

This text is meant purely as a documentation tool and has no legal effect. The Union's institutions do not assume any liability for its contents. The authentic versions of the relevant acts, including their preambles, are those published in the Official Journal of the European Union and available in EUR-Lex. Those official texts are directly accessible through the links embedded in this document

► **B** REGULATION (EU) No 1296/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 11 December 2013

on a European Union Programme for Employment and Social Innovation ("EaSI") and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion

(Text with EEA relevance)

(OJ L 347, 20.12.2013, p. 238)

Amended by:

		Official Journal		
		No	page	date
► <u>M1</u>	Regulation (EU) 2016/589 of the European Parliament and of the Council of 13 April 2016	L 107	1	22.4.2016
► <u>M2</u>	Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018	L 193	1	30.7.2018



**REGULATION (EU) No 1296/2013 OF THE EUROPEAN
PARLIAMENT AND OF THE COUNCIL**

of 11 December 2013

**on a European Union Programme for Employment and Social
Innovation ("EaSI") and amending Decision No 283/2010/EU
establishing a European Progress Microfinance Facility for
employment and social inclusion**

(Text with EEA relevance)

TITLE I

COMMON PROVISIONS

Article 1

Subject matter

1. This Regulation establishes a European Union Programme for Employment and Social Innovation ('the Programme') which aims to contribute to the implementation of Europe 2020, including its headline targets, Integrated Guidelines and flagship initiatives, by providing financial support for the Union's objectives in terms of promoting a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty and improving working conditions.

2. The Programme shall run from 1 January 2014 to 31 December 2020.

Article 2

Definitions

For the purposes of this Regulation:

- (1) 'social enterprise' means an undertaking, regardless of its legal form, which:
- (a) in accordance with its Articles of Association, Statutes or with any other legal document by which it is established, has as its primary objective the achievement of measurable, positive social impacts rather than generating profit for its owners, members and shareholders, and which:
 - (i) provides services or goods which generate a social return and/or
 - (ii) employs a method of production of goods or services that embodies its social objective;
 - (b) uses its profits first and foremost to achieve its primary objective and has predefined procedures and rules covering any distribution of profits to shareholders and owners that ensure that such distribution does not undermine the primary objective; and

▼B

- (c) is managed in an entrepreneurial, accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activities;
- (2) 'microcredit' means a loan of up to EUR 25 000;
- (3) 'micro-enterprise' means an enterprise, including a self-employed person, that employs fewer than 10 people and whose annual turnover or annual balance sheet total does not exceed EUR 2 million, in accordance with Commission Recommendation 2003/361/EC ⁽¹⁾,
- (4) 'microfinance' includes guarantees, microcredit, equity and quasi-equity extended to persons and micro-enterprises that experience difficulties accessing credit;
- (5) 'social innovations' are innovations that are social both as to their ends and their means and in particular those which relate to the development and implementation of new ideas (concerning products, services and models), that simultaneously meet social needs and create new social relationships or collaborations, thereby benefiting society and boosting its capacity to act;
- (6) 'social policy experimentation' means policy interventions that offer an innovative response to social needs, implemented on a small scale and in conditions that enable their impact to be measured, prior to being repeated on a larger scale, if the results prove convincing.

*Article 3***Structure of the Programme**

1. The Programme shall be made up of the following three complementarity axes:
- (a) The Progress axis, which shall support the development, implementation, monitoring and evaluation of the Union instruments and policies referred to in Article 1 and relevant Union law, and which shall promote evidence-based policy-making, social innovation and social progress, in partnership with the social partners, civil society organisations and public and private bodies;
- (b) The EURES axis, which shall support activities carried out by EURES, namely, the specialist services designated by the EEA states and the Swiss Confederation, together with social partners, other employment service providers and other interested parties, to develop information exchanges and dissemination and other forms

⁽¹⁾ Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).

▼B

of cooperation, such as cross-border partnerships, to promote voluntary geographical mobility for workers on a fair basis and to contribute to a high level of quality and sustainable employment;

- (c) The Microfinance and Social Entrepreneurship axis, which shall increase the access to, and the availability of, financing for legal and physical persons, pursuant to Article 26.

2. The common provisions laid down in this Title shall apply to all three axes set out in points (a), (b) and (c) of paragraph 1, in addition to specific provisions of Title II.

