vocational training, and to help SMEs fill training positions with suitable candidates on a lasting basis.

To increase participation in continuing education and training (CVET) by groups previously underrepresented, federal ESF support will concentrate on low-income earners. A higher rate of participation in CVET measures would be desirable in order to safeguard or increase these individuals' volume of work, employability and opportunities to boost their income.

Complementing this, the aim is also to encourage gender equality, particularly to increase the percentage of men working as educators and to encourage women and girls to opt for professions in the green economy, particularly the energy-efficient refurbishment of buildings, but also in other technological or scientific disciplines.

The Europe 2020 goal of raising the employment rate of 20-64 year-olds to 75% can

only be achieved if this involves responding to the challenges of climate change and the increasing importance of energy and resource efficiency. Germany's growth in the field of environmental and energy-efficiency technology also makes itself felt on the labour market, and the transition to a green economy will give rise to additional need for skilled staff. These challenges will be addressed for the first time in the current programme.

The planned ESF measures centre on the shift to a resource-efficient and climate-friendly economy and are linked to various national and international activities. The basic approach and educational concept are based on the principles identified in the UN Decade of Education for Sustainable Development. The coalition agreement of the Federal Government also makes reference to sustainability objectives and the enshrinement of education for sustainable development into all areas of education. In addition, climate protection measures and strategies - a recurring priority in the development of the programme - are also of note. Other points of reference for the planned measures include the National Sustainability Strategy, the *ProGress* resource efficiency programme and the associated education-focussed *BillRes* project, the goal articulated in the coalition agreement of developing an integrated environmental programme, as well as the *Energiewende* - the transformation of Germany's energy system - to which the measures implemented in the programme make an indirect contribution.

By teaching green key skills, ESF interventions in the area of environmental education and vocational up-skilling for the green economy seek to give individuals the tools to act in a climate-friendly, resource-efficient manner in their profession. One specific focus here will be on the complex field of energy-efficient building refurbishment which encompasses energy efficiency, renewable energy (including innovative forms of heat generation) and efficient resource and materials management.

The planned measures will be implemented in the investment priority "Improving the labour market relevance of education and training systems, facilitating the transition from education to work (...)". They directly address the environmental policy recommendations of the European Commission [81] and the Council [82] as well as the EU headline targets regarding climate change and energy sustainability and the EU flagship initiative "A resource-efficient Europe".[83]

Other federal ESF interventions in the investment priorities "Enhancing equal access to life-long learning (...)" and "Improving the labour market relevance of education and training systems, facilitating the transition from education to work (...)" are aligned with employment policy guidelines 8 and 9 "Developing a skilled workforce responding to labour market needs and promoting lifelong learning" and "Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education." In addition to the two indicators of the Europe 2020 headline target for education policy, the federal ESF interventions planned here also make a contribution to the strategic framework for European collaboration in the area of "general and vocational education in 2020 (ET 2020)", and particularly to the benchmark that "on average 15% of all adults should take part in life-long learning".

Conclusion

In summary, informed by an analysis of the reference documents and the need for action and identified needs, the following strategic objectives and priorities have been identified for the German federal Operational Programme: with ESF interventions, the Federation will, in particular, contribute to securing the skilled labour base and take action in the fight against poverty and the promotion of social inclusion. Other priority areas include the promotion of self-employment, entrepreneurship and business creation, the reconciliation of work and private commitments, and the improvement of educational attainment and life-long learning. Compared with the 2007-2013 programming period, the interventions will be concentrated on far fewer programmes. New ESF programmes will be introduced and existing tried-and-tested programmes will be adapted. Past experience and particularly the results of the evaluation of the 2007-2013 programming period have been factored into the development of the programme.

Three priority axes are the focus of federal ESF interventions. These are (i) promotion of sustainable, quality employment and support for worker mobility, (ii) promotion of social inclusion and fight against poverty and discrimination, and (iii) investment in education, training and vocational education for skills and life-long learning. The measures are focussed on five investment priorities in accordance with Article 4 (3) of Regulation (EU) 1304/2013. Justification for the choice of thematic objectives and investment priorities and an overview of the investment strategy of the Operational Programme is provided in tables 1 and 2.

