



European Social Fund (ESF) 2007-2013 ex-post evaluation: investment in human capital

Executive Summary

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Key findings (as of end 2013)

- **€51 billion were allocated** (43% of the overall ESF funding, including national co-financing) and **€33 billion spent** (covering both EU and national funds) on the ESF human capital investment in the 2007-2013 period
- The 63.8% **financial implementation rate (actual expenditure / allocated expenditure) is higher than the overall ESF implementation rate** of 57.5%, but ranges from 37% to 85% across Member States
- ESF human capital investment **supported the implementation of key national reforms** in response to national and European priorities, including the Lisbon and EU2020 Strategy and Education and Training 2020 framework
- **49.7 million participations** were registered in human capital interventions
- **The strong targeting allowed a significant proportion of the population in key priority groups to be reached**, with a clear focus on young people, employed workers and people with lower educational attainment levels
- **51% of the ESF participations were women** and there were **few differences in results by gender**
- **At least 21 million results (46% of all participations aggregated) have been recorded for the achievement of qualifications (13%), employment (8%), and enhanced skills or competencies, or 'other positive results' (25%).** These numbers are likely to increase till the end of 2015
- **At least 2.3 million entities received the ESF support and more than 16,000 networks were created**
- **The development of nearly 420,000 qualifications, courses, training programmes, and standards were supported**

Background

The ex-post evaluation study analysed expenditure, outputs and results of the ESF human capital interventions across 27 Member States until the end of 2013 and a detailed in-depth analysis of ESF in nine countries.¹ The evaluation also relied on the available ESF evaluations from the Member States and the European Commission.

1. ESF investment in the area of Human Capital

€51 billion were allocated (43% of the overall ESF funding, including national co-financing) to the ESF human capital investment in the 2007-2013 period.

The ESF human capital investment covered interventions aimed to develop the skills of the various target groups, to improve the quality of education and training systems and the adaptability of enterprises. This was the scope of human capital investment as defined in the ESF Regulation No 1081/2006, which also allowed the Convergence regions implement a wider set of activities (compared to the Regional Competitiveness regions) in the areas of lifelong learning, reforms of education and training systems and the development of human resources in research and innovation.²

The ESF was designed to contribute to the national challenges and to meet the EU objectives. According to the EU Treaty, the main responsibilities for policies associated with human capital development (such as education and training) lie with the national governments. The Lisbon strategy and its successor, the Europe 2020 strategy, aimed at improving the adaptability of workers, expanding and improving investment in human capital and adapting education and training systems. The EU 2020 strategy includes a target to reduce by 2020 the rate of early school leaving below 10 % and to increase the share of population aged 30-34 that has completed third level education to at least 40 %. The Education and Training 2020 Strategic Framework additionally defined a number of benchmarks to be achieved in relation to participation in early childhood education, achievement of pupils and students in reading, mathematics and science, participation in lifelong learning, international mobility, employability and foreign languages.

The ESF human capital investment was programmed during a favourable economic development period, whereas the implementation took place during a period of severe economic downturn from 2008. As a result of the economic crisis, adjustments were made to ESF programming to re-direct resources to the changed needs of its priority groups. In the early years of the crisis, ESF funding was used to support short-term working and training measures to allow for the upgrading of human capital during a period when demand for labour declined. Partly depending on the level of flexibility in the existing ESF programming, Member States chose either to formally adapt their OPs or to shift emphasis between the activities and priority groups, to reflect the new requirements.

2. Financial implementation

€33 billion were spent on the human capital activities **by end 2013**, covering both EU and national funds. The implementation rate of 63.8% is higher than the overall ESF implementation rate of 57.5%, but this ranges from 37% to 85% across Member States. These figures refer only to the Priority Axes of the Operational Programmes which were assigned to the Human Capital field (thus excluding human capital activities which have been mainstreamed in other ESF priority themes).

ESF investment in human capital has played a more important role in the Convergence regions than in Competitiveness ones. The wider scope of the ESF Regulation was matched by a higher allocated expenditure to the human capital policy field in the Convergence

OPs 37%), followed by Multi-objective OPs 34%), and the Regional Competitiveness OPs (29%). Out of eight Member States with a high number of Convergence OPs, six Member States had medium and high levels of ESF human capital investment significance in relation to national education and training expenditure.