*Article 4***General objectives of the Programme**

1. The Programme shall seek to achieve the following general objectives:

- (a) strengthen ownership among policy-makers at all levels, and produce concrete, coordinated and innovative actions at both Union and Member State level, in respect of the Union objectives in the fields referred to in Article 1, in close collaboration with the social partners, as well as civil society organisations and public and private bodies;
- (b) support the development of adequate, accessible and efficient social protection systems and labour markets and facilitate policy reform, in the fields referred to in Article 1, notably by promoting decent work and working conditions, a prevention culture for health and safety at work, a healthier balance between professional and private life and good governance for social objectives, including convergence, as well as mutual learning and social innovation;
- (c) ensure that Union law on matters relating to the fields referred to in Article 1 is effectively applied, and, where necessary, contribute to modernising Union law, in line with decent work principles and taking into account the Smart Regulation principles;
- (d) promote workers' voluntary geographical mobility on a fair basis and boost employment opportunities by developing high-quality and inclusive Union labour markets that are open and accessible to all, while respecting workers' rights throughout the Union, including freedom of movement;
- (e) promote employment and social inclusion by increasing the availability and accessibility of microfinance for vulnerable people who wish to start up a micro-enterprise as well as for existing micro-enterprises, and by increasing access to finance for social enterprises.

▼B

2. In pursuing those objectives, the Programme shall, in all its axes and actions, aim to:
- (a) pay particular attention to vulnerable groups, such as young people;
 - (b) promote equality between women and men, including through gender mainstreaming and, where appropriate, gender budgeting;
 - (c) combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation;
 - (d) when defining and implementing the Union's policies and activities, promote a high-level of quality and sustainable employment, guarantee adequate and decent social protection, combat long-term unemployment and fight against poverty and social exclusion.

*Article 5***Budget**

1. The financial envelope for the implementation of the Programme for the period from 1 January 2014 to 31 December 2020 shall amount to EUR 919 469 000, in current prices.

▼M2

2. The following indicative percentages shall apply on average over the whole period of the Programme to the axes set out in Article 3(1):
- (a) at least 55 % to the Progress axis;
 - (b) at least 18 % to the EURES axis;
 - (c) at least 18 % to the Microfinance and Social Entrepreneurship axis.

▼B

3. The Commission may make use of up to 2 % of the financial envelope referred to in paragraph 1 to finance operational expenditure for the support of the implementation of the Programme.

4. The Commission may make use of the financial envelope referred to in paragraph 1 to finance technical and/or administrative assistance, in particular relating to auditing, outsourcing of translation, meetings of experts, and information and communication activities for the mutual benefit of the Commission and the beneficiaries.

5. Annual appropriations shall be authorised by the European Parliament and the Council within the limits of the multiannual financial framework.



Article 6

Joint action

Actions eligible under the Programme may be implemented jointly with other Union instruments, provided that such actions meet the objectives of both the Programme and the other instruments concerned.

Article 7

Consistency and complementarity

1. The Commission, in cooperation with the Member States, shall ensure that activities carried out under the Programme are consistent with, and complementary to, other Union action, such as the European Structural and Investment Funds (ESIFs), as specified in the Common Strategic Framework laid down in Regulation (EU) No 1303/2013 of the European Parliament and of the Council ⁽¹⁾, and in particular under the ESF.

2. The Programme shall complement other Union programmes, without prejudice to the specific procedures of those programmes. The same eligible costs shall not result in double funding, and close synergies shall be developed between the Programme, other Union programmes and ESIFs, in particular the ESF.

3. The activities supported by the Programme shall comply with Union and national law, including state aid rules, and fundamental ILO Conventions.

4. Consistency and complementarity shall also be ensured through close involvement by local and regional authorities.

Article 8

Cooperation with relevant bodies

The Commission shall establish the necessary links with the Employment Committee, the Social Protection Committee, the Advisory Committee on Health and Safety at Work, the Group of Directors-General for Industrial Relations and the Advisory Committee on Freedom of Movement of Workers in order to ensure that they are regularly and appropriately informed of progress in implementing the Programme. The Commission shall also inform other committees dealing with policies, instruments and actions of relevance to the Programme.

⁽¹⁾ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (See page 320 of this Official Journal).



Article 9

Dissemination of results and communication

1. The Commission shall inform Union stakeholders, including social partners and civil society organisations, of the results of the implementation of the Programme and shall invite an exchange of views in that regard.