The ESF interventions will essentially support and strengthen national activities, particularly those related to labour market policy, and be strategically geared above all to delivery on the national targets of the Europe 2020 strategy. In addition, they fit coherently into the overall strategy for the use of the European Structural and Investment Funds (ESI) in Germany. The consistency and coherence of the ESI funds themselves was particularly ensured during the preparation and creation of the partnership agreement. With the particular aim of ensuring integrated, holistic ESF support in Germany, comprehensive consultations on coherence were held as early as the initial planning stage with the *Länder*, which are also active in the ESF system through their own Operational Programmes (see Annex: "Coherence of Federal and *Länder* ESF Interventions"). This seeks to ensure the most effective use of ESF funds in Germany and prevent duplicate support from the Federation and the *Länder*.

Disadvantaged young people, particularly those without a school-leaving or vocational qualification, the long-term unemployed, women and individuals in gainful employment - particularly low-skilled or low-income workers - as well as people from a migrant background, especially those facing difficult personal situations (e.g. refugees) are the primary target groups of the ESF at federal level. Specific funding and support measures are designed for women and migrants, but particular attention will be assigned to both demographic groups in all areas of funding as this is the only way to give due attention to the comparatively complex needs in the strategy. Finally, the Federation will also show deep commitment to micro, small and medium-sized enterprises by providing support to business start-ups and entrepreneurs within the context of competitiveness, securing and developing a business, business sustainability and skilled labour supply.

The horizontal goals of sustainable development, equality between men and women and antidiscrimination are mainstreamed into the planning, delivery and evaluation phases. A support structure is created for all horizontal goals. In this way, an external service provider provides continued support and advice to the delivery points throughout the entire implementation of the Operational Programme so that the impact of all decisions on the horizontal goals can be gauged and assessed (cf. chapter 11).

All support schemes under the ESF programme at federal level will be accessible nationwide. In the investment priorities, the interventions will be geared towards the different needs of the "more developed regions" and the "transition regions". As the measures are consistently aligned nationwide, better integration and coordination with national and EU-related policies can be achieved. To ensure a perfect regional fit, competitions are held for a range of funding programmes. Regional stakeholders can apply to take part in measures that best reflect the specific problems they are facing. This approach guarantees that ESF delivery consistently gives consideration to the different problems facing the various regions.

Provisions are made for socially innovative activities in all priority axes, with more or less importance attached depending on the priority axis. Due to the particular challenges, however, they are particularly prevalent in the thematic objective to "promote sustainable and quality employment and support worker mobility" to address demographic change, and in the thematic objective to "promote social inclusion and fight poverty and any discrimination". Transnational measures are to be implemented, in particular, for disadvantaged young people and young adults in the investment priority "Active inclusion (...)".

The investment priority proposed in the European Commission position paper concerning the "Sustainable integration into the labour market of young people, in particular those not in employment, education or training" is not included in the German federal Operational Programme. The integration particularly of disadvantaged young people into education, training or work is addressed in the investment priority "Active inclusion (...) " under priority axis B as the aim is to concentrate integration measures for particularly disadvantaged young people in this investment priority. Actions to reduce the numbers of early school-leavers will need to be intermeshed, in particular, with measures to improve the transition from school to work; for this reason, these are to be addressed in the investment priority "Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems (...)".

1.1.2. Justification for the choice of thematic objectives and corresponding investment priorities with reference to the partnership agreement on the basis of a detailed

statement of the regional and — where applicable — national requirements, including the requirement to address the challenges referred to in the country-specific recommendations adopted pursuant to Article 121 Paragraph 2 of the TFEU and the Council recommendations adopted pursuant to Article 148 Paragraph 4 TFEU, with due consideration to the ex-ante evaluation

Table 1: Justification for the selection of thematic objectives and investment priorities

Selected thematic objective	Selected investment priority	Justification for selection
<p>08 - Promoting sustainable and quality employment and supporting labour mobility</p>	<p>8iii - Self-employment, entrepreneurship and business creation, including innovative micro, small and medium-sized enterprises</p>	<ol style="list-style-type: none"> 1. The Council recommends more effective pro-growth investment in education and research, particularly with a view to the delivery of innovative ideas. 2. The European Commission recommends the strengthening of entrepreneurial potential in its position paper. 3. Support for the European Commission's Entrepreneurship 2020 Action Plan 4. Decline in business startup activity in Germany since 2005. 5. Need for greater sustainability of business start-ups. 6. Failures in the extension of credit to small and young businesses to cover their needs.
<p>08 - Promoting sustainable and quality employment and supporting labour mobility</p>	<p>8iv - Equality between men and women in all areas, including in access to employment, career progression, reconciliation of work and private life and promotion of equal pay for equal work.</p>	<ol style="list-style-type: none"> 1. National Europe 2020 target in the NRP: increase the female labour force participation rate to 73%. 2. Women offer the biggest workforce and skilled labour potential (gender bias: approx. 22 percentage points). 3. Gender-specific labour market segregation and stereotypical