The financial importance of different themes associated with the ESF investment in human capital also differed across Member States. The three clusters of interventions (see box below) associated with support for younger people were significantly more financially important compared to the clusters focussed on higher education and research and development.

3. The effectiveness of ESF human capital interventions³

49.7 million participations were recorded for individuals⁴, of which **51% were women**. The profile of participants shows a **strong targeting of priority groups**, with a strong focus on people with lower educational attainment levels (47% of participants)⁵, inactive people (46% of participants), employed people (42% of participants) and young people (15-24) in education and training (30% of participants). At least 13 % of participants were from a group defined as disadvantaged, almost equally distributed between migrants, ethnic minorities, disabled and other disadvantaged groups. Analysed by objective, 41% of ESF human capital investment participants were from the multi-objective OPs, followed by 32% from the Convergence OPs and 24% from the Competitiveness objective OPs.

In addition, at least 2.3 million entities received the ESF support; more than 16,000 networks were created; and nearly 420,000 qualifications, courses, training programmes and standards were developed.

Across the 27 Member States, **21 million results** were recorded associated with the participation in ESF human capital interventions. This consisted of 5.9 million qualifications obtained, 3.8 million jobs gained or maintained, and 11.3 million new skills and competences acquired, or other positive results achieved, such as training completions. These figures are based on the specific results reported by the MAs that were similar and could be aggregated (1,193 or 92% result indicators out of total 1,300 result indicators, representing 91% of HC participants). It is likely that more results were achieved.

The aggregated results ratio was 46.3% (i.e. 21,004,272 aggregated results divided by 45,384,631 participations, excluding the Priority Axes where no participation results were aggregated):

- 25% other positive result rate
- 13% qualification rate
- 8% employment rate.

This rate (results / participations) was highest in the Regional Competitiveness OPs (54%), followed by Convergence OPs (39%) and the Multi-objective OPs (37%).

Making the direct link between 21 million results recorded and 49.7 million participations is however problematic due to **the data quality issues**, as participations include sometimes indirect participants for whom no results could be expected, but also one participation can be associated with 2 or even 3 results⁶.

An in-depth analysis of 87 selected number of interventions in nine Member States shows a slightly higher (compared to the overall EU-27 rate) aggregated results ratio (55%) and a different pattern of results:

- 36% achievement of other positive results (such as increase in competences or successful completion of courses) – 4,461,882 results.
- 11% employment results were observed immediately after their participation in the intervention – equating to 939,320 results;
- 8% obtaining a qualification – or 565,539 results.

This difference could be due to the in-depth interventions being more advanced in their implementation at the time of the ex-post evaluation.

Based on the in-depth analysis of selected interventions, there is evidence that **some interventions were successful for some groups:**

- For early school leavers or young people at risk of becoming early school leavers, specific training courses were successful as they offered an attractive learning offer (including the components of vocational training and the use of technologies), combined with integrated packages of support measures and a meaningful involvement of parents and teachers in the activities.
- For young people aiming to get a job, vocational apprenticeships and shorter term internships were successful due to the attractiveness of learning experiences, the positive economic context and the presence of a career guidance element.
- Activities aimed at higher education students and staff succeeded when linked to the overall national reform agenda and meeting the needs of individuals in the sector (by providing scholarships).
- For adults, training provided worked well when connected to real labour market needs.
- For employed people, activities were more successful when they addressed a clear gap in the labour market (e.g. training for a sector-specific qualification in a sector with labour shortages, training for entrepreneurship skills), the access to training was easy and flexible (e.g. in the form of individual vouchers) and activities were well marketed to the employed and companies.
- There were few differences in the results by gender. Where differences did exist, in most cases women achieved more positive results compared to men.

However there were **variations in effectiveness** in terms of achieving the targeted outputs and results. Across the 87 interventions assessed in depth in nine countries, the achieved average outputs versus their targets is 105 % and the average for achievement of results versus their targets is 99%, but both include wide variations.