2. The results of the actions implemented under the Programme shall be regularly and suitably communicated and disseminated to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, as well as to the social partners and to the public in order to maximise their impact, sustainability and Union added value.

3. Communication activities shall also contribute to corporate communication of the political priorities of the Union as far as they relate to the general objectives of this Regulation, and shall provide information on those priorities to the public.

Article 10

Financial provisions

1. The Commission shall manage the Programme in accordance with the Financial Regulation.

2. The grant agreement shall specify what part of the Union financial contribution will be based on the reimbursement of actual eligible costs, and what part will be based on flat rates, unit costs or lump-sums.

Article 11

Protection of the financial interests of the Union

1. The Commission shall take appropriate preventive measures to ensure that, when actions financed under this Programme are implemented, the financial interests of the Union are protected against fraud, corruption and any other illegal activities, by effective checks and that, if irregularities are detected, resources are recovered, primarily via offsetting of amounts wrongly paid but, where appropriate, by imposing effective, proportionate and dissuasive penalties, in accordance with Article 325 TFEU, Council Regulation (EC, Euratom) No 2988/95 ⁽¹⁾ and the Financial Regulation.

2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot checks, in respect of all grant beneficiaries, contractors and subcontractors who have received Union funds under the Programme.

⁽¹⁾ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests (OJ L 312, 23.12.1995, p. 1).

▼B

3. The European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council⁽¹⁾ and Council Regulation (Euratom, EC) No 2185/96⁽²⁾ with a view to establishing whether fraud, corruption or any other illegal activity has occurred affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded under the Programme.

4. Without prejudice to paragraphs 1, 2 and 3, contracts, grant agreements and grant decisions, resulting from the implementation of this Programme shall contain provisions expressly empowering the Commission, the Court of Auditors and OLAF to conduct the audits and investigations referred to in those paragraphs, in accordance with their respective competences.

*Article 12***Monitoring**

With a view to regular monitoring of the Programme and to making any adjustments needed to its policy and funding priorities, the Commission shall draw up an initial qualitative and quantitative monitoring report covering the first year, followed by three reports covering consecutive two-year periods and shall send those reports to the European Parliament and the Council. The reports shall also be transmitted, for information purposes, to the European Economic and Social Committee and the Committee of the Regions. The reports shall cover the Programme's results and the extent to which the principles of equality between women and men and gender mainstreaming have been applied, as well as how anti-discrimination considerations, including accessibility issues, have been addressed through its activities. The reports shall be made available to the public in order to enhance the transparency of the Programme.

*Article 13***Evaluation**

1. A mid-term evaluation of the Programme shall be carried out by 1 July 2017 to measure, on a qualitative and quantitative basis, progress made in meeting the Programme's objectives, to address the social environment within the Union and any major changes introduced by Union legislation, to determine whether the resources of the Programme have been used efficiently and to assess its Union added value. The results of that mid-term evaluation shall be presented to the European Parliament and to the Council.

⁽¹⁾ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

⁽²⁾ Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

▼B

2. If the evaluation referred to in paragraph 1 of this Article, or any evaluation carried out pursuant to Article 19 of Decision No 1672/2006/EC or Article 9 of Decision No 283/2010/EU, reveals that the Programme has major shortcomings, the Commission shall, if appropriate, submit a proposal to the European Parliament and to the Council, including appropriate amendments to the Programme to take account of the results of the evaluation.

3. Before submitting any proposal for a prolongation of the Programme beyond 2020, the Commission shall present to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions an evaluation of the conceptual strengths and weaknesses of the Programme in the period 2014 to 2020.

4. By 31 December 2022, the Commission shall evaluate ex-post the impact and Union added value of the Programme and shall forward a report containing that evaluation to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. The report shall be made available to the public.

TITLE II

PROVISIONS SPECIFIC TO PROGRAMME AXES

CHAPTER I

*Progress Axis***▼M2***Article 14***Thematic sections and financing**

1. The Progress axis shall support actions in the thematic sections referred to in points (a), (b) and (c). Over the entire period of the Programme, the indicative breakdown of the overall allocation for the Progress axis between the different thematic sections shall respect the following minimum percentages:

- (a) employment, in particular to fight youth unemployment: 20 %;
- (b) social protection, social inclusion and the reduction and prevention of poverty: 45 %;
- (c) working conditions: 7 %.