Selected thematic objective	Selected investment priority	Justification for selection
		<p>patterns in the choice of career are still widespread.</p> <ol style="list-style-type: none"> 4. Often difficult to reconcile work and private life, particularly for women. 5. Mothers, single parents and migrants face particular difficulties in (re-)entering the labour market.
<p>08 - Promoting sustainable and quality employment and supporting labour mobility</p>	<p>8v - Adaptation of workers, enterprises and entrepreneurs to change</p>	<ol style="list-style-type: none"> 1. In its position paper, the European Commission recommends more effective action be taken to address the skills shortage. 2. Because of their size, SMEs face disadvantages in securing the supply of skilled labour and strengthening their competitiveness. 3. Workforce and skills development potential must be safeguarded and new potential unlocked in order to address demographic change and prevent a skills shortage. 4. Make use of the opportunities afforded by social services, mitigate economic risks. 5. Low level of formal education of migrants requires up-skilling programmes. 6. Gaps in the recognition of foreign professional qualifications to place foreign professional in jobs that suit their qualifications. 7. Problems matching business enterprises in Germany with foreign qualified workers and foreign young people wishing to enter training.
<p>09 - Promoting social inclusion,</p>	<p>9i - Active inclusion, including with a view</p>	<ol style="list-style-type: none"> 1. Council recommendation to continue suitable activation

Selected thematic objective	Selected investment priority	Justification for selection
combating poverty and any discrimination	to promoting equal opportunities and active participation, and improving employability	<p>and integration measures, particularly for the long-term unemployed.</p> <ol style="list-style-type: none"> 2. In its position paper, the European Commission recommends improving the employment and income opportunities of the long-term unemployed and the provision of activation and integration measures for people at risk of poverty. 3. Long-term unemployment should be reduced by 320,000 compared against figures for 2008. 4. Unemployed persons, young people, low-skilled persons and migrants, especially those with poor German language skills, are at a particularly high risk of poverty. 5. Problems are concentrated in many urban areas. 6. Disadvantaged young persons who are no longer served by the standard range of services face particular integration difficulties.
10 - Investing in education, training and vocational training for skills and life-long learning	<p>10iii - Enhancing equal access to life-long learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce and promoting flexible learning pathways including through career guidance and validation of acquired competences</p>	<ol style="list-style-type: none"> 1. The Council recommends fairer access to the general and vocational education system. 2. The country-specific recommendations and the European Commission position paper identify a need for support to increase the quality of all-day child day-care and all-day schools. 3. Need to adapt the systems of training and further education. 4. Participation in continuing training is far below the European average, particularly among women. 5. Strengthening of regional

Selected thematic objective	Selected investment priority	Justification for selection
		CVET structures as part of the Skills Development Initiative.
10 - Investing in education, training and vocational training for skills and life-long learning	10iv - Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work-based learning systems, including dual learning systems, and apprenticeship schemes.	<ol style="list-style-type: none"> 1. The European Council recommends raising the educational attainment of disadvantaged groups of the population. 2. In its position paper, the European Commission recommends improvements to ensure the smooth transition from school to work for disadvantaged young people, particularly those from a migrant background. 3. Poorer educational attainment results of disadvantaged groups. 4. Mismatch in the training market.

1.2 Justification for the appropriation of funds

Justification for the appropriation of funds (union support) for every thematic objective and — where applicable — every investment priority in line with the requirements for thematic concentration and giving due consideration to the ex-ante evaluation.

During the 2014-2020 programming period, the Federation will receive a total of €2,689,319,893 in ESF funding which will be appropriated to the two funding regions as follows:

- More development regions (MDR): 72.2 %
- Transition regions (TR): 27.8 %.

Therefore, the Federation will have around 23% less ESF funds in the current programming period than in the 2007-2013 programming period. As a result, it is necessary to concentrate the use of funds with a view not only to ensuring the effective and efficient use of ESF funds but also to making the European added value of ESF support even more visible despite the lower level of funding provided. Delivery of this

concentrated approach is reflected in the significant reduction in the number of planned federal ESF programmes.

In line with the three thematic objectives set out in Article 9 of Regulation (EU) No. 1303/2013, the ESF funds made available will be directed into three priority axes and distributed with different weightings according to the needs identified in chapter 1.1.