	Clusters concerned	Key success factors
Particularly successful implementation	<ul style="list-style-type: none"> • Reducing early school leaving • Transition to the labour market for young people 	<ul style="list-style-type: none"> • Attractive learning offer (use of technologies, integration of classroom and out of school activities) • Integrated packages of support measures (career guidance, vocational training and work experience) • Flexible and individualised approach • Involvement of parents, teachers and employers • Connection to labour market needs
	<ul style="list-style-type: none"> • Quality of higher education • Participation in higher education activities 	<ul style="list-style-type: none"> • Flexible and individualised approach • Appropriate implementation mechanisms
	<ul style="list-style-type: none"> • Activities supporting the upskilling of adults 	<ul style="list-style-type: none"> • Flexible and individualised approach • Connection to labour market needs

Mixed implementation successes	<ul style="list-style-type: none"> The implementation of quality of school education 	<ul style="list-style-type: none"> Reflection of school development needs Attractive learning offer (use of technologies, integration of classroom and out of school activities)
	<ul style="list-style-type: none"> Research and innovation 	<ul style="list-style-type: none"> Flexible and individualised approach Appropriate implementation mechanisms
	<ul style="list-style-type: none"> Activities supporting upskilling of the employed 	<ul style="list-style-type: none"> Flexible and individualised approach Connection to labour market needs
Least successful implementation	<ul style="list-style-type: none"> Lifelong learning systems activities The quality of vocational education and training 	<ul style="list-style-type: none"> Lead time required to instigate reforms at the system level Well-established partnerships and clear delivery models, with appropriate management and coordination processes between national, regional and local stakeholders

There were also significant variations in the achievement of outputs and result targets by clusters.⁷

The proportion of interventions which exceeded or met output targets ranged across clusters from 38 % for the Quality of school education activities to 80 % for the Quality of higher education. The variation in the achievement and over-achievement of result targets was from 14 % for the Quality and labour market relevance of vocational education to 67 % for the Upskilling of employed people.

4. The efficiency of ESF human capital interventions

The efficiency of ESF human capital activities, measured by the cost per output (or participation) achieved by the end of 2013, **varied significantly by cluster**, reflecting the different duration and intensity of the support. The cost per output ranged from €133 for quality of higher education to €2,384 for research and development across the 9 countries concerned. This variation largely reflects the diverse nature and duration of activities supported. Participation in short training courses and more informal learning is associated with lower costs than activities with longer duration, providing more intensive support (such as scholarships for full qualifications or the development of lifelong learning systems) or leading to full qualifications.

5. The sustainability of ESF human capital interventions

The in-depth analysis of selected interventions shows **some evidence on the sustainability of the results achieved by participants**, such as continuing positive employment outcomes, lasting improvements in skills and competences and continued use of education and training materials developed. This evidence is mostly based on stakeholder interviews and OP monitoring data since a systematic follow-up of ESF participants to measure the sustainability of their human capital development results (at least within 6-12 months) was rarely undertaken. The same in-depth analysis shows **relatively high sustainability of the interventions** themselves, with over 70% either continuing or intending to continue their activities.

6. The gender sensitivity of ESF human capital investment

Little evidence was found of a systematic gender sensitive approach in the planning, implementation and delivery of the ESF activities - despite the horizontal approach to gender sensitivity in the ESF. Only 20 % of in-depth interventions took into account gender considerations in the implementation and delivery of activities (and only 3 out of 87 interventions had set targets by gender).

7. Community Added Value of ESF human capital investment

Volume effects were the most visible and significant effects of the ESF human capital investment, and were present for all the 87 interventions in the 9 member states selected for in-depth analysis. The ESF investment involved substantial additional resource leading to a significant increase in the number of participants in human capital interventions in addition to those supported by Member State investment. This investment proved particularly important in scaling up and supplementing the delivery from national budgets to support people affected by the economic crisis.

Scope effects were also evident in 30% of the in-depth interventions. These involved reaching out effectively to new groups of learners, as well as providing additional human capital delivery for these groups. Additionally, enhanced support was provided to schools to allow them to adapt more effectively to national reforms, but also to employers and sectors under-represented in training.

Role effects were present in over a third of the interventions. Here the ESF human capital investment **has contributed significantly to promoting new measures, approaches and innovative teaching methodologies**, including improvements in the quality of and participation in measures to improve teacher training development of new curriculum and the introduction of new management and evaluation methods in initial education.