Any remainder shall be allocated to one or more of the thematic sections referred to in point (a), (b) or (c) of the first subparagraph, or to a combination of them.

2. From the overall allocation for the Progress axis, a significant share shall be allocated to the promotion of social experimentation as a method for testing and evaluating innovative solutions with a view to upscaling them.

▼B*Article 15***Specific objectives**

In addition to the general objectives set out in Article 4, the specific objectives of the Progress axis shall be to:

▼B

- (a) develop and disseminate high-quality comparative analytical knowledge, in order to ensure that Union policies in the fields referred to in Article 1 are based on sound evidence and are relevant to needs, challenges and conditions in the individual Member States and other countries participating in the Programme;
- (b) facilitate effective and inclusive information-sharing, mutual learning and dialogue on Union policies in the fields referred to in Article 1, at Union, national and international level in order to assist the Member States and other countries participating in the Programme in developing their policies and the Member States in implementing Union law;
- (c) provide financial support to test social and labour market policy innovations, and, where necessary, to build up the main actors' capacity to design and implement social policy experimentation, and to make the relevant knowledge and expertise accessible;
- (d) provide Union and national organisations with financial support to increase their capacity to develop, promote and support the implementation of Union instruments and policies as referred to in Article 1 and relevant Union law.

*Article 16***Types of actions**

The following types of actions may be financed under the Progress axis:

1. Analytical activities:

- (a) gathering of data and statistics, taking account of both qualitative and quantitative criteria, and developing common methodologies, classifications, micro-simulations, indicators and benchmarks, where appropriate broken down by sex and age-group;
- (b) surveys, studies, analyses and reports, including through the funding of networks of experts and development of expertise in thematic sections;
- (c) qualitative and quantitative evaluations and impact assessments carried out by both public and private bodies;
- (d) monitoring and assessment of the transposition and application of Union law;
- (e) preparation and implementation of social policy experimentation as a method for testing and evaluating innovative solutions with a view to up-scaling them;
- (f) dissemination of the results of those analytical activities.

▼B

2. Mutual-learning, awareness and dissemination activities:
 - (a) exchanges and dissemination of good practice, innovative approaches and experience, peer reviews, benchmarking and mutual learning at European level;
 - (b) Council Presidency events, conferences and seminars;
 - (c) training of legal and policy practitioners;
 - (d) drafting and publication of guides, reports and educational material and measures relating to information, communication and media coverage of initiatives supported by the Programme;
 - (e) information and communication activities;
 - (f) development and maintenance of information systems in order to exchange and disseminate information on Union policy and legislation and on the labour market.
3. Support with regard to:
 - (a) the operating costs of key Union-level networks the activities of which relate to and contribute to the objectives of the Progress axis;
 - (b) capacity-building of national administrations and specialist services responsible for promoting geographical mobility designated by the Member States and microcredit providers;
 - (c) organisation of working groups of national officials to monitor the implementation of Union law;
 - (d) networking and cooperation among specialist bodies and other relevant stakeholders, national, regional and local authorities and employment services at European level;
 - (e) funding of European-level observatories, including on key thematic sections;
 - (f) exchange of personnel between national administrations.

*Article 17***Union co-financing**

Where activities under the Progress axis are financed following a call for proposals, they may receive Union co-financing which shall not exceed, as a general rule, 80 % of the total eligible expenditure. Any financial support in excess of this ceiling shall only be granted in duly justified exceptional circumstances.

▼B*Article 18***Participation**

1. Participation in the Progress axis shall be open to:
 - (a) Member States;
 - (b) EEA countries, in accordance with the EEA Agreement, and EFTA member states;
 - (c) the candidate countries and potential candidates, in accordance with the general principles and the general terms and conditions laid down in the framework agreements concluded with them on their participation in Union programmes.
2. The Progress axis shall be open to all public and/or private bodies, actors and institutions, and in particular:
 - (a) national, regional and local authorities;
 - (b) employment services;
 - (c) specialist bodies provided for under Union law;
 - (d) the social partners;
 - (e) non-governmental organisations;
 - (f) higher education institutions and research institutes;
 - (g) experts in evaluation and in impact assessment;
 - (h) national statistical offices;
 - (i) the media.
3. The Commission may cooperate with international organisations, and in particular with the Council of Europe, the OECD, the ILO, with other United Nations bodies and with the World Bank.
4. The Commission may cooperate with third countries which are not participating in the Programme. Representatives of such third countries may attend events of mutual interest (such as conferences, workshops and seminars) that take place in countries participating in the Programme, and the cost of their attendance may be covered by the Programme.