- Based on Article 4, Paragraph 2 of the Regulation (EU) 1304/2013, according to which at least 20% of the total ESF resources shall be allocated to the thematic objective "Promoting social inclusion, combating poverty and any discrimination", the Federation makes provisions for the allocation of 38.1% (MDR: 38.1%, TR: 38.2 %) of the ESF resources in **priority axis B** for the promotion of social inclusion and the fight against poverty and any kind of discrimination. As the promotion of social inclusion is a headline target of both the Federal Government and the Europe 2020 Strategy and the European Commission position paper identifies the "improvement in the employment and income opportunities of the long-term unemployed and the provision of activation and integration measures for people at risk of poverty" as a funding priority for Germany, this priority is of overriding importance in the overall context. To deliver on the goal, priority axis B will focus on the lasting integration of long-term unemployed people and individuals from a migrant background into the labour market and on improving access to employment, education and training for individuals aged under 27 who are far from education and the labour market.
- The Federation's second priority in the deployment of ESF resources is in the promotion of education, skills and life-long learning in **priority axis C**, being allocated a 32.8% share of the ESF resources (MDR: 34.0 %, TR: 29.9%). In their appraisals of the National Reform Programmes, the European Commission and the European Council recommend that Germany should take action to raise the educational attainment of disadvantaged groups. In addition, emphasis is placed on the need to ensure equality of opportunities in the general and vocational education system and improve the quality of care through the training of educational staff. Further to this, in the position paper the European Commission recommends that Germany should identify the improvement in the smooth transition from school to work for disadvantaged young people as one of its funding priorities. To address this, support measures are planned with a particular focus on the transition from school to work for lower-attaining young people with the aim of integrating such individuals into vocational training. Furthermore, provisions are also made for actions to ensure SMEs remain willing to participate in training programmes, to increase participation in continuing education and training, to strengthen life-long learning and for the initial and further training of teaching and early childhood education staff. The funding activities aim to provide targeted educational impetus across a broad area, the effects of which are due to be felt in the early childhood segment and continue through the transition from school to work, the field of training and further education and through to life-long learning.
- 25.1% of the ESF funding will be set aside for the promotion of sustainable and quality employment and to support labour mobility. The reasoning behind this

allocation of funds is that the shortage of skilled labour in Germany, brought about by demographic change, will become an important topic of labour market policy in the years ahead, a fact which the European Commission also underlines in its position paper. In addition, to strengthen entrepreneurial potential the European Commission recommends measures to ensure SMEs have better access to finance in addition to support measures such as consulting, coaching and market access. These requirements are met by directing ESF measures at unlocking as yet untapped human capital, particularly that of women and migrants but also of older people, coaching business start-ups to increase their business survival rate, promoting technology- and knowledge-based business start-ups and facilitating SME access to investment capital. Further to this, support is to be lent to SMEs to improve adaptability and employability and a contribution made to firmly establishing systematic CVET measures in SMEs. As eastern Germany (excluding Berlin) will be hardest hit by the affects of demographic change, a higher share of ESF funds will be appropriated to the transition regions (27.9%) than to the more developed regions (24.0%).

- To comply with the rules set down in the regulation, a total of 4% of the ESF allocation is planned for technical assistance in **priority axis D**.

Pursuant to Article 4 Paragraph 3 a) and b) of Regulation (EU) 1304/2013, for more developed regions the Member States shall concentrate at least 80% of the ESF allocation, and for transition regions at least 70% of the ESF allocation on up to five of the investment priorities. In the German federal OP, the ESF allocation is concentrated on five investment priorities for which a total of 92.9% (MDR: 92.1%, TR: 93.1%) of the ESF allocation is earmarked (calculation incl. TA).

- Investment priority 8iii): Self-employment, entrepreneurship and business creation [...] (OP: 8.1%, MDR: 6.6%, TR: 12.0%)
- Investment priority 8v: Adaptation of workers, enterprises and entrepreneurs to change (OP: 13.8%, MDR: 14.1%, TR: 13.1%)
- Investment priority 9i: Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability (OP: 38.1%, MDR: 38.1%, TR: 38.2%)
- Investment priority 10iii: Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings [...] (OP: 10.1%, MDR: 10.4 %, TR: 9.2%)
- Investment priority 10iv: Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality [...] (OP: 22.7%, MDR: 23.5%, TR: 20.7%).