Process effects were identified in over a third of the interventions. The ESF human capital investment supported the establishment of successful partnerships and new ways of working, as well positive changes to the organisational capacity, management and administration of education systems. This includes reforms of the initial education school network; the introduction of measures to improve the quality and organisational structures of vocational education; changes to the management, quality assurance and contents of study programmes in higher education.

8. The socio-economic impact of ESF human capital investment

The impact of the ESF was most visible at the **micro-level**. With 49.7 million participations, the ESF succeeded to reach a significant percentage of the population in key priority groups. ESF human capital annual activities reached 4% of all young people (15-24) in EU population, 1% of the employed people and 3% of the unemployed people, 2% of long-term unemployed, 3% of the disabled people, 1 % of the migrant population and 6 % of students at ISCED levels 1 and 2 (low skilled). This level of participation led to a significant achievement in terms of 21 million results and some evidence of sustainability of the results.

At the **intermediate level, improvements at the system level were apparent**, supporting the delivery of better quality education and training activities. The ESF HC investment has been widely used to provide additional funding to support activities of the education system, reach new target groups and to improve the education and training delivery systems and methods.

Importantly, the ESF human capital investment has **supported the implementation of key national reforms to respond to pressing national challenges and European priorities** as expressed in the Lisbon and EU2020 Strategies and Education and Training 2020, and Country specific recommendations (CSRs) in the areas of adaptability and human capital. These reforms aimed to increase the participation in education and training and lifelong learning⁸, improve the employability of workers⁹, reduce the early school leaving¹⁰, improve the quality and structures of education and training systems¹¹, address the particular human capital needs of certain target groups¹² and react to the challenges posed by the economic crisis¹³.

At the **macro-level**, the impact was difficult to measure. ESF human capital investment¹⁴ represented on average in the 2007-2013 period 1% of Member State spending on the

education and training activities. This figure hides significant variations, from 0.2% in the Netherlands and Sweden to 10% in Portugal, and was significant (above 2% of the national expenditure) in the Convergence areas such as Czech Republic, Estonia, Latvia, Lithuania, Poland and Slovenia.

Across the EU-27 in the 2007-2013 period, early school leaving rates decreased on average by 3 percentage points, higher education attainment rates increased by 4.4 percentage points (both of which are the EU2020 targets) and gender gaps in the key education and training indicators narrowed. In addition, expenditure both on education and training and research and development increased, albeit minimally (by 0.2 percentage points). ESF has certainly played a role in their achievement as the ESF investment covered all of these key areas where positive developments are noted.

However, the study did not find a statistically significant association between those developments¹⁵ and the significance of the ESF human capital expenditure across the Member States. This can be explained by the fact that it takes time for human capital investment to bring about changes at the level of the national economy. Also, it is likely that the ESF human capital investment has softened the impact of the crisis by providing support to vulnerable groups and avoiding the cancellation of some activities.

9. Key lessons

Overall, the evidence gathered for the period 2007-2013 shows that the initial **policy choices** made the ESF an instrument to support national and EU priorities in the area of human capital. The ESF has also provided the necessary flexibility to adjust the initial policy choices to respond to emerging needs (also in the crisis context) and take into account the lessons learnt from the initial phase of implementation. The shortcomings in the data reported hinder a precise measurement of what ESF has achieved and the extent of the contribution to the initial objectives. Future ESF policy choices need to take account of the key success factors facilitating effective implementation which include an attractive learning offer (including a vocational training component and e-learning for young learners and training clearly linked to the labour market needs for adults), a host of integrated and holistic but flexible support measures (including career advice and counselling), and meeting a real identified need of the target groups.

For all **target groups**, a more general lesson is the need to support the customisation of interventions to the needs of specific target groups. In addition, the authorities need to reflect whether the choice of and focus on particular target groups in the ESF human capital investment continues to be appropriate in the medium and long term. The lessons learnt from this evaluation should be applied in the future when targeting certain groups:

- For young learners, offering a mix of learning activities combined with advice and guidance. For higher education students and researchers, providing support which meets the demand.
- For employed, unemployed and adults, providing training which fills in existing gaps, is delivered in a flexible way and is connected to the labour market needs.
- For disadvantaged adults (such as long-term unemployed and people with low skills), paying particular attention to the nature of the courses offered (which should be linked to the labour market needs and build on the existing skills of the participants) and to delivering courses in a flexible and attractive way (including flexible scheduling, use of the ICT learning tools and the delivery of learning outside the classroom).