*CHAPTER II****EURES Axis*****▼M2***Article 19***Thematic sections and financing**

The EURES axis shall support actions in the thematic sections referred to in points (a), (b) and (c). Over the entire period of the Programme, the indicative breakdown of the overall allocation for the EURES axis between the different thematic sections shall respect the following minimum percentages:

▼ M2

- (a) transparency of job vacancies, applications and any related information for applicants and employers: 15 %;
- (b) development of services for the recruitment and placing of workers in employment through the clearance of job vacancies and applications at Union level, in particular targeted mobility schemes: 15 %;
- (c) cross-border partnerships: 18 %.

Any remainder shall be allocated to one or more of the thematic sections referred to in point (a), (b) or (c) of the first paragraph, or to a combination of them.

▼ B*Article 20***Specific objectives**

In addition to the general objectives set out in Article 4, the specific objectives of the EURES axis shall be to:

- (a) ensure that job vacancies and applications and corresponding information and advice, as well as any related information such as that concerning living and working conditions, are made transparent for the potential applicants and the employers, respectively. This shall be achieved through exchange and dissemination at transnational, interregional and cross-border level, through the use of standard interoperability forms for job vacancies and applications and through other suitable means, such as individual counselling and mentoring, especially for the low skilled;
- (b) support the provision of EURES services for the recruitment and placing of workers in quality and sustainable employment through the clearance of job vacancies and applications; support for EURES services shall extend to various phases of placement, ranging from pre-recruitment preparation to post-placement assistance with a view to the applicant's successful integration into the labour market; such support services may include targeted mobility schemes to fill job vacancies in a certain sector, occupation, country or a group of countries or for particular groups of workers, such as young people, with a propensity to be mobile, where a clear economic need has been identified.

*Article 21***Types of Actions**

The EURES axis may be used to finance actions to promote voluntary mobility of individuals in the Union, on a fair basis, and to remove mobility obstacles, and in particular:

- (a) the development and the activities of EURES cross-border partnerships where requested by services territorially responsible for border regions;

▼B

- (b) the provision of information, counselling, placement and recruitment services for cross-border workers;
- (c) the development of the multilingual digital platform for the clearance of job vacancies and applications;
- (d) the development of targeted mobility schemes, following calls for proposals, to fill job vacancies where labour market shortcomings have been identified, and/or to help workers with a propensity to be mobile, where a clear economic need has been identified;
- (e) mutual learning among EURES actors and training of EURES advisors, including EURES cross-border partnership advisors;
- (f) information and communication activities to raise awareness of the benefits of geographical and occupational mobility in general and of the activities and services provided by EURES.

*Article 22***Union co-financing**

Where activities under the EURES axis are financed following a call for proposals, they may receive Union co-financing which shall not exceed, as a general rule, 95 % of the total eligible expenditure. Any financial support in excess of this ceiling shall only be granted in duly justified exceptional circumstances.

▼M1**▼B***Article 24***Participation**

1. Participation in the EURES axis shall be open to:
 - (a) Member States;
 - (b) EEA countries, in accordance with the EEA Agreement, and the Swiss Confederation, in accordance with the Agreement between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other, on the free movement of persons ⁽¹⁾.

▼M1

2. The EURES axis shall be open to all bodies, actors and institutions designated by a Member State or by the Commission which fulfil the conditions for participating in EURES, as set out in Regulation (EU) 2016/589 of the European Parliament and of the Council ⁽²⁾. Such bodies, actors and institutions shall include in particular:
 - (a) national, regional and local authorities;

⁽¹⁾ OJ L 114, 30.4.2002, p. 6.

⁽²⁾ Regulation (EU) 2016/589 of the European Parliament and of the Council of 13 April 2016 on a European network of employment services (EURES), workers' access to mobility services and the further integration of labour markets and amending Regulations (EU) No 492/2011 and (EU) No 1296/2013 (OJ L 107, 22.4.2016, p. 1).

▼ M1

- (b) employment services;
- (c) social partner organisations and other interested parties.

▼ B*CHAPTER III**Microfinance and Social Entrepreneurship Axis***▼ M2***Article 25***Thematic sections and financing**

The Microfinance and Social Entrepreneurship axis shall support actions in the thematic sections referred to in points (a) and (b). Over the entire period of the Programme, the indicative breakdown of the overall allocation for the Microfinance and Social Entrepreneurship axis between the different thematic sections shall respect the following minimum percentages:

- (a) microfinance for vulnerable groups and micro-enterprises: 35 %;
- (b) social entrepreneurship: 35 %.

Any remainder shall be allocated to the thematic sections referred to in point (a) or (b) of the first paragraph, or to a combination of them.

▼ B*Article 26***Specific objectives**

In addition to the general objectives set out in Article 4, the specific objectives of the Microfinance and Social Entrepreneurship axis shall be to:

- (a) increase access to, and the availability of, microfinance for:
 - (i) vulnerable persons who have lost or are at risk of losing their job, or have difficulty in entering or re-entering the labour market, or are at risk of social exclusion, or are socially excluded, and are in a disadvantaged position with regard to access to the conventional credit market and who wish to start up or develop their own micro-enterprises;
 - (ii) micro-enterprises in both start-up and development phase, especially micro-enterprises which employ persons as referred to in point (i);
- (b) build up the institutional capacity of microcredit providers;

▼B

- (c) support the development of the social investment market and facilitate access to finance for social enterprises by making equity, quasi-equity, loan instruments and grants of up to EUR 500 000 available to social enterprises with either an annual turnover not exceeding EUR 30 million, or an annual balance sheet total not exceeding EUR 30 million which are not themselves a collective investment undertaking.

In order to ensure complementarity, the Commission and the Member States shall, in their respective areas of competence, closely coordinate these actions with those undertaken in the framework of cohesion policy and national policies.

*Article 27***Types of actions**

Support to microfinance and social enterprises, including for institutional capacity building, in particular through the financial instruments provided for under Title VIII of Part one of the Financial Regulation, and grants may be provided under the Microfinance and Social Enterprises axis.

*Article 28***Participation**

1. Participation under the Microfinance and Social Entrepreneurship axis shall be open to public and private bodies established at national, regional or local level in the countries referred to in Article 18(1) and providing in those countries:

- (a) microfinance for persons and micro-enterprises; and/or
- (b) financing for social enterprises.

2. The Commission shall ensure that the axis is accessible, without discrimination, to all public and private bodies in the Member States.

3. In order to reach out to the final beneficiaries and create competitive, viable micro-enterprises, public and private bodies that carry out activities as referred to in point (a) of paragraph 1 shall cooperate closely with organisations, including civil society organisations, representing the interests of the final beneficiaries of microcredit and with organisations, in particular those supported by the ESF, and shall provide mentoring and training programmes for such final beneficiaries. In this context, a sufficient follow-up of beneficiaries shall be ensured both before and after the creation of the micro-enterprise.

4. Public and private bodies that carry out activities as referred to in point (a) of paragraph 1 shall adhere to high standards concerning governance, management and customer protection in line with the principles of the European Code of Good Conduct for Microcredit Provision

▼B

and shall seek to prevent persons and undertakings from becoming over-indebted, for example, as a result of the granting of loans to them at high interest rates or on terms likely to result in their insolvency.

*Article 29***Financial contribution**

Except in the case of joint actions, the financial appropriations allocated to the Microfinance and Social Entrepreneurship axis shall cover the full cost of the actions implemented through financial instruments, including payment obligations towards financial intermediaries, such as losses from guarantees, management fees for the entities managing the Union's contribution and any other eligible costs.

*Article 30***Management**

1. In order to implement the instruments and grants referred to in Article 27, the Commission may conclude agreements with the entities listed in Article 139(4) of the Financial Regulation, and in particular with the European Investment Bank and the European Investment Fund. Such agreements shall set out detailed provisions on the implementation of the tasks entrusted to those entities, including provisions specifying the need to ensure additionality and coordination with existing Union and national financial instruments and to apportion the resources in a balanced way among the Member States and the other participating countries. Financial instruments under Title VIII of Part One of the Financial Regulation may be delivered through a dedicated investment vehicle, which may be financed by Programme funds, other investors or by both.