In most cases, the OPs had a range of broad priorities and more narrowly defined sub-priorities which enabled **programming** flexibility in terms of the design of calls for proposals. Although the breadth in defining priorities was the norm across the OPs, in some OPs an overly broad architecture appeared to lead to less well defined interventions and allowed for the implementation of very wide ranging activities. The objectives for the different priorities could be defined in a more robust way and supported by clear and measurable targets.

During the **implementation**, one recurrent factor in less successful interventions was the lack of clear and efficient delivery and governance structures, and the insufficient management capacity of delivery partners. The use of new technologies and e-learning in the ESF delivery increased transparency, access and interest among the target groups, and in several interventions generated sustainable practices. Implementation choices were also made between a limited number of large scale national projects and a large number of smaller projects. The large scale national projects benefit from the concentration of existing expertise, usually across the range of institutions. On the other hand, smaller projects allow more scope for experimentation, they are typically more flexible and respond to clearly identified needs, though typically generating smaller scale outputs.

The evaluation confirmed the need for a more robust set of **monitoring** arrangements. In the 2007-2013 period, the lack of comprehensive, reliable and comparable result indicators was due to the lack of definition of common output indicators (participants) based on Annex XXIII categories and the absence of common result indicators. Information about participant results 6 or 12 months after their completion of the intervention was generally missing, hindering the assessment of the sustainability of results.

The key challenge for the **evaluation** was the lack of reliable result data which would inform an ex-post assessment. The existing EU and national level evaluations focussed on different evaluation objectives and levels of OP architecture. Not all important human capital themes were assessed in all Member States or evaluated at different points in the implementation process. This made an aggregation of findings across the existing evaluations very difficult. Hence, the planning of evaluations at the European and national levels needs to become more effective, and there is a need for more impact evaluations.

1 Bulgaria, Czech Republic, Denmark, France, Ireland, Italy, Malta, Latvia and Portugal where 87 ESF human capital interventions were examined in-depth. The 87 selected interventions represented 66 % of the allocated expenditure of all human capital interventions in the nine in-depth countries. 11 clusters were defined (see table below). Cluster 3 Early school education and care was not assessed due to the lack of sufficiently robust data on specific interventions focussed on early school education.

2 See <http://ec.europa.eu/esf/main.jsp?catId=571&langId=en>

³ This is based on the findings from 87 interventions assessed in-depth in nine in-depth Member States (BG, CZ, DK, FR, IE, IT, LV, MT, PT). A number of methodological limitations need to be borne in mind, including the different starting points of the activities, the different nature and results observed in the interventions, the different types of activities implemented and a low number of interventions assessed in certain groups of interventions.

4 Data recording procedures did not differentiate between unique participants; some individuals participated in ESF multiple times. Henceforth, the term 'participants' is used, even though the data reflects multiple participation of the same participant. Also, indirect participants were counted by some MS.

5 Nearly half of all ESF HC investment participants were at ISCED levels 1-2 (i.e. had completed primary or lower secondary education at the point of entering the ESF activities). This was followed by 28 % of participants in secondary education (ISCED 3) and 20 % in tertiary education (ISCED 5 and 6). Only 5 % of participants had post-secondary non tertiary education (ISCED 4).

6 49.7 million participations include indirect participants for whom no results can be achieved (e.g. students in a school participating in the ESF activities). More than one result could be generated from a single intervention for a participant. Not all available result indicators could be aggregated into the common categories of results.

7 A number of methodological limitations were faced affecting the robustness and comparability of interventions between the OPs. This included the absence of targets set for all interventions, the lack of a common methodology for target setting and the analysis of interventions within different levels of OP architecture (ranging from single projects to large groups of projects).

8 Examples include BG, FR.

9 Examples include FR, IT, LV.

10 Examples include CZ, IE, IT.

11 Examples include LV, MT, PT.

12 Examples include BG, CZ, IT, LV, PT.

13 Examples include IT, LV.

14 Defined as the annual average of the certified ESF expenditure reported as of end 2013.

15 These included the extent of early school leaving, unemployment of young people, employment of low skilled people, attainment of higher education, participation in lifelong learning, and expenditure on research and development.

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