2. The dedicated investment vehicle referred to in paragraph 1 may provide, inter alia, loans, equity capital and risk-sharing instruments for intermediaries or direct financing for social enterprises or both. Equity capital can be provided, inter alia, in the form of open equity participations, dormant holdings, shareholder loans and combinations of different types of equity participations issued to the investors.

3. The conditions, such as interest rates, for micro-credits directly or indirectly supported in the framework of this axis shall reflect the benefit of the support and shall be justifiable with regard to underlying risks and the actual cost of funding related to a credit.

4. In accordance with Article 140(6) of the Financial Regulation, annual repayments generated by one financial instrument shall be assigned to that financial instrument until 1 January 2024, while revenues shall be entered in the general budget of the Union after deduction of management costs and fees. For financial instruments already set up in the multiannual financial framework for the period 2007-2013, annual repayments and revenues generated by operations started in the previous period shall be assigned to the financial instrument in the current period.

▼B

5. On the expiry of the agreements concluded with the entities referred to in paragraph 1 or after the termination of the investment period of the specialised investment vehicle, the balance due to the Union shall be paid into the general budget of the Union.

6. The entities referred to in paragraph 1 of this Article and, where relevant, the fund managers shall conclude written agreements with the public and private bodies referred to in Article 28. Such agreements shall lay down the obligations of the public and private providers to use the resources made available under the Microfinance and Social Entrepreneurship axis in accordance with the objectives set out in Article 26 and to provide information for drafting the annual implementation reports provided for in Article 31.

*Article 31***Implementation reports**

1. The entities referred to in Article 30(1), and, where relevant, the fund managers, shall send to the Commission annual implementation reports setting out the activities that have been granted support and covering their financial implementation and the allocation and accessibility of funding and investment by sector, geographical area and type of beneficiary. Those reports shall also set out the applications accepted or rejected with regard to each specific objective, the contracts concluded by the public and private bodies concerned, the actions funded and the results, including in terms of their social impact, employment creation and sustainability of the support granted. The Commission shall send those reports to the European Parliament for information purposes.

2. The information provided in those annual implementation reports shall feed into the biennial monitoring reports provided for in Article 12. Such monitoring reports shall include the annual reports provided for in Article 8(2) of Decision No 283/2010/EU, detailed information on communication activities and information on complementarity with other Union instruments, notably the ESF.

TITLE III

WORK PROGRAMMES AND FINAL PROVISIONS*Article 32***Work Programmes**

The Commission shall adopt implementing acts laying down work programmes covering the three axes. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 36(3).

▼M2

The work programmes shall, where relevant, be for a three-year rolling period and shall contain a description of the actions to be financed, the procedures for selecting actions to be supported by the Union, the geographic coverage, the target audience and an indicative implementation time frame. The work programmes shall also include an

▼M2

indication of the amount allocated to each specific objective. The work programmes shall reinforce the coherence of the Programme by indicating the links between the three axes.

▼B*Article 35***Additional implementation measures**

Measures necessary for the implementation of the Programme, such as the criteria for evaluating the Programme, including those relating to cost effectiveness and the arrangements for disseminating and transferring results, shall be adopted in accordance with the advisory procedure referred to in Article 36(2).

*Article 36***Committee procedure**

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.
3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

*Article 37***Transitional measures**

Actions referred to in Articles 4, 5 and 6 of Decision No 1672/2006/EC, which are initiated before 1 January 2014 shall continue to be governed by that Decision. With regard to those actions, the Commission shall be assisted by the committee referred to in Article 36 of this Regulation.

*Article 38***Evaluation**

1. The final evaluation provided for in Article 13(4) of this Regulation shall include the final evaluation provided for in Article 9 of Decision No 283/2010/EU.
2. The Commission shall carry out a specific final evaluation of the Microfinance and Social Entrepreneurship axis no later than one year after the expiry of the agreements with the entities.

*Article 39***Amendments to Decision No 283/2010/EU**

Decision No 283/2010/EU is amended as follows:

- (1) In Article 5, paragraph 4 is replaced by the following:

▼B

"4. On the expiry of the Facility, the balance due to the Union shall be made available for microfinance and support for social enterprises in accordance with Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation ("EaSI") (*).

(*) OJ L 347, 20.12.2013, p. 238";

(2) In Article 8, paragraphs 3 and 4 are deleted.

Article 40

Entry into force

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

This Regulation shall be binding in its entirety and directly applicable in all Member States.